



450 North Avenue, Battle Creek, MI 49017-3397 PHONE 269 965 3931 WEB kellogg.edu

TO: KCC Board of Trustees

FROM: Dr. Paul Watson, Interim President
Richard Scott, CFO

DATE: June 8, 2022

RE: Budget Recommendation for Fiscal Year 2023

After a detailed review of the proposed budgets with the Board's Audit & Finance Committee, following are the College's proposed budgets for next year and an executive summary of the significant provisions of each.

GENERAL FUND (GF)

The College usually tries to provide some contingencies and reserves in the operating budget of the College. After including such measures in initial projections, the College's deficit in the GF was \$1.7 million. When using these conservative practices on a balanced budget is preferred, it was not practical to present such an unrealistic spending plan, therefore, we have removed most of these protections and present a more realistic plan, which includes using fund balance to cover a \$190,000 deficit.

While revenues are projected to be strong from state appropriations and local property taxes, stagnant enrollment projections remain problematic to keep up with expenses. On the expense side of the ledger, we are firm on most expense lines, removing reserves for vacancies in salaries and fringes and incorporation a 10% cut in department operating funds.

OTHER BUDGETS

Bookstore – we are estimating a continued decline in sales and profitability and using fund balance to cover any deficit in the fund. We are continuing to monitor to financial operations of the bookstore, which is a necessary service for students.

Athletic/Co-curricular – budgeted revenues and spending to remain consistent in these areas.

Capital Budgets – we are introducing budgets for our three capital funds:

- *Capital Outlay Fund* – this is a sub-component of the General Fund, which provides capital resources for ongoing facilities and technological needs with smaller allocations to the other divisions of the College.
- *21st Century Fund* – the capital millage the voters approved for capital needs. We are requesting a \$500,000 allocation for IPS Council for capital improvements and our debt service requirements.
- *Maintenance & Replacement Fund* – requesting funding for the two roofs in Hastings and Coldwater, plus another \$500,000 for IPS Council maintenance, repairs or replacement funding, plus the transfer to the Capital Outlay Fund as described above.

BOARD OF TRUSTEES

Steven A. Claywell
Chair

Jill M. Booth
Vice Chair

Jonathan D. Byrd
Secretary

Matthew A. Davis
Treasurer

Xenia C. McKay
Trustee

Patrick A. O'Donnell
Trustee

Carla C. Reynolds
Trustee

Dr. Paul R. Watson II
Interim President

KELLOGG COMMUNITY COLLEGE
General Fund Budget
Year Ended June 30, 2023

	Final Budget June 30, 2022	2022-2023 Budget	Increase (Decrease)
Revenue			
Tuition & Fees	\$ 16,180,000	\$ 16,280,000	\$ 100,000
Property Taxes	10,580,000	11,050,000	470,000
State Aid	12,540,000	13,100,000	560,000
State Aid - MPSERS UAAL	1,900,000	1,900,000	-
Other Income	800,000	870,000	70,000
Total revenue	<u>42,000,000</u>	<u>43,200,000</u>	1,200,000
Expenses & transfers			
Salaries	23,390,000	23,250,000	(140,000)
Fringe Benefits	9,990,000	9,930,000	(60,000)
Fringe Benefits - MPSERS UAAL	1,900,000	1,900,000	-
Services and repairs	3,220,000	3,220,000	-
Materials and supplies	1,185,000	1,205,000	20,000
Rent, utilities and insurance	1,185,000	1,185,000	-
Other expenses	2,005,000	1,825,000	(180,000)
Department operating funds	975,000	875,000	(100,000)
Total operating expenses	<u>43,850,000</u>	<u>43,390,000</u>	(460,000)
Other Expenses & Transfers Out (In)			
Fund Balance	-	(190,000)	(190,000)
M&R Fund	-	(400,000)	(400,000)
Capital Outlay & Capitalized Exp.	-	400,000	400,000
Federal Stimulus	(1,850,000)	-	1,850,000
Total expenses & transfers	<u>42,000,000</u>	<u>43,200,000</u>	1,200,000
Excess (deficiency) of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

KELLOGG COMMUNITY COLLEGE
Auxiliary Fund - Bookstore
June 30, 2023

	2021-22 Final Budget	2022-23 Proposed Budget	Increase (Decrease)
Revenue			
Sales	\$ 1,500,000	\$ 1,300,000	\$ (200,000)
Total revenue	1,500,000	1,300,000	(200,000)
Expenses			
Cost of Goods Sold	1,005,000	974,000	(31,000)
Gross profit	495,000	326,000	(169,000)
General and administrative expenses			
Salaries and wages	223,000	233,000	10,000
Fringe benefits	103,000	129,000	26,000
Services and repairs	6,500	6,500	-
Materials and supplies	6,300	6,300	-
Rent, utilities and insurance	205,000	205,000	-
Freight	35,000	35,000	-
Bank and service charges	13,500	13,500	-
Co-curricular subsidy	68,000	68,000	-
Equipment/Maintenance & Replacement	29,800	29,800	-
Other	1,500	1,500	-
Total operating expenses	691,600	727,600	36,000
Other Expenses & Transfers Out (In)			
Fund Balance	-	(401,600)	(401,600)
Federal Stimulus	(196,600)	-	196,600
Total Other Expense & Transfers	(196,600)	(401,600)	(205,000)
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	\$ -

KELLOGG COMMUNITY COLLEGE
Auxiliary Fund - Co-Curricular Activities
June 30, 2023

	2021-22 Final Budget	2022-2023 Proposed Budget	Increase (Decrease)
Revenue			
Student Activity Fees	\$ 239,400	\$ 239,400	\$ -
Theatre Receipts	4,000	4,000	-
Caps & Gowns	7,500	7,500	-
"The Bruin" Advertising	5,000	5,000	-
Bookstore Subsidy	68,000	68,000	-
General Fund Subsidy	529,100	529,100	-
Student Identification Card	1,000	1,000	-
Athletic revenue	<u>7,000</u>	<u>7,000</u>	<u>-</u>
Total revenue	861,000	861,000	-
Expenditures			
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	\$ 26,884	\$ 26,884	\$ -
Mens Basketball	30,996	30,996	-
Womens Basketball	30,996	30,996	-
Mens Baseball	72,407	72,407	-
Womens Soccer	29,945	29,945	-
Cross Country	29,284	29,284	-
Bowling	24,660	24,660	-
Athletic Administration	<u>434,402</u>	<u>434,402</u>	<u>-</u>
Sub-Total	679,574	679,574	-
College Life Activities			
College Life Administration	\$ 75,626	\$ 75,626	\$ -
"The Bruin"	20,100	20,100	-
Mosaic	4,600	4,600	-
Co-Curricular Administration	<u>31,500</u>	<u>31,500</u>	<u>-</u>
Sub-Total	<u>131,826</u>	<u>131,826</u>	<u>-</u>
Total expenses	<u>861,000</u>	<u>861,000</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

KELLOGG COMMUNITY COLLEGE
Proposed Budget
General Fund - Capital Outlay
June 30, 2023

	<u>2022-23 Proposed Budget</u>
Revenue	
Maintenance & Replacement Fund transfer	\$ 400,000
Capital Expenditures	
Facilities	150,000
Information, Research & Technology	150,000
President	25,000
Instruction	15,000
Strategy, Relations and Communication	15,000
Student & Community Services	15,000
Contingency	<u>30,000</u>
Total capital expenditures	<u>400,000</u>
Balance	<u><u>\$ -</u></u>

KELLOGG COMMUNITY COLLEGE
Proposed Budget
21st Century Fund
June 30, 2023

	2022-23 Proposed Budget	Amount
	<u> </u>	<u> </u>
Estimated Funds Available - July 1		\$ 3,300,000
Revenue		
Property taxes	\$ 2,800,000	
State appropriations - PPT reimbursements	<u>500,000</u>	
Total revenue		<u>3,300,000</u>
Total funds available		6,600,000
Project Budgets		
IPS Council allocation	500,000	
Bond & interest	<u>1,780,000</u>	
Total capital expenditures & debt retirement		<u>2,280,000</u>
Funds available - June 30, 2023		<u><u>\$ 4,320,000</u></u>

KELLOGG COMMUNITY COLLEGE
Proposed Budget
Maintenance & Replacement Fund
June 30, 2023

	2022-23 Proposed Budget	Amount
	<u> </u>	<u> </u>
Estimated Funds Available - July 1		\$ 4,800,000
Revenue		
General Fund transfer In	<u>\$ -</u>	
Total revenue		<u>-</u>
Total funds available		4,800,000
Total Capital Expenditures		
Roof replacements	1,200,000	
Other maintenance & replacement items	500,000	
General Fund - Capital Outlay transfer	<u>400,000</u>	
Total capital expenditures		<u>2,100,000</u>
Funds available - June 30, 2023		<u><u>\$ 2,700,000</u></u>