

AGENDA

LANSING COMMUNITY COLLEGE
BOARD OF TRUSTEES
March 20, 2006

Budget Workshop
3:00 p.m.

- I. Call to Order by Chairperson
- II. Roll Call by Secretary to the Board
- III. Limited Public Comment Regarding Agenda Items
- IV. Budget Workshop
- V. Public Comment
- VI. Adjournment

Lansing Community College

FY 2007

Budget Workshop, March 20, 2006

Budget Challenge

- Total Revenues expected to increase by 3%, while total expenditures were initially projected to increase by 7%, creating a projected deficit of approximately \$3,000,000.
- Major Revenue Sources
 - State Aid 2%
 - Property Taxes 4.3%
 - Tuition Less than 1% (Some New Course fees and Flat enrollments assumed)

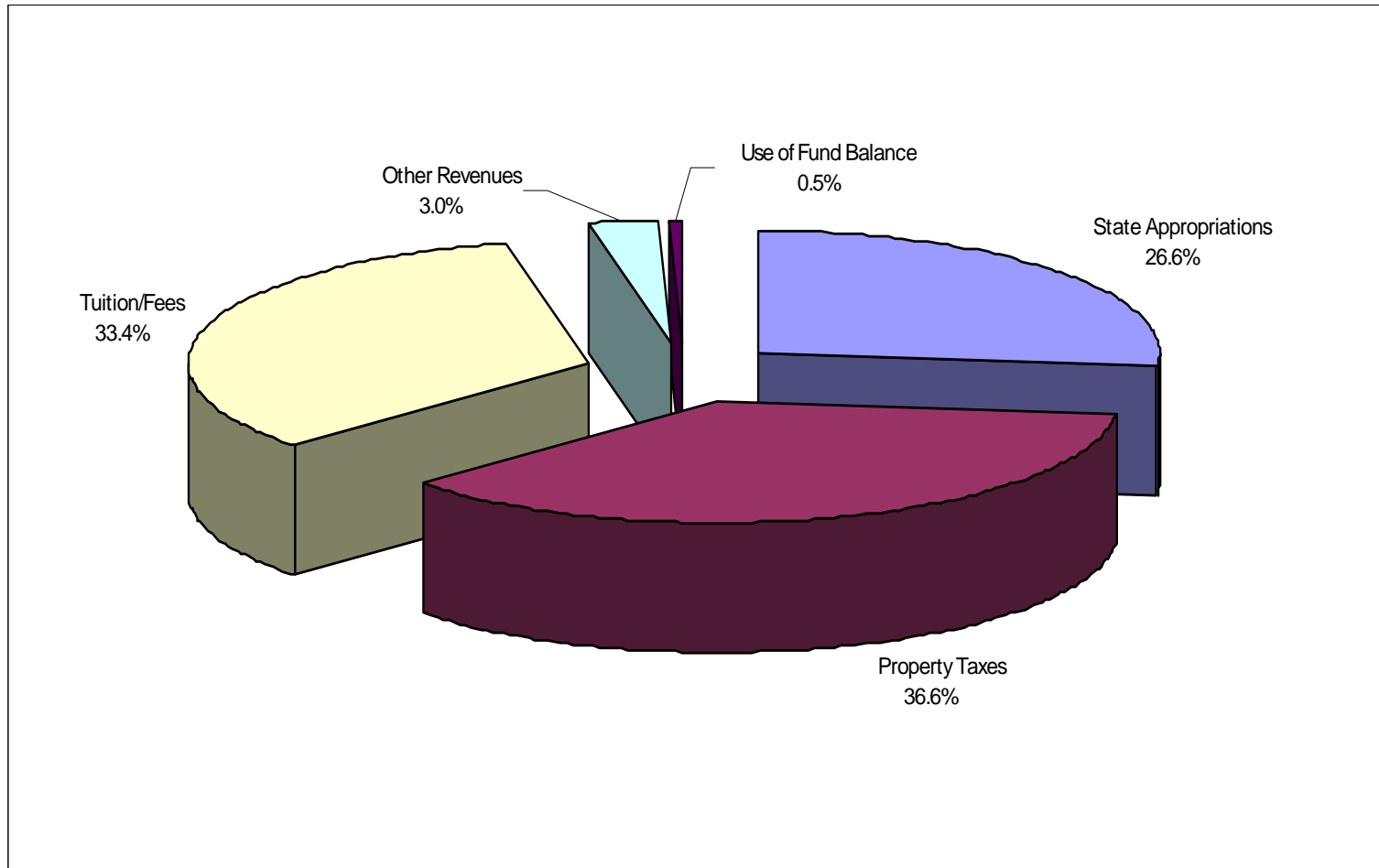
FY 2007 Revenues

LANSING COMMUNITY COLLEGE

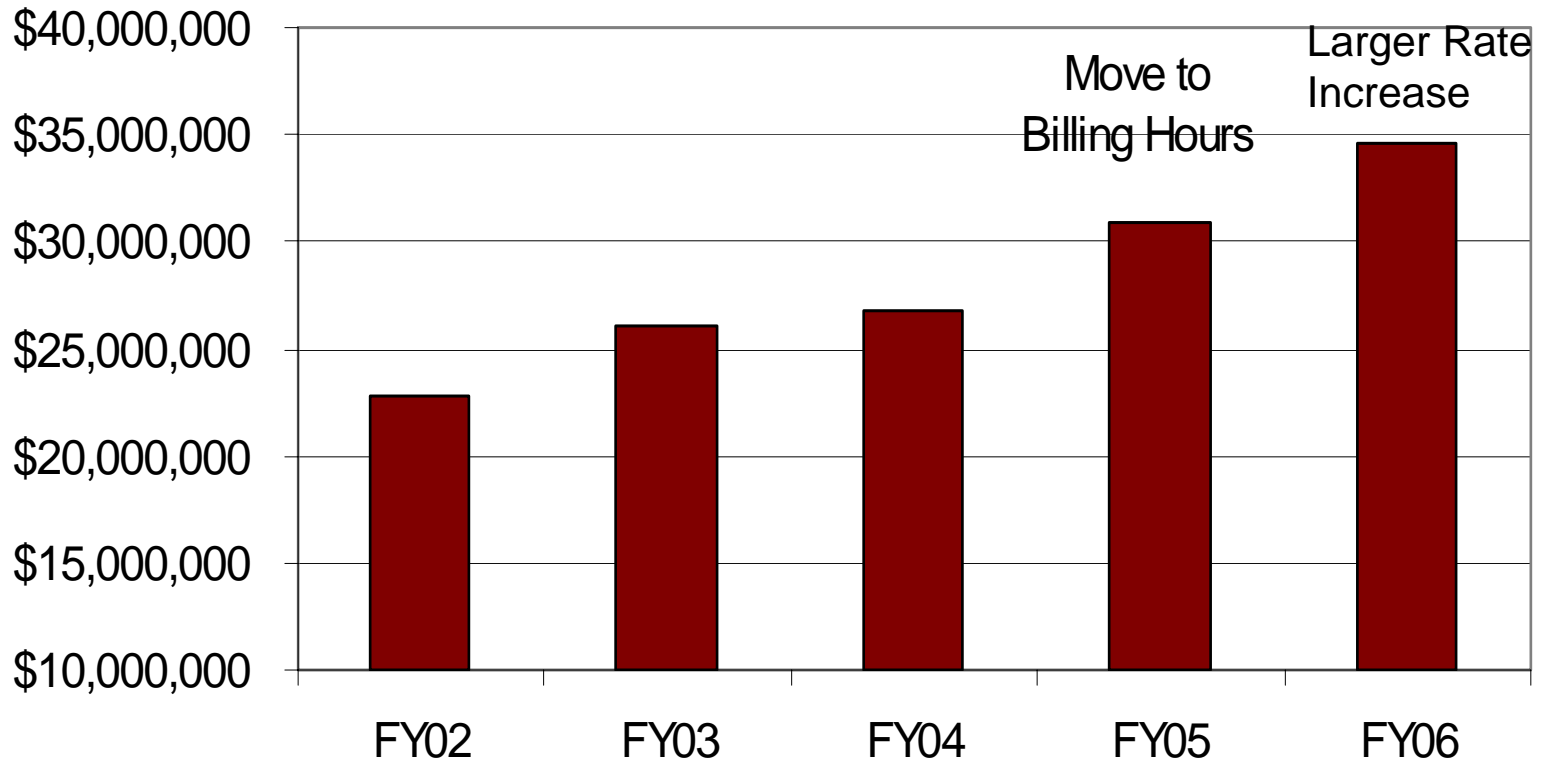
Fiscal Year 2007 General Fund Projection

	<i>FY 2006 Adopted Budget</i>	<i>FY 2006 Current Projection</i>	<i>FY 2007 Projected Budget</i>	<i>2006-2007 % Change</i>
<u>Revenues</u>				
State Appropriations	\$28,097,100	\$28,097,100	\$28,659,042	2.0%
Property Taxes	\$37,566,449	\$37,731,643	\$39,352,250	4.3%
Tuition/Fees	\$33,893,895	\$35,677,929	\$35,940,929	0.7%
Other Revenues	\$3,000,000	\$3,000,000	\$3,200,000	6.7%
Use of Fund Balance			\$500,000	
Total Revenues	\$102,557,444	\$104,506,672	\$107,652,221	3.0%

FY 2007 Proposed Revenues- % of Total



Actual and Projected Tuition Revenue



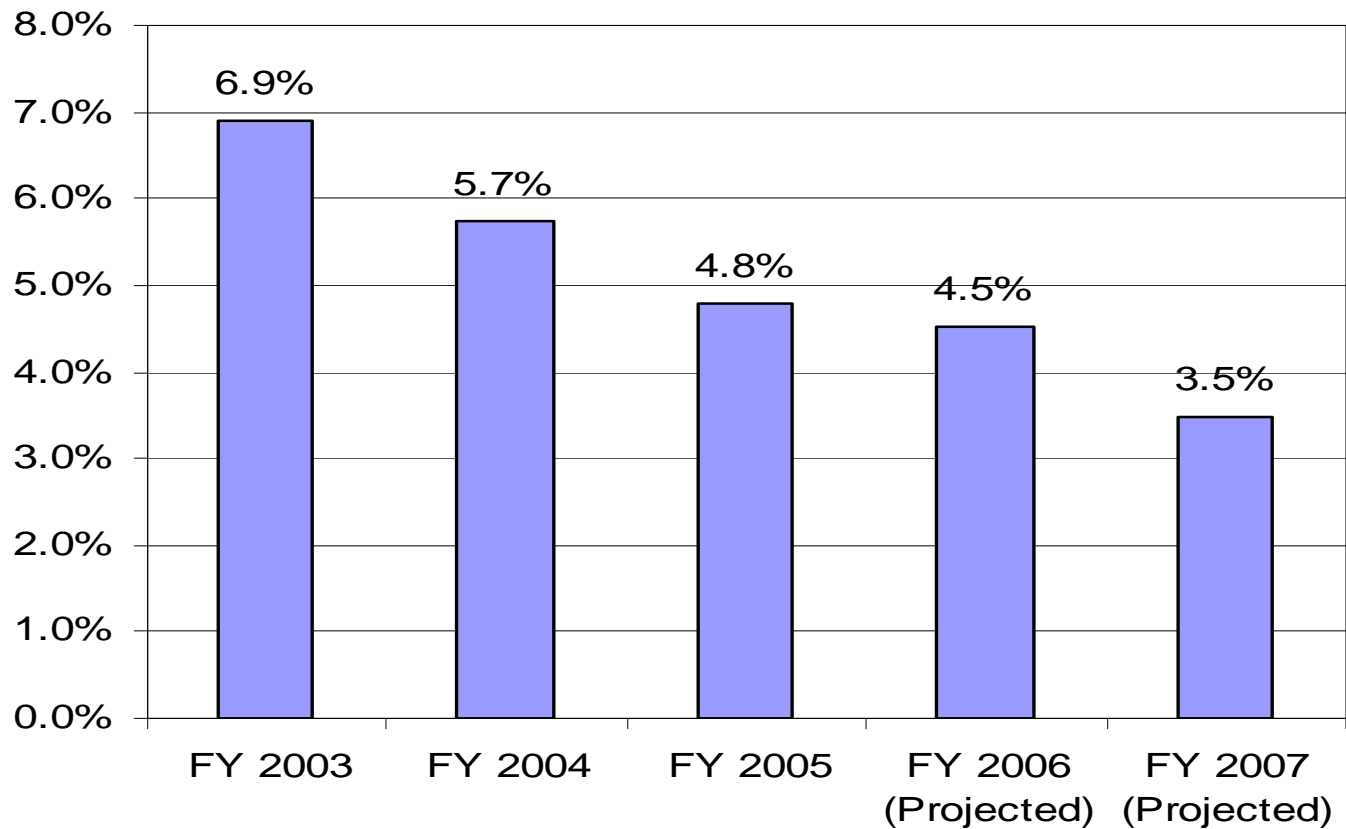
Property Tax Loss due to Headlee

	Projections						
	FY01	FY02 ⁽¹⁾	FY03	FY04	FY05	FY06	FY07 ⁽²⁾
Property Tax Revenue to College	\$21,093,460	\$30,484,020	\$32,590,694	\$34,460,949	\$36,106,835	\$37,731,643	\$39,352,250
Change over Prior Year		44.5%	6.9%	5.7%	4.8%	4.5%	4.3%
Actual Mills Levied	2.9106	3.8926	3.8733	3.8544	3.8375	3.8112	3.8112
Mills Authorized	3.00	4.00	4.00	4.00	4.00	4.00	4.00
Lost Revenue due to Headlee Rollback	\$647,892	\$841,079	\$1,066,078	\$1,301,763	\$1,528,954	\$1,869,158	\$1,949,440

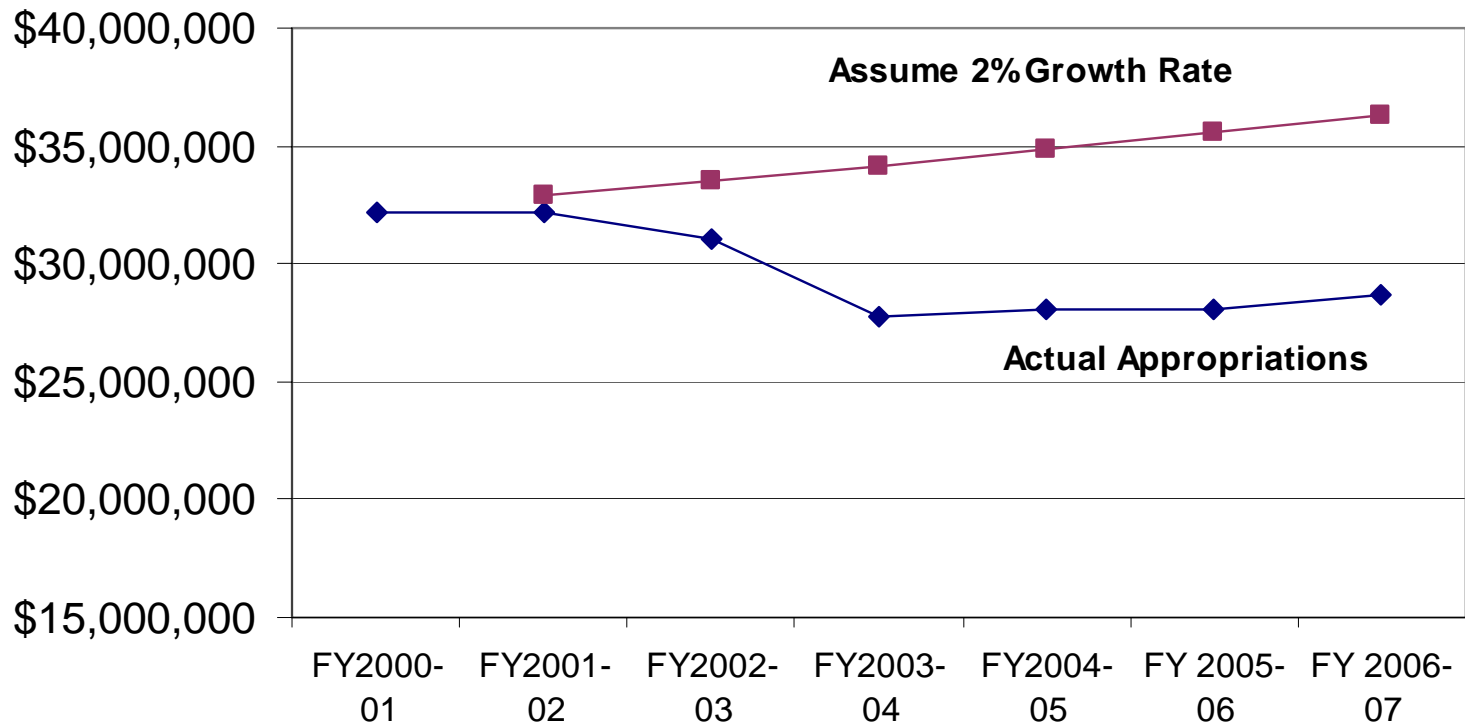
(1) Additional 1 Mill Approved by Voters

(2) Lost Revenue would be at least \$1,949,440 if mills levied remains at 3.8112.

**Lansing Community College
Actual and Projected Change in Property Tax
Revenue**



State Appropriations Funding Gap



FY 2007 Expenditures



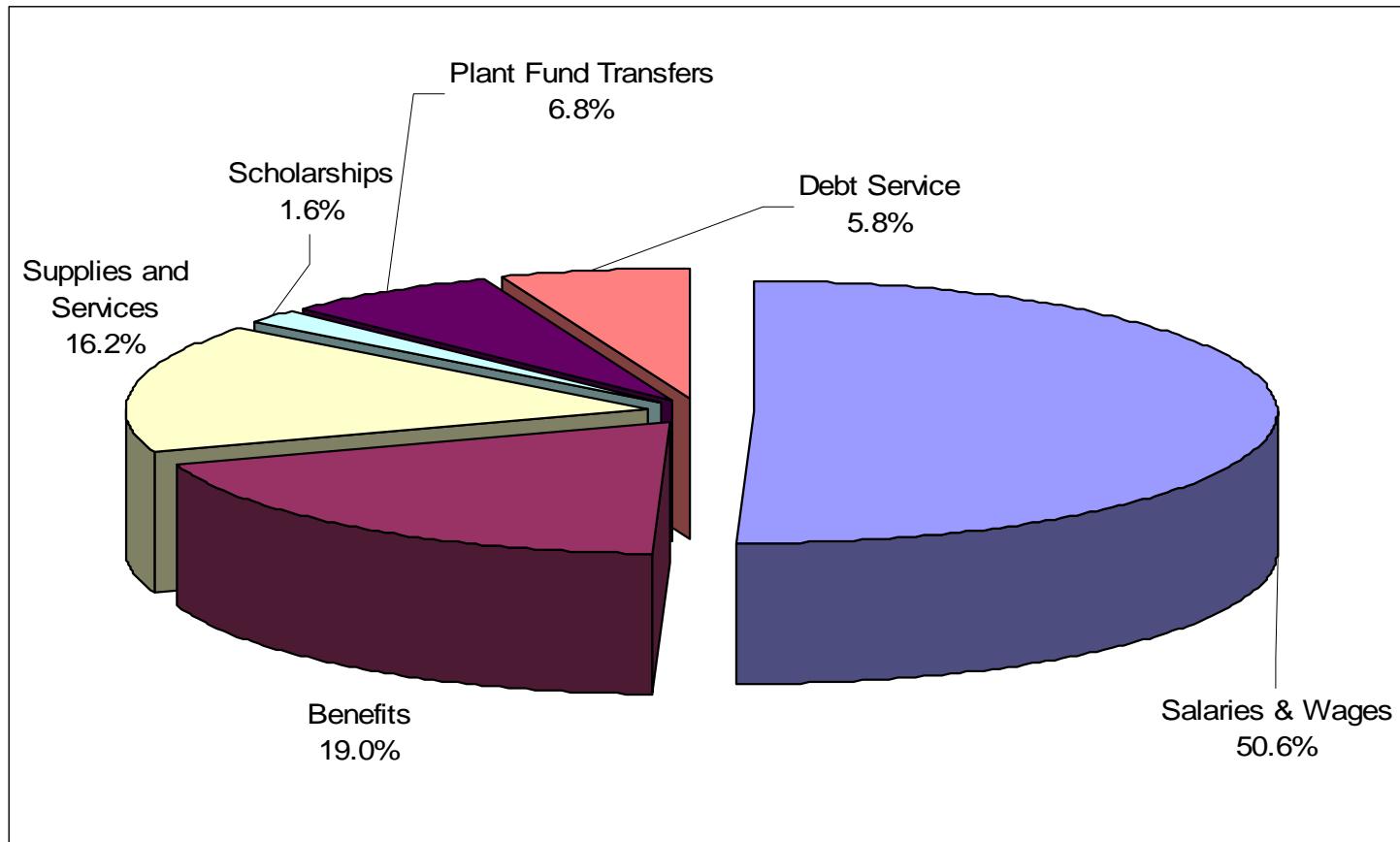
Fixed Costs Driving Expenditure Increases

- Salaries
- Benefits
- Utilities and Other

Expenditures & Transfers

	<i>FY 2006 Adopted Budget</i>	<i>FY 2006 Current Projection</i>	<i>FY 2007 Projected Budget</i>	<i>2006-2007 % Change</i>
<u>Operating Budget</u>				
Salaries & Wages	\$49,611,923	\$51,700,191	\$55,916,941	8.2%
Employee Benefits	\$16,849,038	\$18,549,197	\$21,057,509	13.5%
Total Salaries + Benefits	\$66,460,961	\$70,249,388	\$76,974,450	9.6%
Total Overhead, Supplies, Services	\$19,796,192	\$17,707,924	\$18,178,649	2.6%
<u>Transfers</u>				
Child Care Scholarship	\$279,142	\$279,142	\$279,142	0.0%
General Institutional Scholarships	\$1,455,500	\$1,455,500	\$1,455,500	0.0%
Total Transfers	\$1,734,642	\$1,734,642	\$1,734,642	0.0%
<u>Capital Budgets</u>				
Major Equipment	\$1,500,000	\$1,500,000	\$1,500,000	0.0%
Debt Service, all Issues	\$6,173,768	\$6,173,768	\$6,402,674	3.7%
Plant Improvement	\$3,000,000	\$3,000,000	\$3,000,000	0.0%
Technology Infrastructure	\$3,000,000	\$3,000,000	\$3,000,000	0.0%
Total Capital Budgets	\$13,673,768	\$13,673,768	\$13,902,674	1.7%

FY 2007 Proposed Expenditures- % of Total



Benefits as Percent of Wages Increasing Annually

Year	Budgeted Salaries & Wages	Budgeted Employee Benefits	% of Wages
2001-02	\$44,290,479	\$11,405,827	25.8%
2002-03	47,543,727	13,668,024	28.7%
2003-04	47,658,006	14,273,160	29.9%
2004-05	48,185,218	16,932,217	35.1%
2005-06*	51,700,191	18,549,197	35.9%
2006-07*	55,916,941	21,057,509	37.7%

* Projected

Retirement System Contribution Rates

MPSERS Contribution Increases

	Contribution Rate	Additional Cost to College	Cumulative Cost
FY 2002	12.17%		
FY 2003	12.99%	\$785,779	\$785,779
FY 2004	12.99%	\$14,845	\$800,624
FY 2005	14.87%	\$974,367	\$1,774,991
FY 2006	16.34%	\$1,282,669	\$3,057,660
FY 2007*	17.74%	\$1,471,854	\$4,529,514




* Projected

Projected Benefit Detail

FY 2006 and FY 2007

	FY 2006 Projected	FY 2007 Projected
FICA	\$3,798,357	\$4,175,230
Health Benefits	\$5,650,232	\$6,119,545
MPSERS	\$7,162,803	\$8,617,760
Optional Retirement	\$704,027	\$720,000
Unemployment	\$103,779	\$120,000
Life & Disability	\$235,701	\$310,000
Tuition Benefits	\$703,045	\$784,590
Workers Compensation	\$191,255	\$210,385
	\$18,549,199	\$21,057,510

Preliminary Bottom Line for FY 2007

Projected Revenues		\$107,652,221
Projected Needs		\$110,790,415
Projected Balance		(\$3,138,194)



College Staff's Budget Cutting Work has Trimmed Deficit to \$500,000

- Eliminated 10 Vacant Budgeted Positions
- Partially Budgeted Anticipated Vacancies
 - To offset lag hire
- Increased Section Management
 - Increases number of students per section
- Reduced Computer Lab Hours
 - Between 2:00 and 7:00 A.M.



College Staff's Budget Cutting Work has Trimmed Deficit to \$500,000

- ❑ Consolidated Assessment Center Staffing
- ❑ Eliminated Washington DC Lobbying Contract
- ❑ Reduced Professional Development
- ❑ Reduced Document Imaging Costs
- ❑ Reduced Maintenance & Replacement Funds
- ❑ Reduced Media Replacement Funds
- ❑ Increased Efficiency of Supply Budgets

Student Scholarships and Aid Summary

	FY03	FY04	FY05
Foundation	\$ 194,406	\$ 533,889	\$ 578,899
Federal	19,628,438	22,782,940	24,881,888
LCC General Fund*	874,971	851,254	914,165
State of Michigan	3,851,486	3,012,727	3,943,771
Other	352,391	207,001	292,122
	<u>\$ 24,901,692</u>	<u>\$ 27,387,811</u>	<u>\$ 30,610,845</u>

*FY 2006 Budgeted amount for LCC General Fund Scholarships is \$1,455,500

Transfers to Plant Fund

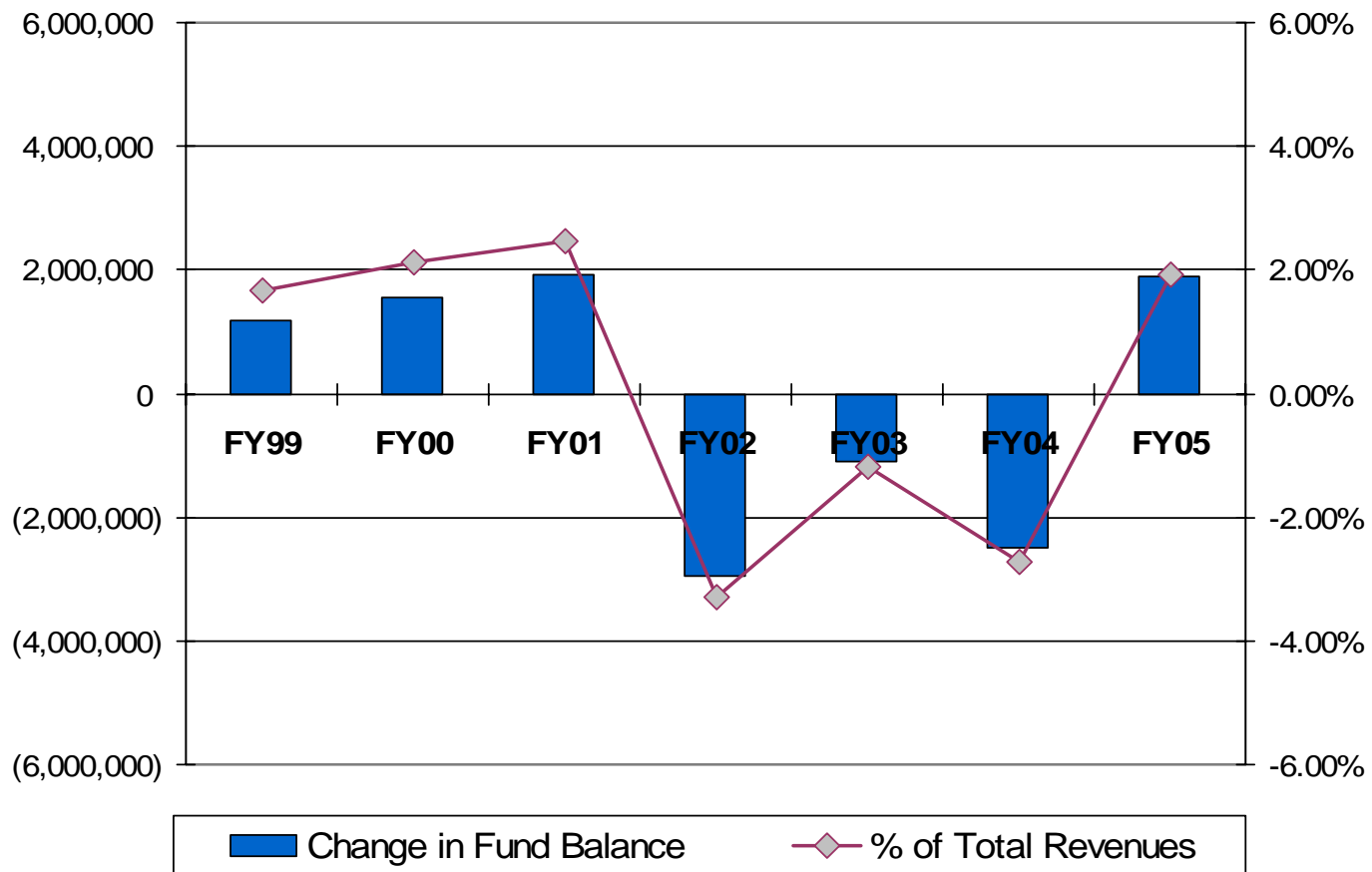
- Maintenance & Repair
 - \$3,000,000, Detailed Projects Provided
- Technology Infrastructure Fund
 - \$1,800,000, Replacement of Desktop and Laptop Computers and Printers
- College-wide Major Equipment Fund
 - \$1,500,000, Replacement of Media Equipment plus high priority Equipment Needs;
Approximately \$2,500,000 in submitted requests

Fund Balances

College Year-end Fund Balances

Fund Balances	30-Jun-03	30-Jun-04	30-Jun-05
General Fund			
Allocated for Year-end Outstanding Encumbrances	\$1,226,580	\$680,527	\$399,006
Designated for Project Matching Funds	\$0	\$0	\$2,500,000
Designated for Technology	\$3,000,000	\$1,000,000	\$0
Reserved for Contract Implementation	\$0		\$500,000
Unallocated	\$6,698,719	\$6,757,998	\$6,933,657
TOTAL GENERAL FUND BALANCES	\$10,925,299	\$8,438,525	\$10,332,663
Designated Fund	\$453,322	\$255,708	\$47,207
Auxiliary Activities Fund	\$4,544,371	\$4,393,226	\$1,917,884
Plant Fund	\$17,676,412	\$21,725,514	\$13,340,487
Grand Total	\$33,599,404	\$34,812,973	\$25,638,241
Portion which is Unallocated	\$7,152,041	\$7,013,706	\$6,980,864
Unallocated FB as a percentage of GF Revenues	7.6%	7.6%	7.0%

Change in Fund Balance, and % of Total GF Revenues



Tuition Scenarios

- An informal survey indicates that most Michigan Community Colleges are planning tuition increases for next year (detailed responses on a separate document)

	LCC	Current State Ave.	Projected FY2007 Average
In-District	\$65.00	\$65.25	\$67.03
Out-of-District	\$105.00	\$101.49	\$104.87
Out-of-State	\$145.00	\$135.52	\$140.05
International	\$145.00	\$135.52	\$140.05



Tuition Scenarios

- If requested, staff is prepared to use an interactive model to review various tuition rate scenarios. Two potential scenarios follow:

Scenario 1

	Billable Hours	Current Rate	Potential Increase	% Increase	Revenue Eff. Fall 2006
In-District	208,200	\$65	\$0	0.0%	\$0
Out-of-District	130,490	\$105	\$3	2.9%	\$373,995
Out-of-State	3,600	\$145	\$5	3.4%	\$17,500
International	9,230	\$145	\$5	3.4%	\$42,750
Total	351,520				\$434,245

Scenario 2

	Billable Hours	Current Rate	Potential Increase	% Increase	Revenue Eff. Fall 2006
In-District	208,200	\$65	\$1	1.5%	\$196,940
Out-of-District	130,490	\$105	\$2	1.9%	\$249,330
Out-of-State	3,600	\$145	\$5	3.4%	\$17,500
International	9,230	\$145	\$5	3.4%	\$42,750
Total	351,520				\$506,520

Parking Fund Proposal



Parking Fund Proposal

- The College has expanded parking options for students at the West Campus, LCC East and other sites
- Only those students taking classes at the downtown campus are currently charged a parking fee, while the College must maintain or pay for facilities at other locations

Parking Fund Proposal

- Proposed to add \$5 per billable hour facilities/parking fee to credit courses taught at the West Campus, LCC East, Livingston and St. Johns Center
- Students would still pay considerably less for parking than a student enrolled in classes downtown
 - 8 billable hours per semester equates to a \$40 per semester facility/parking fee, compared to approximately \$128 in parking costs per semester for the student taking classes Monday through Thursday at the downtown campus



Parking Fund Proposal

- Revenue from this fee would support on-going parking operations and maintenance of facilities at West Campus and other College learning centers
- Based on current billable hours, this fee would raise approximately \$300,000 per year

Questions?

**Proposed FY 2007
Maintenance and Repair Budget**

Description of Expense	Est. Cost	Balance
Academic Office Facility (AOF) Vacated Space Renovations	250,000	250,000
Heat Pump Replacements - Campus wide	464,800	714,800
AOF Hydronics Replacement	5,000	719,800
Civil Rights Comp - Door Hardware/Handicap Openers	100,000	819,800
Civil Rights Comp. Drinking Fountain Repositioning	25,000	844,800
Ergonomic Accomodations	30,000	874,800
Classroom Furniture Replacement	100,000	974,800
Gannon Masonry Restoration	570,000	1,544,800
Campus Beautification	225,000	1,769,800
Replacement of Fan Coil Unit Continental Bldg	7,000	1,776,800
Replacement VFDs - A&S 405 chem Hood System	3,000	1,779,800
TLC 4th Floor Air Handler Upgrades	18,800	1,798,600
SPS Ventilation & Exhaust system Modifications	50,000	1,848,600
Sciences	20,000	1,868,600
Site Concrete Restoration	100,000	1,968,600
Side Door Projects	75,000	2,043,600
West Campus GM Lease Space Renovations	500,000	2,543,600
Tutoring Renovations - supplement FY 05/06	50,000	2,593,600
Relocation of Liberal Studies Division	20,000	2,613,600
Campus Wide Signage - Upgrades & Replacement	100,000	2,713,600
Campus Wide Exterior Door Replacement	75,000	2,788,600
Campus Wide Exterior Painting	75,000	2,863,600
Replacement of Aviation Building Boiler	66,000	2,929,600
Replacement of Exterior lights for AOF	2,900	2,932,500
West Campus E-Stop Contractors	25,000	2,957,500
Pre-engineering/Planning	42,500	3,000,000
Grand Total	\$ 3,000,000	

Proposed FY 2007 Capital Budget Technology Infrastructure Fund

Former Model	New Model	Qty	Cost	Cascade
IBM A21m	HP 6230	80	\$152,000	N
IBM A22m	HP 6230	20	\$38,000	N
IBM A31	HP 6230	50	\$95,000	Y
IBM A31P	HP 6230	25	\$47,500	Y
IBM T20	HP 6230	50	\$95,000	N
IBM T41	HP 6230	300	\$570,000	Y
IBM NETVISTA	HP 7600	200	\$240,000	N
IBM 8143	HP 7600	200	\$240,000	Y
17" Tube Displays	HP L1955	158	\$63,200	N
21" Tube Displays	HP L1955	42	\$16,800	N
Acer Tablet	HP 4200	25	\$60,000	N
Apple G4	Apple G5	25	\$55,000	Y
Old Cisco Switch	New Cisco Switch	15	\$75,000	N
NA	Cisco Access Points	20	\$16,000	N
Lexmark Printer	HP Printer	20	\$44,000	N

\$1,807,500

Desktop \$	\$535,000
Laptop \$	\$1,057,500
Display \$	\$80,000
Printer \$	\$44,000
Switch \$	\$91,000
	\$1,807,500

Classroom Tech \$	\$991,800
Employee Tech \$	\$680,700
Infrastructure \$	\$135,000
	\$1,807,500

MICHIGAN COMMUNITY COLLEGE BUSINESS OFFICERS ASSOCIATION										
TUITION AND FEES SURVEY										
		2005-06 Tuition Rates					2006-07	2006-07 Projected Rates		
		Annualized Fees⁽¹⁾	In-Dist	Out-Dist	Out-State Intern.	Credit/Contact	Comments	In-Dist	Out-Dist	Out-State Intern.
COLLEGE										
1	Alpena Community College	490.00	72.00	108.00	144.00	Contact	No report	72.00	108.00	144.00
2	Bay de Noc Community College	185.00	65.90	98.00	149.00	Contact	Planning 5% increase	69.00	102.00	156.00
3	Delta College	216.00	72.50	104.00	148.50	Credit	3 to 4% increase	74.00	107.00	152.00
4	Glen Oaks Community College	210.00	64.00	95.00	125.00	Contact	No Report	64.00	95.00	125.00
5	Gogebic Community College	348.00	74.00	94.00	120.00	Credit	3 to 4% increase	76.00	96.00	123.00
6	Grand Rapids Community College	110.00	69.50	125.00	175.00	Contact	3 to 4% for residents	71.50	140.00	200.00
7	Henry Ford Community College	432.00	57.00	112.00	120.00	Credit	Probably 5%	59.00	117.00	126.00
8	Jackson Community College ⁽²⁾	180.00	74.00	104.00	133.00	Contact	Planning 5% increase	77.00	109.00	139.00
9	Kalamazoo Valley Community College	0.00	55.00	94.00	128.00	Credit	No report	55.00	94.00	128.00
10	Kellogg Community College	150.00	62.00	100.50	151.50	Credit	Planning 4 to 5% increase	65.00	104.00	157.00
11	Kirtland Community College	270.00	66.85	122.65	151.50	Credit	Planning 5% increase	70.00	128.00	159.00
12	Lake Michigan College	330.00	72.50	86.00	114.50	Credit	Not yet determined	72.50	86.00	114.50
13	Lansing Community College	50.00	65.00	105.00	145.00	Contact		65.00	105.00	145.00
14	Macomb Community College	40.00	65.00	99.00	129.00	Credit	Probably 5%	68.00	103.00	135.00
15	Mid Michigan Community College	110.00	62.30	107.00	200.00	Contact	No report	62.30	107.00	200.00
16	Monroe County Community College	170.00	58.00	98.00	108.00	Credit (n)	Not yet determined	58.00	98.00	108.00
17	Montcalm Community College	156.00	64.00	98.00	127.00	Contact		67.00	103.00	127.00
18	Mott Community College	218.10	75.80	113.45	151.40	Contact	Probably 5%	79.00	119.00	158.00
19	Muskegon Community College	170.00	60.00	90.00	115.00	Credit	No report	60.00	90.00	115.00
20	North Central Michigan College	148.50	64.00	101.30	126.00	Credit	Probably 4% for in-district	66.00	105.00	131.00
21	Northwestern Michigan College	332.70	68.80	119.92	149.63	Contact	Planning a 3 to 5% increase	70.00	123.00	154.00
22	Oakland Community College	105.00	55.15	93.35	130.90	Credit	Projecting a 3% tuition increase	56.00	96.00	134.00
23	Schoolcraft College	130.00	65.00	97.00	143.00	Credit	Probably a 4% increase	67.00	100.00	148.00
24	Southwestern Michigan College	390.00	67.75	85.75	92.50	Contact	No report	67.75	85.75	92.50
25	St. Clair County Community College	165.00	68.50	108.00	145.00	Contact	No report	68.50	108.00	145.00
26	Washtenaw Community College	210.00	62.00	105.00	140.00	Credit	Planning a 3% for in-district	63.00	108.00	144.00
27	Wayne County Community College	240.00	55.50	71.75	91.00	Credit	No report	55.50	71.75	91.00
28	West Shore Community College	156.00	65.00	106.00	141.00	Contact	About 3%	66.00	109.00	145.00
AVERAGES		193.42	65.25	101.49	135.52			66.57	104.20	139.14

⁽¹⁾ Annualized Fees represent the mandatory, per student fees paid by all students taking 30 credit hours over 2 semesters.

⁽²⁾ Jackson Community College has approved a \$10 per contact hour facility fee for all classes taken on the Jackson Campus.

ASSUME ALL THOSE NOT REPORTING RAISE RATES BY 2%										
MICHIGAN COMMUNITY COLLEGE BUSINESS OFFICERS ASSOCIATION										
TUITION AND FEES SURVEY										
COLLEGE	Annualized Fees ⁽¹⁾	2005-06 Tuition Rates			Credit/ Contact	2006-07 Comments	2006-07 Projected Rates			
		In-Dist	Out-Dist	Out-State Intern.			In-Dist	Out-Dist	Out-State Intern.	
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2	Bay de Noc Community College	185.00	65.90	98.00	149.00	Contact	Planning 5% increase	69.00	102.00	156.00
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7	Henry Ford Community College	432.00	57.00	112.00	120.00	Credit	Probably 5%	59.00	117.00	126.00
8	Jackson Community College ⁽²⁾	180.00	74.00	104.00	133.00	Contact	Planning 5% increase	77.00	109.00	139.00
9	Kalamazoo Valley Community College	0.00	55.00	94.00	128.00	Credit	No report	56.10	95.88	130.56
10	Kellogg Community College	150.00	62.00	100.50	151.50	Credit	Planning 4 to 5% increase	65.00	104.00	157.00
11	Kirtland Community College	270.00	66.85	122.65	151.50	Credit	Planning 5% increase	70.00	128.00	159.00
12	Lake Michigan College	330.00	72.50	86.00	114.50	Credit	Not yet determined	73.95	87.72	116.79
13	Lansing Community College	50.00	65.00	105.00	145.00	Contact		65.00	105.00	145.00
14	Macomb Community College	40.00	65.00	99.00	129.00	Credit	Probably 5%	68.00	103.00	135.00
15	Mid Michigan Community College	110.00	62.30	107.00	200.00	Contact	No report	63.55	109.14	204.00
16	Monroe County Community College	170.00	58.00	98.00	108.00	Credit (n)	Not yet determined	59.16	99.96	110.16
17	Montcalm Community College	156.00	64.00	98.00	127.00	Contact		67.00	103.00	127.00
18	Mott Community College	218.10	75.80	113.45	151.40	Contact	Probably 5%	79.00	119.00	158.00
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22	Oakland Community College	105.00	55.15	93.35	130.90	Credit	Projecting a 3% tuition increase	56.00	96.00	134.00
23	Schoolcraft College	130.00	65.00	97.00	143.00	Credit	Probably a 4% increase	67.00	100.00	148.00
24	Southwestern Michigan College	390.00	67.75	85.75	92.50	Contact	No report	69.11	87.47	94.35
25	St. Clair County Community College	165.00	68.50	108.00	145.00	Contact	No report	69.87	110.16	147.90
26	Washtenaw Community College	210.00	62.00	105.00	140.00	Credit	Planning a 3% for in-district	63.00	108.00	144.00
27	Wayne County Community College	240.00	55.50	71.75	91.00	Credit	No report	56.61	73.19	92.82
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AVERAGES		193.42	65.25	101.49	135.52			67.03	104.87	140.05
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