



# **Budget Analysis Fiscal Year 2015**

**John A. Logan College**

**Cartersville, IL 62918**

**JOHN A. LOGAN COLLEGE**  
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**FY 2015**

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## **Budget Calendar – FY 2015**

### **JANUARY to MARCH**

- Salary and Fringe Benefit Projections Developed
  - Budgeting Software Implemented
  - Historical Data Imported into Software
- Multiple Trainings Held with Budget Officers & Staff to Explain Budget Development Tool

### **APRIL**

- Budget Officers Work to Build Detailed Departmental Budgets and Justify Requests

### **MAY**

- President and Vice-President's Meet with Dean Financial Operations to Discuss Budget
  - Budget Officers Submit Departmental Budgets to respective Deans

### **JUNE**

- Deans Submit Departmental Budgets to Division Heads
- Budget Preparation by Dean for Financial Operations & Vice-President Business Services

### **JULY**

- Budget Presented to Board Finance Committee
- Tentative Budget Submitted to Board of Trustees
  - Tentative Budget put on Public Display

### **AUGUST**

- Final Budget Review by Vice-Presidents and President for Possible Revisions
  - Board Finance Committee Meeting
    - Budget Hearing Held Prior to Board Meeting
  - Explanation of Changes from Tentative Budget to Proposed
- Proposed Budget Submitted to the Board of Trustees

## **BUDGET PROCESS FY 2015:**

- Budgeting for Salary & Benefits performed by Payroll staff
- A modified form of zero-based budgeting was utilized for non-salary related items
- A new budget development software tool was built and implemented
- Multiple trainings were held with departmental Budget Officers across the campus
- Held discussions with Administration on their role and the review/approval process
- Budget Officers were given a “Starting Point” for FY 15 their budgets
- For the following line items, a starting point of \$0.00 was given and budget was detailed from the ground up with justifications:
  - Contractual Services
  - Publications & Dues
  - Computer Software
  - Conference & Meeting Expense (except for F/T Faculty contractual obligation)
  - Other Supplies and Materials
  - Capital Outlay
- For the following line items, the budgeted starting point was the lesser of FY 14 original budget or the FY 13 actual expenditures and any increases had to be detailed and justification provided:
  - Office Supplies
  - Printing
  - Postage
  - Advertising
- Budget Officers were given the opportunity to reallocate funds equally between line items and also between departments within their budget control without justification. Any increases required justification.
- Detailed departmental budgets were submitted first at the Dean’s level and then to the Head of the Division for review, approval, or reduction
- Submitted back to the Dean for Financial Operations for review of accuracy
- Additional meetings were held with the President and Vice-President’s for review, discussion, and reductions
- Reports were generated
- Tentative legal budget was prepared
- Budget was reviewed with Board Finance Committee
- Board of Trustees met to approve tentative budget on July 22, 2014
- Budget was put on public display for 30-day period of inspection
- Additional review was performed by the Vice-Presidents and the President
- Revisions to the tentative budget were performed
- Explanation of changes to the tentative budget presented at the public budget hearing

**FACTORS AFFECTING FY 2015 BUDGET PROCESS:**

- Implementation of budget development tool combined with zero-based approach
- Trainings with Budget Officers across all divisions
- Strategic Plan alignment
- Reorganization of reporting lines including the area of Institutional Effectiveness and Diversity
- Enrollment concerns
- Growing Technology needs

# *Mission Statement*

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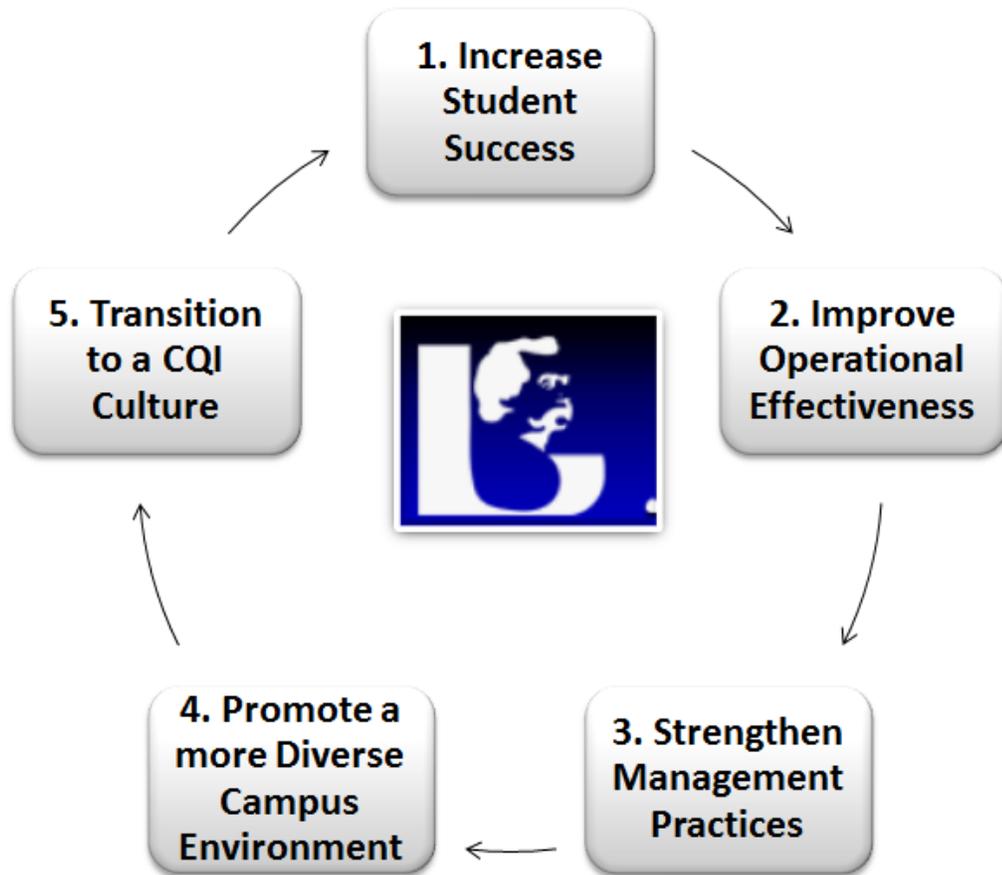
We are a diverse learning and teaching community committed to improving individual life and society through high-quality, accessible educational programs and engaged learning opportunities.

**BUDGET GOALS:**

- Alignment with Strategic Plan
- Provide more line item detail and justification of expenditures
- Budget Officers given access to original requests compared to detailed final budget
- Deans and Division Heads more detailed review of total departmental expenditures
- Enhanced reporting capabilities during budget development
- Enhanced capability for historical comparison at line item level
- Expenditures better allocated to reflect appropriate department and expense category
- Breakdown certain areas into additional departments to better track cost centers
- Automation of entry of budget data into the ERP system
- Continue to develop a foundation for FY 2016 and future budgeting

**STRATEGIC PLAN PROJECTS / ITEMS EMPHASIZED IN FY 2015 BUDGET:**

- Jenzabar Enterprise Resource Planning (ERP) System
  - Implementation, Training, Maintenance, Hosting Services
  - Contract with CampusWorks for project management and business process review
- Desire2Learn Learning Management System (LMS)
  - Addition of Student Retention Software to integrate with LMS
- Higher Learning Commission (HLC) training for Open Pathways model
- Development of budget for Institutional Effectiveness department
- Diversity department budget was fully developed
- Proposed new curriculum in Electronics program
- Network upgrade to increase bandwidth, improve student wireless access, & support digital camera system for increased campus safety
- Student Success Items:
  - EMSI Career Coach and Analyst
  - Resources for IT Academy in Computer Information System program
  - Robotic Automated Welding Equipment



**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.

**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; payment of all premiums for insurance upon buildings and building fixtures. 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.



John A. Logan College President Dr. Mike Dreith and Board Chairman Jake Rendleman

## **OPERATING FUNDS RESOURCE INFORMATION**

For this 2015 budget, it will be necessary to utilize fund balance from prior fiscal years to subsidize the shortfall of current year operating revenues as compared to budgeted expenditures. Operating expenditures actually reflect an increase of \$1,200,734 or an increase of 3.16% from the prior FY 2014 budget. This factor combined with an anticipated decline in state revenues along with a conservative approach to the budgeting of tuition revenue have resulted in an expected current year deficit.

Without considering the fund balance accumulated from prior years, the current operating revenue of \$33,655,318 reflects a \$250,638 or 0.74% decrease as compared to \$33,905,956 from FY 2014.

Local tax revenues are currently projected to be \$6,240,000. This amount is an increase of \$115,000 or a 1.88% projected increase. In other local sources, Corporate Personal Property Replacement Tax is budgeted at \$550,000 which is a level funding estimate compared to the prior budget.

State revenue sources reflect a decline in revenue. Based on anticipated course changes and discussion with the Illinois Community College Board, ICCB Base Operating grant funds are budgeted at a total of \$3,964,233 which is an estimated decrease of \$165,176 or 4.00% from FY 2014. Equalization grants account for \$7,394,685 which is an estimated decrease of \$308,112 or 4.00% from the FY 2014 allocation of \$7,702,797. FY 2014 amounts for base operating and equalization grants were allocated 75% to the Education fund and 25% to the Operations and Maintenance Fund. ICCB Vocational grants are budgeted at \$410,000 which is a budget reduction of \$3,000.

This year the College will again receive a special designated ICCB Veterans grant of \$54,900 and also \$20,000 is budgeted for Performance Based funding. The College has previously received Performance Based funding of \$20,175 and \$12,633 in FY 2013 and FY 2014, respectively. The ICCB allocation for performance based funding for all Illinois colleges remains unchanged in FY 2015 at \$360,000.

For FY 2015, the in-district tuition rate is \$99 per credit hour. Student tuition and fees are anticipated at \$14,569,000 as compared to \$14,452,400 for FY 2014. This is a projected increase of \$116,600 or 0.81%. Reasons for this projection are a combination of proposed new technology fee revenue offset by a slight expected decrease in tuition revenue. There are continuing concerns about statewide trends in decreasing enrollment. Initial numbers for the fall term reflect a loss in both headcount and credit hour generation. In FY 2014, the College also experienced \$357,994 in lost tuition revenue due to unfunded mandates of financial aid programs. A conservative budgeting approach was taken due to the factors stated above and the fact that actual FY 2014 tuition revenues came in at 98% of the budgeted amount.

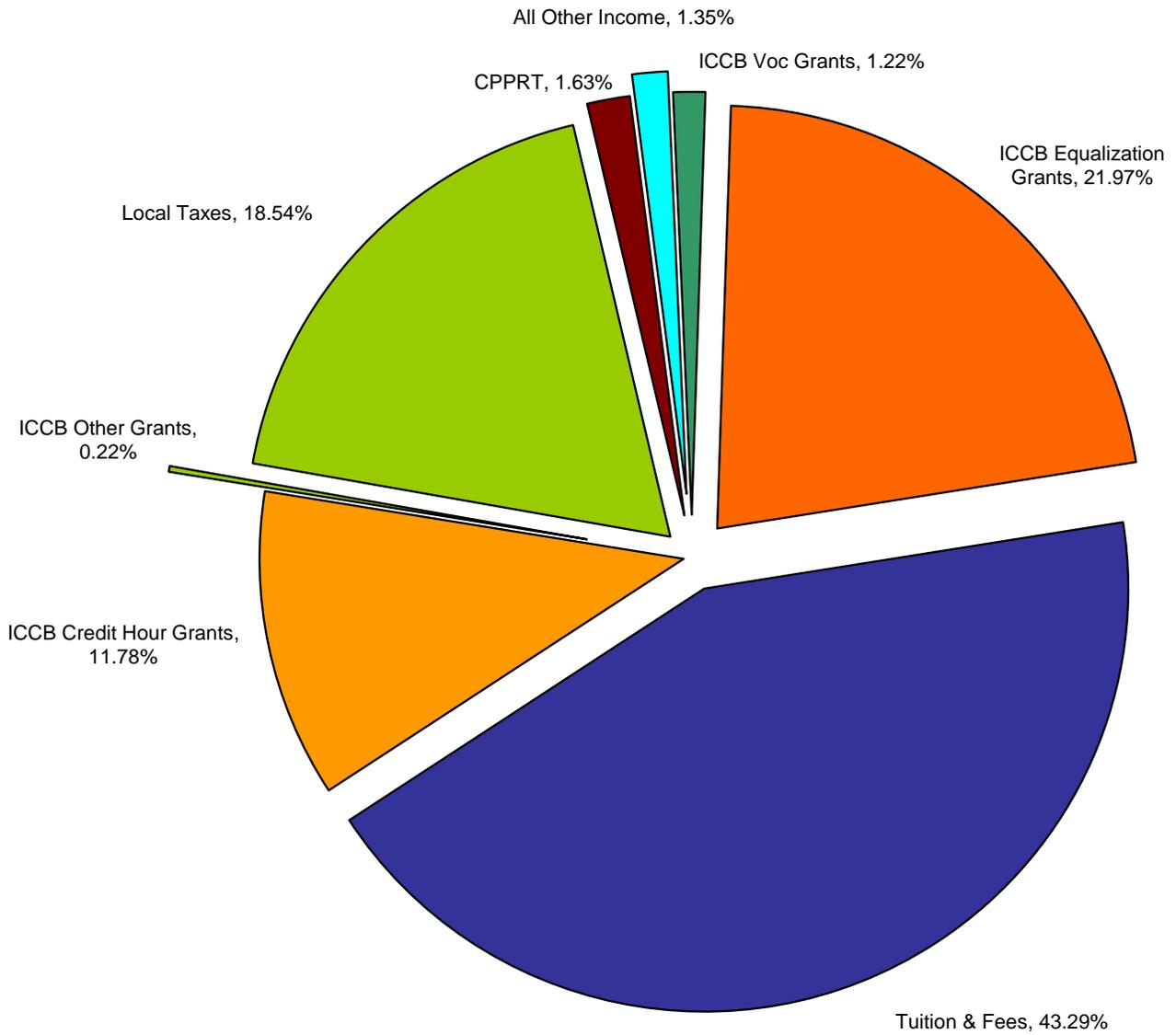
Interest income and other sources of revenue which include facilities revenue, sales and service fees are expected to total \$442,500 during FY 2015. This accounts for less than 2% of operating resources.

**RESOURCE COMPARISON BY SOURCE  
OPERATING FUNDS**

<b>BY SOURCE:</b>	<b>FY15 Tentative Budget</b>	<b>FY14 Adopted Budget</b>	<b>\$ Increase (Decrease)</b>	<b>% Increase (Decrease)</b>	<b>% of Total FY14 Revenue</b>
CARRYOVER	\$ 13,000,000	\$ 14,226,090	\$ (1,226,090)	(8.62%)	
LOCAL TAXES	6,240,000	6,125,000	115,000	1.88%	18.54%
CHARGEBACKS	10,000	8,000	2,000	25.00%	0.03%
ICCB CREDIT HOUR GRANTS	3,964,233	4,129,409	(165,176)	(4.00%)	11.78%
ICCB EQUALIZATION GRANTS	7,394,685	7,702,797	(308,112)	(4.00%)	21.97%
ICCB VOCATIONAL GRANTS-INSTRUCTIONAL	410,000	413,000	(3,000)	(0.73%)	1.22%
ICCB PERFORMANCE ALLOCATION GRANT	20,000	20,000	-		0.06%
ICCB VETERANS GRANT	54,900	54,900	-		0.16%
CORPORATE PERSONAL PROPERTY REPLACEMENT TAX	550,000	550,000	-	0.00%	1.63%
TUITION / FEES	14,569,000	14,452,400	116,600	0.81%	43.29%
SALES & SERVICE FEES	233,000	279,000	(46,000)	(16.49%)	0.69%
INTEREST ON INVESTMENTS	33,000	36,450	(3,450)	(9.47%)	0.10%
FACILITY USE	32,000	30,000	2,000	6.67%	0.10%
OTHER INCOME	144,500	105,000	39,500	37.62%	0.43%
<b>TOTAL</b>	<b>\$ 46,655,318</b>	<b>\$ 48,132,046</b>	<b>\$ (1,476,728)</b>	<b>(3.07%)</b>	<b>100.00%</b>

Note: Includes Education and Operations & Maintenance Funds.

# Revenues Operating Funds FY 2015



## **OPERATING FUNDS EXPENDITURE INFORMATION – BY PROGRAM**

As stated earlier, Budget officers across all departments of the campus were trained on the new budget development tool which utilized a modified zero-based budgeting model. Each one was given detailed line item information on actual expenditures for FY 2013 and original budget for FY 2014. They were also given a FY 2015 starting point in each object code.

For the specific areas of contractual services, publications and dues, travel expenses (except in the case of a contractual requirement) software, other general supplies and materials, and capital outlay they were given a starting point of zero dollars. For all other line items, they were given the lesser of either FY 2013 actual expenditures or FY 2014 original budget. They built the budget from these starting points with detailed descriptions of items, notes, and justifications of all increases over the starting point.

They were also given the opportunity to reallocate funds equally between line items or between departments within their control if they felt that funds were not previously budgeted correctly.

Total budgeted expenditures for FY 2015 are \$39,229,210 as compared to \$38,028,476. This is an increase of 3.16% or \$1,200,734. In operating funds, budgeted expenditures include a provision for contingency funds of \$1,140,000. This represents 2.9% of total budgeted operating expenditures. While these funds are available for emergencies and unforeseen budget issues, under standard operations only a minimal portion of these funds are normally expended and close monitoring of these funds is performed by the College Administration.

### **INSTRUCTION:**

As compared to the prior year's budget, Instruction experienced an increase of 6.7% or \$848,031. This increase was primarily a result of two factors. The first was a \$100,000 of new funds budgeted to comply with the Affordable Care Act and offer health insurance coverage to Term faculty working an average of 30 hours per week. The Affordable Care Act requires calculations to include additional time for duties performed outside the classroom. The second factor was a large increase in requests for instructional equipment totaling \$486,766.

The division also received normal increases in other areas of salaries, other fringe benefits, combined with small increases in contractual services, general materials and supplies, and conference and meeting expenses. In the FY 2015 budget, Instruction represents the largest portion of total operating expenditures at \$13,509,118 or 34.5%.

### **ACADEMIC SUPPORT:**

The area of Academic Support represents 7.1% of this year's budget or \$2,772,173. This is a decrease of 1.6% or (\$44,261). The reason for this decrease is primarily a decrease in salaries combined with a slight decrease in requests for contractual services. The College experienced several retirements at the end of FY 2014 and completed some reorganization.

This program area did receive an increase in general materials and supplies. Requests in this area included \$47,000 to support existing and provide additional smart rooms.

**STUDENT SERVICES:**

The area of Student Services represents 8.2% of this year's budget or \$3,218,487. This is an increase of 6.4% or \$193,252. This area primarily experienced increases in the areas of salaries and benefits.

**PUBLIC SERVICES:**

The area of Public Services represents 2.8% of this year's budget or \$1,094,057. This is an increase of 8.5% or \$86,016. This area experienced increases in salaries, benefits, and small increases in other areas of contractual services, supplies, and conference and meeting expenses.

**INSTITUTIONAL SUPPORT:**

The area of Institutional Support represents 19.1% of this year's budget or \$7,506,178. This is a \$700,715 or 10.3% increase. This is primarily a result of salary and employee benefit increases along with an increase in contractual services. Employee benefit increases are a result of a change to reflect staff tuition waivers as an employee benefit and relocate them from the program category of "Other, Scholarships, and Waivers" to the Institutional Support area. This restructuring brings staff waivers in line with instructions given in the ICCB Fiscal Management manual.

Some of this increase is also result of the hiring of staff members previously working for departments in the Academic Support area to departments under the category of Institutional support. These reassignments resulted in an increase in salaries and benefits.

- Two staff members from the Assistant to the VP of Instruction accepted positions in the new Dean of Institutional Effectiveness.
- The creation of the Director Diversity and Inclusion.

This budget does reflect a planned decrease of \$170,000 in the College's provision for general institutional contingency funds for an operating contingency of \$1,140,000 consisting of \$840,000 in the Education fund and \$300,000 in the Operations and Maintenance Fund. This represents 2.9% of operating expenditures

**OPERATION AND MAINTENANCE OF PLANT:**

The area of Operation and Maintenance represents 11.7% of this year's budget or \$4,579,846. This is an increase of 1.70% or \$76,689. Budgeting in this area included increases in both salaries and benefits.

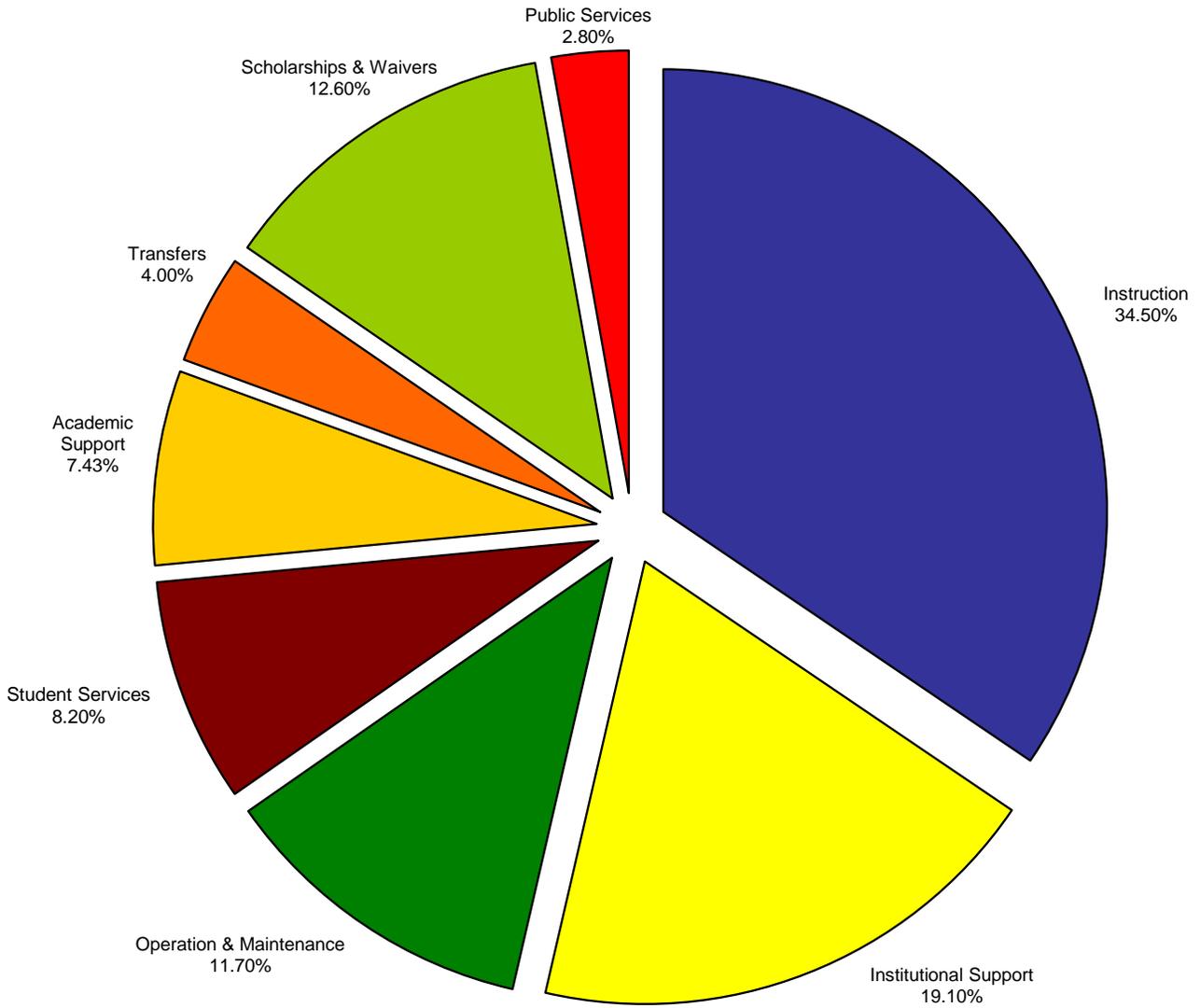
**EXPENDITURE COMPARISON-OPERATING FUNDS**

<b>BY PROGRAM</b>	<b>FY 15 Tentative Budget</b>	<b>FY 14 Adopted Budget</b>	<b>\$ Increase (Decrease)</b>	<b>% Increase (Decrease)</b>	<b>% of Total FY14 Budget</b>
INSTRUCTION	\$13,509,118	\$12,661,087	\$ 848,031	6.70%	34.5%
ACADEMIC SUPPORT	2,772,173	2,816,434	(44,261)	(1.57%)	7.1%
STUDENT SERVICES	3,218,487	3,025,235	193,252	6.39%	8.2%
PUBLIC SERVICES	1,094,057	1,008,041	86,016	8.53%	2.8%
OPERATION & MAINTENANCE	4,579,846	4,503,157	76,689	1.70%	11.7%
INSTITUTIONAL SUPPORT	7,506,178	6,809,584	696,594	10.23%	19.1%
SCHOLARSHIPS & WAIVERS	4,961,500	5,102,000	(140,500)	(2.75%)	12.6%
TRANSFERS	1,587,851	2,102,938	(515,087)	(24.49%)	4.0%
<b>TOTALS</b>	<b>\$ 39,229,210</b>	<b>\$ 38,028,476</b>	<b>\$ 1,200,734</b>	<b>3.16%</b>	<b>100.0%</b>

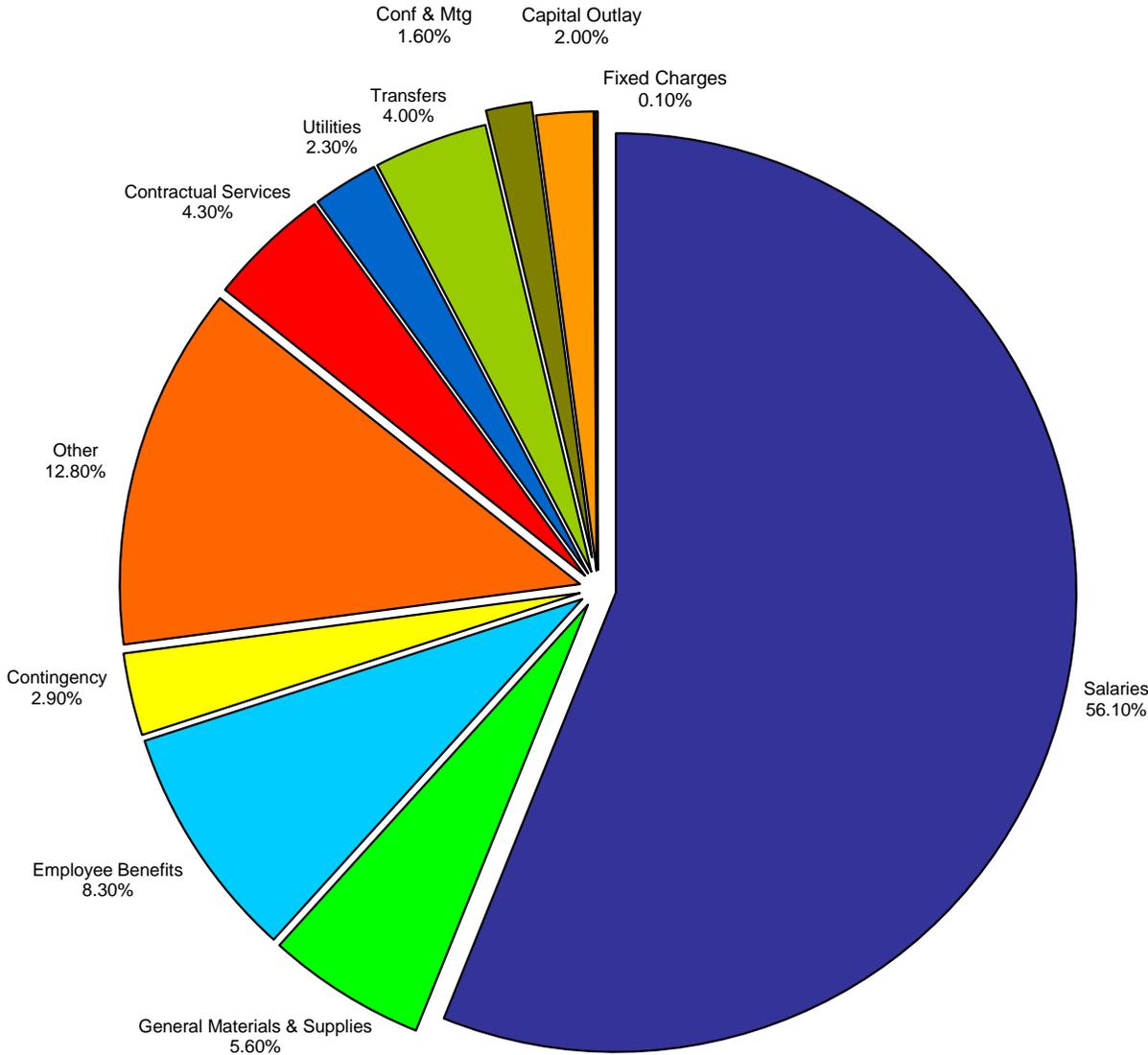
<b>EXPENDITURES BY OBJECT</b>	<b>FY 15 Tentative Budget</b>	<b>FY 14 Adopted Budget</b>	<b>\$ Increase (Decrease)</b>	<b>% Increase (Decrease)</b>	<b>% of Total FY14 Budget</b>
SALARIES	\$22,026,208	\$21,352,038	\$ 674,170	3.16%	56.1%
EMPLOYEE BENEFITS	3,273,265	2,463,331	809,934	32.88%	8.3%
CONTRACTUAL SERVICES	1,696,243	1,573,226	123,017	7.82%	4.3%
MATERIALS & SUPPLIES	2,206,140	2,002,331	203,809	10.18%	5.6%
CONFERENCE & MEETING	616,120	524,550	91,570	17.46%	1.6%
FIXED CHARGES	17,827	77,687	(59,860)	(77.05%)	0.1%
UTILITIES	902,770	910,193	(7,423)	(0.82%)	2.3%
CAPITAL OUTLAY	734,466	506,147	228,319	45.11%	2.0%
OTHER	5,028,320	5,206,035	(177,715)	(3.41%)	12.8%
CONTINGENCY	1,140,000	1,310,000	(170,000)	(12.98%)	2.9%
TRANSFERS	1,587,851	2,102,938	(515,087)	(24.49%)	4.0%
<b>TOTALS</b>	<b>\$ 39,229,210</b>	<b>\$ 38,028,476</b>	<b>\$ 1,200,734</b>	<b>3.16%</b>	<b>100.0%</b>

Note: Includes Education and Operations & Maintenance Funds.

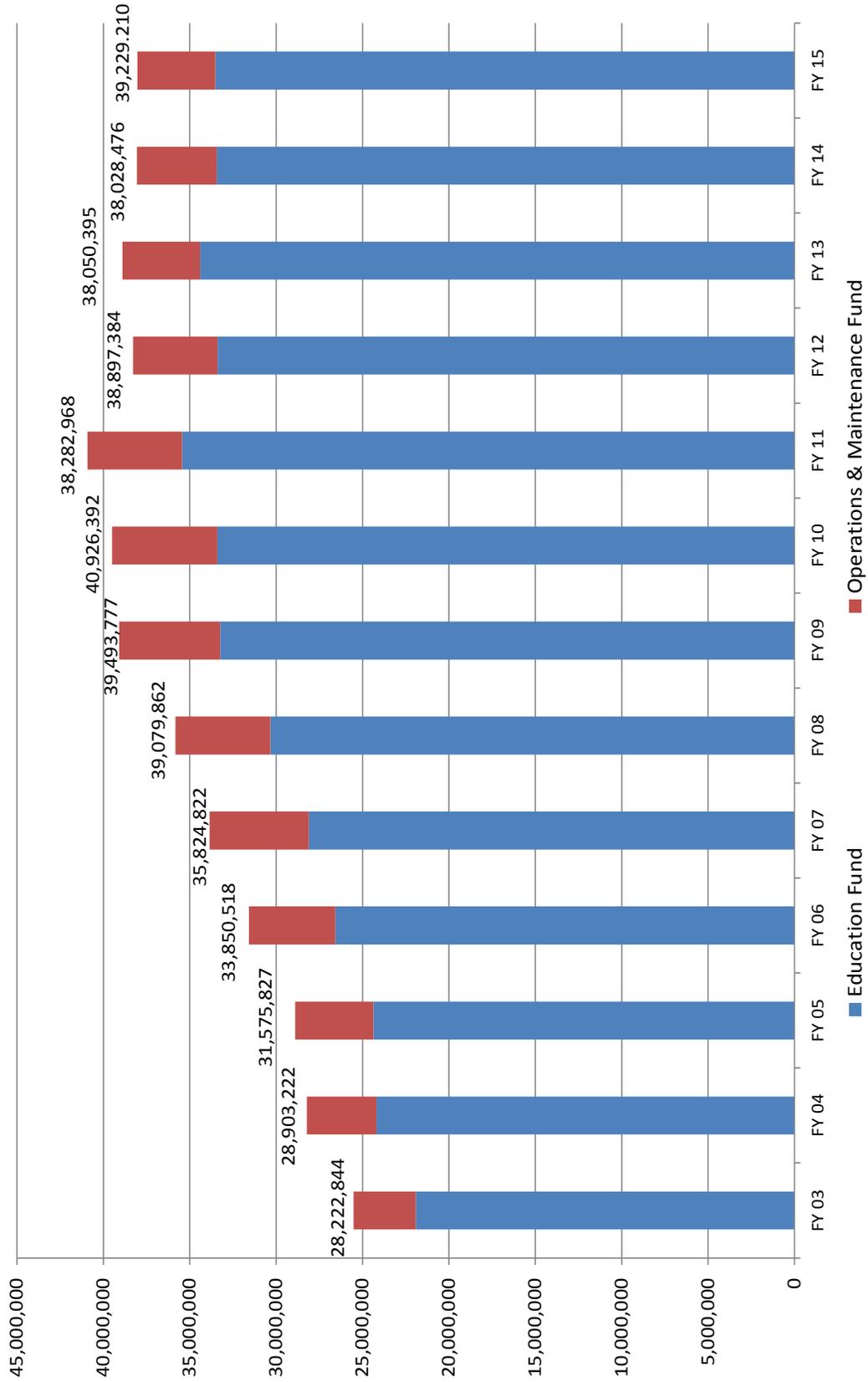
# Expenditures by Program Operating Funds FY 2015



# Expenditures by Object Operating Funds FY 2015



## Adopted Budget History Operating Fund Expenditures-FY03 to FY15



## **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 issue. For FY 2015, \$1,768,876 in principal and interest payments are scheduled. Of this amount, \$355,201 is specifically related to the repayment of principal and interest for the debt certificates related specifically for the purpose of purchasing and implementing the Enterprise Resource Planning (ERP) system. The remaining budgeted expenditures are related to bonds issued in 2007 for the purpose of construction.

### **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, and intercollegiate athletics. Subsidies for Auxiliary Services by the Education Fund should be shown as transfers to the appropriate account. For FY 2015, expenditures in this fund are estimated at \$1,705,861 with \$1,000,000 being provided by the Education Fund transfers.

### **AUDIT FUND:**

The Audit Fund is established for recording the payment of auditing expenses. During FY 2015, \$41,495 will be budgeted to cover expenditures in this fund. This amount includes \$47,995 for the performance of an external audit by an independent CPA firm less \$9,300 of the portion anticipated to be funded by grant sources. \$2,500 is also included for miscellaneous consulting.

### **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, and the cost of participation in the Federal Medicare program. During FY 2015, this budget amount is \$1,944,911. 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 attorney fees pertaining to liability protection plus a portion of staff members' time that are active in the functions of this fund.

### **RESTRICTED PURPOSES FUND:**

This fund is for the purpose of the 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 2015, we will budget \$20,513,025 in this fund. The College feels this will adequately meet the needs of the Restricted Fund.

**ADDITIONAL BUDGET INFORMATION RESTRICTED PURPOSES FUND:**

After consultation with the external auditors, revenue from the debt certificates and expenditures budgeted for both the purchase of the Jenzabar ERP system and payment of the contractual agreement with CampusWorks were placed in the Restricted Purposes fund. The amounts below do not include the hosting of the new ERP system which is budgeted in the Education fund.

FY 2015 Restricted Purposes Fund Breakdown of Budgeted ERP Expenditures:

- \$166,025 Jenzabar Maintenance Agreement-Year Two
- \$20,000 Jenzabar Reimbursable Travel
- \$580,000 CampusWorks Annual Agreement
- \$766,025 Total ERP Expenditures budgeted in Restricted Fund for FY 15

CampusWorks contract is 30 months. It began in FY 13 and will extend through FY15 and two months into FY16.

Remainder of prepaid Jenzabar year two and three maintenance agreement will be expensed in FY 16.

**OPERATIONS AND MAINTENANCE (RESTRICTED) FUND:**

This fund is utilized to account for monies restricted for building purposes and site acquisition. This fund primarily will be expending bond proceeds acquired for the new building project, protection, health and safety levies, plus transfers from operating funds and interest earnings. The amount of \$1,212,260 is being budgeted in this fund. Funds are provided in the Operation and Maintenance (Restricted) for completion of approved protection, health, safety projects.

Breakdown of Operations and Maintenance Restricted Fund projects:

Community Health Education Complex-2 <sup>nd</sup> Floor	\$185,000
Wireless Network Upgrade	\$170,000
Interior Renovations	\$122,000
Protection Health Safety Projects	\$735,260

<b>EQUALIZED ASSESSED VALUATION</b>				
<b>COUNTY</b>	<b>2013 PAYABLE IN 2014</b>	<b>2012 PAYABLE IN 2013</b>	<b>\$ INCREASE (DECREASE)</b>	<b>% INCREASE (DECREASE)</b>
Williamson	\$946,400,403	\$919,939,174	\$26,461,229	2.88%
Jackson	667,469,780	672,273,769	(\$4,803,989)	(0.71%)
Perry	83,815,165	83,641,699	\$173,466	0.21%
Randolph	10,198,758	10,416,804	(\$218,046)	(2.09%)
Franklin	77,755,623	77,500,710	\$254,913	0.33%
<b>TOTAL</b>	<b>\$1,785,639,729</b>	<b>\$1,763,772,156</b>	<b>\$21,867,573</b>	
			<b>OVERALL INCREASE</b>	<b>1.24%</b>