

MEMORANDUM

TO: KCC Board of Trustees

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

DATE: June 9, 2024

RE: Budget Recommendation for Fiscal Year 2026

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 should be on solid financial ground fiscally as we head into next year, although this budget is much tighter than in recent years.

GENERAL FUND (GF)

We are happy to report the GF budget is balanced and relatively conservative. This is the first year this budget has topped \$50 million. Two of the three major revenue sources for the College, Tuition and Property Taxes are all trending up with continued increases in enrollment and property values. State aid, however, is getting negatively impacted by increases in property values which impact a reimbursement from the state. Additionally, the increase in expenses is primarily due to the expected Board-approved increase in salaries and wages for all staff. There are also increases in retirement expenses associated with the increase in salaries and nominal increases in other expenses as a result of approved departmental budget requests.

OTHER BUDGETS

Bookstore – Sales have increased remained consistent in 2025 and may increase more 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 almost \$1 million fund balance.

Athletic/Co-curricular – the main change in this budget is increasing the General Fund transfer resulting from increasing the student services fees as well as to cover the additional .5 FTE in athletics, increasing budgeted costs to match actual increased expenses and transferring charter expenses from the Facilities budget to the Athletics.

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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 including the Board-approved budget for the Severin Building renovation, 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 as well as \$400,000 transfer to the General Fund to cover the capital budget in that fund.

KELLOGG COMMUNITY COLLEGE
General Fund Budget
Year Ended June 30, 2026

	Final Budget June 30, 2025	2025-2026 Budget	Increase (Decrease)
Revenue			
Tuition & Fees	\$ 20,170,000	\$ 21,350,000	\$ 1,180,000
Property Taxes	12,680,000	13,940,000	1,260,000
State Aid	12,220,000	11,940,000	(280,000)
State Aid - MPSERS UAAL	1,900,000	1,900,000	-
Other Income	1,430,000	1,400,000	(30,000)
Total revenue	<u>48,400,000</u>	<u>50,530,000</u>	2,130,000
Expenses & transfers			
Salaries	25,520,000	27,395,000	1,875,000
Fringe Benefits	10,315,000	10,885,000	570,000
Fringe Benefits - MPSERS UAAL	1,900,000	1,900,000	-
Services and repairs	4,635,000	4,660,000	25,000
Materials and supplies	1,265,000	1,320,000	55,000
Rent, utilities and insurance	1,375,000	1,375,000	-
Other expenses	1,950,000	1,985,000	35,000
Department operating funds	1,040,000	1,010,000	(30,000)
Total operating expenses	<u>48,000,000</u>	<u>50,530,000</u>	2,530,000
Other Expenses & Transfers Out (In)			
M&R Fund	-	(400,000)	(400,000)
Capital Outlay	400,000	400,000	-
Total expenses & transfers	<u>48,400,000</u>	<u>50,530,000</u>	2,130,000
Excess (deficiency) of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

KELLOGG COMMUNITY COLLEGE
Proposed Budget
General Fund - Capital Outlay
June 30, 2026

2025-26
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, 2026

	2025-26	
	<u>Proposed Budget</u>	<u>Amount</u>
Estimated Funds Available - July 1		\$ 7,000,000
Revenue		
Property taxes	\$ 3,430,000	
State appropriations - PPT reimbursements	-	
Other	<u>-</u>	
Total revenue		<u>3,430,000</u>
Total funds available		10,430,000
Project Budgets		
IPS Council allocation	500,000	
Severin Building Renovation	3,350,000	
Roll Building Renovatoin	-	
Bond & interest	<u>1,820,000</u>	
Total capital expenditures & debt retirement		<u>5,670,000</u>
Funds available - June 30		<u><u>\$ 4,760,000</u></u>

KELLOGG COMMUNITY COLLEGE
Proposed Budget
Maintenance & Replacement Fund
June 30, 2026

	2025-26	
	<u>Proposed Budget</u>	<u>Amount</u>
Estimated Funds Available - July 1		\$ 3,500,000
Revenue		
General Fund transfer In	<u>\$ -</u>	<u>-</u>
Total revenue		<u>-</u>
Total funds available		3,500,000
Total Capital Expenditures & Transfers		
Expenses	500,000	
General Fund - Capital Outlay transfer	<u>400,000</u>	
Total capital expenditures		<u>900,000</u>
Funds available - June 30		<u><u>\$ 2,600,000</u></u>

KELLOGG COMMUNITY COLLEGE
Auxiliary Fund - Bookstore
June 30, 2026

	2024-25 Final Budget	2025-26 Proposed Budget	Increase (Decrease)
Revenue			
Sales	<u>\$ 1,550,000</u>	<u>\$ 1,550,000</u>	<u>\$ -</u>
Total revenue	1,550,000	1,550,000	-
Expenses			
Cost of Goods Sold	<u>1,073,000</u>	<u>1,143,000</u>	<u>70,000</u>
Gross profit	477,000	407,000	(70,000)
General and administrative expenses			
Salaries and wages	234,000	241,000	7,000
Fringe benefits	170,000	170,000	-
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	<u>1,500</u>	<u>1,500</u>	<u>-</u>
Total operating expenses	<u>556,600</u>	<u>563,600</u>	<u>7,000</u>
Other Expenses & Transfers Out (In)			
Fund Balance	<u>(79,600)</u>	<u>(156,600)</u>	<u>(77,000)</u>
Total Other Expense & Transfers	<u>(79,600)</u>	<u>(156,600)</u>	<u>(77,000)</u>
Excess (deficiency) of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

KELLOGG COMMUNITY COLLEGE
Auxiliary Fund - Co-Curricular Activities
June 30, 2026

	2024-25 Final Budget	2025-26 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	-	-	-
Bookstore Subsidy	-	-	-
General Fund Subsidy	561,100	687,100	126,000
Student Identification Card	-	-	-
Athletic revenue	-	-	-
Total revenue	<u>812,000</u>	<u>938,000</u>	<u>126,000</u>
Expenditures			
Visual & Performing Arts			
Art Exhibits	\$ 7,780	\$ 7,780	\$ -
Vocal Music	11,080	11,080	-
Theater	<u>14,310</u>	<u>14,310</u>	<u>-</u>
Sub-Total	33,170	33,170	-
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>457,818</u>	<u>583,818</u>	<u>126,000</u>
Sub-Total	702,990	828,990	126,000
College Life Activities			
College Life Administration	\$ 19,640	\$ 19,640	\$ -
"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>75,840</u>	<u>75,840</u>	<u>-</u>
Total expenses	<u>812,000</u>	<u>938,000</u>	<u>126,000</u>
Excess (deficiency) of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>