



Budget Analysis Fiscal Year 2021

John A. Logan College

Carterville, IL 62918

September 29, 2020

JOHN A. LOGAN COLLEGE
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BUDGET ANALYSIS
FY 2021

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Budget Calendar – FY 2021

JANUARY & FEBRUARY

- New budget version created in budgeting software
- Historical data for FY 2018 & FY 2019 actual expenditures & FY 2020 budget imported in software
- Salary and fringe benefit projections developed

MARCH & APRIL

- VP of Business Services sends budget development memo to Budget Officers April 3, 2020
- Refresher trainings with Budget Officers held remotely through Microsoft Teams, April 2020
- Perform initial revenue projections
- Budget Officers work to build detailed departmental budgets and justify requests
- Budget Officers submit departmental budgets to respective Deans
- Deans submit departmental budgets to division heads

MAY

- Dean for Financial Operations meets with Division Heads and their Deans to review requests
- Initial projection of FY 2020 ending fund balances
- Updated salary and fringe benefit projections

JUNE & JULY

- Updated state revenues based on ICCB budget allocation notification, June 17, 2020
- Updated tuition and fee revenues based on more current summer and fall numbers
- Additional budget analysis and discussion by Administration
- Legal budget preparation by the Dean for Financial Operations
- Budget meeting with Board Finance Committee, July 16, 2020
- Proposed capital projects submitted to Board of Trustees, July 28, 2020

AUGUST & SEPTEMBER

- Updated projected FY 2020 ending fund balances prior to tentative budget
- Tentative budget submitted to Board of Trustees August 25, 2020
- Notification in local newspaper
- Tentative budget put on public display August 26, 2020 for a 30-day inspection period
- Updated projected FY 2020 ending fund balances prior to final budget proposal
- Public budget hearing September 29, 2020
- Proposed final budget submitted to the Board of Trustees September 29, 2020

FACTORS AFFECTING FY 20201 BUDGET PROCESS:

On June 17th, the College received notice from the ICCB of State budget allocations for two of its significant funding sources, Base Operating Grants and Equalization. They were \$2,970,140 and \$6,100,517, respectively. While this information seemed to help improve the accuracy of revenue assumptions, as stated in the budget message below, there is concern that the State will enact a 5% holdback of the original funding allocations if federal funds do not materialize.

As with the last several years, retirements and attrition planning were again factors in this budget process. All employee groups including Operational, Custodial/Maintenance, Campus Police, Full-Time Faculty and Professional Staff were reviewed for potential savings related to pending retirements. The College has four new full-time faculty hires for fall 2020. One of which replaced a retiring Cosmetology faculty member and the remaining hires related to Economics, Physical Science, and the Nursing Assistant program. Salary increases for each employee group and a health insurance increase of 6.5% were factored into the FY 2021 budget.

Based on responses from the other IL Community Colleges, statewide enrollment trends and credit hour generation continue to be on the decline or in a very few cases flat. The College has to continue to be very cautious with its tuition and fee estimates as this revenue source has more uncertainty than property taxes or State revenue. As with the prior two years, student tuition and fee revenue is the single largest resource in the budget at just under 39%. Due to an accounting change, the FY 2021 summer tuition estimate was based on 50% of summer 2020 revenue and projected 50% of summer 2021. It assumes that the Spring 2021 term will reflect an improvement in credit hour generation as compared to Fall 2020.

Technology needs are a significant factor in this year's budget. The budget process must support the College's ERP system, LMS system, Smart classrooms, computer labs, office computers, and software needs. The budget takes into account the upgrade of the current Jenzabar ERP system to a new Jenzabar One (J1) platform which is scheduled to go live in March of 2021. Implementation costs anticipated to occur within FY 2021 account for just under \$500,000 of allocated funds.

In FY 2020, \$75,000 worth of lab computers for student use were replaced with tech fee funds. Four classroom upgrade projects started in FY 2020 will be completed along with the purchase of a course catalog management system with remaining prior year funds that have been carried forward in this budget. In addition, this budget continues the process from the prior year to modernize outdated classroom technology to better support students and faculty and gain consistency in classroom technology configurations. FY 2021 technology fee revenue, estimated at \$300,000, has been earmarked to assist with expenses specifically related to classroom upgrades, year two of lab computer replacements, and replacing classroom instructor computers which are six to seven years old. These projects were divided: \$150,000, \$100,000, and \$50,000, respectively.

INSTITUTIONAL ACCOMPLISHMENTS EXPECTED IN FY 2021:

- Finish implementation of the Jenzabar One technology platform for serving our students and administrative solutions
- Update instructional program equipment, supplies, and space to meet industry needs.
- Provide short-term certificates to reskill and upskill current job skills.
- Maintain accreditations in healthcare-related fields.
- Update old equipment in general education lab settings.
- Provide instructional materials, databases, and access to enhance student learning outcomes.
- Provide additional training for faculty and staff in selected departments to stay current on new trends, new programmatic skills, and an enhanced learning environment.
- Provide learning platforms and software programs for faculty and staff to be more effective and efficient in the classroom and supporting students.
- Finalize the 2020-2029 Site & Construction Master Plan and present to the Board of Trustees for approval by January 2021
- Complete the following site development and in-progress renovation projects:
 - Construction of bicycle/pedestrian path through campus funded primarily through the Illinois Transportation Enhancement Program and the Illinois Department of Transportation
 - Complete the west entry renovation to include elevator relocation, restroom remodel.
 - Complete the \$1.3 million pedestrian pathway project from the west entry to athletic facilities to include development of a gathering space around the relocated bell tower
 - Begin the design with architects chosen by the Illinois Capital Development Board for the \$5.1 million expansion of the west entry to create the new “front door” to campus using the \$3.8 million capital grant from the State of Illinois
 - Complete the interior renovation in the administration building
 - Complete the biology labs renovation in building “C” to include replacement of the air handling unit serving the surrounding spaces
 - Complete the \$700,000 conference center courtyard site work and hallway interior finish updates using protection, health & safety funds
 - Complete the replacement of flooring and repair of water intrusion problem along the south wall of the multi-purpose room adjacent to the gymnasium
 - Renovate the admissions office to coordinate with the creation of a new student mezzanine
- Work in cooperation with insurance company to complete the restoration of 177,500 gross square feet of space impacted by the August 2020 transformer fire in building “C”
- Replace air handling units serving a portion of student services and the conference center using protection, health and safety funds while also replacing the flooring, ceiling tire & grid and paint in areas heavily impacted by the transformer fire

BUDGET GOALS:

- Alignment with Strategic Goals and projects previously identified
- Departmental Budget Officers fully engaged in budgeting process
- Continue to provide line item detail and justification of expenditures
- Deans and Division Heads perform a detailed review of total departmental expenditures
- Historical comparison to both the prior year's budget and also to actual expenditures
- Expenditures properly allocated to reflect appropriate department and expense category
- Support institutional technology needs
- Provide reasonable revenue estimates based on enrollment trends, EAV data, and ICCB data
- Utilize reporting capabilities both during budget development and creation of a legal budget

STRATEGIC PLAN PROJECTS / ITEMS EMPHASIZED IN FY 2021 BUDGET:

The budget maintains support for many ongoing strategic initiatives, many of which were also supported in the prior budgets.

- Support for Technology
 - ERP system, Learning Management (LMS) system, Computer labs, Classroom Technology, Catalog Management and Scheduling software, Computer replacements, Server maintenance, Website maintenance, Windows 10, Audio Visual upgrades
- Diversity and Inclusion Department
- Student Success
 - Notetaking services, Tutoring centers, Interpreter services, Testing services, Student Work program, Job Placement services, Institutional waivers, and scholarship funds.
 - CourseLeaf Catalog Management Software
 - Student Senate, PTK, Clubs, Cyber Defense team
- Capital Maintenance and Renovation
 - Master Planning
 - Numerous projects in process or in planning phase



Mission Statement

We are a diverse learning and teaching community committed to improving individual life and society through high-quality, accessible educational programs and engaged learning opportunities.

BUDGET MESSAGE

By Brad McCormick, Vice-President of Business Services & College Facilities:

John A. Logan College constructed its FY 2021 budget based upon state revenues included in the legislative approved budget. State revenue is down by \$438,767 driven largely by the final year of a five-year repayment plan to ICCB. Though the possibility of a 5% pullback on State of Illinois revenues signaled by the governor is not included in this budget, the reality of such a pullback could equate to an additional \$480,000 reduction in state revenue.

The budget for tuition and fees has been reduced by \$844,500 or 7.23% to adjust to the enrollment impact of the COVID-19 pandemic. After four years of zero tuition increase, this reduction is significantly mitigated by the proactive 4-year tuition plan approved by the Board of Trustees in FY2020, which includes a \$10 per credit hour increase in tuition for FY2021. Tuition and fee revenue has maintained its proportion of total revenues consistently over the last several years at 39%. Essentially, losses in credit hour generation and associated revenue have been held proportional to reductions in state revenues.

The impact of a low interest environment, though good for capital financing, has resulted a reduction of anticipated interest on investments equal to \$171,000. Property tax revenue has been budgeted at a reduction of \$245,000 from last year simply due to input from county treasurers regarding anticipated non-payment of property tax bills in the district.

As with last year, the FY 2021 budget illustrates that 73% of operating revenues are directly connected to enrollment. In an era of performance-based funding as a common topic, this institution is already operating on that basis. Total anticipated operating revenues are \$28,064,698, which is a decrease of \$1.75 million. Every one of the 11 categories of revenue in the FY 2021 budget with the exception of a slight increase in corporate personal property replacement tax is down and all, I believe, can be associated with the COVID-19 pandemic.

Expenditures are anticipated to increase by 2.22% or \$704,000 over last fiscal year. The combined increase in expenditures and loss of revenue equate to approximately \$2.5 million in additional deficit for the year. The largest increase is in the salaries and benefits categories, which is associated with contractual and policy increases. The second largest increase is associated with increases in the budget for scholarships and waivers, which is necessary to account for the increase in the tuition rate. Projected operating expenditures are \$32,369,718.

If every budgeted dollar, including contingency, were spent, this budget would result in an operating deficit of approximately \$4,305,020. In such case, the ending accrual-based reserves would be just under \$2.0 million. A significant accounting procedure changed during FY2020 and manifests itself with the beginning fund balances for the FY2021 budget. This change impacted the assignment of local property taxes to the fiscal year in which they are received, versus the historical manner in which these revenues were assigned to the fiscal year.

BUDGET MESSAGE - Continued

The result of this change was a restatement of beginning fund balances in the operating funds that was lowered by \$3,385,790. This is a dramatic accounting change. Though the change discolors both beginning and projected ending fund balances, the result is more closely aligned with cash balances. Therefore, the accounting change does not impact the cash on hand significantly, though the budgets and the annual audits will be impacted in a manner that would be viewed negatively by the reader.

Previous fund balance goals were based upon the prior accounting treatment. It is my recommendation that the administration re-visit administrative procedure 772 to re-state fund balance goals with this new reporting requirement in mind. With a new President to be chosen within the next few months and in accordance with administrative procedure 772, the new President shall implement a plan, with Board approval, to achieve the desired operating fund balance level within a period of time not to exceed five years.

Depending upon the timing of expenditures within the liability, protection, and settlement fund and the restricted operations and maintenance fund, internal borrowing from the working cash fund may be required for cash flow purposes. This would be in addition to normal occasional borrowing from that fund within the restricted purposes (grant) fund. Such borrowing is to be repaid within one year.

In my experience, contingency is never totally spent and final expenses typically reach approximately 95% of the budget. If that is true this year, the result will be a year in which a deficit of \$2.8 million would occur.

As we look toward FY 2022, there are some positive financial things that will occur. The College will no longer have reductions in state funding associated with the 5-year repayment plan. In addition, expenditures associated with the implementation of the new ERP system will end and savings will slowly begin to materialize due to lower costs associated with the software as a service model of operating. In addition, FY2021 is the final year of existing debt certificates payments made from operating funds.

We will continue our history of sound financial planning and excellent service to our district. The resources in this budget will allow the College to continue the commitment to its mission by improving individual life and society through high quality, accessible educational programs, and engaged learning opportunities.

OPERATING FUND DESCRIPTIONS:

John A. Logan College has two Operating funds: The Education Fund and the Operations and Maintenance Fund. The Education fund works in combination with the Operations and Maintenance fund to make up the College's General Fund.

EDUCATION FUND:

The Education Fund is used to account for the revenues and expenditures of the academic and service programs of the college. It includes the cost of instructional, administrative, and professional salaries; supplies and moveable equipment; library books and materials; maintenance of instructional and administrative equipment; and other costs pertaining to the educational programs of the college. This fund supports all instructional programs, provides numerous forms of student services, and has a public service component as well as providing institutional support. In addition, it includes funds for student scholarships and tuition waivers.

OPERATIONS AND MAINTENANCE FUND:

This fund is used to account for expenditures for the improvement, maintenance, repair, or benefit of buildings and property, including the cost of interior decorating and the installation, improvement, repair, replacement, and maintenance of building fixtures; rental of buildings and property for community college purposes. If approved by resolution of the local board, the payment of salaries of janitors, engineers, or other custodial employees; all costs of fuel, lights, gas, water, telephone service, custodial supplies, and equipment; and professional surveys of the condition of college buildings are allowed. It also supports the expenditures related to the College's purchasing and receiving functions.



OPERATING FUNDS RESOURCE INFORMATION FY 2021

The current operating revenue projection of \$28,064,698 reflects an \$1,748,767 or a 5.87% decrease as compared to \$29,813,465 budgeted for FY 2020. This projection is significantly reduced from the funding levels the College received for many years. During a stretch from FY 2007 to FY 2015, the College's actual operating revenues ranged from a low of \$31m to a high of \$36m. These more recent reductions are due to lost funding from the State of Illinois and from reductions in student tuition.

LOCAL GOVERNMENT SOURCES: \$7,205,000 or 25.67% of Budgeted Operating Revenues:

Property tax revenues are budgeted to be \$6,640,000 or 23.66% of operating revenues. This amount is a projected budgeted decrease of \$245,000 or a 3.56%. At the time of the proposed final budget estimate, actual EAV numbers were received from all five counties for the 2019 tax year payable in 2020. These numbers actually reflect a 1.54% EAV increase from the prior year. The maximum allowed tax rates of .30 and .05 were assumed for the Education fund and the Operations and Maintenance fund, respectively.

However, after taxes were estimated, a 5% allowance for uncollected taxes has been assumed, due to economic hardships from COVID-19. The 2019 tax year is applied 100% toward the FY 2021 fiscal year. A table later in the document on page 17, shows both this year's calculation and historical EAV's.

In other local sources, Corporate Personal Property Replacement Tax is budgeted at \$565,000 which represents 2.01% of total operating revenues. This is a budgeted increase of \$15,000 as compared to the prior year's budget. This increase in CPPRT is still conservative based on FY 2020 actual funding levels.

STATE GOVERNMENTAL SOURCES: \$9,591,218 or 34.18% of Budgeted Operating Revenues:

Based on allocation data from the ICCB for FY 2021 funding levels, the entire Community College system will receive allocations of \$179,940,200 for Base Operating Grants and \$71,203,900 for Equalization funding from the State. In addition, \$4,264,400 was also allocated for Veterans Grants to be disbursed among all the Colleges. System allocations were flat as compared to FY 2020.

Even with Statewide funding flat as compared to the prior year, due to the nature of the funding formula, some colleges may receive increases while others may receive less funding than in fiscal year FY 2020. The formula takes into account the number of credit hours, generated, types of credit hours, the amount of local revenues, and in-district hours. State revenue sources reflect a historical decline in budgeted revenue as compared to many past years.

For FY 2021, ICCB Base Operating grant funds are allocated for John A. Logan College at \$2,970,140 which included a deduction of \$185,584 for the repayment of prior credit hours. This is 10.58% of total

budgeted operating funds which is a decrease of \$101,695 or 3.31% from the FY 2020 budget. Equalization dollars were allocated at \$6,100,517 net of a deduction of \$228,158 for the repayment of prior credit hours. This accounts for 21.74% of expected revenue which is a decrease of \$280,633 or 4.40% from the prior year's budget. Internally, Base Operating and Equalization grants were allocated to support the Education fund and to the Operations and Maintenance Fund.

FY 2021 CTE total system funding was increased from \$15,400,000 to \$15,599,998. ICCB Vocational grants for CTE programs are budgeted at \$418,561 for FY 2021 which is a decrease with the prior budgeted amount of \$475,000. This amount is based on the College's known FY 2021 allocation received from the ICCB.

Funding allocations from the ICCB reflect that the College will receive \$92,000 for a special designated Veterans grant which is the same allocation it received the prior year. Assuming a flat Community College system allocation of \$358,990 for Performance Based funding, the College is estimating its share of Performance revenue at a nominal \$10,000. This Performance funding is based on completion data and other metrics and varies each year. The College received \$15,665 in FY 2020.

TUITION AND STUDENT FEES: \$10,830,000 or 38.59% of Budgeted Operating Revenues:

For FY 2021, the in-district tuition rate is at \$125 per credit hour along with a \$5 per hour technology fee. Student tuition of \$9,957,000 and fees of \$873,000 total \$10,830,000 in student revenue. This is compared to total student revenue of \$11,674,500 budgeted for the prior year. This is a projected decrease of \$844,500 or 7.23% from the prior budget. Calculations of student revenue were performed by looking at where Summer 2020 and Fall 2020 revenue numbers were at the time of the tentative budget and assuming some credit hour recovery for the Spring of 2021 semester.

As mentioned before, the \$5 per hour technology fee revenue projected at \$300,000 will be divided to support three areas: classroom technology upgrades, additional lab computer replacements, and the replacement of classroom instructor computers that are starting to have performance issues, due to their age.

The Administration has had to look at factors that have forced much more conservative tuition estimates. With the continued statewide trends of enrollment decline and lost credit hour generation, tuition and fees are more volatile than they have been in the past. The pandemic is adding to this uncertainty. With student tuition again being the largest single source of revenue, it is important that estimates not be overstated.

OTHER REVENUE SOURCES: \$438,480 or 1.56% of Budgeted Operating Revenues:

Remaining sources of budgeted operating revenue include sales and service fees of \$39,500, interest income of \$234,000 (includes an estimated \$90,000 transfer of working cash interest), facilities revenue of \$36,980 based on two rental agreements with SIU Head Start and the Nature Conservancy and conference and meeting room fees, aid from the Franklin Williamson Regional Office of Education (FWROE) of \$63,000, and other sources.

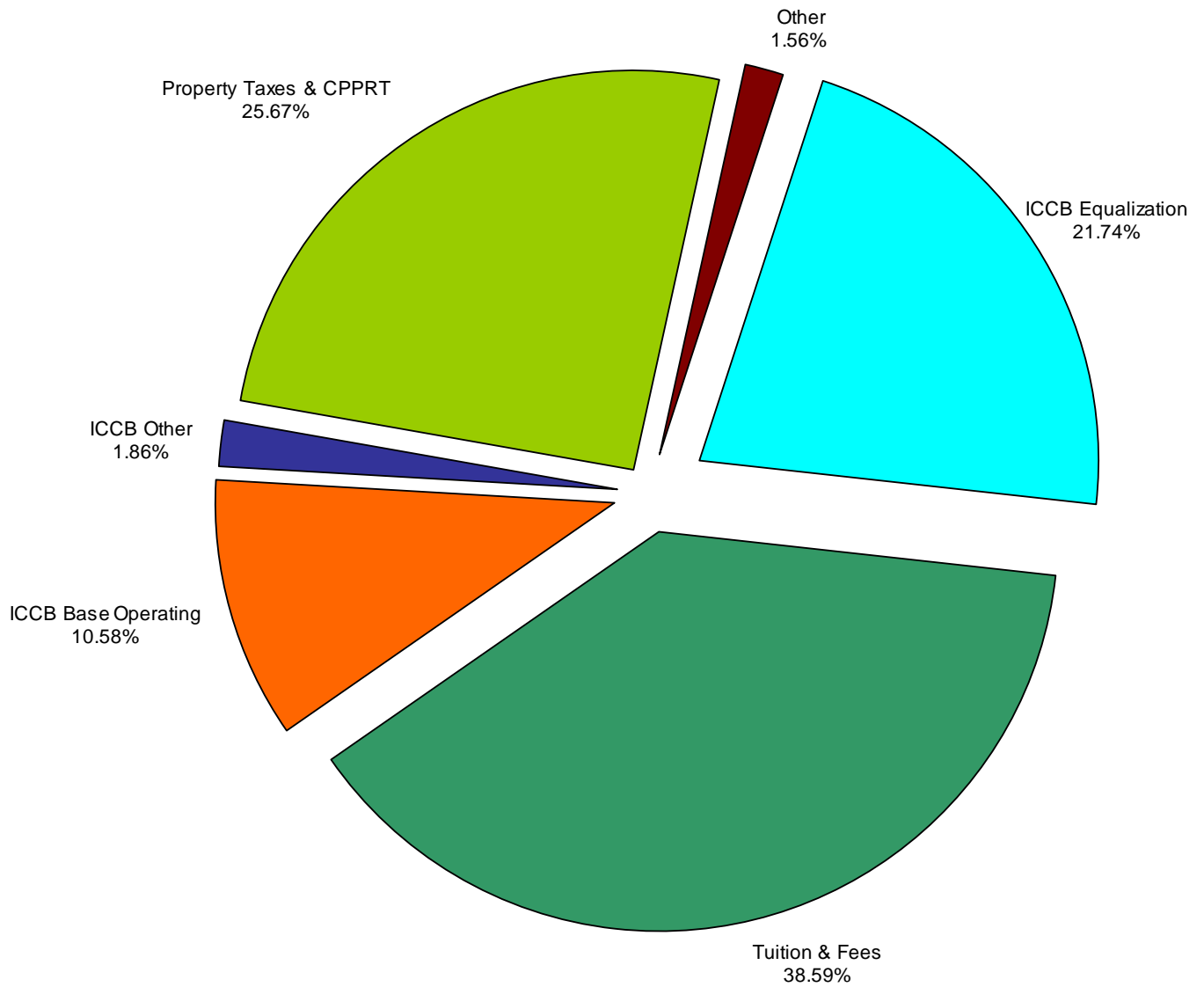
Sales and Service revenue normally includes various areas such as Workforce Development fees, Performing Arts, special events, Cosmetology services, and Massage Therapy fees. The total of other revenue sources reflects a significant decrease from the prior year's budget of \$673,980. This is largely due to the impact from COVID-19 and the cancelation of large events such as Theatre Performances, AutumnFest, and an expected reduction in trainings, facility meeting use, and in the number of patrons for the other services. Estimated interest earnings have also been seriously impacted by COVID-19, as the Fed Funds target rate has dropped drastically since March of 2020.

RESOURCE COMPARISON BY SOURCE - FY 2021 to FY 2020
OPERATING FUNDS - Fund 01 and Fund 02

BY REVENUE SOURCE:	FY 2021 Proposed Budget	FY 2020 Adopted Budget	\$ Increase (Decrease)	% Increase (Decrease)	% of Total FY 21 Revenue
LOCAL PROPERTY TAXES	6,640,000	6,885,000	(245,000)	(3.56%)	23.66%
CORPORATE PERSONAL PROPERTY REPLACEMENT TAX	565,000	550,000	15,000	2.73%	2.01%
ICCB BASE OPERATING GRANTS	2,970,140	3,071,835	(101,695)	(3.31%)	10.58%
ICCB EQUALIZATION GRANTS	6,100,517	6,381,150	(280,633)	(4.40%)	21.74%
ICCB VOCATIONAL GRANTS	418,561	475,000	(56,439)	(11.88%)	1.49%
ICCB PERFORMANCE ALLOCATION GRANT	10,000	10,000	-		0.04%
ICCB VETERANS GRANT	92,000	92,000	-		0.33%
STUDENT TUITION & FEES	10,830,000	11,674,500	(844,500)	(7.23%)	38.59%
SALES & SERVICE FEES	39,500	87,000	(47,500)	(54.60%)	0.14%
FACILITY USE	36,980	38,980	(2,000)	(5.13%)	0.13%
INTEREST ON INVESTMENTS	234,000	405,000	(171,000)	(42.22%)	0.83%
OTHER INCOME	128,000	143,000	(15,000)	(10.49%)	0.46%
TOTAL	\$ 28,064,698	\$ 29,813,465	\$ (1,748,767)	(5.87%)	100.00%

Note: Includes Education and Operations & Maintenance funds.

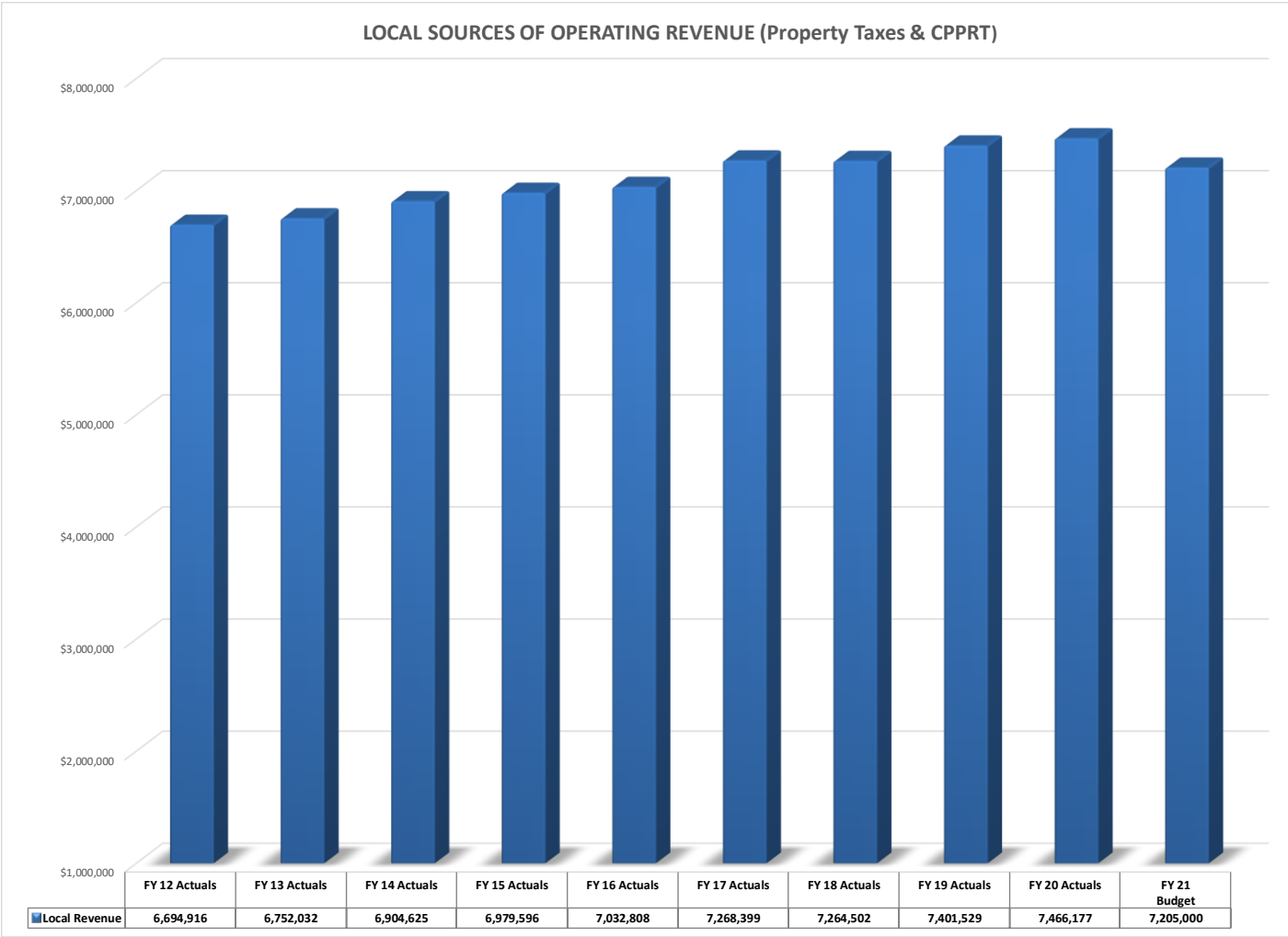
Revenues Operating Funds FY 2021



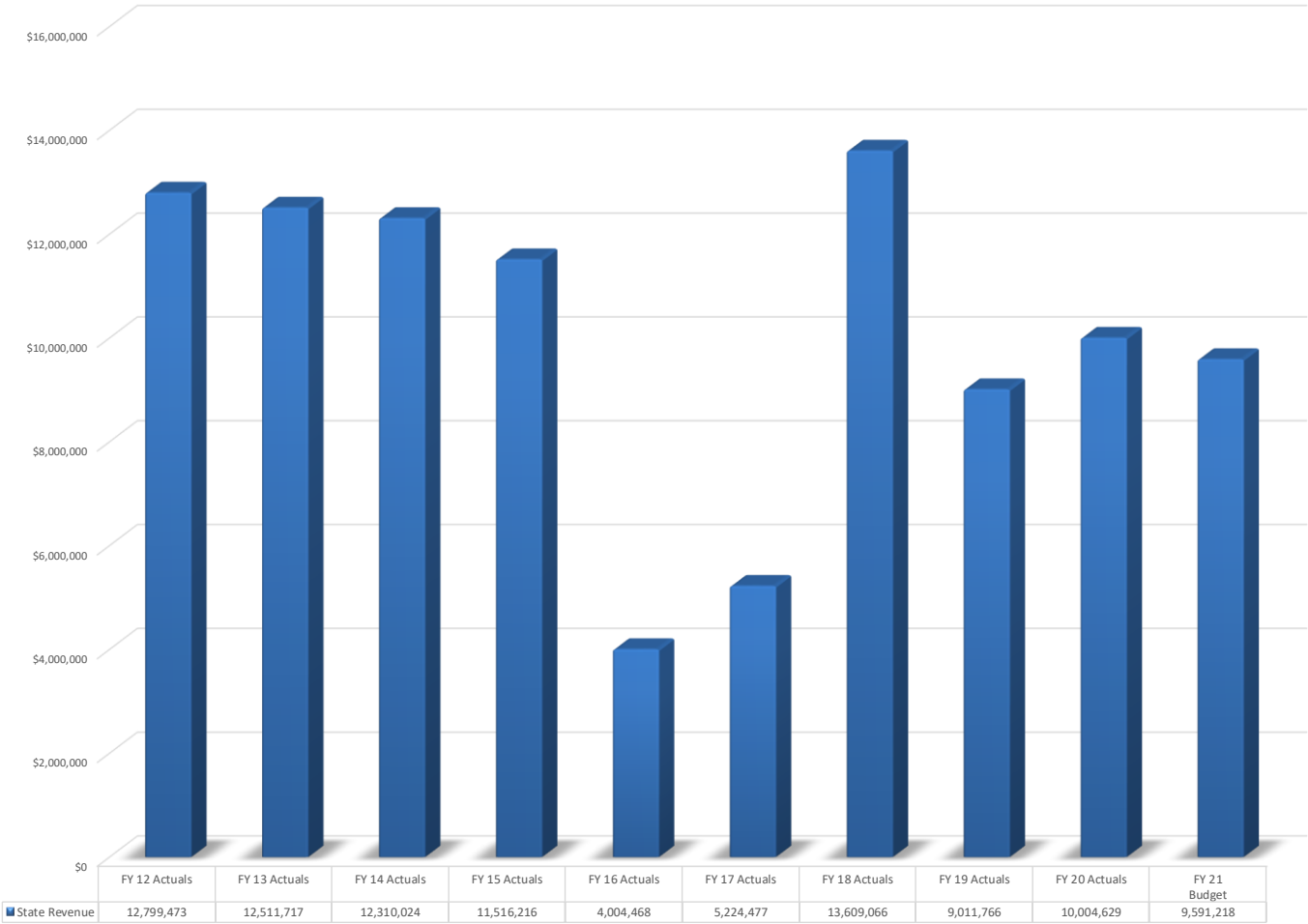
REVENUE BY SOURCE (OPERATING FUNDS)										
REVENUE:	FY 12 Actuals	FY 13 Actuals	FY 14 Actuals	FY 15 Actuals	FY 16 Actuals	FY 17 Actuals	FY 18 Actuals	FY 19 Actuals	FY 20 Actuals	FY 21 Budget
Local Revenue	6,694,916	6,752,032	6,904,625	6,979,596	7,032,808	7,268,399	7,264,502	7,401,529	7,466,177	7,205,000
% of Total	19.09%	19.58%	20.42%	21.63%	28.49%	29.71%	22.05%	26.04%	25.54%	25.67%
State Revenue	12,799,473	12,511,717	12,310,024	11,516,216	4,004,468	5,224,477	13,609,066	9,011,766	10,004,629	9,591,218
% of Total	36.50%	36.29%	36.41%	35.70%	16.22%	21.35%	41.30%	31.70%	34.23%	34.18%
Tuition & Fees	15,060,002	14,632,971	14,156,792	13,328,268	13,043,265	11,654,852	11,489,124	11,323,037	11,216,451	10,830,000
% of Total	42.94%	42.44%	41.88%	41.31%	52.83%	47.63%	34.87%	39.83%	38.38%	38.59%
Other Revenue	515,724	579,915	434,690	438,406	607,078	320,081	586,439	688,602	540,816	438,480
% of Total	1.47%	1.69%	1.29%	1.36%	2.47%	1.31%	1.78%	2.43%	1.85%	1.56%
Total Operating Revenue	35,070,115	34,476,635	33,806,131	32,262,486	24,687,619	24,467,809	32,949,131	28,424,934	29,228,073	28,064,698
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Notes:

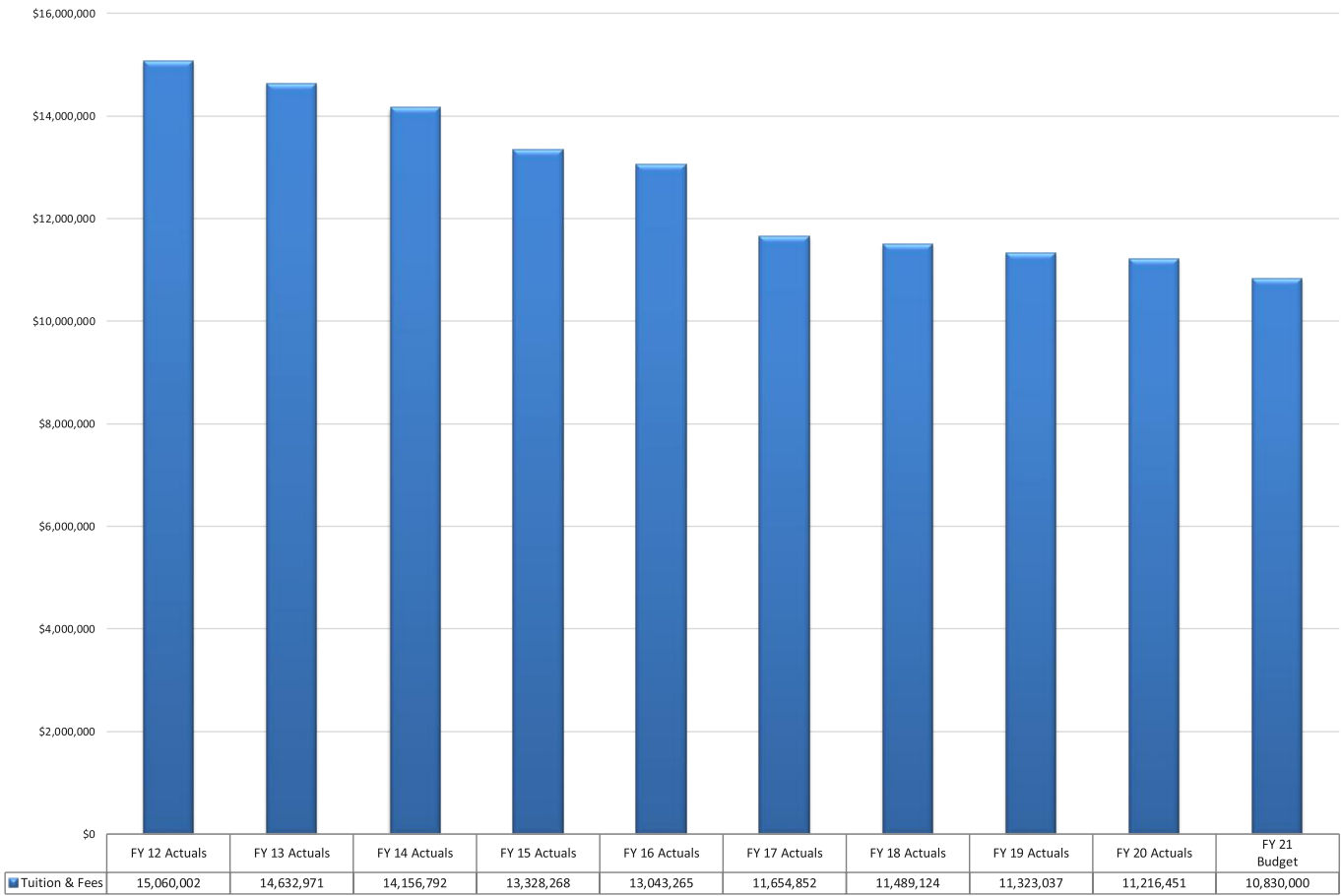
- 1) Includes the Education fund and the Operations and Maintenance fund.
- 2) FY 20 actuals are unaudited numbers.



STATE SOURCES OF OPERATING REVENUE (Base Operating, Equalization, CTE Vocational, Other State grants)



STUDENT TUITION AND FEE REVENUE



EQUALIZED ASSESSED VALUATION (updated September 15, 2020)							
County	Actual 2019 Payable in 2020	Actual 2018 Payable in 2019	Actual 2017 Payable in 2018	Actual 2016 Payable in 2017	Actual 2015 Payable in 2016	Actual 2014 Payable in 2015	Actual 2013 Payable in 2014
Williamson	\$1,078,712,881	\$1,046,667,240	\$1,028,897,830	\$1,014,817,466	\$982,107,912	\$950,562,817	\$946,400,403
Jackson	\$691,194,351	\$702,228,672	\$709,623,960	\$700,982,631	\$687,768,397	675,757,450	667,469,780
Perry	\$99,955,768	\$95,552,899	\$94,038,523	\$91,232,451	\$88,977,600	85,122,356	83,815,165
Randolph	\$12,857,942	\$12,380,954	\$11,208,485	\$11,547,935	\$10,919,160	11,055,039	10,198,758
Franklin	\$96,171,054	\$91,991,429	\$86,523,070	\$86,483,459	\$88,025,530	83,697,751	77,755,623
Total EAV	\$1,978,891,996	\$1,948,821,194	\$1,930,291,868	\$1,905,063,942	\$1,857,798,599	\$1,806,195,413	\$1,785,639,729
	1.54%	0.96%	1.32%	2.54%	2.86%	1.15%	

	Est. Taxes		Formula
Fund 01	\$5,936,676		EAV / 100 * \$.30 max rate Education
Fund 02	\$989,446		EAV / 100 * \$.05 max rate Operations Maint.
Adjust	5% Allowance	Budget FY 21	
Fund 01	\$5,639,842	\$5,700,000.00	
Fund 02	\$939,974	\$940,000.00	

Note: Taxes were estimated based on actual reported EAV's at the max rate for each fund, less a 5% allowance for doubtful collections, due to COVID-19.

OPERATING FUNDS
(Education Fund & Operations and Maintenance Fund)
EXPENDITURE INFORMATION – BY OBJECT & BY PROGRAM FY 2021

Budget Officers and their staff across all departments of the campus were trained on budget development for detailed expenditure requests. For comparison purposes, each department was given detailed information on actual expenditures for both FY 2019 and FY 2018 and also the budget numbers for FY 2020.

Total budgeted operating expenditures for FY 2021 are \$32,369,718 as compared to \$31,665,984 for FY 2020. This is an increase of \$703,734 or 2.22%. This is compared to an increase of 4.51% for FY 2020, a 2.83% increase for FY 2019, and 1.86% for FY 2018 which followed two years of double-digit expenditure decreases of (15.71%) and (12.52%), respectively. As you will see from a historical comparison later in the document on page 26, this current level of budgeted expenditures is now higher than the \$31.5m in FY 2005, but less than FY 2006 which was \$33.8m.

EXPENDITURE INFORMATION BY OBJECT:

Salary expenses of \$18,965,713 and benefit expenses of \$2,276,002 reflect 3.22% and 8.90% increases, respectively. Salary increases for all employee groups are reflected in the budget. Retirements and posted replacements have also been factored into the budget. More detailed historical data on salary and benefit amounts are provided later in this document on page 25.

As compared to FY 2020, contractual services increased by \$152,191 to \$2,220,597 showing a 7.36% increase. This is primarily due to the remaining services required for the transition to the Jenzabar One (J1) platform such as data conversion, implementation hours, integrations, and report building. As well as, some IT Network services.

Materials and supplies reflect a decrease of \$124,924 or 6.34%. This decrease is mainly a reflection of the prior year's budget including a very large replacement of office computers. This is a budget of \$1,845,284 and represents 5.7% of the total operating expenditures. Capital outlay requests also decreased from \$201,750 to \$139,860. This drop is due to requests in the prior year for the network production data center upgrades including servers and switches. Capital Outlay represents items valued at \$5,000 or greater.

Conference and meeting expenses increased overall by \$19,480 to \$436,445 still representing 1.3% of the operating budget. Utilities are budgeted at a reduced \$716,850 or 2.2%. This is a 10.63% reduction, due to the new solar array and a favorable three-year energy agreement. Based on projected FY 2020 actual expenditures of just under \$3.1 million, institutional scholarships and waivers were increased from the prior budget by \$145,000 to \$3,086,225.

Transfers from the Education Fund to support other funds were decreased from \$1,952,425 to \$1,767,350 for FY 2021. These transfers included \$200,000 for the repayment of 2016 debt

certificates. A \$300,000 transfer of student technology fees to support upgrades of classroom and lab technology. \$17,000 is required for a grant matching component. A transfer of \$50,350 to reimburse staff wellness expenses at the Logan Fitness facility, and a subsidy of \$1,200,000 was budgeted to support activities in the Auxiliary Fund operations such as Athletics operations. From the Operations and Maintenance Fund, there was a \$300,000 transfer budgeted to support non-PHS construction projects.

Operating expenditures include a small provision for contingency funds of \$150,000 which is 0.5% of budgeted expenditures. These funds are available for emergencies and unforeseen budget issues, and close monitoring of these funds will be performed by the College Administration. \$50,000 is specifically in the Operations and Maintenance fund to assist with unforeseen facility issues. The remainder resides in the Education fund. \$20,000 is allocated to Instruction, \$20,000 to Student Services, \$10,000 to Business Services as well as \$50,000 to a general institutional contingency.

EXPENDITURE INFORMATION BY PROGRAM:

INSTRUCTION: \$10,578,494 or 32.7% of Budgeted Operating Expenditures

Instruction consists of those activities dealing directly with the teaching of students. It includes the activities of faculty in the baccalaureate-oriented/transfer, occupational-technical career, general studies, and remedial and ABE/ASE programs. SICCM seat assessment fees are part of the Instructional costs.

As compared to the prior year's budget, Instruction expenditures were adjusted up by \$534,334 or 5.32%. The majority of this increase, 87%, is reflected in salaries and benefits. In addition to salary and benefit increases, there were four full-time faculty hires. These included a new Economics position, Physical Science, and an addition to the Certified Nursing Assistant program, as well as a Cosmetology hire, due to a retirement. Capital outlay increased around \$27k primarily for Biology Lab equipment in conjunction with the renovation of two labs. SICCM program seat fees also increased by \$34k.

ACADEMIC SUPPORT: \$2,360,061 or 7.3% of Budgeted Operating Expenditures

This category includes activities designed to provide support services for the institution's primary missions of instruction and public service. Academic support includes the operation of the library, educational media services, and academic computing used in the learning process.

As compared to the prior year's budget, Academic Support experienced an overall decrease of \$111,778 or 4.52%. The decrease was primarily in salaries due to retirements and attrition through reorganization. There were small additional decreases in several other categories.

Although not an adequate amount, there are some funds for the replacement cycle for broken classroom furniture such as desks, tables, chairs, and instructor stools. In addition, other funds were budgeted to support computer labs with supplies and printer replacements. Funds were also budgeted to support adobe cloud licensing, the maintenance of the Desire2Learn LMS system, and the EMS scheduling software that assists with classroom scheduling. In the Library area, there are funds to support various databases and reference sources.

STUDENT SERVICES: \$2,903,439 or 9.0% of Budgeted Operating Expenditures

The student services function provides assistance in the areas of financial aid, admissions, advisement, placement, testing, counseling, tutoring, and student activities.

As compared to the prior year's budget, Student Services expenditures were adjusted up by \$134,533 or 4.86%. This was reflected in higher salary and benefit expenses due to raises and increased benefit costs.

In addition to services such as Admissions, Advisement, and Financial Aid some examples of normal budget requests in the Student Services area would be to provide student assistance in the areas of testing, interpreting and tutoring services, along with the job fair and other career services. Also, included in this area are some recruitment expenses.

PUBLIC SERVICES: \$1,020,469 or 3.2% of Budgeted Operating Expenditures

Public service consists of Community Education (non-credit) classes and other activities of an educational nature, such as workshops, seminars, and the provision of college facilities and expertise to the community designed to be of service to the public.

As compared to the prior year's budget, Public Services experienced a decrease of \$36,067 or 3.41%. This was primarily in salaries and benefits.

INSTITUTIONAL SUPPORT: \$6,394,303 or 19.7% of Budgeted Operating Expenditures

Institutional support includes expenditures for central executive-level activities and support services that benefit the entire institution. Examples include expenses for the governing board, administrative offices, information technology, fiscal operations, human resources, institutional research, grant development, college relations, legal services, etc.

As compared to the prior year's budget, Institutional Support decreased by \$84,530 or 1.30%. The largest portion of this decrease is technology related and shows up in supplies with a much smaller number of office computers being replaced this year as compared to the last two years. A similar technology reduction compared to the prior year is reflected in capital outlay. Institutional Support

includes expenses related to the Jenzabar One (J1) implementation which includes PowerFails software for Financial Aid. It also includes general contingency funds.

OPERATION & MAINT. OF PLANT: \$3,959,377 or 12.2% of Budgeted Operating Expenditures

Operation and maintenance of plant consists of those activities necessary to keep the grounds, buildings, and equipment operating efficiently and ready for use. This function also provides for plant utilities, as well as equipment, materials, supplies, fire protection, and other costs necessary to support this function. This program area increased by \$207,317 or 5.53%. Salary and benefit accounts are increased by just under \$250k. There are also small increases in contractual services and also fixed charges which is due to equipment rental for the grounds department.

SCHOLARSHIPS & WAIVERS: \$3,086,225 or 9.5% of Budgeted Operating Expenditures

As compared to last year's budget, this area was adjusted up by \$145,000 or 4.93%. FY 2020 unaudited expenditures in this category are \$3,047,830. While credit hours seem to be down overall, tuition increased by \$10 per credit hour. Areas that are larger in waiver expense amounts such as Dual Credit and Dual Enrollment hours are not experiencing the same loss as other areas. Therefore, this budget is not reflecting a reduction that would otherwise seem logical during an enrollment decline.

Along with amounts for student scholarships, this category includes both mandated waivers such as those for ABE/GED/ASE students and Senior Citizens along with institutional waivers for Dual Credit, Workforce Development, FAVAS Academic Awards, Competition Winners, Student Ambassadors, Departmental Waivers, and designated Presidential waivers. Athletic waivers are budgeted separately in the Auxiliary fund.

EXPENDITURE SUMMARY:

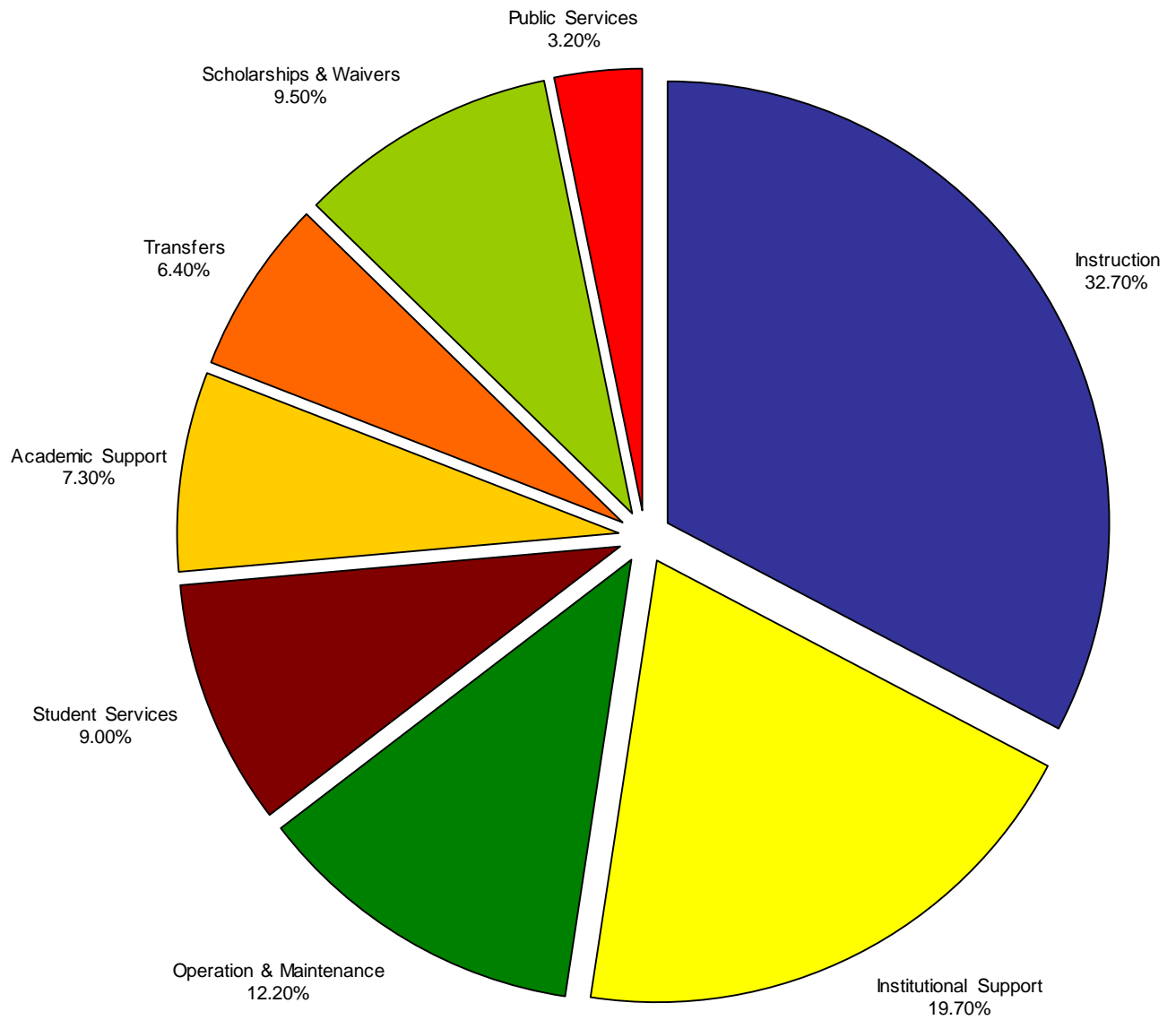
In the next several pages that follow, you will see a comparison of budgeted operating expenditures FY 2021 vs. FY 2020 along with graphs that break down the proposed expenditures both by program categories and by account objects. Then, you will see a more detailed historical view of amounts budgeted for salary and benefit expenses as compared to the total operating expenditures for each year. Finally, you will find a chart and a graph that shows several years of historical data on the adopted operating expenditures.

EXPENDITURE COMPARISON - FY 2021 to FY 2020
OPERATING FUNDS (Education and Operations & Maintenance)

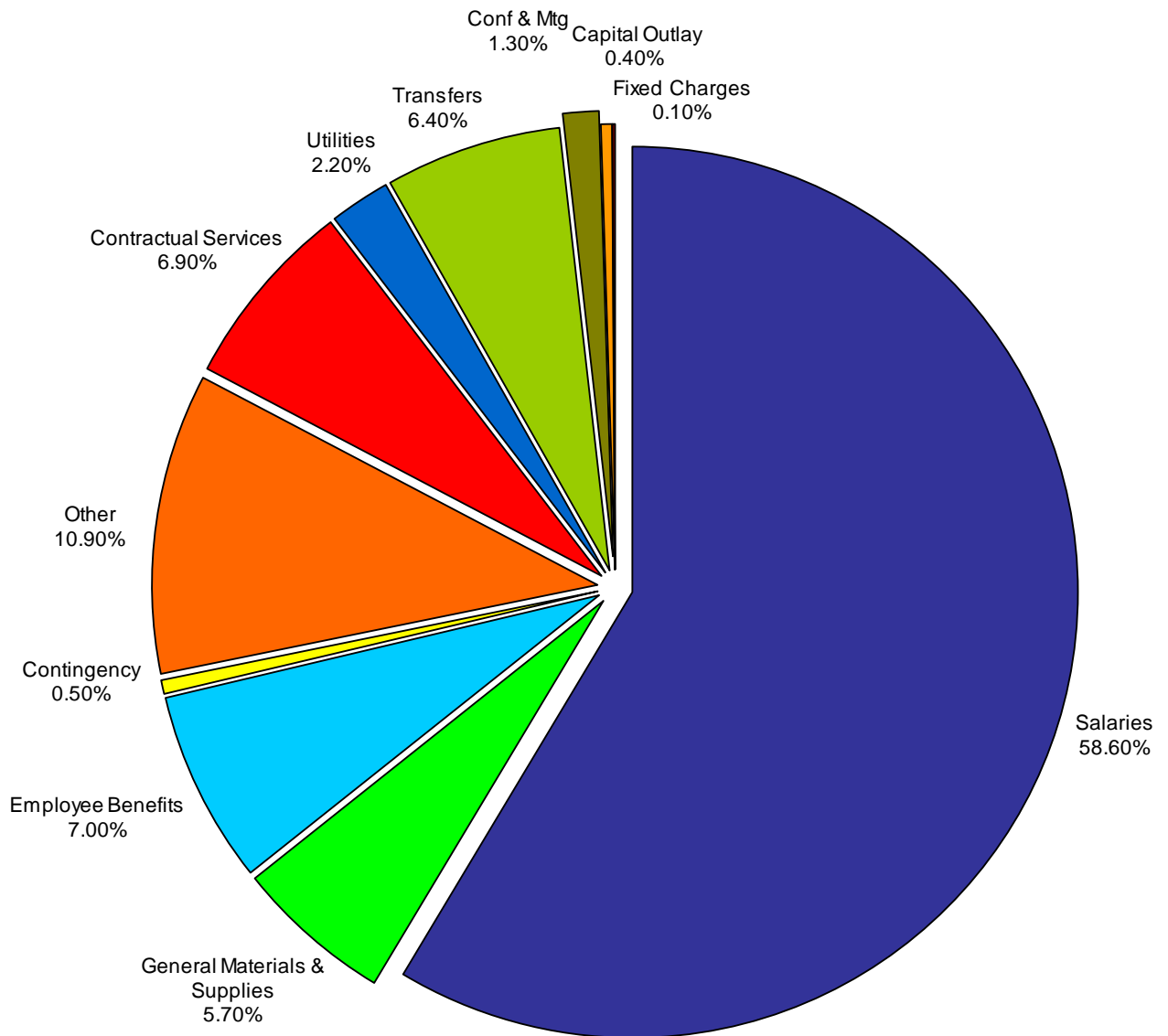
EXPENDITURES BY PROGRAM:	FY 21 Tentative Budget	FY 20 Adopted Budget	\$ Increase (Decrease)	% Increase (Decrease)	% of Total FY 21 Budget
INSTRUCTION	\$10,578,494	\$10,044,160	\$534,334	5.32%	32.7%
ACADEMIC SUPPORT	2,360,061	2,471,839	(111,778)	(4.52%)	7.3%
STUDENT SERVICES	2,903,439	2,768,906	134,533	4.86%	9.0%
PUBLIC SERVICES	1,020,469	1,056,536	(36,067)	(3.41%)	3.2%
OPERATION & MAINTENANCE	3,959,377	3,752,060	207,317	5.53%	12.2%
INSTITUTIONAL SUPPORT	6,394,303	6,478,833	(84,530)	(1.30%)	19.7%
SCHOLARSHIPS & WAIVERS	3,086,225	2,941,225	145,000	4.93%	9.5%
TRANSFERS	2,067,350	2,152,425	(85,075)	(3.95%)	6.4%
TOTALS	\$ 32,369,718	\$ 31,665,984	\$703,734	2.22%	100.0%

EXPENDITURES BY OBJECT:	FY 21 Tentative Budget	FY 20 Adopted Budget	\$ Increase (Decrease)	% Increase (Decrease)	% of Total FY 21 Budget
SALARIES	\$18,965,713	\$18,373,374	\$592,339	3.22%	58.6%
EMPLOYEE BENEFITS	2,276,002	2,089,928	186,074	8.90%	7.0%
CONTRACTUAL SERVICES	2,220,597	2,068,406	152,191	7.36%	6.9%
MATERIALS & SUPPLIES	1,845,284	1,970,208	(124,924)	(6.34%)	5.7%
CONFERENCE & MEETING	436,445	416,965	19,480	4.67%	1.3%
FIXED CHARGES	36,503	13,643	22,860	167.56%	0.1%
UTILITIES	716,850	802,150	(85,300)	(10.63%)	2.2%
CAPITAL OUTLAY	139,860	201,750	(61,890)	(30.68%)	0.4%
OTHER	3,515,114	3,357,135	157,979	4.71%	10.9%
CONTINGENCY	150,000	220,000	(70,000)	(31.82%)	0.5%
TRANSFERS	2,067,350	2,152,425	(85,075)	(3.95%)	6.4%
TOTALS	\$32,369,718	\$ 31,665,984	\$703,734	2.22%	100.0%

Expenditures by Program Operating Funds FY 2021



Expenditures by Object Operating Funds FY 2021

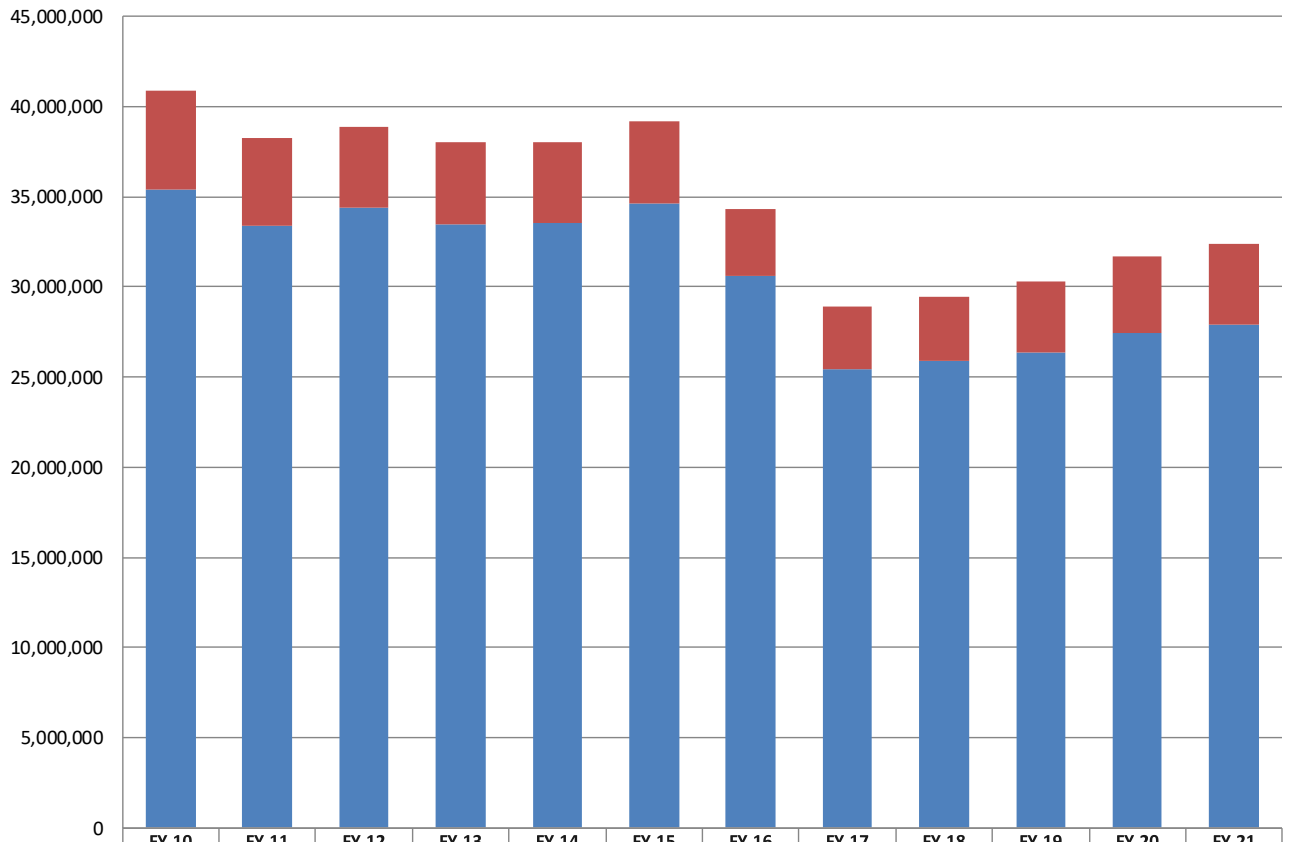


BUDGET FOR HUMAN RESOURCES - OPERATING FUNDS								
\$ Budgeted:	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021 Tentative	Seven-Year Average
Salaries	22,026,208	20,600,199	17,281,063	17,630,322	17,855,263	18,373,374	18,965,713	18,961,735
Benefits	3,273,265	2,639,584	1,842,344	1,892,979	2,029,791	2,089,928	2,276,002	2,291,985
Staff Resources	\$25,299,473	\$23,239,783	\$19,123,407	\$19,523,301	\$19,885,054	\$20,463,302	\$21,241,715	\$21,253,720
Total Operating Expenditures	\$39,229,210	\$34,319,521	\$28,928,331	\$29,467,518	\$30,300,198	\$31,665,984	\$32,369,718	\$32,325,783
% of Operating Funds:	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021 Tentative	Seven-Year Average
Salaries	56.1%	60.0%	59.7%	59.8%	58.9%	58.0%	58.6%	58.7%
Benefits	8.3%	7.7%	6.4%	6.4%	6.7%	6.6%	7.0%	7.1%
Staff Resources	64.4%	67.7%	66.1%	66.2%	65.6%	64.6%	65.6%	65.8%

Adopted Budget History Operating Fund Expenditures FY 2000 - FY 2021 (Proposed)				
Fiscal Year	Education	Operations & Maintenance	Total Operating Funds	Increase (Decrease) From Prior Year
FY 00	19,046,734	2,737,552	21,784,286	
FY 01	20,297,130	3,672,809	23,969,939	10.03%
FY 02	21,918,087	3,600,289	25,518,376	6.46%
FY 03	24,195,342	4,027,502	28,222,844	10.60%
FY 04	24,365,041	4,538,181	28,903,222	2.41%
FY 05	26,571,301	5,004,526	31,575,827	9.25%
FY 06	28,109,073	5,741,445	33,850,518	7.20%
FY 07	30,337,763	5,487,059	35,824,822	5.83%
FY 08	33,235,496	5,844,366	39,079,862	9.09%
FY 09	33,397,236	6,096,541	39,493,777	1.06%
FY 10	35,436,271	5,490,121	40,926,392	3.63%
FY 11	33,393,581	4,889,387	38,282,968	(6.46%)
FY 12	34,407,822	4,489,562	38,897,384	1.60%
FY 13	33,443,145	4,607,250	38,050,395	(2.18%)
FY 14	33,521,198	4,507,278	38,028,476	(0.06%)
FY 15	34,649,364	4,579,846	39,229,210	3.16%
FY 16	30,648,249	3,671,272	34,319,521	(12.52%)
FY 17	25,410,904	3,517,427	28,928,331	(15.71%)
FY 18	25,920,747	3,546,771	29,467,518	1.86%
FY 19	26,340,135	3,960,063	30,300,198	2.83%
FY 20	27,442,034	4,223,950	31,665,984	4.51%
FY 21	27,885,843	4,483,875	32,369,718	2.22%

Note: FY 2021 is based on the tentative proposed budget.

Adopted Budget History - Operating Expenditures FY 10 to FY 21 (Proposed)



■ Oper & Maint. Fund	5,490,121	4,889,387	4,489,562	4,607,250	4,507,278	4,579,846	3,671,272	3,517,427	3,546,771	3,960,063	4,223,950	4,483,875
■ Education Fund	35,436,271	33,393,581	34,407,822	33,443,145	33,521,198	34,649,364	30,648,249	25,410,904	25,920,747	26,340,135	27,442,034	27,885,843
Operating Funds	40,926,392	38,282,968	38,897,384	38,050,395	38,028,476	39,229,210	34,319,521	28,928,331	29,467,518	30,300,198	31,665,984	32,369,718

NON-OPERATING BUDGETARY FUNDS

BOND AND INTEREST FUND:

This fund is established for the payment of principal, interest and related charges of any outstanding bond or debt issuance. For FY 2021, \$3,065,083 in principal, interest, and fee payments are scheduled. The breakdown is shown below:

- \$332,300 debt certificates issued 2016 for \$1.5 million in technology improvements to be repaid over a five-year period
- \$429,460 bonds issued 2016 for funding a post-employment benefit for retiree insurance
- \$420,625 bonds issued 2014 to refinance debt certificates for the purchase of an ERP system
- \$641,500 interest and fees on refunding of 2007 bonds issued as 2017A
- \$1,241,198 interest and fees on \$5.5 million in working cash bonds issued as 2017B

AUXILIARY ENTERPRISES FUND:

The Auxiliary Enterprises Fund accounts for college services where a fee is charged to students/staff and the activity is intended to be self-supporting. Examples of accounts in this fund include food services, bookstore, copy/supply center, athletics, and the Logan Fitness facility.

Including the transfers in, revenue for the Auxiliary fund is projected at \$2,356,070. Subsidies for Auxiliary Services by the Education Fund should be shown as transfers to the appropriate account. For FY 2021, \$50,350 is being provided by transfers budgeted from the Education Fund specifically related to reimbursing the Logan Fitness facility for the cost of staff wellness waivers agreed to by the College in policy and various union contracts. For this year, there is also a transfer of \$1,200,000 budgeted to support Athletic programs. Total expenditures in the Auxiliary Fund are estimated at \$2,463,864. The projected ending fund balance is \$99,222.

AUDIT FUND:

The Audit Fund is established for recording the payment of auditing expenses. During FY 2021, \$54,175 will be budgeted to cover expenditures in this fund. This amount includes \$55,675 for the performance of an external audit by an independent CPA firm less \$1,800 of the cost anticipated to be funded by grant source. It also includes \$300 for a GASB requirement to conduct an off-year roll forward actuarial study of post-employment benefits. Revenue of \$47,500 is anticipated from local property taxes along with interest of \$500. The FY 2021 projected ending fund balance is \$30,343.

LIABILITY, PROTECTION AND SETTLEMENT FUND:

This fund accepts special levies for tort liability, property insurance, Medicare insurance, FICA taxes and workers' compensation. The monies in this fund should be used only for the payment of tort liability, property, unemployment or workers compensation insurance or claims, risk mitigation, and the cost of participation in the Federal Medicare program. During FY 2021, budgeted expenditures are \$2,450,029 with expected revenues of \$1,805,000 from local taxes, plus \$5,000 of interest. Expenditures in this fund include insurance costs for property and casualty, and the cost of

maintaining and expanding the Campus Police operations. The College will include a portion of staff members' time who are active in the functions of risk management. For FY 2020, final expenditures are projected to come in just over current year revenues by \$57,090.

The FY 2021 projected ending fund balance is (\$255,555). There are some expenditures budgeted in this fund that may not materialize in FY 2021 such as \$225,000 of expenses for a CDB project to create a Pedestrian Pathway between the main entrance and the Logan Fitness Center. This will depend on the timing of the construction to be determined by the State. The cash for the College's 25% matching requirement has already been placed into a trust account. The next property tax levy will be adjusted to shore up this fund and if needed a temporary loan from the working cash fund can be utilized in the short term.

RESTRICTED PURPOSES FUND:

This fund is for the purpose of accounting for monies that have restrictions regarding their use. This fund accounts for state and federal grants plus other specific use contracts. Student financial aid funds are a primary source of expenditures in this fund. During FY 2021, we will budget \$18,733,300 in this fund for expenditures with offsetting revenue for the majority of this amount.

As discussed below, there is not current year revenue for the payment of post-employment retiree insurance benefits. This is being funded from previous bond proceeds. There are also some remaining expenses related to FY 2020 technology fee projects that could not be fully completed last fiscal year. The fee revenue was already fully transferred to this fund during FY 2020 and the remaining expenses were budgeted in FY 2021. The College will utilize the Restricted Fund to establish grant budgets.

ADDITIONAL BUDGET INFORMATION RESTRICTED PURPOSES FUND 06:

In 2016, the College issued \$1.5 million debt certificates for additional contracts related to technology upgrades and services. The revenue was placed in the Restricted Purposes Fund. Expenditures include professional and remote services and travel provided by Jenzabar in relation to the ERP system, reporting maintenance, and a small contract for Help Desk support related to student needs. These services for FY 2021 total \$108,325.

For FY 2021, the College has placed \$300,000 of expected new technology expenditures in the restricted purposes fund and budgeted a transfer in of an equal amount from student technology fee revenue to assist with three specific projects: classroom technology upgrades, additional lab computer replacements, and the replacement of classroom instructor computers.

In 2016, the College issued bonds related to funding a liability for post-employment benefits. These payments are for obligations related to assisting retirees with a portion of the cost of their health insurance. For FY 2021, the College has budgeted expected expenditures of \$400,000 in the Restricted Purposes Fund for retiree payments.

OPERATIONS AND MAINTENANCE (RESTRICTED) FUND:

This fund is utilized to account for monies restricted for building purposes and site acquisition. Funds are provided in the Operation and Maintenance (Restricted) for completion of approved protection, health, safety projects as well as some general construction improvements. This fund primarily will be expending protection, health and safety (PHS) levies, plus transfers from operating funds, and interest earnings. Total expenditures of \$3,140,000 are being budgeted in this fund with \$2,389,500 of those being Protection Health Safety projects (PHS) funded by tax levy.

An operating transfer of \$300,000 is budgeted from the Operations and Maintenance Fund to support non-PHS construction budgeted for FY 2021.

Breakdown of all construction projects:

CAPITAL PROJECTS BUDGETED FOR FY2021						
Project Description:	PHS Projects Fund 03	Liability, Protection Fund 12	O&M- Restricted Fund 03	Restricted Fund 06	Foundation or State	Total Cost
Student Services Reno (Mech. Systems C/F/Gym)	\$ 641,500					\$ 641,500
Conf. Center Courtyard Reno./DQ Campus Drainage	\$ 683,000					\$ 683,000
Biology Lab Renovation	\$ 234,500		\$ 69,500			\$ 304,000
Waterfall & Conf. Center Courtyard Enhancements			\$ 25,000			\$ 25,000
Pedestrian Pathway and Relocation of Bell Tower		\$225,000	\$ 30,000		\$ 765,000	\$ 1,020,000
Bicycle Pathway (0.9 miles) with Bridge			\$ 190,000		\$ 800,000	\$ 990,000
West Entry Elevator and Mezzanine	\$ 15,000		\$ 50,500		\$ 255,000	\$ 320,500
Admissions Reno (Adjacent to New Mezzanine)			\$ 200,000			\$ 200,000
Highway Construction Careers Program Building				\$ 88,500	\$ 16,000	\$ 104,500
West Lobby Entrance & Restrooms, Admin, & MPR	\$ 414,000		\$ 103,500			\$ 517,500
Classroom Technology Fee Room Renovations				\$ 138,000		\$ 138,000
Carterville and DQ HVAC Replacement	\$ 204,500					\$ 204,500
Miscellaneous Small Projects < \$50,000			\$ 20,000			\$ 20,000
Architectural & Engineering Services 10%	\$ 197,000	\$ 20,000	\$ 62,000	\$ 20,000	\$ 184,000	\$ 483,000
Totals	\$ 2,389,500	\$245,000	\$ 750,500	\$246,500	\$ 2,020,000	\$5,651,500