

MEMORANDUM

TO: KCC Board of Trustees

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

DATE: June 3, 2024

RE: Budget Recommendation for Fiscal Year 2025

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 to be on solid financial ground fiscally as we head into next year.

GENERAL FUND (GF)

We are happy to report the GF budget is balanced and conservative, with contingencies and reserves built in to counter 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 nominal increase and property values up an unprecedented 13%. Additionally, the increase in expenses is due to the Board-approved 2% increase in salaries and wages, plus contingency for the enrollment incentive and several temporary positions to fill vacancies due to leave. There are also increases in retirement expenses associated with the increase in salaries, a \$400,000 increase in technology costs, primarily related to the ongoing SaaS migration project and annual increases in software licensing, and increases in costs for facilities services, such as utilities, trash and grounds.

OTHER BUDGETS

Bookstore – Sales have increased in 2024 and are projected to increase more with the increase in enrollment. That positive performance should lead to a reduction in the net loss of the store. Any net loss in the Bookstore will be covered by its \$1.2 million fund balance.

Athletic/Co-curricular – budgeted revenues and spending to remain consistent in these areas, with adjustments including reducing revenues for line items no longer being collected, reducing one line item for a theater position which has not been filled for years, and transferring another position to the General Fund, which allows us to reduce the General Fund Subsidy line by over \$50,000.

BOARD OF TRUSTEES

Steven A. Claywell
Chair

Matthew A. Davis
Vice Chair

Carla C. Reynolds
Treasurer

Patrick A. O'Donnell
Secretary

Xenia C. McKay
Trustee

Lisa L. Mueller
Trustee

T.R. Shaw, Jr.
Trustee

Dr. Paul R. Watson II
President

Capital Budgets – we are also continuing 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 to meet some divisional capital needs.
- *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 approximately \$1.8 million for our debt service requirements.
- *Maintenance & Replacement Fund* – requesting another \$500,000 for IPS Council maintenance, repairs or replacement projects.

KELLOGG COMMUNITY COLLEGE
General Fund Budget
Year Ended June 30, 2025

	Final Budget June 30, 2024	2024-2025 Budget	Increase (Decrease)
Revenue			
Tuition & Fees	\$ 18,385,000	\$ 19,720,000	\$ 1,335,000
Property Taxes	11,960,000	12,860,000	900,000
State Aid	13,630,000	13,730,000	100,000
State Aid - MPSERS UAAL	1,900,000	1,900,000	-
Other Income	1,000,000	1,070,000	70,000
Total revenue	46,875,000	49,280,000	2,405,000
Expenses & transfers			
Salaries	24,510,000	25,815,000	1,305,000
Fringe Benefits	10,550,000	10,940,000	390,000
Fringe Benefits - MPSERS UAAL	1,900,000	1,900,000	-
Services and repairs	4,140,000	4,645,000	505,000
Materials and supplies	1,225,000	1,245,000	20,000
Rent, utilities and insurance	1,245,000	1,370,000	125,000
Other expenses	1,915,000	1,945,000	30,000
Department operating funds	990,000	1,020,000	30,000
Total operating expenses	46,475,000	48,880,000	2,405,000
Other Expenses & Transfers Out (In)			
Capital Outlay	400,000	400,000	-
Total expenses & transfers	46,875,000	49,280,000	2,405,000
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	\$ -

KELLOGG COMMUNITY COLLEGE
Auxiliary Fund - Bookstore
June 30, 2025

	2023-24 Final Budget	2024-25 Proposed Budget	Increase (Decrease)
Revenue			
Sales	\$ 1,300,000	\$ 1,550,000	\$ 250,000
Total revenue	1,300,000	1,550,000	250,000
Expenses			
Cost of Goods Sold	975,000	1,073,000	98,000
Gross profit	325,000	477,000	152,000
General and administrative expenses			
Salaries and wages	235,000	234,000	(1,000)
Fringe benefits	133,000	170,000	37,000
Services and repairs	6,500	6,500	-
Materials and supplies	6,300	6,300	-
Rent, utilities and insurance	60,000	60,000	-
Freight	35,000	35,000	-
Bank and service charges	13,500	13,500	-
Co-curricular subsidy	-	-	-
Equipment/Maintenance & Replacement	29,800	29,800	-
Other	1,500	1,500	-
Total operating expenses	520,600	556,600	36,000
Other Expenses & Transfers Out (In)			
Fund Balance	(195,600)	(79,600)	116,000
Total Other Expense & Transfers	(195,600)	(79,600)	116,000
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	\$ -

KELLOGG COMMUNITY COLLEGE
Auxiliary Fund - Co-Curricular Activities
June 30, 2025

	2023-24 Final Budget	2024-25 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	-	-	-
General Fund Subsidy	617,100	561,100	(56,000)
Student Identification Card	1,000	-	(1,000)
Athletic revenue	7,000	-	(7,000)
Total revenue	<u>881,000</u>	<u>812,000</u>	<u>(69,000)</u>
Expenditures			
Visual & Performing Arts			
Art Exhibits	\$ 6,280	\$ 7,780	\$ 1,500
Vocal Music	11,080	11,080	-
Theater	<u>32,240</u>	<u>14,310</u>	<u>(17,930)</u>
Sub-Total	49,600	33,170	(16,430)
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>454,402</u>	<u>457,818</u>	<u>3,416</u>
Sub-Total	699,574	702,990	3,416
College Life Activities			
College Life Administration	\$ 75,626	\$ 19,640	\$ (55,986)
"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>75,840</u>	<u>(55,986)</u>
Total expenses	<u>881,000</u>	<u>812,000</u>	<u>(69,000)</u>
Excess (deficiency) of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

KELLOGG COMMUNITY COLLEGE
Proposed Budget
General Fund - Capital Outlay
June 30, 2025

2024-25
Proposed Budget

Capital Expenditures	
Facilities	150,000
Information, Research & Technology	150,000
President	25,000
Instruction	15,000
Student Affairs	15,000
Communications and Advancement	15,000
Contingency	<u>30,000</u>
Total capital expenditures	<u>\$ 400,000</u>

KELLOGG COMMUNITY COLLEGE
Proposed Budget
21st Century Fund
June 30, 2025

	2024-25	
	<u>Proposed Budget</u>	<u>Amount</u>
Estimated Funds Available - July 1		\$ 5,140,000
Revenue		
Property taxes	\$ 3,300,000	
State appropriations - PPT reimbursements	600,000	
Other	-	
Total revenue		<u>3,900,000</u>
Total funds available		9,040,000
Project Budgets		
IPS Council allocation	500,000	
Bond & interest	<u>1,775,000</u>	
Total capital expenditures & debt retirement		<u>2,275,000</u>
Funds available - June 30		<u><u>\$ 6,765,000</u></u>

KELLOGG COMMUNITY COLLEGE
Proposed Budget
Maintenance & Replacement Fund
June 30, 2025

	<u>2024-25</u>	<u>Amount</u>
	<u>Proposed Budget</u>	
Estimated Funds Available - July 1		\$ 1,600,000
Revenue		
General Fund transfer In	-	-
Total revenue		-
Total funds available		1,600,000
Total Capital Expenditures & Transfers		
IPS Council allocation	500,000	
General Fund - Capital Outlay transfer	-	
Total capital expenditures		<u>500,000</u>
Funds available - June 30		<u>\$ 1,100,000</u>