

June 20, 2023

## **Lansing Community College Fiscal Year 2024 Proposed Budget Narrative**

### **Introduction**

The FY2024 Budget process started in late January 2023 when the Financial Services division invited all college employees to attend the "*LCC Financial Briefing*" and "*FY2024 Budget Launch*" sessions held both in person and via Webex. Over 100 employees attended these sessions. The "*LCC Financial Briefing*" section provided an overview of the College's revenue sources and types of expenses and was intended to engage employees and raise the overall awareness of the College's finances within the College community. The "*FY2024 Budget Launch*" section provided instructions and guidance for the development of the FY2024 budget and answered questions regarding the specific process to be used for the submission of necessary information to develop the FY2024 budget. Copies of both presentations were made available at the sessions and upon request.

Employees were encouraged to engage in the budget process within their respective divisions. The Chief Financial Officer and members of the Financial Planning, Analysis and Review (FPAR) team also met with individual members of the Executive Leadership Team (ELT) and others to provide additional support during the budget development process.

After the "*FY2024 Budget Launch*" meetings, ELT members, with input from their respective teams, submitted Savings Recommendations to FPAR in mid February and in late February, ELT submitted requests for (1) Labor Changes, (2) Services and Supplies Reallocations, (3) Professional Development and (4) Capital Equipment.

On February 20, 2023, the Chief Financial Officer presented a high-level two-year financial forecast to the Board. That forecast projected a balanced budget for FY2024 and included an increase in the College's tuition rate of \$3 per billing hour for in-district tuition. The Board approved changes to course fees for the AY2024 at this meeting. At the March 2023 Board of Trustees meeting, the \$3 increase (\$114→\$117) in in-district tuition as presented in the February 2023 financial forecast was approved by the Board.

On June 5<sup>th</sup>, a budget workshop was presented by the President and Chief Financial Officer to the Board of Trustees. Also present at the workshop were ELT members and additional members of the College community. The workshop compared the proposed budget to the February financial forecast and highlighted changes included in the FY2024 budget proposal.

Information available as of the third week of May was used to prepare the FY2024 budget proposal presented at the June 5<sup>th</sup> workshop. Significant new information became available during the first week of June. The information received by the College

was the 2023 property tax levy. Increases in taxable value for those properties on both the 2022 and 2023 tax roles were slightly higher than those used in both the February financial forecast and the budget proposal presented to the Board at the June 5<sup>th</sup> workshop. Additionally, properties removed from the tax roles in 2023 were less than anticipated and the new properties added to the tax roles in 2023 were higher than anticipated. When all three tax-value variables were combined, it resulted in property tax revenue \$744 thousand higher than previously estimated.

Estimates for FY2024 State Appropriations were reviewed with a resulting reduction of \$214 thousand. Also, enrollment information was closely monitored during this same time period. Based upon the additional enrollment information available, tuition and fee revenue was reduced by \$197 thousand. In addition, Other Revenues were reduced by \$30 thousand.

These net changes equaled a \$303 thousand net increase in revenues. Based upon discussions between the President and Chief Financial Officer, the following changes were made for expenses and transfers:

- Tuition and Fee Scholarships were increased by \$100 thousand
- Physical Plant Improvement transfer was increased by \$100 thousand
- Technology Infrastructure transfer was increased by \$100 thousand
- Contingency was increased by \$3,000

### **Summary of General Fund Budget**

Lansing Community College’s FY2024 proposed budget is presented to the Board of Trustees in summary form with supporting documentation. The Administration requests adoption as proposed.

Total revenues are projected to exceed \$133.4 million (see Exhibit A - General Fund Operating Revenues, Expenses & Transfers: Proposed Budget FY2024).

## **Revenues**

### Summary of Fiscal Year 2024 General Fund Revenues

<b>General Fund Revenues</b>					
<b>Total Revenues</b>	<b>2021 Actual</b>	<b>2022 Actual</b>	<b>2023 Adopted Budget</b>	<b>2024 Proposed</b>	<b>Percent change 2023 to 2024</b>
State Appropriations	\$ 34,775,424	\$36,377,586	\$ 35,749,000	\$ 37,292,000	4.3%
Property Taxes	\$ 44,956,559	\$46,328,235	\$ 49,464,000	\$ 52,187,000	5.5%
Tuition and Fees	\$ 43,512,395	\$42,115,877	\$ 41,767,000	\$ 39,690,000	(5.0%)
Other Revenue	\$ 3,589,320	\$ 3,598,256	\$ 3,546,000	\$ 4,312,000	21.6%
<b>Total</b>	<b>\$126,833,699</b>	<b>\$128,419,954</b>	<b>\$130,546,000</b>	<b>\$133,481,000</b>	<b>2.2%</b>

State Appropriations – In the current environment it is difficult to estimate state appropriations for FY2024. This budget is based on the information currently available. These estimates are conservative and based on a review of the information contained in the May 2023 Consensus Revenue Estimating Conference report and the current political environment. The State’s FY2024 total appropriations to Lansing Community College are budgeted to increase by 4.3%. The budgeted amount is based upon the increase recommended by the Governor. Budget negotiations are underway between the Governor, House and Senate. The Governor is hopeful that the State of Michigan can adopt a budget by June 30, 2023. It is estimated there will be a slight increase in revenue from Renaissance Zone, Corporate Personal Property Tax Replacement Revenue and Michigan Public Employees Retirement System appropriations.

Property Taxes – For FY2024, net property tax revenue is estimated to increase by 5.5%. Total taxable values for the College district increased by 6.3% Based on the current trend of uncollectible taxes and tax refunds due to the results of tax tribunals, estimates of lost tax revenue has increased by 0.7%. The College’s millage rate remains at 3.7692 mills.

Tuition and Fees – The budget of \$39.7 million in tuition and fees includes the Board of Trustees approved increase in tuition rates and no changes in mandatory student fees. Course fee changes were approved by the Board at the February 2023 meeting. It is always difficult to estimate enrollments and billable hours and even more so in the post-pandemic era. Billable hours are estimated to be equivalent to those of FY2023. Enrollment continues to be a significant area of concern.

Other Revenues – Other revenues include the College’s contracts with the Eaton and Clinton County Regional Educational Services Agencies, High School Advantage contracts, interest income, rental income, and other miscellaneous revenues. The College projects a 21.6% increase in Other Revenue for FY2024.

## **Operating Budgets**

Salaries, Wages, and Benefits – Salaries and benefits will comprise 67.4% of all General Fund expenses and transfers in FY2024. This is compared to 68.4% in the FY2023 Adopted Budget. The 1.0% decrease is due to increases in Salaries and Wages and Employee Benefits being offset by larger increases in Transfer Budgets as described below.

Services and Supplies – Services and Supplies are projected to increase 0.9% from the FY2023 Adopted Budget. This minor overall increase is due to a thorough review of all Services and Supplies budgets with an emphasis on reallocation of expense budgets to the highest priority initiatives. (See Exhibit B – General Fund Operating Expenses.)

Student Financial Support – The FY2024 budget for Tuition, Fees and Childcare scholarships is \$2.4 million. These scholarships have been increased to reflect the

approved tuition increase. This scholarship budget provides for Board of Trustees, Honors, divisional, athletic, childcare and other institutionally-funded scholarships.

### **Transfer Budgets**

Grant Match – The FY2024 budget is \$967 thousand an increase of \$277 Thousand. This increase is based on requirements of current and anticipated grant awards.

Capital Equipment – The FY2024 budget is \$400 thousand, a increase of \$150 thousand.

Debt Service – \$6.6 million is budgeted for principal and interest payments on debt, based upon the College’s current debt service obligations

Plant Improvement – The FY2024 budget is proposed at \$3.4 million. This increase of \$400 thousand is based upon the ongoing need to keep College facilities in good condition and minimizing deferred maintenance. The College currently owns and maintains approximately 1.8 million square feet of space.

Technology Infrastructure – The FY2024 budget is proposed at \$2.4 million. This increase of \$400 thousand is based upon the need to have up-to-date technology for students and employees.

Technology Fee – The FY2024 budget is proposed at \$200 thousand reflecting anticipated levels of enrollment.

Michigan New Jobs Training Program – The FY2024 budget of \$75 thousand is based upon the anticipated volume for these training agreements.

### **Contingency**

Contingency – The Contingency budget for FY2024 is \$1.3 million, and is equal to 1% of budgeted revenues. This Contingency is necessary to provide resources for significant unanticipated expenses.

**LANSING COMMUNITY COLLEGE**  
**General Fund**  
**Operating Revenues, Expenses & Transfers: Proposed Budget Fiscal Year 2024**  
**Comparison of Fiscal Years 2021 Actual, 2022 Actual, 2023 Budget to 2024 Proposed Budget**

	FY2021 Actual	FY2022 Actual	FY2023 Adopted Budget	Increase (Decrease)	FY2024 Proposed Budget	% Change
<b><i>Revenues</i></b>						
1 State Appropriations	\$ 34,775,424	\$ 36,377,586	\$ 35,749,000	\$ 1,543,000	\$ 37,292,000	4.3%
2 Property Taxes, Net of Estimated Uncollectible	\$ 44,956,559	\$ 46,328,235	\$ 49,464,000	\$ 2,723,000	\$ 52,187,000	5.5%
3 Tuition and Fees, Net of Estimated Uncollectible	\$ 43,512,395	\$ 42,115,877	\$ 41,787,000	\$ (2,097,000)	\$ 39,690,000	(5.0)%
4 Other Revenues	\$ 3,589,320	\$ 3,598,256	\$ 3,546,000	\$ 766,000	\$ 4,312,000	21.6%
<b>Total Revenues</b>	<b>\$ 126,833,699</b>	<b>\$ 128,419,954</b>	<b>\$ 130,546,000</b>	<b>\$ 2,935,000</b>	<b>\$ 133,481,000</b>	<b>2.2%</b>
<b><i>Expenses</i></b>						
5 Salaries and Wages	\$ 53,880,450	\$ 58,264,776	\$ 61,103,000	\$ 800,700	\$ 61,903,700	1.3%
6 Employee Benefits	\$ 24,112,020	\$ 26,241,803	\$ 28,214,900	\$ 429,700	\$ 28,644,600	1.5%
<b>Total Salaries and Benefits</b>	<b>\$ 77,992,470</b>	<b>\$ 84,506,579</b>	<b>\$ 89,317,900</b>	<b>\$ 1,230,400</b>	<b>\$ 90,548,300</b>	<b>1.4%</b>
7 Services and Supplies	\$ 19,652,219	\$ 22,109,452	\$ 24,726,100	\$ 218,600	\$ 24,944,700	0.9%
<b>Total Operating Expenses</b>	<b>\$ 97,644,689</b>	<b>\$ 106,616,031</b>	<b>\$ 114,044,000</b>	<b>\$ 218,600</b>	<b>\$ 115,493,000</b>	<b>0.2%</b>
8 Tuition and Fees Scholarships	\$ 1,732,134	\$ 1,839,482	\$ 1,850,700	\$ 248,300	\$ 2,099,000	13.4%
9 Child Care Scholarships	\$ 98,765	\$ 111,672	\$ 261,800	\$ 200	\$ 262,000	0.1%
<b>Total Student Financial Support Expenses</b>	<b>\$ 1,830,899</b>	<b>\$ 1,951,154</b>	<b>\$ 2,112,500</b>	<b>\$ 248,500</b>	<b>\$ 2,361,000</b>	<b>11.8%</b>
<b>Total Expenses</b>	<b>\$ 99,475,589</b>	<b>\$ 108,567,185</b>	<b>\$ 116,156,500</b>	<b>\$ 467,100</b>	<b>\$ 117,854,000</b>	<b>0.4%</b>
<b><i>Transfers (In)/Out</i></b>						
10 Grant Match	\$ 892,286	\$ 793,580	\$ 690,000	\$ 277,000	\$ 967,000	40.1%
11 Capital Equipment	\$ 1,350,000	\$ 450,000	\$ 250,000	\$ 150,000	\$ 400,000	60.0%
12 Debt Service	\$ 7,170,000	\$ 7,170,000	\$ 6,600,000	\$ -	\$ 6,600,000	0.0%
13 Physical Plant Improvement	\$ 3,587,000	\$ 2,763,000	\$ 3,000,000	\$ 400,000	\$ 3,400,000	13.3%
14 Technology Infrastructure	\$ 3,800,000	\$ 2,000,000	\$ 2,400,000	\$ 400,000	\$ 2,800,000	16.7%
15 Technology Fee	\$ 226,087	\$ 213,592	\$ 219,000	\$ (19,000)	\$ 200,000	(8.7)%
16 505 Capitol Avenue Capital Project	\$ 3,250,000	\$ -	\$ -	\$ -	\$ -	0.0%
17 Strategic Financial Fund - State Appropriations	\$ 4,700,000	\$ -	\$ -	\$ -	\$ -	0.0%
18 Board Designated Funds	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	0.0%
19 Michigan New Jobs Training Program	\$ (25,717)	\$ (47,869)	\$ (75,000)	\$ -	\$ (75,000)	0.0%
<b>Total Transfers</b>	<b>\$ 25,949,656</b>	<b>\$ 13,342,303</b>	<b>\$ 13,084,000</b>	<b>\$ 1,208,000</b>	<b>\$ 14,292,000</b>	<b>9.2%</b>
20 <b>Contingency</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,305,500</b>	<b>\$ 29,500</b>	<b>\$ 1,335,000</b>	<b>2.3%</b>
<b>Total Revenues</b>	<b>\$ 126,833,699</b>	<b>\$ 128,419,954</b>	<b>\$ 130,546,000</b>	<b>\$ 2,935,000</b>	<b>\$ 133,481,000</b>	<b>2.2%</b>
<b>Total Expenses, Transfers and Contingency</b>	<b>\$ 125,425,245</b>	<b>\$ 121,909,488</b>	<b>\$ 130,546,000</b>	<b>\$ 2,935,000</b>	<b>\$ 133,481,000</b>	<b>2.2%</b>
<b>Net Change in Unrestricted Fund Balance</b>	<b>\$ 1,408,454</b>	<b>\$ 6,510,466</b>	<b>\$ -</b>		<b>\$ -</b>	
21 Unrestricted General Fund Balance Beginning of Period	\$ 26,433,285	\$ 27,841,739	\$ 34,352,205	N/A	\$ 34,352,205	N/A
<b>Unrestricted General Fund Balance End of Period</b>	<b>\$ 27,841,739</b>	<b>\$ 34,352,205</b>	<b>\$ 34,352,205</b>	<b>N/A</b>	<b>\$ 34,352,205</b>	<b>N/A</b>

LANSING COMMUNITY COLLEGE

General Fund

Operating Expenses: Proposed Budget Fiscal Year 2024

Comparison of Fiscal Years 2021 Actual, 2022 Actual, 2023 Budget to 2024 Proposed Budget

	FY2021 Actual	FY2022 Actual	FY2023 Adopted Budget	Increase (Decrease)	FY2024 Proposed Budget	% Change
<b><i>Operating Expenses - Divisions</i></b>						
1 Academic Affairs	\$ 7,733,938	\$ 7,524,501	\$ 8,169,900	\$ 148,500	\$ 8,318,400	1.8%
2 Administrative Services	\$ 12,140,758	\$ 13,190,359	\$ 14,133,600	\$ (238,200)	\$ 13,895,400	(1.7)%
3 Advancement and External Affairs	\$ 1,296,684	\$ 1,300,053	\$ 1,610,000	\$ (43,600)	\$ 1,566,400	(2.7)%
4 Arts and Sciences	\$ 21,358,314	\$ 23,436,047	\$ 23,998,500	\$ (155,500)	\$ 23,843,000	(0.6)%
5 Board of Trustees	\$ 201,164	\$ 270,775	\$ 341,200	\$ 1,900	\$ 343,100	0.6%
6 Business Operations	\$ 3,775,631	\$ 3,899,723	\$ 4,331,500	\$ 266,200	\$ 4,597,700	6.1%
7 Community Education and Workforce Development	\$ 3,369,901	\$ 3,483,837	\$ 3,920,500	\$ 157,800	\$ 4,078,300	4.0%
8 Diversity Equity and Inclusion	\$ 625,988	\$ 1,070,367	\$ 1,330,900	\$ (138,200)	\$ 1,192,700	(10.4)%
9 Executive Office	\$ 1,495,825	\$ 1,569,894	\$ 1,702,400	\$ (42,400)	\$ 1,660,000	(2.5)%
10 Financial Services	\$ 5,598,608	\$ 5,693,658	\$ 5,980,400	\$ 94,800	\$ 6,075,200	1.6%
11 Health and Human Services	\$ 9,111,573	\$ 10,636,185	\$ 11,482,300	\$ (457,000)	\$ 11,025,300	(4.0)%
12 Human Resources	\$ 1,602,117	\$ 1,900,306	\$ 2,233,200	\$ 136,500	\$ 2,369,700	6.1%
13 Information Technology Services	\$ 10,793,954	\$ 11,971,714	\$ 12,618,500	\$ 1,183,100	\$ 13,801,600	9.4%
14 Student Affairs	\$ 8,749,656	\$ 10,369,302	\$ 11,359,100	\$ 151,400	\$ 11,510,500	1.3%
15 Technical Careers	\$ 9,790,578	\$ 10,299,311	\$ 10,832,000	\$ 383,700	\$ 11,215,700	3.5%
<b>Total all Divisions</b>	<b>\$ 97,644,689</b>	<b>\$ 106,616,031</b>	<b>\$ 114,044,000</b>	<b>\$ 1,449,000</b>	<b>\$ 115,493,000</b>	<b>1.3%</b>
<b><i>Operating Expenses - Accounts</i></b>						
16 Full-Time Administrator	\$ 9,083,533	\$ 9,987,879	\$ 10,035,100	\$ 279,800	\$ 10,314,900	2.8%
17 Full-Time Professional Technical	\$ 9,956,775	\$ 11,422,886	\$ 12,181,500	\$ 448,700	\$ 12,630,200	3.7%
18 Part-Time Professional Technical	\$ 658,096	\$ 646,017	\$ 709,900	\$ (29,300)	\$ 680,600	(4.1)%
19 Full-Time Faculty	\$ 16,002,556	\$ 16,250,300	\$ 16,764,500	\$ (372,900)	\$ 16,391,600	(2.2)%
20 Part-Time Faculty	\$ 8,945,698	\$ 9,865,933	\$ 9,153,500	\$ 529,600	\$ 9,683,100	5.8%
21 Full-Time Support	\$ 7,826,509	\$ 8,211,081	\$ 9,244,500	\$ 198,500	\$ 9,443,000	2.1%
22 Part-Time Support	\$ 1,008,307	\$ 1,213,744	\$ 1,848,200	\$ (83,200)	\$ 1,765,000	(4.5)%
23 Student	\$ 398,977	\$ 666,936	\$ 1,165,800	\$ (170,500)	\$ 995,300	(14.6)%
<b>Total Salaries and Wages</b>	<b>\$ 53,880,450</b>	<b>\$ 58,264,776</b>	<b>\$ 61,103,000</b>	<b>\$ 800,700</b>	<b>\$ 61,903,700</b>	<b>1.3%</b>
<b>Employee Benefits</b>	<b>\$ 24,112,020</b>	<b>\$ 26,241,803</b>	<b>\$ 28,214,900</b>	<b>\$ 429,700</b>	<b>\$ 28,644,600</b>	<b>1.5%</b>
24 Institutional Expenses	\$ 1,675,728	\$ 1,783,560	\$ 2,257,700	\$ (89,700)	\$ 2,168,000	(4.0)%
25 Utilities	\$ 2,974,811	\$ 3,151,288	\$ 3,858,000	\$ (618,500)	\$ 3,239,500	(16.0)%
26 Professional Services	\$ 1,674,864	\$ 1,221,666	\$ 1,322,400	\$ 21,300	\$ 1,343,700	1.6%
27 Purchased Services	\$ 3,552,261	\$ 3,716,572	\$ 4,614,000	\$ (10,100)	\$ 4,603,900	(0.2)%
28 Rental Expense	\$ 859,068	\$ 1,193,771	\$ 962,500	\$ (44,400)	\$ 918,100	(4.6)%
29 Repair and Maintenance	\$ 1,876,706	\$ 2,044,591	\$ 1,809,100	\$ 6,000	\$ 1,815,100	0.3%
30 Supplies and Non-Capital Equipment	\$ 6,905,106	\$ 8,180,968	\$ 8,396,800	\$ 930,800	\$ 9,327,600	11.1%
31 Travel, Training and Conferences	\$ 133,675	\$ 817,036	\$ 1,505,600	\$ 23,200	\$ 1,528,800	1.5%
<b>Total Services and Supplies</b>	<b>\$ 19,652,219</b>	<b>\$ 22,109,452</b>	<b>\$ 24,726,100</b>	<b>\$ 218,600</b>	<b>\$ 24,944,700</b>	<b>0.9%</b>
<b>Total Division Operating Expenses</b>	<b>\$ 97,644,689</b>	<b>\$ 106,616,031</b>	<b>\$ 114,044,000</b>	<b>\$ 1,449,000</b>	<b>\$ 115,493,000</b>	<b>1.3%</b>