

MEMORANDUM

TO: KCC Board of Trustees

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

DATE: June 8, 2023

RE: Budget Recommendation for Fiscal Year 2024

After a detailed review of the proposed budgets with members of 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. In general, the College is in much better shape fiscally as we head into next year.

GENERAL FUND (GF)

We are happy to report the GF budget is balanced and is fairly conservative, with contingencies and reserves built in to counter any unforeseen circumstances. All three major revenue sources for the College, Tuition, Property Taxes and State Aid are all trending up, with enrollment projected to increase, the State looking at a 4% - 6% increase and property values up over 6%. Additionally, the increase in expenses is due to fully funding all positions in the budget, including \$1.2 million of vacant positions that we plan to fill, offset by a reduction of 9 FTE positions. There are also increases with the approved salaries, inflationary increases in fringe benefits, a couple of technology initiatives, transferring some funding from the Bookstore to the GF and partially restoring some previous across-the-board cuts to department spending.

OTHER BUDGETS

Bookstore – with the sustained decrease in enrollment, the once very profitable Bookstore is no longer able to subsidize other areas of the College. Therefore, we are reducing its subsidies to the GF and Athletics/Co-Curricular and any net loss in the Bookstore will be covered by its \$1.4 million fund balance.

Athletic/Co-curricular – budgeted revenues and spending to remain consistent in these areas, with adjustments including increasing budgeted coaching salaries to match the actuals.

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.

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- *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 two 2023 approved projects that are going to be completed after year-end, \$500,000 for IPS Council maintenance, repairs or replacement funding, plus the transfer to the Capital Outlay Fund as described above.

KELLOGG COMMUNITY COLLEGE
General Fund Budget
Year Ended June 30, 2024

	Final Budget June 30, 2023	2023-2024 Budget	Increase (Decrease)
Revenue			
Tuition & Fees	\$ 16,060,000	\$ 16,970,000	\$ 910,000
Property Taxes	11,190,000	12,090,000	900,000
State Aid	12,930,000	13,370,000	440,000
State Aid - MPSERS UAAL	1,900,000	1,900,000	-
Other Income	1,020,000	880,000	(140,000)
Total revenue	<u>43,100,000</u>	<u>45,210,000</u>	2,110,000
Expenses & transfers			
Salaries	23,410,000	23,980,000	570,000
Fringe Benefits	10,180,000	10,495,000	315,000
Fringe Benefits - MPSERS UAAL	1,900,000	1,900,000	-
Services and repairs	3,460,000	3,530,000	70,000
Materials and supplies	1,195,000	1,195,000	-
Rent, utilities and insurance	1,245,000	1,245,000	-
Other expenses	1,825,000	1,915,000	90,000
Department operating funds	875,000	950,000	75,000
Total operating expenses	<u>44,090,000</u>	<u>45,210,000</u>	1,120,000
Other Expenses & Transfers Out (In)			
Fund Balance	(990,000)	-	990,000
M&R Fund	(400,000)	(400,000)	-
Capital Outlay & Capitalized Exp.	400,000	400,000	-
Total expenses & transfers	<u>43,100,000</u>	<u>45,210,000</u>	2,110,000
Excess (deficiency) of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

KELLOGG COMMUNITY COLLEGE
Auxiliary Fund - Bookstore
June 30, 2024

	2022-23 Final Budget	2023-24 Proposed Budget	Increase (Decrease)
Revenue			
Sales	\$ 1,300,000	\$ 1,300,000	\$ -
Total revenue	1,300,000	1,300,000	-
Expenses			
Cost of Goods Sold	974,000	975,000	1,000
Gross profit	326,000	325,000	(1,000)
General and administrative expenses			
Salaries and wages	233,000	235,000	2,000
Fringe benefits	129,000	133,000	4,000
Services and repairs	6,500	6,500	-
Materials and supplies	6,300	6,300	-
Rent, utilities and insurance	205,000	60,000	(145,000)
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	727,600	520,600	(207,000)
Other Expenses & Transfers Out (In)			
Fund Balance	(401,600)	(195,600)	206,000
Total Other Expense & Transfers	(401,600)	(195,600)	206,000
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	\$ -

KELLOGG COMMUNITY COLLEGE
Auxiliary Fund - Co-Curricular Activities
June 30, 2024

	2022-23 Final Budget	2023-2024 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	617,100	88,000
Student Identification Card	1,000	1,000	-
Athletic revenue	7,000	7,000	-
Total revenue	861,000	881,000	20,000
Expenditures			
Visual & Performing Arts			
Art Exhibits	\$ 6,280	\$ 6,280	\$ -
Vocal Music	11,080	11,080	-
Theater	32,240	32,240	-
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	434,402	454,402	20,000
Sub-Total	679,574	699,574	20,000
College Life Activities			
College Life Administration	\$ 75,626	\$ 75,626	\$ -
"The Bruin"	20,100	20,100	-
Mosaic	4,600	4,600	-
Co-Curricular Administration	31,500	31,500	-
Sub-Total	131,826	131,826	-
Total expenses	861,000	881,000	20,000
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	\$ -

KELLOGG COMMUNITY COLLEGE
Proposed Budget
General Fund - Capital Outlay
June 30, 2024

	2023-24
	<u>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
Student & Community Services	15,000
Communications and Advancement	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, 2024

	2023-24 <u>Proposed Budget</u>	<u>Amount</u>	Through April	
			<u>2023</u>	<u>Actual 2022</u>
Estimated Funds Available - July 1		\$ 4,400,000	\$ 3,394,882	\$ 4,122,136
Revenue				
Property taxes	\$ 2,970,000		\$ 2,702,390	\$ 2,778,857
State appropriations - PPT reimbursements	600,000		194,378	600,164
Other	<u>-</u>		<u>100</u>	<u>2,025</u>
Total revenue		<u>3,570,000</u>	<u>2,896,868</u>	<u>3,381,046</u>
Total funds available		7,970,000	6,291,750	7,503,182
Project Budgets				
IPS Council allocation 2023	500,000		121,003	2,368,985
Bond & interest	<u>1,770,000</u>		<u>1,774,900</u>	<u>1,739,315</u>
Total capital expenditures & debt retirement		<u>2,270,000</u>	<u>1,895,903</u>	<u>4,108,300</u>
Funds available - June 30		<u>\$ 5,700,000</u>	<u>\$ 4,395,847</u>	<u>\$ 3,394,882</u>

KELLOGG COMMUNITY COLLEGE
Proposed Budget
Maintenance & Replacement Fund
June 30, 2024

	2023-24		Through April	
	<u>Proposed Budget</u>	<u>Amount</u>	<u>2023</u>	<u>Actual 2022</u>
Estimated Funds Available - July 1		\$ 4,500,000	\$ 6,979,245	\$ 7,255,885
Revenue				
General Fund transfer In	<u>\$ -</u>		<u>\$ -</u>	<u>\$ 2,100,000</u>
Total revenue		<u>-</u>	<u>-</u>	<u>2,100,000</u>
Total funds available		4,500,000	6,979,245	9,355,885
Total Capital Expenditures & Transfers				
IPS Council allocation 2022 carryover	220,000		-	-
IPS Council allocation 2023	500,000		1,649,236	2,376,640
General Fund - Capital Outlay transfer	<u>400,000</u>		<u>400,000</u>	<u>-</u>
Total capital expenditures		<u>1,120,000</u>	<u>2,049,236</u>	<u>2,376,640</u>
Funds available - June 30		<u>\$ 3,380,000</u>	<u>\$ 4,930,009</u>	<u>\$ 6,979,245</u>