

June 16, 2025

## **Lansing Community College Fiscal Year 2026 Proposed Budget Narrative**

### **Introduction**

The FY 2026 Budget process started in late January 2025 when the Financial Services division invited all college employees to attend the "*LCC Financial Briefing*" and "*FY 2026 Budget Launch*" session held both in person and via Webex. Nearly 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 2026 Budget Launch*" section provided instructions and guidance for the development of the FY 2026 budget and answered questions regarding the specific process to be used for the submission of necessary information to develop the FY 2026 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 2026 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, and, (3) Capital Equipment.

On February 17, 2025, the Chief Financial Officer presented a high-level two-year financial forecast to the Board. That forecast projected a balanced budget for FY 2026 and included no increase in the College's in-district tuition rate. The Board approved changes to course fees for the AY 2026 at the January meeting. Based upon currently available information, the College will remain as the sixth lowest in-district tuition rate for Michigan community colleges.

On June 3<sup>rd</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 FY 2026 budget proposal. Information available as of the third week of May was used to prepare the FY 2026 budget proposal presented at the June 3<sup>rd</sup> workshop.

## Summary of General Fund Budget

Lansing Community College's FY 2026 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 be approximately \$145.4 million (see Exhibit A - General Fund Operating Revenues, Expenses & Transfers: Proposed Budget FY 2026).

### Revenues

#### Summary of Fiscal Year 2026 General Fund Revenues

General Fund Revenues					
Total Revenues	2023 Actual	2024 Actual	2025 Adopted Budget	2026 Proposed	Percent change 2024 to 2025
State Appropriations	\$36,381,429	\$39,478,637	\$ 39,658,000	\$ 40,609,000	2.4%
Property Taxes	\$48,618,027	\$51,553,499	\$ 56,115,000	\$ 58,347,000	4.0%
Tuition and Fees	\$38,150,691	\$38,005,268	\$ 38,741,000	\$ 40,828,000	5.4%
Other Revenue	\$ 5,435,884	\$ 6,851,499	\$ 5,317,000	\$ 5,614,000	5.6%
<b>Total</b>	<b>\$128,586,031</b>	<b>\$135,888,903</b>	<b>\$139,831,000</b>	<b>\$145,398,000</b>	<b>4.0%</b>

State Appropriations – It is difficult to estimate state appropriations for FY 2026. 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 2025 Consensus Revenue Estimating Conference report and the current political environment. The State's FY 2026 total appropriations to Lansing Community College are budgeted to increase by 2.4%. The budgeted amount is based upon the increase recommended by the Governor. Budget negotiations are underway between the Governor, House and Senate. Current information indicates that the State of Michigan budget will not be adopted until after June 30<sup>th</sup>. 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 2026, net property tax revenue is estimated to increase by 4.0%. Total taxable values for the College district increased by 4.9%. 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 4.0%. The College's millage rate decreased from 3.7692 to 3.7611 mills.

Tuition and Fees – The budget of \$40.8 million in tuition and fees includes no increase in tuition rates and no changes in mandatory student fees. Course fee changes were approved by the Board at the January 2025 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 2025. Enrollment levels will always be an 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 5.6% increase in Other Revenue for FY 2026. This 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 67.8% of all General Fund expenses and transfers in FY 2026. This is compared to 67.3% in the FY 2025 Adopted Budget.

Services and Supplies – Services and Supplies are projected to increase 0.9% from the FY 2025 Adopted Budget. This overall net increase is primarily due to the impact of the current rate of inflation partially offset by a decrease in Rent Expense for Livingston and Capital Area Regional Airport. 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 2026 budget for Institutional Student Scholarships is \$2.8 million which is a 15.5% increase. Scholarships have been increased to support enrollment growth. This scholarship budget provides for Board of Trustees, Honors, divisional, athletic, childcare and other institutionally-funded scholarships.

## **Transfer Budgets**

Campus Master Plan - \$1.6 million will be transferred to the Plant Fund to continue 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 2026 budget is \$925 thousand, the same as FY 2025.

Capital Equipment – The FY 2026 budget is \$900 thousand, an increase of \$300 thousand. This increase will primarily fund needed instructional capital equipment.

Debt Service – In the FY 2026 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 2026 budget is proposed at \$3.5 million. This budget will allow the College to keep facilities in good condition and minimize deferred maintenance. The College currently owns and maintains approximately 2.1 million square feet of space.

Technology Infrastructure – The FY 2026 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 2026 budget is proposed at \$207 thousand reflecting anticipated levels of enrollment.

Michigan New Jobs Training Program – The FY 2026 budget of \$75 thousand is based upon the anticipated volume for these training agreements.

### **Contingency**

Contingency – The Contingency budget for FY2026 is \$1.5 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 2026 Comparison of Fiscal Years 2023 Actual, 2024 Actual, 2025 Budget to 2026 Proposed Budget

Line Ref #	Operating Budget Line Item	FY2023 Actual	FY2024 Actual	FY2025 Adopted Budget	Increase (Decrease)	FY2026 Proposed Budget	% Change
	<b><u>Revenues</u></b>						
1	State Appropriations	\$ 36,381,429	\$ 39,478,637	\$ 39,658,000	\$ 951,000	\$ 40,609,000	2.4%
2	Property Taxes, Net of Estimated Uncollectible	\$ 48,618,027	\$ 51,553,499	\$ 56,115,000	\$ 2,232,000	\$ 58,347,000	4.0%
3	Tuition and Fees, Net of Estimated Uncollectible	\$ 38,150,691	\$ 38,005,268	\$ 38,741,000	\$ 2,087,000	\$ 40,828,000	5.4%
4	Other Revenues	\$ 5,435,884	\$ 6,851,499	\$ 5,317,000	\$ 297,000	\$ 5,614,000	5.6%
	<b>Total Revenues</b>	<b>\$ 128,586,031</b>	<b>\$ 135,888,903</b>	<b>\$ 139,831,000</b>	<b>\$ 5,567,000</b>	<b>\$ 145,398,000</b>	<b>4.0%</b>
	<b><u>Salary &amp; Benefit Expenses</u></b>						
5	Salaries and Wages	\$ 60,061,344	\$ 61,391,107	\$ 64,244,800	\$ 2,563,800	\$ 66,808,600	4.0%
6	Employee Benefits	\$ 26,298,947	\$ 28,758,330	\$ 29,838,000	\$ 1,890,300	\$ 31,728,300	6.3%
	<b>Total Salaries and Benefits</b>	<b>\$ 86,360,291</b>	<b>\$ 90,149,437</b>	<b>\$ 94,082,800</b>	<b>\$ 4,454,100</b>	<b>\$ 98,536,900</b>	<b>4.7%</b>
	<b><u>Other Operating Expenses</u></b>						
7	Services and Supplies	\$ 22,872,236	\$ 26,134,435	\$ 25,890,000	\$ 245,100	\$ 26,135,100	0.9%
	<b>Total Operating Expenses</b>	<b>\$ 109,232,527</b>	<b>\$ 116,283,872</b>	<b>\$ 119,972,800</b>	<b>\$ 4,699,200</b>	<b>\$ 124,672,000</b>	<b>3.9%</b>
	<b><u>Student Financial Support Expenses</u></b>						
8	Institutional Student Scholarships	\$ 2,105,902	\$ 2,364,522	\$ 2,415,200	\$ 374,800	\$ 2,790,000	15.5%
	<b>Total Expenses</b>	<b>\$ 111,338,429</b>	<b>\$ 118,648,394</b>	<b>\$ 122,388,000</b>	<b>\$ 5,074,000</b>	<b>\$ 127,462,000</b>	<b>4.1%</b>
	<b><u>Transfers (In)/Out</u></b>						
9	Prefund FY2026 Tuition Rate Freeze	\$ -	\$ -	\$ 800,000	\$ (800,000)	\$ -	100.0%
10	Campus Master Plan	\$ -	\$ -	\$ 800,000	\$ 800,000	\$ 1,600,000	100.0%
11	Grant Match	\$ 878,174	\$ 864,841	\$ 925,000	\$ -	\$ 925,000	0.0%
12	Capital Equipment	\$ 250,000	\$ 400,000	\$ 600,000	\$ 300,000	\$ 900,000	50.0%
13	Debt Service	\$ 6,600,000	\$ 6,600,000	\$ 6,600,000	\$ -	\$ 6,600,000	0.0%
14	Physical Plant Improvement	\$ 3,000,000	\$ 3,400,000	\$ 3,400,000	\$ 125,000	\$ 3,525,000	3.7%
15	Technology Infrastructure	\$ 2,400,000	\$ 2,800,000	\$ 2,800,000	\$ -	\$ 2,800,000	0.0%
16	Technology Fee	\$ 200,759	\$ 196,008	\$ 195,000	\$ 12,000	\$ 207,000	6.2%
17	Board Designated Funds	\$ 2,700,000	\$ 2,200,000	\$ -	\$ -	\$ -	0.0%
18	Michigan New Jobs Training Program	\$ (76,878)	\$ (168,176)	\$ (75,000)	\$ -	\$ (75,000)	0.0%
	<b>Total Transfers</b>	<b>\$ 15,952,055</b>	<b>\$ 16,292,673</b>	<b>\$ 16,045,000</b>	<b>\$ 437,000</b>	<b>\$ 16,482,000</b>	<b>2.7%</b>
19	<b>Contingency</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,398,000</b>	<b>\$ 55,000</b>	<b>\$ 1,454,000</b>	<b>3.9%</b>
	<b>Total Revenues</b>	<b>\$ 128,586,031</b>	<b>\$ 135,888,903</b>	<b>\$ 139,831,000</b>	<b>\$ 5,567,000</b>	<b>\$ 145,398,000</b>	<b>4.0%</b>
	<b>Total Expenses, Transfers and Contingency</b>	<b>\$ 127,290,484</b>	<b>\$ 134,941,067</b>	<b>\$ 139,831,000</b>	<b>\$ 5,567,000</b>	<b>\$ 145,398,000</b>	<b>4.0%</b>
	<b>Net Change in Unrestricted Fund Balance</b>	<b>\$ 1,295,547</b>	<b>\$ 947,836</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>
20	Unrestricted General Fund Balance Beginning of Period	\$ 34,352,205	\$ 35,647,752	\$ 36,595,588	N/A	\$ 36,595,588	N/A
	<b>Unrestricted General Fund Balance End of Period</b>	<b>\$ 35,647,752</b>	<b>\$ 36,595,588</b>	<b>\$ 36,595,588</b>	<b>N/A</b>	<b>\$ 36,595,588</b>	<b>N/A</b>

# LANSING COMMUNITY COLLEGE

## General Fund

### Operating Expenses: Proposed Budget Fiscal Year 2026

### Comparison of Fiscal Years 2023 Actual, 2024 Actual, 2025 Budget to 2026 Proposed Budget

Line Ref #	Operating Division/Account	FY2023 Actual	FY2024 Actual	FY2025 Adopted Budget*	Increase (Decrease)	FY2026 Proposed Budget	% Change
	<b><u>Operating Expenses - Divisions</u></b>						
1	Academic Affairs	\$ 8,039,620	\$ 8,606,197	\$ 8,678,200	\$ 478,000	\$ 9,156,200	5.5%
2	Administrative Services	\$ 13,172,241	\$ 14,050,908	\$ 14,542,200	\$ 864,100	\$ 15,406,300	5.9%
3	Advancement and External Affairs	\$ 1,325,804	\$ 1,305,297	\$ 1,604,300	\$ (14,400)	\$ 1,589,900	(0.9)%
4	Arts and Sciences	\$ 23,824,523	\$ 24,035,346	\$ 24,194,000	\$ 578,600	\$ 24,772,600	2.4%
5	Board of Trustees	\$ 260,327	\$ 308,162	\$ 333,100	\$ 62,200	\$ 395,300	18.7%
6	Business Operations	\$ 4,297,025	\$ 5,183,787	\$ 5,250,100	\$ 118,600	\$ 5,368,700	2.3%
7	Community Education and Workforce Development	\$ 3,528,481	\$ 3,816,016	\$ 4,378,400	\$ (112,800)	\$ 4,265,600	(2.6)%
8	Executive Office	\$ 1,521,096	\$ 1,731,264	\$ 2,078,500	\$ 5,100	\$ 2,083,600	0.2%
9	Financial Services	\$ 5,828,811	\$ 6,312,644	\$ 6,284,300	\$ 321,300	\$ 6,605,600	5.1%
10	Health and Human Services	\$ 10,395,978	\$ 10,205,684	\$ 11,138,400	\$ 178,000	\$ 11,316,400	1.6%
11	Human Resources	\$ 2,071,082	\$ 2,454,171	\$ 2,360,200	\$ 30,000	\$ 2,390,200	1.3%
12	Information Technology Services	\$ 12,613,930	\$ 14,336,199	\$ 14,947,600	\$ 619,100	\$ 15,566,700	4.1%
13	Office of Empowerment	\$ 686,041	\$ 758,798	\$ 1,327,000	\$ 73,200	\$ 1,400,200	5.5%
14	Student Affairs	\$ 10,995,005	\$ 12,024,684	\$ 11,369,000	\$ 844,600	\$ 12,213,600	7.4%
15	Technical Careers	\$ 10,672,563	\$ 11,154,716	\$ 11,487,500	\$ 653,600	\$ 12,141,100	5.7%
	<b>Total all Divisions</b>	<b>\$ 109,232,527</b>	<b>\$ 116,283,872</b>	<b>\$ 119,972,800</b>	<b>\$ 4,699,200</b>	<b>\$ 124,672,000</b>	<b>3.9%</b>
	<b><u>Operating Expenses - Accounts</u></b>						
16	Full-Time Administrator	\$ 10,212,879	\$ 11,740,191	\$ 11,655,400	\$ 618,800	\$ 12,274,200	5.3%
17	Full-Time Professional Technical	\$ 12,245,494	\$ 12,408,284	\$ 12,907,500	\$ 1,168,100	\$ 14,075,600	9.0%
18	Part-Time Professional Technical	\$ 679,731	\$ 759,529	\$ 797,800	\$ (13,000)	\$ 784,800	(1.6)%
19	Full-Time Faculty	\$ 17,437,113	\$ 17,130,644	\$ 17,010,300	\$ 439,000	\$ 17,449,300	2.6%
20	Part-Time Faculty	\$ 8,893,210	\$ 8,414,571	\$ 9,564,200	\$ (64,700)	\$ 9,499,500	(0.7)%
21	Full-Time Support	\$ 8,661,343	\$ 9,148,856	\$ 9,701,200	\$ 522,900	\$ 10,224,100	5.4%
22	Part-Time Support	\$ 1,043,121	\$ 1,194,403	\$ 1,806,600	\$ 7,000	\$ 1,813,600	0.4%
23	Student	\$ 888,453	\$ 594,628	\$ 801,800	\$ (114,300)	\$ 687,500	(14.3)%
	<b>Total Salaries and Wages</b>	<b>\$ 60,061,344</b>	<b>\$ 61,391,107</b>	<b>\$ 64,244,800</b>	<b>\$ 2,563,800</b>	<b>\$ 66,808,600</b>	<b>4.0%</b>
24	<b>Employee Benefits</b>	<b>\$ 26,298,947</b>	<b>\$ 28,758,330</b>	<b>\$ 29,838,000</b>	<b>\$ 1,890,300</b>	<b>\$ 31,728,300</b>	<b>6.3%</b>
25	Institutional Expenses	\$ 1,789,247	\$ 1,730,859	\$ 2,120,300	\$ (50,000)	\$ 2,070,300	(2.4)%
26	Utilities	\$ 3,174,789	\$ 3,650,412	\$ 3,389,500	\$ 89,700	\$ 3,479,200	2.6%
27	Professional Services	\$ 982,610	\$ 1,751,032	\$ 1,350,400	\$ (93,600)	\$ 1,256,800	(6.9)%
28	Purchased Services	\$ 4,789,163	\$ 5,224,649	\$ 5,017,300	\$ (75,500)	\$ 4,941,800	(1.5)%
29	Rental Expense	\$ 1,701,169	\$ 1,011,202	\$ 945,200	\$ (279,100)	\$ 666,100	(29.5)%
30	Repair and Maintenance	\$ 1,470,689	\$ 1,816,412	\$ 1,944,300	\$ 133,100	\$ 2,077,400	6.8%
31	Supplies and Non-Capital Equipment	\$ 7,499,919	\$ 9,421,918	\$ 9,378,800	\$ 349,400	\$ 9,728,200	3.7%
32	Travel, Training and Conferences	\$ 1,464,650	\$ 1,527,951	\$ 1,744,200	\$ 171,100	\$ 1,915,300	9.8%
	<b>Total Services and Supplies</b>	<b>\$ 22,872,236</b>	<b>\$ 26,134,435</b>	<b>\$ 25,890,000</b>	<b>\$ 245,100</b>	<b>\$ 26,135,100</b>	<b>0.9%</b>
	<b>Total Division Operating Expenses</b>	<b>\$ 109,232,527</b>	<b>\$ 116,283,872</b>	<b>\$ 119,972,800</b>	<b>\$ 4,699,200</b>	<b>\$ 124,672,000</b>	<b>3.9%</b>

\* Restated to conform with FY2026 Proposed presentation