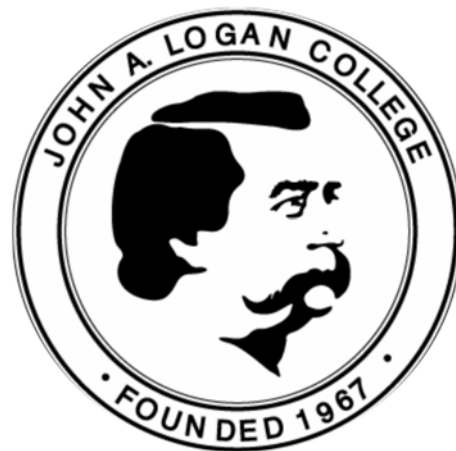


SUSTAINABLE FINANCIAL PLANNING FOR BUDGET CUTS AT JOHN A. LOGAN COLLEGE



March 2010

Sustainable Financial Planning for Budget Cuts at John A. Logan College




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JOHN A. LOGAN COLLEGE • CARTERVILLE, IL 62918

November 20, 2009

Dear Faculty & Staff:

Everyone is aware of the current financial problems facing the state of Illinois. Although community colleges received their first increase in state funding in many years for FY10, there is great concern that we will not receive all of the money that was approved for FY10. Furthermore, FY11 even looks worse.

The state's finances have gotten worse due to the following reasons:

1. The state's revenues are shrinking.
2. The FY 2010 budget relies on over \$6 billion in borrowing.
3. The FY 2010 budget uses \$1.8 billion in Federal Stimulus Funding, which is a one-time revenue. Community colleges received \$16 million of this money.
4. The FY 2010 budget uses Fund Sweeps.
5. The state will soon have over \$5 billion in unpaid bills which could grow to \$12 billion by the end of the fiscal year.
6. State General Revenue collections are down from FY09.
7. State Bonds are going to increasingly be more expensive and cause higher replacement costs due to increased perception of risk by bond holders.

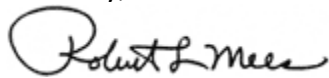
Due to the fact that John A. Logan College receives 43% of our revenue from the state for our \$40 million budget, the Board and the Administration has asked the John A. Logan College Planning Council to formulate some recommendations to help us deal with the dire state of the economy both for the state of Illinois and the College. The Planning Council has already created some Guiding Principles to help insure long-term fiscal sustainability on our campus. This information was sent out to everyone on campus on Tuesday, November 17th. We are asking for your input on ways we can reduce expenditures or increase revenue in our budgetary process. I urge you to submit any ideas you might have in helping us deal with this problem.

Sustainable financial planning is a great model to help us continue to have a stable budget for the years to come at John A. Logan College. We are currently in the efficiency phase of this model, but we could easily move through the critical phase to the crisis phase in a very short period of time. That is why it is so important to have a plan in place like we do with our strategic, operational, and emergency plans at the college.

While the Planning Council is developing this sustainable financial plan which will be presented to our Board of Trustees in early 2010, the Board and Administration is already looking at some ways to reduce expenditures. This has included putting positions, created by retirements or resignations, on temporary hold or not filling the positions at all. We have also looked at reducing both supply and capital outlay purchases. The Administration has already cut \$236,000 in priority one items out of the FY10 budget. Finally, we are taking a close look at some of the activities on campus that involve using our food service. With that in mind, we are significantly reducing the cost for the annual Christmas Luncheon by reducing the cost for the meal, limiting door prizes to those donated and limiting the invitations to each employee and one guest. We are also looking at reducing the costs for the annual Retirement Luncheon and the annual All-Logan Family Picnic. In some cases, we may consolidate events.

I also wanted to let everyone know how much the Board and Administration appreciate your cooperation with these types of issues in the past. Unfortunately, the current financial crisis is the worst I have seen in the 19 years I have been at the College and actually the worst I have seen in the 40 years I have worked as an educator in the state of Illinois. With that said, I am confident we will all work together as a team and come up with a plan to deal with this current problem. I just hope our leadership in Springfield does the same thing.

Sincerely,

A handwritten signature in cursive script that reads "Robert L. Mees". The signature is written in black ink and is positioned below the word "Sincerely,".

Robert L. Mees, Ph.D.
President

John A. Logan College

Strategic Resource Allocation Planning

Mission:

John A. Logan College is a diverse learning and teaching community committed to improving individual life and society through high-quality, accessible educational programs and engaged learning opportunities.

Mission Goals:

- To foster an environment where diverse individuals, groups, and views are valued.
- To provide programs and services for lifelong learning that creates and enhance opportunities for achieving career and personal goals in a changing society.
- To serve with integrity and accountability as a model of institutional excellence.
- To offer affordable programs and services enhanced by technology in an accessible and safe learning and working environment.
- To be a center for intellectual, economic, cultural and recreational resources for individuals and communities.

Core Values:

Honesty Responsibility Compassion Fairness Respect

Rationale:

Because John A. Logan College is committed to its mission and core values, a set of easily understood principles guide our planning and budgeting process. These principles represent a sequenced plan for budget reductions that significantly saves resources while sustaining our commitment to educating our students, implementing our strategic plan, and providing services as efficiently as we can.

All employee groups in their respective roles are an important resource in educating and serving students. They will be respected and valued in dealings with budget decisions. This transparent and inclusive budget decision-making process offers all members of the College community – faculty, staff, and students –the opportunity to share ideas, proposals, issues, and concerns throughout the budget reduction planning process.

- All ideas and proposals are considered and analyzed for impacts on programs, faculty, staff, and students.
- Proposed budget decisions are fully discussed with the affected units and clearly communicated to the College community.
- Discussions of budget reduction proposals include explicit connection to our College priorities and explanation of advantages and disadvantages.

Guiding Principles for Resource Allocation:

1. ***Evaluate the impacts on our primary mission of learning and teaching.*** The College's top priority is to maintain instruction and affordability to allow students to reach their educational goals.
 - The education of in district students will take precedence over all other activities or groups.
 - Maintain support for students seeking online degrees
 - Maintain those activities that directly progress a student toward program completion.
 - Continue to support a learning environment that nurtures, inspires, and challenges students.
 - Maintain support for remedial, adult education and GED recipients reentering education and completing post secondary education.
 - Continue to meet the economic development and workforce training needs of the district to maintain current jobs and create new job opportunities.

2. ***Consider nonemployee related savings before personnel reductions.*** The strength of John A. Logan College lies with our sense of community and the shared commitments and talents of our faculty and staff. Protecting our faculty and staff is a primary priority when planning for budget reductions, while at the same time insuring high quality learning experiences for our students. However, we understand that sensitive and careful analysis of all options, including program reduction or elimination, may be required.
 - Maintain all current staff and analyze the need for replacement hiring, delaying or restricting.
 - Evaluate tuition and affordability issues.
 - Reserves should be used to the extent possible to offset the impact of budget reduction on instruction and student support.
 - Evaluate program enrollment and costs to determine viability.
 - The use of part-time staff, including student workers, will be carefully reviewed to limit costs, while maintaining essential educational programs and services.

3. ***Base budget decisions on analysis and data.*** Priorities and objectives within our budget reduction planning process are based on critical examination, thoughtful analysis, and shared reflection of issues identified in our strategic plan, *Logan at 50: a Strategic Plan for 2017 and Beyond*. Budget reduction decisions are shaped by consideration of data, projections, and state requirements for program approval, and accreditation standards.
 - Maintain a balanced budget while working to meet the goals of FY 2010 budget.
 - Continue to provide a safe, healthy, and aesthetically pleasing environment.
 - Preserve the fiscal stability of the College to ensure achievement of the College Mission.

4. ***Identify strategic savings.*** Budget reduction decisions incorporate review of College initiatives, programs, services, curricula, degree requirements, and policies on class sizes,

positions, job responsibilities, and organizational structures to ensure that core priorities are protected.

- Advocate for increased state funding ratios.
 - Focus on finishing present projects rather than expanding projects.
 - Continue to invest in facilities when an energy savings will support it.
 - Reduce energy costs through environmental sustainability efforts.
 - Consider consolidating and restricting internal processes to create additional efficiencies.
5. ***Promote operational efficiencies.*** The College seeks opportunities to improve efficiency and effectiveness, while maintaining, supporting, and improving our partnerships and collaborations.
- Maintain the College's investment in information technology and support for all academic and administrative operations.
 - Seek new forms of revenue or revenue enhancing methods.
 - Consider flexible scheduling of facilities and personnel that result in savings.
 - Consider consolidation and/or restructuring of internal processes to create additional efficiencies.
 - Reductions in one area must not increase service obligations in another
 - Clearly articulate measurable impacts of projected reductions.
6. ***Maintain commitments and comply with law, statute, policies, and negotiated agreements.*** Budget reduction targets may not be met by passing the cuts on to other units (e.g., increasing charge backs to cover reductions or dropping support for courses critical to other programs).
- Ensure that decisions and processes are fully compliant with state statutes, college policies, affirmative action commitments, state program approval and national accreditation requirements, shared governance responsibilities, faculty and staff handbooks, and contractual obligations, including all bargaining union agreements.
 - Ensure that all budget reductions shall be justifiable and create net savings.
 - Maintain partnerships and collaborative efforts with other Southern Illinois agencies and schools.

Process for Making Budget Reduction Decisions

The College will utilize a consultative process appropriate to our mission and culture. Our process provides opportunities for participation by all members of our community in exploration of possibilities for budget savings, revenue increases, and different ways of meeting responsibilities.

The steps in our process are outlined below:

- Gather Input on Potential Budget Savings

- Faculty and staff will be asked to gather and contribute ideas and strategies for budget reductions. Students will be engaged in the discussion via regular meetings of College-sponsored student groups.
- Information gathered from faculty and staff, as well as student discussions, will be summarized and communicated to the College community.
- Senior leadership will analyze and prioritize budget recommendations and communicate to affected programs and departments.
- Communicate final resource allocation decisions to the College community and publics.



Efficiency Mode



| | | <u>Estimated Savings</u> | |
|----|----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|------------------|
| | | <u>Minimum</u> | <u>Maximum</u> |
| 1. | Beginning January, 2010, set back temperature two degrees when in heating mode and set up temperature two degrees when in air conditioning mode. | <u>\$ 10,000</u> | <u>\$ 20,000</u> |
| 2. | A lighting audit will be conducted to replace old lighting with more efficient lighting. (Savings come in year 3-4.) | <u>0</u> | <u>0</u> |
| 3. | Modify exterior lighting schedule. | <u>2,000</u> | <u>4,000</u> |
| 4. | Beginning Spring 2010, restrict weekend scheduling to following designated areas – F wing, H building, O’Neil Auditorium, and vocational building. | <u>45,000</u> | <u>55,000</u> |
| 5. | Add additional seats to instructional classes. | <u>50,000</u> | <u>60,000</u> |
| 6. | Reduce the Christmas luncheon. | <u>5,000</u> | <u>5,000</u> |
| 7. | Combine Retirement Luncheon and All Logan Picnic. | <u>4,000</u> | <u>4,000</u> |
| 8. | Evaluate ways to reduce paper and postage costs (i.e. class schedules, catalogs, communications, <i>General News</i> , student invoices). | <u>18,000</u> | <u>20,000</u> |
| 9. | Strive to maintain tuition rates at 110 percent of ICCB minimum threshold for equalization threshold. (Continue present practice) | <u>0</u> | <u>0</u> |

| | | <u>Estimated Savings</u> | |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|------------------|
| | | <u>Minimum</u> | <u>Maximum</u> |
| 10. | Continue the three month hiring chill unless grant funded. | <u>\$ 75,000</u> | <u>\$200,000</u> |
| 11. | Limit conferences and other travel expenditures and look for other alternative funding sources such as grants to support travel. (assumes 15% - 20% reduction) | <u>60,000</u> | <u>80,000</u> |
| 12. | Encourage the utilization of electronic document delivery whenever feasible and reduce out-posted mail. | <u>24,000</u> | <u>36,000</u> |
| 13. | Seek more efficient and cost effective printing alternatives to include reduction of stand-alone printers. | <u>60,000</u> | <u>80,000</u> |
| 14. | Evaluate computer replacement schedule. | <u>75,000</u> | <u>75,000</u> |
| 15. | Departmentalize course fee revenue to allow for more accountability. (No savings, but adds accountability and might result in increased student course fees.) | <u>0</u> | <u>0</u> |
| 16. | Evaluate the current student receivable process increase efforts to collect overdue accounts. (Assumes 20% - 30% reduction) | <u>30,000</u> | <u>40,000</u> |
| 17. | When replacing fleet vehicles, fuel efficiency should be one of the primary decision criteria. (\$0 savings for FY2011 because no vehicles were budgeted for FY2010 or will be for FY2011.) | <u>0</u> | <u>0</u> |

Estimated Savings
Minimum Maximum

| | | | |
|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| 18. | The Health Life Committee will continue to investigate lower cost insurance plans. <i>(\$0 potential to impact normal cost increase by reducing the likely increase from 15% to 10%. That difference would equate to \$120,000.)</i> | <u>\$ 60,000</u> | <u>\$120,000</u> |
| 19. | Review employee reimbursement travel policy to encourage lower cost of travel. | <u>10,000</u> | <u>20,000</u> |
| 20. | Submit timesheets and benefits time requests electronically. (\$0 savings, but potential increased productivity by 2%-4%. This could be important when we have increasing vacancies and possible reductions in staff.) | <u>0</u> | <u>0</u> |
| 21. | Eliminate purchase of clothing items. | <u>5,000</u> | <u>10,000</u> |
| Total Estimated Savings | | <u>\$533,000</u> | <u>\$829,000</u> |

Critical Mode



| | | <u>Estimated Savings</u> | |
|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|------------------|
| | | <u>Minimum</u> | <u>Maximum</u> |
| 1. | J building (CHEC) operations will be aligned with the College's traditional instructional calendar. (Assume 5% reduction in hourly staff salaries paid and a 5% reduction in utilities for that facility.) | <u>\$ 15,000</u> | <u>\$ 20,000</u> |
| 2. | Reconsider the need to continue as an ACT testing center to reduce facility usage on weekends. | <u>3,000</u> | <u>5,000</u> |
| 3. | Suspend institutional support of non-essential events (i.e. Civil War Lecture Series, Autumnfest, health conferences). | <u>10,000</u> | <u>20,000</u> |
| 4. | Non-teaching professionals will teach one class which they are qualified as part of their regular work load and/or assume academic advising duties. | <u>20,000</u> | <u>30,000</u> |
| 5. | Suspend Christmas luncheon. | <u>5,000</u> | <u>6,000</u> |
| 6. | Reduce or eliminate meals served for meetings that are less than two hours in length. | <u>4,000</u> | <u>8,000</u> |
| 7. | Evaluate and modify student assessed fees. | <u>(25,000)</u> | <u>(25,000)</u> |
| 8. | Reduce the institution's FY 2011 commitment to institution supported student work study by 20%. | <u>75,000</u> | <u>100,000</u> |
| 9. | Eliminate tuition waivers for dually-enrolled high school students and reduce tuition waivers for dual credit. | <u>150,000</u> | <u>200,000</u> |

| | | <u>Estimated Savings</u> | |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------|
| | | <u>Minimum</u> | <u>Maximum</u> |
| 10. | Increase 2010/2011 tuition by \$5 to \$10 per credit hour. (Assume a \$10 tuition increase. Revenue - \$1 - \$2 beyond recommended \$8 increase.) | <u>(\$ 70,000)</u> | <u>(\$140,000)</u> |
| 11. | Offer voluntary reduction of working hours and compensation subject to supervisor approval. | <u>25,000</u> | <u>50,000</u> |
| 12. | Establish variable tuition for selected programs by Summer 2011. | <u>30,000</u> | <u>30,000</u> |
| 13. | Review College tuition waiver policy for employees and dependents. | <u>45,000</u> | <u>45,000</u> |
| 14. | Review and/or reduce student tuition waiver categories. | <u>0</u> | <u>0</u> |
| 15. | Evaluate all off-campus facility leases. | <u>12,000</u> | <u>16,000</u> |
| 16. | The FY 2011 Athletic Department budget will represent a \$200,000 reduction from the FY 2010 budget. Salaries and benefits will be excluded. | <u>200,000</u> | <u>200,000</u> |
| | The FY 2012 Athletic Department budget will represent a \$200,000 reduction from the FY 2011 budget. Salaries and benefits will be excluded. | <u>200,000</u> | <u>200,000</u> |
| 17. | Raise minimum class size to 12 except when the maximum is already 12. | <u>30,000</u> | <u>0</u> |
| 18. | Evaluate College programs and support services for maximum financial efficiency. | <u>30,000</u> | <u>100,000</u> |
| 19. | Implement a smart freeze on hiring. | <u>300,000</u> | <u>600,000</u> |

Critical

Mode

| | <u>Estimated Savings</u> | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------------------------|
| | <u>Minimum</u> | <u>Maximum</u> |
| 20. Eliminate low enrollment offerings and limit high cost programs that we value but may no longer be able to offer. | <u>\$60,000</u> | <u>\$300,000</u> |
| 21. During the 10-week summer semester, the College will operate as a 4-day work week. The institution will be locked down for the 3-day weekend. Employees will have the option of working four 10-hour days or take five vacation days. | <u>10,000</u> | <u>\$ 15,000</u> |
| 22. Suspend the outside performing arts series. Keep John A. Logan College productions. | <u>25,000</u> | <u>30,000</u> |
| 23. Modify the operational hours of both the Alongi Du Quoin Extension Center and the West Frankfort Extension Center to reflect a Monday-Thursday schedule. | <u>50,000</u> | <u>50,000</u> |
| 24. Develop a retirement incentive program. First year will be negated by cost of program. | <u>0</u> | <u>0</u> |
| Total Estimated Savings | <u>\$1,394,000</u> | <u>\$2,190,000</u> |

Crisis Mode



| | | <u>Estimated Savings</u> | |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|---------------------------|
| | | <u>Minimum</u> | <u>Maximum</u> |
| 1. | During the traditional academic year, all instructional offerings will be on a 4-day schedule. Lock down isolated instructional areas of the campus Friday thru Sunday. Consider revamping non teaching staff Friday schedule to close campus at 2 PM. (Only addresses facility issues...does not factor in any instructional savings.) | <u>10,000</u> | <u>45,000</u> |
| 2. | Further reductions in the Athletic Department will be implemented. | <u>120,000</u> | <u>120,000</u> |
| 3. | Suspend low enrollment offerings and limit high cost programs that we value but may no longer be able to offer. | <u>60,000</u> | <u>180,000</u> |
| 4. | Suspend activities at the West Frankfort and Alongi Du Quoin Extension Centers. | <u>0</u> | <u>300,000</u> |
| 5. | Further reduce the institution's commitment to institutional supported student work study. | <u>100,000</u> | <u>100,000</u> |
| 6. | Reduce department operational budgets to 5% below FY 2009 level. (Budgets are presently prepared at 2009 level. This represents an already reduced level.) | <u>500,000</u> | <u>500,000</u> |
| Total Estimated Savings | | <u>\$790,000</u> | <u>\$1,295,000</u> |

| Action # | Efficiency | | Critical | | Crisis | | Summary | |
|----------|------------|------------|--------------|--------------|------------|--------------|--------------|--------------|
| | Low | High | Low | High | Low | High | Low | High |
| 1 | 10,000 | 20,000 | 15,000 | 20,000 | 10,000 | 45,000 | \$ 2,717,000 | \$ 4,264,000 |
| 2 | - | - | 3,000 | 5,000 | 120,000 | 120,000 | | |
| 3 | 2,000 | 4,000 | 10,000 | 20,000 | 60,000 | 180,000 | Average | \$ 3,490,500 |
| 4 | 45,000 | 55,000 | 20,000 | 30,000 | - | 300,000 | | |
| 5 | 50,000 | 60,000 | 5,000 | 6,000 | 100,000 | 100,000 | | |
| 6 | 5,000 | 5,000 | 4,000 | 8,000 | 500,000 | 500,000 | | |
| 7 | 4,000 | 4,000 | 25,000 | 25,000 | \$ 790,000 | \$ 1,245,000 | | |
| 8 | 18,000 | 20,000 | 75,000 | 100,000 | | | | |
| 9 | - | - | 150,000 | 200,000 | Average | \$ 1,017,500 | | |
| 10 | 75,000 | 200,000 | 70,000 | 140,000 | | | | |
| 11 | 60,000 | 80,000 | 25,000 | 50,000 | | | | |
| 12 | 24,000 | 36,000 | 30,000 | 30,000 | | | | |
| 13 | 60,000 | 80,000 | 45,000 | 45,000 | | | | |
| 14 | 75,000 | 75,000 | - | - | | | | |
| 15 | - | - | 12,000 | 16,000 | | | | |
| 16 | 30,000 | 40,000 | 400,000 | 400,000 | | | | |
| 17 | - | - | 30,000 | - | | | | |
| 18 | 60,000 | 120,000 | 30,000 | 100,000 | | | | |
| 19 | 10,000 | 20,000 | 300,000 | 600,000 | | | | |
| 20 | - | - | 60,000 | 300,000 | | | | |
| 21 | 5,000 | 10,000 | 10,000 | 15,000 | | | | |
| 22 | \$ 533,000 | \$ 829,000 | 25,000 | 30,000 | | | | |
| 23 | | | 50,000 | 50,000 | | | | |
| 24 | Average | \$ 681,000 | - | - | | | | |
| | | | \$ 1,394,000 | \$ 2,190,000 | | | | |
| | | | Average | \$ 1,792,000 | | | | |

Potential Savings

Assumes All Actions Taken with Average Savings

