

December 1, 2020

Lansing Community College Fiscal Year 2021 Proposed Budget Amendment Narrative

Introduction

The original FY2021 Budget adopted by the Board of Trustees on June 22, 2020 was based upon multiple assumptions and estimates using the best information available at the time. The world was in the COVID-19 pandemic. Due to the pandemic, the FY2021 Budget adopted by the Board of Trustees was unlike any previously adopted budget. The College took many unprecedented actions and made many difficult decisions in order to present to the Board a balanced budget.

Included in those difficult decisions were:

- Negotiation of salary freeze and furlough agreements with the College's labor partners
- Delay the filling of vacant non-essential employee positions
- Eliminate the institutional contingency budget equal to 1% of revenue
- Transfer \$1M from the 505 Capitol Avenue match fund to the General Fund
- Pause the Foundations for Success academic program
- Eliminate funding for the WLNZ radio station
- Reduce funding for Performing Arts productions
- Reduce funding for Intercollegiate Athletics
- Eliminate funding for Non-Credit ESOL
- Eliminate funding for Collegewide Professional Development
- Eliminate financial support for the Early Learning Children's Center
- Delay purchases of information technology equipment
- Delay facility maintenance and renovation projects
- Reduce capital equipment purchases
- Place faculty sabbaticals on hold for possible future reconsideration
- Reduce all Services and Supplies, including travel, training and conference budgets

The sum of these difficult decisions enabled the General Fund operating budget expenses to be reduced by almost \$10 million to match the assumptions and estimates of operating revenues.

Subsequent to the adoption of the FY2021 Budget, additional information has become available. The most significant change is that the State of Michigan operating appropriations approved by the legislature and signed by the governor is \$4.3 million higher than the approved budget. However, it should be noted that there is the potential for reductions in the operating appropriation depending upon the future impact of the pandemic on the state's revenue. Michigan is currently experiencing a spike in COVID-19 cases, as if the rest of the country. The length and severity the

pandemic could very well translate into a reduction of state revenues. The state's next Consensus Revenue Estimating Conference is scheduled for January 2021.

Predicting enrollment in community college is always difficult. Generally speaking, the relationship between enrollment and the economy is an inverse relationship. As the economy improves, enrollment decreases and vice versa. However, the pandemic has not followed that normal trend. Currently both the economy and enrollment have been negatively impacted by the pandemic. Fall semester enrollment has been better than originally budgeted, however there are many concerns about Spring semester enrollment. The amended budget proposal reduces expectations for Spring enrollment. There are both positive and negative perspectives for Spring enrollment. Positives included the State of Michigan's Futures for Frontliners program. However, some of the students approved are already LCC students. Negatives included poorer student retention from Fall to Spring due to student "fatigue" with online learning.

Other revenues are projected to increase, however there is financial risk associated with those projections. In particular, revenue from our relationships with K-12 institutions.

Property tax revenue is essentially unchanged.

Based upon the favorable increase in revenue, it has been necessary to strategically prioritize what are the best uses of the additional resources. The \$4.8 million increase in revenue has allowed the items listed below to be included in this amended budget proposal as follows:

- Restoration of the compensation increases that were forgone in the adopted budget
- Restoration of the institutional contingency budget equal to 1% of revenue
- Forgo transferring funds from the 505 Capitol Avenue match fund
- Include funding for the implementation of the College's Equity Action Plan
- Restoration of the Foundations for Success academic program
- Restoration of funding for the WLNZ radio station while additional analysis is performed
- Restoration of funding for Non-Credit ESOL classes on a pilot basis
- Restoration of partial funding for Collegewide Professional Development

The College still has many unknowns for the remainder of FY2021. Currently several pharmaceutical companies have submitted vaccines for emergency approval by the Food and Drug Administration. Successful mass immunization of the U.S. population should have a significant positive impact on the current situation. Depending on the pandemic situation for the remainder of FY2021, there will still be budget variances, both favorable and unfavorable. The Administration will manage within this amended budget and would only come back to the Board in the most extraordinary situation. The inclusion of the Institutional Contingency will enable the College to have more flexibility in its management of the amended budget.

Summary of General Fund Budget

Lansing Community College's FY2021 amended budget is presented to the Board of Trustees in summary form with supporting information. The Administration requests adoption as proposed.

Total revenues are projected to exceed \$123 million (see Exhibit A - General Fund Operating Revenues, Expenses & Transfers: Proposed Amended Budget FY2021).

Revenues

Summary of Fiscal Year 2021 Amended General Fund Revenues

General Fund Revenues					
Total Revenues	2019 Actual	2020 Actual	2021 Adopted Budget	2021 Amended	Percent change 2021 Adopted to Amended
State Appropriations	\$ 33,884,167	\$ 31,082,585	\$ 30,246,800	\$ 34,554,000	14.2
Property Taxes	\$ 42,298,367	\$ 43,781,074	\$ 45,132,000	\$ 45,208,000	0.2
Tuition and Fees	\$ 46,190,898	\$ 45,187,928	\$ 40,087,600	\$ 40,100,000	0.0
Other Revenue	\$ 6,561,692	\$ 4,204,185	\$ 3,131,000	\$ 3,536,000	12.9
Total	\$128,935,124	\$124,255,772	\$118,597,400	\$123,398,000	4.0

Operating Budgets

Exhibit B – General Fund Operating Expenses details the changes between the adopted budget and amended budget. All divisions are impacted by the restoration of the compensation increases forgone in the adopted budget.

Explanations are included below for those divisions and line items that have changed by five percent or more.

Divisions

Board of Trustees budget increased \$18 thousand to provide for the opportunity for Board members to participate in advocacy and professional development activities either in person or virtually depending on the pandemic's health and travel restrictions.

Executive Office budget increased 13.9% from the adopted budget. This is primarily due to increased staffing and other expenses necessary to support the implementation of the Board approved Equity Action Plan.

Human Resources budget increased 5.8% from the adopted budget. This is primarily due to the partial restoration of funds for collegewide professional development activities in remote and/or face-to-face environments depending on the status of the pandemic.

Technical Careers budget increased 9.0% from the FY2021 Board adopted budget. This is primarily due to greater than anticipated face-to-face classes during the second half of summer semester and most of the fall semester. This caused an increase in the cost of adjunct faculty and instructional supplies needed for the direct instruction of students.

Accounts

Part-Time Support budget increased 5.4% from the adopted budget. This is primarily due to projected wage and benefit increases. Staffing patterns are budgeted at a comparable service level.

Institutional Expenses increased 11.2 percentage points from the FY2021 Board adopted budget. This is primarily due to (1) the significantly increased need for communications to be mailed because the majority of employees and students are working/learning in a remote environment, (2) replacing the funding for the WLNZ radio station's license fees and internal chargebacks, (3) increases in collegewide Liability Insurance premiums, (4) increased retail merchant fees from credit card payments from students and (5) partially offset by decreases in copy and telephone chargebacks.

Professional Services budget increased 24.8% from the adopted budget. This is primarily due to increased budgets for the Equity Action Plan, Diversity, Equity, and Inclusion initiatives, grant strategic planning, interpreter services for students and employees, and legal services.

Rental Expenses decreased 22.1 percentage points from the FY2021 Board adopted budget. This is primarily due to decreased employee parking rental expenses since most employees are working remotely due to the COVID-19 pandemic.

Supplies and Non-Capital Equipment budget increased 8.5% from the adopted budget. This is primarily due to increases in Arts & Sciences, Health and Human Services and Technical Careers for the costs of delivering instructional materials included in course fees such as on-line textbooks or software access, personal protective equipment, consumable instructional supplies, etc. There are also increases in Academic Affairs for costs related to participating in Achieving the Dream (a national initiative that champions evidence-based institutional improvement), in the Executive Division for Equity Action Plan, Diversity, Equity and Inclusion initiatives, and in

Information Technology Services to restore budget reductions made in the FY21 Adopted Budget.

Travel, Training, and Conferences budget is increased 78.9% from the adopted budget. This is primarily due to increased budgets for employee professional development, professional development for the Equity Action Plan, Diversity, Equity, and Inclusion initiatives, travel for student athletes in the event that intercollegiate athletic competitions are resumed, and other virtual events and meeting expenses.

Student Financial Support – The FY2021 amended budget for tuition and fees scholarships is unchanged. This scholarship budget provides for Board of Trustees, Honors, divisional, athletic, and other scholarships. Resources were reallocated from Childcare Scholarships and other sources to LCC Cares Scholarships to provide financial support for students not eligible for other support. Increased emphasis is placed on scholarships in order to increase enrollment in these difficult times.

Contingency – Due to the continued financial uncertainty caused by the pandemic, the customary one percent of revenue contingency has been included in the amended budget.

Transfer Budgets

There are no changes in the following transfer budgets:

- Grant Match
- Capital Equipment
- Debt Service
- Plant Improvement
- Technology Infrastructure
- Michigan New Jobs Training Program

Technology Fee – The FY2021 amended budget is updated to reflect current enrollment projections.

505 Building Capital Project Match Fund – Due to the increased revenue it is no longer necessary to transfer these funds. This allows the College to maintain its required financial match should there be an appropriation from the State in the future.

LANSING COMMUNITY COLLEGE
General Fund

Operating Revenues, Expenses & Transfers: Proposed Amended Budget Fiscal Year 2021
Comparison of Fiscal Years 2019 Actual, 2020 Actual, 2021 Adopted Budget to 2021 Proposed Amended Budget

	FY2019 Actual	FY2020 Actual	FY2021 Adopted Budget	\$ Change	FY2021 Proposed Amended Budget	% Change
<u>Revenues</u>						
1 State Appropriations	\$ 33,884,167	\$ 31,082,585	\$ 30,246,800	\$ 4,307,200	\$ 34,554,000	14.2%
2 Property Taxes, Net of Estimated Uncollectible	\$ 42,298,367	\$ 43,781,074	\$ 45,132,000	\$ 76,000	\$ 45,208,000	0.2%
3 Tuition and Fees, Net of Estimated Uncollectible	\$ 46,190,898	\$ 45,187,928	\$ 40,087,600	\$ 12,400	\$ 40,100,000	0.0%
4 Other Revenues	\$ 6,561,692	\$ 4,204,185	\$ 3,131,000	\$ 405,000	\$ 3,536,000	12.9%
Total Revenues	\$ 128,935,124	\$ 124,255,772	\$ 118,597,400	\$ 4,800,600	\$ 123,398,000	4.0%
<u>Expenses</u>						
5 Salaries and Wages	\$ 58,314,471	\$ 59,334,979	\$ 58,652,600	\$ 743,000	\$ 59,395,600	1.3%
6 Employee Benefits	\$ 24,810,038	\$ 25,732,706	\$ 26,978,100	\$ 888,200	\$ 27,866,300	3.3%
Total Salaries and Benefits	\$ 83,124,509	\$ 85,067,685	\$ 85,630,700	\$ 1,631,200	\$ 87,261,900	1.9%
7 Services and Supplies	\$ 22,176,723	\$ 20,540,361	\$ 20,198,100	\$ 923,500	\$ 21,121,600	4.6%
Total Operating Expenses	\$ 105,301,232	\$ 105,608,046	\$ 105,828,800	\$ 2,554,700	\$ 108,383,500	2.4%
8 Tuition and Fees Scholarships	\$ 1,549,812	\$ 1,536,886	\$ 1,667,300	\$ -	\$ 1,667,300	0.0%
9 Child Care Scholarships	\$ 350,425	\$ 173,707	\$ 261,800	\$ (125,000)	\$ 136,800	-47.7%
10 LCC Cares Scholarships	\$ -	\$ 280,275	\$ -	\$ 150,000	\$ 150,000	0.0%
Total Student Financial Support Expenses	\$ 1,900,237	\$ 1,990,868	\$ 1,929,100	\$ 25,000	\$ 1,954,100	1.3%
Total Expenses	\$ 107,201,469	\$ 107,598,914	\$ 107,757,900	\$ 2,579,700	\$ 110,337,600	2.4%
<u>Transfers (In)/Out</u>						
11 Grant Match	\$ 708,348	\$ 528,684	\$ 740,000	\$ -	\$ 740,000	0.0%
12 Capital Equipment	\$ 1,100,000	\$ 900,000	\$ 450,000	\$ -	\$ 450,000	0.0%
13 Debt Service	\$ 6,897,000	\$ 6,900,000	\$ 7,170,000	\$ -	\$ 7,170,000	0.0%
14 Physical Plant Improvement	\$ 5,090,000	\$ 3,175,000	\$ 2,450,000	\$ -	\$ 2,450,000	0.0%
15 Technology Infrastructure	\$ 3,900,000	\$ 2,900,000	\$ 900,000	\$ -	\$ 900,000	0.0%
16 Technology Fee	\$ 256,130	\$ 251,784	\$ 229,500	\$ (13,500)	\$ 216,000	-5.9%
17 Parking Ramp Replacement	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	0.0%
18 505 Building Capital Project Match Fund	\$ 1,450,000	\$ -	\$ (1,000,000)	\$ 1,000,000	\$ -	-100.0%
19 Michigan New Jobs Training Program	\$ (7,795)	\$ (257,612)	\$ (100,000)	\$ -	\$ (100,000)	0.0%
Total Transfers	\$ 20,393,684	\$ 14,397,856	\$ 10,839,500	\$ 986,500	\$ 11,826,000	9.1%
20 Contingency	\$ -	\$ -	\$ -	\$ 1,234,400	\$ 1,234,400	0.0%
Total Revenues	\$ 128,935,124	\$ 124,255,772	\$ 118,597,400	\$ 4,800,600	\$ 123,398,000	4.0%
Total Expenses, Transfers and Contingency	\$ 127,595,153	\$ 121,996,770	\$ 118,597,400	\$ 4,800,600	\$ 123,398,000	4.0%
Net Change in Unrestricted Fund Balance	\$ 1,339,971	\$ 2,259,002	\$ -	\$ -	\$ -	
21 Unrestricted General Fund Balance Beginning of Period	\$ 22,834,312	\$ 24,174,283	\$ 24,174,283	\$ 2,259,002	\$ 26,433,285	N/A
Unrestricted General Fund Balance End of Period	\$ 24,174,283	\$ 26,433,285	\$ 24,174,283	\$ 2,259,002	\$ 26,433,285	N/A

**LANSING COMMUNITY COLLEGE
General Fund**

**Operating Expenses: Proposed Amended Budget Fiscal Year 2021
Comparison of Fiscal Years 2019 Actual, 2020 Actual, 2021 Adopted Budget to 2021 Proposed Amended Budget**

	FY2019 Actual**	FY2020 Actual	FY2021 Adopted Budget	\$ Change	FY2021 Proposed Amended Budget	% Change
<i>Operating Expenses - Divisions</i>						
1 Academic Affairs	\$ 7,577,009	\$ 8,136,683	\$ 8,911,500	\$ 194,400	\$ 9,105,900	2.2%
2 Administrative Services	\$ 13,530,754	\$ 13,122,571	\$ 13,291,600	\$ 49,900	\$ 13,341,500	0.4%
3 Advancement and External Affairs	\$ 3,094,720	\$ 2,989,051	\$ 3,458,500	\$ 118,900	\$ 3,577,400	3.4%
4 Arts and Sciences	\$ 24,458,325	\$ 24,136,156	\$ 24,233,400	\$ (459,300)	\$ 23,774,100	-1.9%
5 Board of Trustees	\$ 308,330	\$ 361,871	\$ 258,400	\$ 18,800	\$ 277,200	7.3%
6 Community Education & Workforce Development	\$ 3,774,405	\$ 3,654,136	\$ 3,854,100	\$ 57,700	\$ 3,911,800	1.5%
8 Executive Office	\$ 2,772,425	\$ 3,338,382	\$ 2,887,000	\$ 402,200	\$ 3,289,200	13.9%
7 Financial Services	\$ 5,994,633	\$ 6,017,450	\$ 5,957,400	\$ 212,300	\$ 6,169,700	3.6%
9 Health and Human Services	\$ 10,168,609	\$ 10,124,462	\$ 10,118,600	\$ 412,200	\$ 10,530,800	4.1%
10 Human Resources	\$ 1,840,030	\$ 1,935,621	\$ 1,813,200	\$ 104,400	\$ 1,917,600	5.8%
11 Information Technology Services	\$ 10,837,915	\$ 11,524,861	\$ 11,310,200	\$ 166,800	\$ 11,477,000	1.5%
12 Student Affairs	\$ 9,711,086	\$ 9,687,132	\$ 9,786,600	\$ 375,400	\$ 10,162,000	3.8%
13 Technical Careers	\$ 11,232,990	\$ 10,579,670	\$ 9,948,300	\$ 901,000	\$ 10,849,300	9.1%
Total all Divisions	\$ 105,301,232	\$ 105,608,046	\$ 105,828,800	\$ 2,554,700	\$ 108,383,500	2.4%
<i>Operating Expenses - Accounts</i>						
14 Full-Time Administrator	\$ 8,762,547	\$ 9,555,717	\$ 9,185,400	\$ 380,800	\$ 9,566,200	4.1%
15 Full-Time Professional Technical	\$ 9,455,692	\$ 10,172,365	\$ 10,301,600	\$ 155,700	\$ 10,457,300	1.5%
16 Part-Time Professional Technical	\$ 742,327	\$ 649,599	\$ 703,800	\$ 16,900	\$ 720,700	2.4%
17 Full-Time Faculty	\$ 15,836,029	\$ 16,528,829	\$ 16,110,400	\$ 360,200	\$ 16,470,600	2.2%
18 Part-Time Faculty	\$ 11,643,714	\$ 10,699,836	\$ 10,807,600	\$ (521,100)	\$ 10,286,500	-4.8%
19 Full-Time Support	\$ 8,377,627	\$ 8,314,539	\$ 8,347,200	\$ 216,800	\$ 8,564,000	2.6%
20 Part-Time Support	\$ 1,872,999	\$ 1,625,971	\$ 1,955,200	\$ 106,400	\$ 2,061,600	5.4%
21 Student	\$ 1,517,310	\$ 1,788,123	\$ 1,241,400	\$ 27,300	\$ 1,268,700	2.2%
Total Salaries and Wages	\$ 58,208,244	\$ 59,334,979	\$ 58,652,600	\$ 743,000	\$ 59,395,600	1.3%
Employee Benefits	\$ 24,810,038	\$ 25,732,706	\$ 26,978,100	\$ 888,200	\$ 27,866,300	3.3%
22 Institutional Expenses	\$ 2,484,561	\$ 2,014,238	\$ 1,746,700	\$ 196,000	\$ 1,942,700	11.2%
23 Utilities	\$ 3,671,623	\$ 3,404,845	\$ 3,853,000	\$ -	\$ 3,853,000	0.0%
24 Professional Services	\$ 939,082	\$ 1,150,871	\$ 890,400	\$ 221,000	\$ 1,111,400	24.8%
25 Purchased Services	\$ 4,182,441	\$ 3,628,927	\$ 4,008,700	\$ (11,600)	\$ 3,997,100	-0.3%
26 Rental Expense	\$ 1,255,059	\$ 894,191	\$ 1,243,800	\$ (275,100)	\$ 968,700	-22.1%
27 Repair and Maintenance	\$ 1,607,210	\$ 1,542,308	\$ 1,693,400	\$ 71,100	\$ 1,764,500	4.2%
28 Supplies and Non-Capital Equipment	\$ 6,981,830	\$ 7,087,407	\$ 6,516,000	\$ 528,000	\$ 7,044,000	8.1%
29 Travel, Training and Conferences	\$ 1,161,143	\$ 817,575	\$ 246,100	\$ 194,100	\$ 440,200	78.9%
Total Services and Supplies	\$ 22,282,949	\$ 20,540,361	\$ 20,198,100	\$ 923,500	\$ 21,121,600	4.6%
Total Division Operating Expenses	\$ 105,301,232	\$ 105,608,046	\$ 105,828,800	\$ 2,554,700	\$ 108,383,500	2.4%