



KELLOGG
COMMUNITY COLLEGE

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MEMORANDUM

TO: Dr. Adrien L. Bennings, President

FROM: Rick Scott, CFO
Brian Murphy, Assistant Director, Finance

DATE: June 9, 2021

RE: Budget Recommendation for 2022 Fiscal Year

After going over the proposed budget with the College's Audit & Finance Committee in more detail this week, we are pleased to recommend the attached, balanced budgets for the College's General Fund and Auxiliary Fund, as well as a budget for the 21st Century Fund, for the 2022 fiscal year. Some brief highlights are below.

General Fund – this budget, which is balanced utilizing federal stimulus dollars, restores conservative budgeting principles. We have built in contingencies and reserves in all major revenue sources to counter any unforeseen adverse conditions that we may face. We have included increases in revenue due to expected increases in enrollment and an inflationary increase in tuition rates, nominal state funding and property tax revenue increases and a boost in the casino revenue-sharing payment.

Expense-wise, all positions the College has filled or plans to fill next year are fully budgeted, which adds an additional buffer as we will likely experience some vacancies over the course of the year and realize some savings. Other notable investments are made in technology development and restoring portions of the budget funding to pre-pandemic levels.

Auxiliary Fund (Bookstore & Co-Curricular) – the budgets for athletics and co-curricular activities are also balanced, with a minor use of stimulus funds to cover revenues lost in the Bruin Bookstore. One priority change was moving the Athletics staff, which were responsible for the Physical Education program out of the General Fund as those responsibilities were absorbed by the Instructional Division. Note that the transfer of expenses and related resources from the General Fund to the Auxiliary Fund is budget neutral for the College as a whole.

21st Century Fund – the College has historically funded smaller technology and facility capital expenses out of the General Fund. In recent years, the General Fund has not had available resources to fund these priorities. Therefore, the Board has approved an allocation out of the 21st Century Funds for ongoing campus infrastructure needs. This budget requests \$600,000 to fund these priorities for the IPS Council, along with the already approved Schwarz Science Building Renovation and required debt service payments.

RECOMMENDATION

We request Board approval of the budgets as presented.

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KELLOGG COMMUNITY COLLEGE
General Fund Budget
Year Ended June 30, 2022

| | 2020-21 | 2021-22 | Increase |
|---|---------------------|------------------------|-------------------|
| | <u>Final Budget</u> | <u>Proposed Budget</u> | <u>(Decrease)</u> |
| Revenue | | | |
| Tuition & fees | \$ 14,460,000 | \$ 15,950,000 | \$ 1,490,000 |
| Property taxes | 10,320,000 | 10,610,000 | 290,000 |
| State Aid | 12,050,000 | 12,240,000 | 190,000 |
| State Aid - MPSERS UAAL | 1,600,000 | 1,600,000 | - |
| Other Income | <u>755,000</u> | <u>830,000</u> | <u>75,000</u> |
| Total revenue | 39,185,000 | 41,230,000 | 2,045,000 |
| Expenses & transfers | | | |
| Salaries | 21,220,000 | 22,650,000 | 1,430,000 |
| Fringe benefits | 9,420,000 | 9,610,000 | 190,000 |
| Fringe benefits - MPSERS UAAL | 1,600,000 | 1,600,000 | - |
| Services and repairs | 2,790,000 | 2,990,000 | 200,000 |
| Materials and supplies | 1,105,000 | 1,150,000 | 45,000 |
| Rent, utilities and insurance | 1,170,000 | 1,175,000 | 5,000 |
| Other expenses | 1,785,000 | 1,945,000 | 160,000 |
| Department operating funds | <u>900,000</u> | <u>955,000</u> | <u>55,000</u> |
| Total operating expenses | 39,990,000 | 42,075,000 | 2,085,000 |
| Other expenses & transfers out (in) | | | |
| M&R Fund | - | - | - |
| Capital outlay | - | - | - |
| Federal stimulus | <u>(225,000)</u> | <u>(845,000)</u> | <u>(620,000)</u> |
| Total expenses & transfers | <u>39,765,000</u> | <u>41,230,000</u> | <u>1,465,000</u> |
| Excess (deficiency) of revenue over expenditures | <u>\$ (580,000)</u> | <u>\$ -</u> | <u>\$ 580,000</u> |

KELLOGG COMMUNITY COLLEGE
Auxiliary Fund - Bookstore
June 30, 2022

| | 2020-21 Final Budget | 2021-22 Proposed Budget | Increase (Decrease) |
|---|-------------------------|-------------------------------|------------------------|
| Revenue | | | |
| Sales | \$ 1,200,000 | \$ 1,500,000 | \$ 300,000 |
| Total revenue | 1,200,000 | 1,500,000 | 300,000 |
| Expenses | | | |
| Cost of goods sold | 801,500 | 1,005,000 | 203,500 |
| Gross profit | 398,500 | 495,000 | 96,500 |
| General and administrative expenses | | | |
| Salaries and wages | 220,000 | 223,000 | 3,000 |
| Fringe benefits | 100,000 | 103,000 | 3,000 |
| Services and repairs | 6,500 | 6,500 | - |
| Materials and supplies | 6,300 | 6,300 | - |
| Rent, utilities and insurance | 205,000 | 205,000 | - |
| Freight | 40,500 | 35,000 | (5,500) |
| Bank and service charges | 13,500 | 13,500 | - |
| Co-curricular subsidy | 61,200 | 68,000 | 6,800 |
| Equipment | 29,800 | 29,800 | - |
| Other | 1,500 | 1,500 | - |
| Total operating expenses | 684,300 | 691,600 | 7,300 |
| Other expenses & transfers out (in) | | | |
| Federal stimulus | - | (196,600) | (196,600) |
| Excess (deficiency) of revenue over expenditures | \$ (285,800) | \$ - | \$ 285,800 |

KELLOGG COMMUNITY COLLEGE
Auxiliary Fund - Co-Curricular Activities
June 30, 2022

| | 2020-21 Final Budget | 2021-22 Proposed Budget | Increase (Decrease) |
|---|-------------------------|-------------------------------|------------------------|
| Revenue | | | |
| Student activity fees | \$ 239,400 | \$ 239,400 | \$ - |
| Theatre receipts | 3,600 | 4,000 | 400 |
| Caps & gowns | 6,800 | 7,500 | 700 |
| "The Bruin" advertising | 4,500 | 5,000 | 500 |
| Bookstore subsidy | 61,200 | 68,000 | 6,800 |
| General Fund subsidy | 80,200 | 529,100 | 448,900 |
| Student identification card | 900 | 1,000 | 100 |
| Athletic revenue | <u>6,300</u> | <u>7,000</u> | <u>700</u> |
| Total revenue | 402,900 | 861,000 | 458,100 |
| Expenses | | | |
| Visual & Performing Arts | | | |
| Art exhibits | \$ 6,280 | \$ 6,280 | \$ - |
| Vocal Music | 11,080 | 11,080 | - |
| Theater | <u>32,240</u> | <u>32,240</u> | <u>-</u> |
| Sub-Total | 49,600 | 49,600 | - |
| Athletics | | | |
| Womens Volleyball | \$ 17,680 | \$ 26,884 | \$ 9,204 |
| Mens Basketball | 22,055 | 30,996 | 8,941 |
| Womens Basketball | 22,055 | 30,996 | 8,941 |
| Mens Baseball | 28,275 | 72,407 | 44,132 |
| Womens Soccer | 24,045 | 29,945 | 5,900 |
| Cross Country | 17,645 | 29,284 | 11,639 |
| Bowling | 17,645 | 24,660 | 7,015 |
| Athletic administration | <u>76,100</u> | <u>434,402</u> | <u>358,302</u> |
| Sub-Total | 225,500 | 679,574 | 454,074 |
| College Life Activities | | | |
| College Life Administration | \$ 45,500 | \$ 75,626 | \$ 30,126 |
| "The Bruin" | 20,100 | 20,100 | - |
| Mosaic | 4,600 | 4,600 | - |
| Co-Curricular Administration | <u>57,600</u> | <u>31,500</u> | <u>(26,100)</u> |
| Sub-Total | <u>127,800</u> | <u>131,826</u> | <u>4,026</u> |
| Total expenses | <u>402,900</u> | <u>861,000</u> | <u>458,100</u> |
| Excess (deficiency) of revenue over expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

KELLOGG COMMUNITY COLLEGE

Proposed Budget

21st Century Fund

June 30, 2022

| | 2021-22 Proposed <u>Budget</u> | <u>Amount</u> |
|--|-----------------------------------|----------------------------|
| Funds Available - July 1, 2021 | | \$ 3,900,000 |
| Revenue | | |
| Property taxes | \$ 2,600,000 | |
| State appropriations - PPT reimbursements | <u>375,000</u> | |
| Total revenue | | <u>2,975,000</u> |
| Total funds available | | 6,875,000 |
| Project Budgets | | |
| Schwarz Science Building | 1,350,000 | |
| IPS Council Allocation | 600,000 | |
| Bond & interest | <u>1,820,000</u> | |
| Total capital expenditures & debt retirement | | <u>3,770,000</u> |
| Funds available - June 30, 2022 | | <u><u>\$ 3,105,000</u></u> |