

June 17, 2024

Lansing Community College Fiscal Year 2025 Proposed Budget Narrative

Introduction

The FY 2025 Budget process started in late January 2024 when the Financial Services division invited all college employees to attend the "*LCC Financial Briefing*" and "*FY 2025 Budget Launch*" session held both in person and via Webex. Over 100 employees attended the session. 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 "*FY 2025 Budget Launch*" section provided instructions and guidance for the development of the FY 2025 budget and answered questions regarding the specific process to be used for the submission of necessary information to develop the FY 2025 budget. Copies of both presentations were made available at the session 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 "*FY 2025 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 19, 2024, the Chief Financial Officer presented a high-level two-year financial forecast to the Board. That forecast projected a balanced budget for FY 2025 and included an increase in the College's in-district tuition rate of \$3 per billing hour. The Board approved changes to course fees for the AY 2025 at the January meeting. At the March 2024 Board of Trustees meeting, the \$3 increase (\$117→\$120) in in-district tuition as presented in the February 2024 financial forecast was approved by the Board. Based upon currently available information, the College will remain as the sixth lowest in-district tuition rate for Michigan community colleges. (See Attachment 2 – Tuition Comparison with Michigan Community Colleges.)

On June 3rd, 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 FY 2025 budget proposal. Information available as of the third week of May was used to prepare the FY 2025 budget proposal presented at the June 3rd workshop.

Summary of General Fund Budget

Lansing Community College’s FY 2025 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 \$139.8 million (see Exhibit A - General Fund Operating Revenues, Expenses & Transfers: Proposed Budget FY 2025).

Revenues

Summary of Fiscal Year 2025 General Fund Revenues

General Fund Revenues					
Total Revenues	2022 Actual	2023 Actual	2024 Adopted Budget	2025 Proposed	Percent change 2024 to 2025
State Appropriations	\$36,377,586	\$36,381,429	\$ 37,292,000	\$ 39,658,000	6.3%
Property Taxes	\$46,328,235	\$48,618,027	\$ 52,187,000	\$ 56,115,000	7.5%
Tuition and Fees	\$42,115,877	\$38,150,691	\$ 39,690,000	\$ 38,741,000	(2.4%)
Other Revenue	\$ 3,598,256	\$ 5,435,884	\$ 4,312,000	\$ 5,318,000	23.3%
Total	\$128,419,954	\$128,586,031	\$133,481,000	\$139,831,000	4.8%

State Appropriations – It is difficult to estimate state appropriations for FY 2025. 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 2024 Consensus Revenue Estimating Conference report and the current political environment. The State’s FY 2025 total appropriations to Lansing Community College are budgeted to increase by 6.3%. The budgeted amount is based upon the increase recommended by the Governor and the Senate. 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, 2024. It is estimated there will be an increase in revenue from Renaissance Zone, Corporate Personal Property Tax Replacement Revenue and Michigan Public Employees Retirement System appropriations.

Property Taxes – For FY 2025, net property tax revenue is estimated to increase by 7.5%. Total taxable values for the College district increased by 7.3%. Based on the current trend of uncollectible taxes and tax refunds due to the results of tax tribunals, estimates for uncollectible tax revenue is estimated at 3.5%. The College’s millage rate remains at 3.7692 mills.

Tuition and Fees – The budget of \$38.7 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 January 2024 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 FY 2024. Enrollment continues to be a major area of concern. President Robinson has established an Enrollment Management Taskforce to review current practices and procedures in order to improve the student experience.

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 23.3% increase in Other Revenue for FY 2025. This significant increase is primarily due to the Federal Reserve System continuing to have higher rates in an effort to curb inflation. This has resulted in higher interest earnings on College investments.

Operating Budgets

Salaries, Wages, and Benefits – Salaries and benefits will comprise 67.3% of all General Fund expenses and transfers in FY 2025. This is compared to 67.4% in the FY 2024 Adopted Budget.

Services and Supplies – Services and Supplies are projected to increase 3.8% from the FY 2024 Adopted Budget. This overall net increase is primarily due to the impact of the current rate of inflation. However, a thorough review of all Services and Supplies budgets was done with an emphasis on the reduction of Institutional Expenses and reallocation of other expense budgets to fund the highest priority needs. (See Exhibit B – General Fund Operating Expenses.)

Student Financial Support – The FY 2025 budget for Institutional Student Scholarships is \$2.4 million which is a 2.3% increase. 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

Prefund Tuition Rate Freeze for FY 2026 - \$800 thousand has been estimated as the amount necessary to freeze tuition rates in FY 2026. This amount will be transferred to a Designated Fund in FY 2025 and transferred back to the General Fund in FY 2026 in order to minimize the financial impact of no increase in tuition rates in FY 2026.

Campus Master Plan - \$800 thousand will be transferred to the Plant Fund to begin funding the recommendations developed as part of the campus master planning process that was facilitated by an independent third-party consultant.

Grant Match – The FY 2025 budget is \$925 thousand, a decrease of \$42 thousand. This decrease is based on requirements of current and anticipated grant awards.

Capital Equipment – The FY 2025 budget is \$600 thousand, an increase of \$200 thousand. This increase will primarily fund needed instructional capital equipment.

Debt Service – In the FY 2025 budget, \$6.6 million is budgeted for principal and interest payments on debt, based upon the College's current debt service obligations (see Exhibit F – Bonded Debt Amortization Schedule).

Plant Improvement – The FY 2025 budget is proposed at \$3.4 million. This budget will allow the College to keep facilities in good condition and minimize deferred maintenance. The College currently owns and maintains approximately 1.8 million square feet of space.

Technology Infrastructure – The FY 2025 budget is proposed at \$2.8 million. This budget is based upon the ongoing need to have up-to-date technology for students and employees.

Technology Fee – The FY 2025 budget is proposed at \$195 thousand reflecting anticipated levels of enrollment.

Michigan New Jobs Training Program – The FY 2025 budget of \$75 thousand is based upon the anticipated volume for these training agreements.

Contingency

Contingency – The Contingency budget for FY2025 is \$1.4 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 2025
Comparison of Fiscal Years 2022 Actual, 2023 Actual, 2024 Budget to 2025 Proposed Budget

	FY2022 Actual	FY2023 Actual	FY2024 Adopted Budget	Increase (Decrease)	FY2025 Proposed Budget	% Change
<i>Revenues</i>						
1 State Appropriations	\$ 36,377,586	\$ 36,381,429	\$ 37,292,000	\$ 2,366,000	\$ 39,658,000	6.3%
2 Property Taxes, Net of Estimated Uncollectible	\$ 46,328,235	\$ 48,618,027	\$ 52,187,000	\$ 3,928,000	\$ 56,115,000	7.5%
3 Tuition and Fees, Net of Estimated Uncollectible	\$ 42,115,877	\$ 38,150,691	\$ 39,690,000	\$ (949,000)	\$ 38,741,000	(2.4)%
4 Other Revenues	\$ 3,598,256	\$ 5,435,884	\$ 4,312,000	\$ 1,005,000	\$ 5,317,000	23.3%
Total Revenues	\$ 128,419,954	\$ 128,586,031	\$ 133,481,000	\$ 6,350,000	\$ 139,831,000	4.8%
<i>Expenses</i>						
5 Salaries and Wages	\$ 58,264,776	\$ 60,061,344	\$ 61,903,700	\$ 2,341,100	\$ 64,244,800	3.8%
6 Employee Benefits	\$ 26,241,803	\$ 26,298,947	\$ 28,644,600	\$ 1,193,400	\$ 29,838,000	4.2%
Total Salaries and Benefits	\$ 84,506,579	\$ 86,360,291	\$ 90,548,300	\$ 3,534,500	\$ 94,082,800	3.9%
7 Services and Supplies	\$ 22,109,452	\$ 22,872,236	\$ 24,944,700	\$ 945,300	\$ 25,890,000	3.8%
Total Operating Expenses	\$ 106,616,031	\$ 109,232,527	\$ 115,493,000	\$ 4,479,800	\$ 119,972,800	3.9%
8 Institutional Student Scholarships	\$ 1,951,154	\$ 2,105,902	\$ 2,361,000	\$ 54,200	\$ 2,415,200	2.3%
Total Expenses	\$ 108,567,185	\$ 111,338,429	\$ 117,854,000	\$ 4,534,000	\$ 122,388,000	3.8%
<i>Transfers (In)/Out</i>						
Prefund FY2026 Tuition Rate Freeze	\$ -	\$ -	\$ -	\$ 800,000	\$ 800,000	100.0%
Campus Master Plan	\$ -	\$ -	\$ -	\$ 800,000	\$ 800,000	100.0%
9 Grant Match	\$ 793,580	\$ 878,174	\$ 967,000	\$ (42,000)	\$ 925,000	(4.3)%
10 Capital Equipment	\$ 450,000	\$ 250,000	\$ 400,000	\$ 200,000	\$ 600,000	50.0%
11 Debt Service	\$ 7,170,000	\$ 6,600,000	\$ 6,600,000	\$ -	\$ 6,600,000	0.0%
12 Physical Plant Improvement	\$ 2,763,000	\$ 3,000,000	\$ 3,400,000	\$ -	\$ 3,400,000	0.0%
13 Technology Infrastructure	\$ 2,000,000	\$ 2,400,000	\$ 2,800,000	\$ -	\$ 2,800,000	0.0%
14 Technology Fee	\$ 213,592	\$ 200,759	\$ 200,000	\$ (5,000)	\$ 195,000	(2.5)%
15 Board Designated Funds	\$ -	\$ 2,700,000	\$ -	\$ -	\$ -	0.0%
16 Michigan New Jobs Training Program	\$ (47,869)	\$ (76,878)	\$ (75,000)	\$ -	\$ (75,000)	0.0%
Total Transfers	\$ 13,342,303	\$ 15,952,055	\$ 14,292,000	\$ 1,753,000	\$ 16,045,000	12.3%
17 Contingency	\$ -	\$ -	\$ 1,335,000	\$ 63,000	\$ 1,398,000	4.7%
Total Revenues	\$ 128,419,954	\$ 128,586,031	\$ 133,481,000	\$ 6,350,000	\$ 139,831,000	4.8%
Total Expenses, Transfers and Contingency	\$ 121,909,488	\$ 127,290,484	\$ 133,481,000	\$ 6,350,000	\$ 139,831,000	4.8%
Net Change in Unrestricted Fund Balance	\$ 6,510,466	\$ 1,295,547	\$ -	\$ -	\$ -	0.0%
18 Unrestricted General Fund Balance Beginning of Period	\$ 27,841,739	\$ 34,352,205	\$ 35,647,752	N/A	\$ 35,647,752	N/A
Unrestricted General Fund Balance End of Period	\$ 34,352,205	\$ 35,647,752	\$ 35,647,752	N/A	\$ 35,647,752	N/A

LANSING COMMUNITY COLLEGE
General Fund
Operating Expenses: Proposed Budget Fiscal Year 2025
Comparison of Fiscal Years 2022 Actual, 2023 Actual, 2024 Budget to 2025 Proposed Budget

	FY2022 Actual	FY2023 Actual	FY2024 Adopted Budget*	Increase (Decrease)	FY2025 Proposed Budget	% Change
<u>Operating Expenses - Divisions</u>						
1 Academic Affairs	\$ 7,524,501	\$ 8,039,620	\$ 8,318,400	\$ 359,800	\$ 8,678,200	4.3%
2 Administrative Services	\$ 13,190,359	\$ 13,172,241	\$ 13,863,600	\$ 678,600	\$ 14,542,200	4.9%
3 Advancement and External Affairs	\$ 1,300,053	\$ 1,325,804	\$ 1,566,400	\$ 111,800	\$ 1,678,200	7.1%
4 Arts and Sciences	\$ 23,436,047	\$ 23,824,523	\$ 23,871,200	\$ 322,800	\$ 24,194,000	1.4%
5 Board of Trustees	\$ 270,775	\$ 260,327	\$ 330,800	\$ 2,300	\$ 333,100	0.7%
6 Business Operations	\$ 3,899,723	\$ 4,297,025	\$ 4,597,700	\$ 256,900	\$ 4,854,600	5.6%
7 Community Education and Workforce Development	\$ 3,483,837	\$ 3,528,481	\$ 4,078,300	\$ 300,100	\$ 4,378,400	7.4%
8 Diversity Equity and Inclusion	\$ 1,070,367	\$ 686,041	\$ 1,192,700	\$ 184,200	\$ 1,376,900	15.4%
9 Executive Office	\$ 1,569,894	\$ 1,521,096	\$ 1,784,900	\$ 97,700	\$ 1,882,600	5.5%
10 Financial Services	\$ 5,693,658	\$ 5,828,811	\$ 6,075,200	\$ 209,100	\$ 6,284,300	3.4%
11 Health and Human Services	\$ 10,636,185	\$ 10,395,978	\$ 11,025,300	\$ 113,100	\$ 11,138,400	1.0%
12 Human Resources	\$ 1,900,306	\$ 2,071,082	\$ 2,369,700	\$ 186,400	\$ 2,556,100	7.9%
13 Information Technology Services	\$ 11,971,714	\$ 12,613,930	\$ 13,788,900	\$ 598,900	\$ 14,387,800	4.3%
14 Student Affairs	\$ 10,369,302	\$ 10,995,005	\$ 11,414,200	\$ 786,300	\$ 12,200,500	6.9%
15 Technical Careers	\$ 10,299,311	\$ 10,672,563	\$ 11,215,700	\$ 271,800	\$ 11,487,500	2.4%
Total all Divisions	\$ 106,616,031	\$ 109,232,527	\$ 115,493,000	\$ 4,479,800	\$ 119,972,800	3.9%
<u>Operating Expenses - Accounts</u>						
16 Full-Time Administrator	\$ 9,987,879	\$ 10,212,879	\$ 11,124,200	\$ 531,200	\$ 11,655,400	4.8%
17 Full-Time Professional Technical	\$ 11,422,886	\$ 12,245,494	\$ 12,058,600	\$ 767,100	\$ 12,825,700	6.4%
18 Part-Time Professional Technical	\$ 646,017	\$ 679,731	\$ 680,600	\$ 117,200	\$ 797,800	17.2%
19 Full-Time Faculty	\$ 16,250,300	\$ 17,437,113	\$ 16,391,600	\$ 618,700	\$ 17,010,300	3.8%
20 Part-Time Faculty	\$ 9,865,933	\$ 8,893,210	\$ 9,683,100	\$ (118,900)	\$ 9,564,200	(1.2)%
21 Full-Time Support	\$ 8,211,081	\$ 8,661,343	\$ 9,205,300	\$ 577,700	\$ 9,783,000	6.3%
22 Part-Time Support	\$ 1,213,744	\$ 1,043,121	\$ 1,765,000	\$ 41,600	\$ 1,806,600	2.4%
23 Student	\$ 666,936	\$ 888,453	\$ 995,300	\$ (193,500)	\$ 801,800	(19.4)%
Total Salaries and Wages	\$ 58,264,776	\$ 60,061,344	\$ 61,903,700	\$ 2,341,100	\$ 64,244,800	3.8%
Employee Benefits	\$ 26,241,803	\$ 26,298,947	\$ 28,644,600	\$ 1,193,400	\$ 29,838,000	4.2%
24 Institutional Expenses	\$ 1,783,560	\$ 1,789,247	\$ 2,168,000	\$ (47,700)	\$ 2,120,300	(2.2)%
25 Utilities	\$ 3,151,288	\$ 3,174,789	\$ 3,239,500	\$ 150,000	\$ 3,389,500	4.6%
26 Professional Services	\$ 1,221,666	\$ 982,610	\$ 1,343,700	\$ 6,700	\$ 1,350,400	0.5%
27 Purchased Services	\$ 3,716,572	\$ 4,789,163	\$ 4,603,900	\$ 413,400	\$ 5,017,300	9.0%
28 Rental Expense	\$ 1,193,771	\$ 1,701,169	\$ 918,100	\$ 27,100	\$ 945,200	3.0%
29 Repair and Maintenance	\$ 2,044,591	\$ 1,470,689	\$ 1,815,100	\$ 129,200	\$ 1,944,300	7.1%
30 Supplies and Non-Capital Equipment	\$ 8,180,968	\$ 7,499,919	\$ 9,327,600	\$ 51,200	\$ 9,378,800	0.5%
31 Travel, Training and Conferences	\$ 817,036	\$ 1,464,650	\$ 1,528,800	\$ 215,400	\$ 1,744,200	14.1%
Total Services and Supplies	\$ 22,109,452	\$ 22,872,236	\$ 24,944,700	\$ 945,300	\$ 25,890,000	3.8%
Total Division Operating Expenses	\$ 106,616,031	\$ 109,232,527	\$ 115,493,000	\$ 4,479,800	\$ 119,972,800	3.9%

*Restated to conform with FY2025 Proposed Presentation