



Budget Analysis Fiscal Year 2019

John A. Logan College

Carterville, IL 62918

August 28, 2018

**JOHN A. LOGAN COLLEGE
TABLE OF CONTENTS
BUDGET ANALYSIS
FY 2019**

<u>ITEM</u>	<u>PAGE</u>
BUDGET CALENDAR.....	1
FACTORS AFFECTING FY 2019 BUDGET PROCESS	2
BUDGET GOALS	2
INSTITUTIONAL ACCOMPLISHMENTS EXPECTED IN FY 2019.....	3
STRATEGIC PLAN PROJECT ITEMS ADDRESSED IN BUDGET	4
BUDGET MESSAGE.....	5
OPERATING FUND DESCRIPTIONS.....	6
RESOURCE INFORMATION	7-8
RESOURCE COMPARISON WORKSHEET FY 2019 BUDGET VERSUS FY 2018 BUDGET	9
REVENUES - OPERATING FUNDS – GRAPH.....	10
OPERATING REVENUES BY SOURCE FY 2010 – FY 2019	11
LOCAL SOURCES OF REVENUE FY 2010 – FY 2019	12
STATE SOURCES OF REVENUE FY 2010 – FY 2019.....	13
STUDENT TUITION AND FEE REVENUE FY 2010 – FY 2019	14
EQUALIZED ASSESSED VALUATION	15
EXPENDITURE INFORMATION BY OBJECT & BY PROGRAM	16-19
EXPENDITURE COMPARISON WORKSHEET: FY 2019 BUDGET VERSUS FY 2018 BUDGET	20
EXPENDITURES BY PROGRAM - OPERATING FUNDS GRAPH	21
EXPENDITURES BY OBJECT - OPERATING FUNDS GRAPH	22
SALARY AND BENEFIT BUDGETS FY 2013 – FY 2019	23
ADOPTED BUDGET HISTORY OPERATING FUNDS FY 2000 – FY 2019	24
EXPENDITURES - BUDGETED OPERATING FUNDS GRAPH FY 2008 – FY 2019	25
NON-OPERATING BUDGETARY FUNDS.....	26-27
OPERATIONS AND MAINTENANCE (RESTRICTED) FUND.....	28

Budget Calendar – FY 2019

JANUARY & FEBRUARY

- New budget version created in budgeting software
- Historical data for FY 2017 expenditures and FY 2018 budget in budgeting software
- Board Finance Committee & VP of Business develop budget assumptions, February 15, 2018
- Salary and fringe benefit projections developed

MARCH & APRIL

- Perform initial revenue projections
- Refresher trainings held with staff on budget development, March 5th – 9th, 2018
- 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
- Projection of FY 2018 ending fund balances
- Updated salary and fringe benefit projections

JUNE

- Updated State revenues based on ICCB budget allocation notification, June 8, 2018
- Additional budget analysis and discussion by Administration
- Proposed capital projects submitted to Board of Trustees, June 26, 2018
- Legal budget preparation by the Dean for Financial Operations

JULY & AUGUST

- Budget meeting with Board Finance Committee, July 17, 2018
- Tentative budget submitted to Board of Trustees July 24, 2018
- Notification in local newspaper
- Tentative budget put on public display July 25, 2018 for a 30-day inspection period
- Public budget hearing August 28, 2018
- Proposed final budget submitted to the Board of Trustees August 28, 2018

FACTORS AFFECTING FY 2019 BUDGET PROCESS:

In early June, 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 \$2,924,541 and \$5,507,550, respectively. This information helped to improve the accuracy of revenue assumptions and was included as part of the tentative budget process.

As for the last several years, retirements and attrition planning were again factors in this budget process. This was especially true in full-time Faculty positions. The College has eight new faculty members for fall 2018 with two additional hires posted. One of the recent hires relates to a new instructional program of Agriculture for which a departmental budget was developed this year. Salary increases of 2.11% for each employee group and a health insurance increase of 4.0% were also factored into the FY 2019 budget.

Concerns over statewide downward enrollment trends and uncertainty related to credit hour generation continue to affect the budget process. The College has to be cautious with its revenue estimates in this area. As with the prior year, student tuition and fee revenue is now the single largest resource in the budget process at just over 41%.

Technology needs were a very significant factor in this budget year. The budget process must support the College's ERP system, LMS system, Smart classrooms, computer labs, office computers, and software needs.

Computer replacements in both student labs and offices have been deferred in prior years due to budget restrictions. At this point, many machines are five to seven years old and some are starting to fail. An even larger concern, is the pending transition to Microsoft Windows 10 which requires newer machines to support this operating system. As of January 2020, Windows 7 will no longer be supported with security updates. The College has only two budget years to deal with computer replacement needs, FY 2019 and FY 2020. For this budget year, funds are allocated for 310 lab computers at \$243,500 and 104 office computers at \$92,950. In addition, funds are being budgeted to support the implementation and training related to Windows 10.

BUDGET GOALS:

- Alignment with Strategic Plan
- 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, tax districts, and ICCB data
- Utilize reporting capabilities both during budget development and creation of a legal budget

INSTITUTIONAL ACCOMPLISHMENTS EXPECTED IN FY 2019:

- Implementation of SafeColleges campus-wide training initiative for students and staff
- Develop pathways for high schools utilizing the MajorClarity software
- Implement campus-wide professional development opportunities on a consistent basis
- Grow CTE programs with a focused effort on Agriculture with a tentative start date of FL 2019
- Preparation for ACEN accreditation with an expected site visit FL 2019
- Expand Assessment into Co-Curricular activities and degree and certificate programs
- Continue to expand dual credit cohorts with district high schools
- Implement Co-requisite models in English and Math
- Continue working with high schools for a transitional math course offering
- Implement an Enrollment Management plan
- Secure a power purchase agreement (PPA) with Shine Development Partners that will result in 40% of electricity produced through 2 megawatt distributed generation solar facility on campus
- Complete the construction of a primary care health clinic at the Community Health Education Complex for students, employees and the public
- Launch a new planning process for the 2020-2029 Site & Construction Master Plan
- Complete engineering for a 0.9 mile bicycle/pedestrian path through campus
- Completion of installation of exterior walkway lighting in the Harrison-Bruce Historical Village and replacement of siding and windows for the Purdy School
- Transition to new management company for the conference center and plan the permanent location for the Crown Brew Coffee Shop
- Securing of funding for the Student Services Renovation (Phase 1) project
- Successfully begin the partnership with SIUC Head Start and John A. Logan College Preschool
- Determine course for the ERP system, and if course is to transition to the Jenzabar One platform, begin the implementation

STRATEGIC PLAN PROJECTS / ITEMS EMPHASIZED IN FY 2019 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, Smart Classrooms, Scheduling software, Computer replacements, Ethernet replacement, Server maintenance, Website maintenance, Windows 10, and IT Staff training
- 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.
 - New Program - Agriculture budget
 - SafeColleges and MajorClarity software
 - Student Senate, PTK, Clubs, Cyber Defense team
- Capital Maintenance and Renovation
 - Fire Alarm replacement
 - Plumbing improvements
 - J Building Clinic development
 - Coffee Shop renovation

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:

For the first time in several years, John A. Logan College has constructed its budget based upon known state revenues which are not less than the previous year's budget. Total operating fund revenues for this fiscal year are budgeted at 1.40% higher than budgeted last year. Increases in state revenues and investment interest were more than enough to offset a decrease in projected tuition and fee revenue. The budgeted tuition and fees decreased by approximately \$300,000 from last year's budget adjusting it closer to FY 2018's actual end of year performance. The administration will monitor fall enrollment and will advise the Board of Trustees if tuition and fee revenue appears it will not meet budgeted levels. Total operating revenue is budgeted to increase by approximately \$400,000 to \$28,927,091.

Expenditures are anticipated to increase by 2.83% or just over \$830,000 for this fiscal year. The largest areas of increase are in the categories of "Academic Support" and "Institutional Support", which combine for an increase of just below \$970,000. These categories represent indirect expenses not tied specifically to instruction or student services. However, as the names suggest, expenses in these categories do "support" instruction and students. Much of the increase in these areas is related to the purchase of outdated computer equipment in labs and offices. For FY 2019, John A. Logan College plans to spend 65.6% of its operating resources on its people. This level is healthy and allows flexibility to reduce expenditures, if necessary, in discretionary spending rather than human resources. Total operating expenses are anticipated at \$30,300,198.

If every budgeted dollar, including contingency, were spent, this budget would result in an operating deficit of approximately \$1.4 million and ending reserves would be just over \$9.0 million. This equates to 3 ½ months of operating expenditures which meets the goal set forth in administrative procedure. In our experience, contingency is not all spent and final expenses will reach approximately 95% of our budget. If that is true this year, the result will be a year in which our revenues exceed, slightly, our expenses. This budget meets all guidelines established for ending fund balances and reserves. No additional debt issuance is anticipated for this year and cash flow needs are secured with a \$7.5 million working cash fund.

The College must maintain or increase its relative share of total Illinois community college enrollment which I believe to now be the case. It is critical to do so, because 71% of total revenue is tied directly to the College's performance in the area of generating credit hours.

As we now begin to look toward fiscal 2020, we will continue our history of sound financial planning and excellent service to our district. The resources provided in this budget will allow the College to continue its commitment to our 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 2019

The current operating revenue projection of \$28,927,091 reflects a \$400,286 or a 1.40% increase as compared to \$28,526,805 budgeted for FY 2018. This projection is still 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: \$7,367,000 or 25.46% of Budgeted Operating Revenues:

Property tax revenues are currently projected to be \$6,767,000 or 23.39% of operating revenues. This amount is a projected budgeted increase of \$107,000 or a 1.61%. Actual EAV numbers were received from four of five counties for the 2017 tax year payable in 2018 which reflected an average growth in EAV's of 1.08%. These numbers including an estimate for Jackson County were utilized along with an assumed 1.00% growth for the subsequent tax year. The two years are each allocated 50% toward the FY 2019 fiscal year. The maximum allowed tax rates of .30 and .05 were assumed for the Education fund and the Operations and Maintenance fund, respectively.

In other local sources, Corporate Personal Property Replacement Tax is budgeted at \$600,000 which represents 2.07% of total operating revenues. This is a budgeted decrease of (\$32,000) as compared to the prior year's budget. This decrease in CPPRT brings the projection more in line with the FY 2018 actual funding levels. Chargeback revenue received from other College districts is no longer budgeted due to a Cooperative agreement amongst IL Community Colleges for their Career and Technical Educational programs put into place during FY 2017.

STATE GOVERNMENTAL SOURCES: \$9,019,091 or 31.18% of Budgeted Operating Revenues:

Based on allocation data from the ICCB for FY 2019 funding levels, the entire Community College system will receive allocations of \$171,636,900 for Base Operating Grants and \$67,813,200 for Equalization funding from the State. This was an increase of 2.0% over the prior year. In addition, \$4,264,400 was also allocated for Veterans Grants to be disbursed among all the Colleges.

While Statewide funding improved from the prior year, due to the nature of the formula, some colleges will receive funding in excess of the overall two percent increase while others will receive less funding than in fiscal year FY 2018. 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 still reflect a historical decline in budgeted revenue as compared to many past years.

For FY 2019, ICCB Base Operating grant funds are allocated for John A. Logan College at \$2,924,541 which included a deduction of \$164,949 for the repayment of prior credit hours. This is 10.11% of total budgeted operating funds which is an increase of \$253,732 or 9.50% from the FY 2018 budget.

Equalization dollars were allocated at \$5,507,550 net of a deduction of \$191,117 for the repayment of prior credit hours. This accounts for 19.04% of expected revenue which is an increase of \$87,454 or 1.61% from the prior year's budget. Internally, Base Operating and Equalization grants were allocated 68% to support the Education fund and 32% to the Operations and Maintenance Fund.

FY 2019 CTE total system funding is \$18,069,400. ICCB Vocational grants for CTE programs are budgeted at \$490,000 for FY 2019 which is flat with the prior budgeted amount.

Funding allocations received from the ICCB reflect that the College will receive \$92,000 for a special designated Veterans grant. Based on a total Community College system allocation of \$359,000 for Performance Based funding, the College is estimating its share of Performance revenue at a nominal \$5,000. This funding is based on completion data and other metrics.

TUITION AND STUDENT FEES: \$12,023,000 or 41.56% of Budgeted Operating Revenues:

For FY 2019, the in-district tuition rate is at \$115 per credit hour along with a \$5 per hour technology fee. Student tuition of \$10,800,000 and fees of \$1,223,000 total \$12,023,000 in student revenue. This is compared to total student revenue of \$12,320,500 budgeted for the prior year. This is a projected decrease of (\$297,500) or (2.41%) from the prior budget. Calculations of student revenue were performed by looking at where FY 2018 numbers were expected to finish for the year. The \$5 per hour technology fee revenue will support the network upgrade project which has an annual lease payment of \$199,713 for FY 2019. This will be the final year of the five year lease.

The Administration has had to look at factors that have forced much more conservative tuition estimates. In recent years, the College has experienced over \$250,000 to \$300,000 in lost tuition revenue due to unfunded financial aid programs that have to be written off as uncollectible. With the continued statewide trends of enrollment decline and the College continuing to restructure several courses to a non-credit format, the stability of credit hour generation is more volatile than it has been in the past. With student tuition again being the largest single source of revenue, it is important that estimates not be significantly overstated.

OTHER REVENUE SOURCES: \$518,000 or 1.80% of Budgeted Operating Revenues:

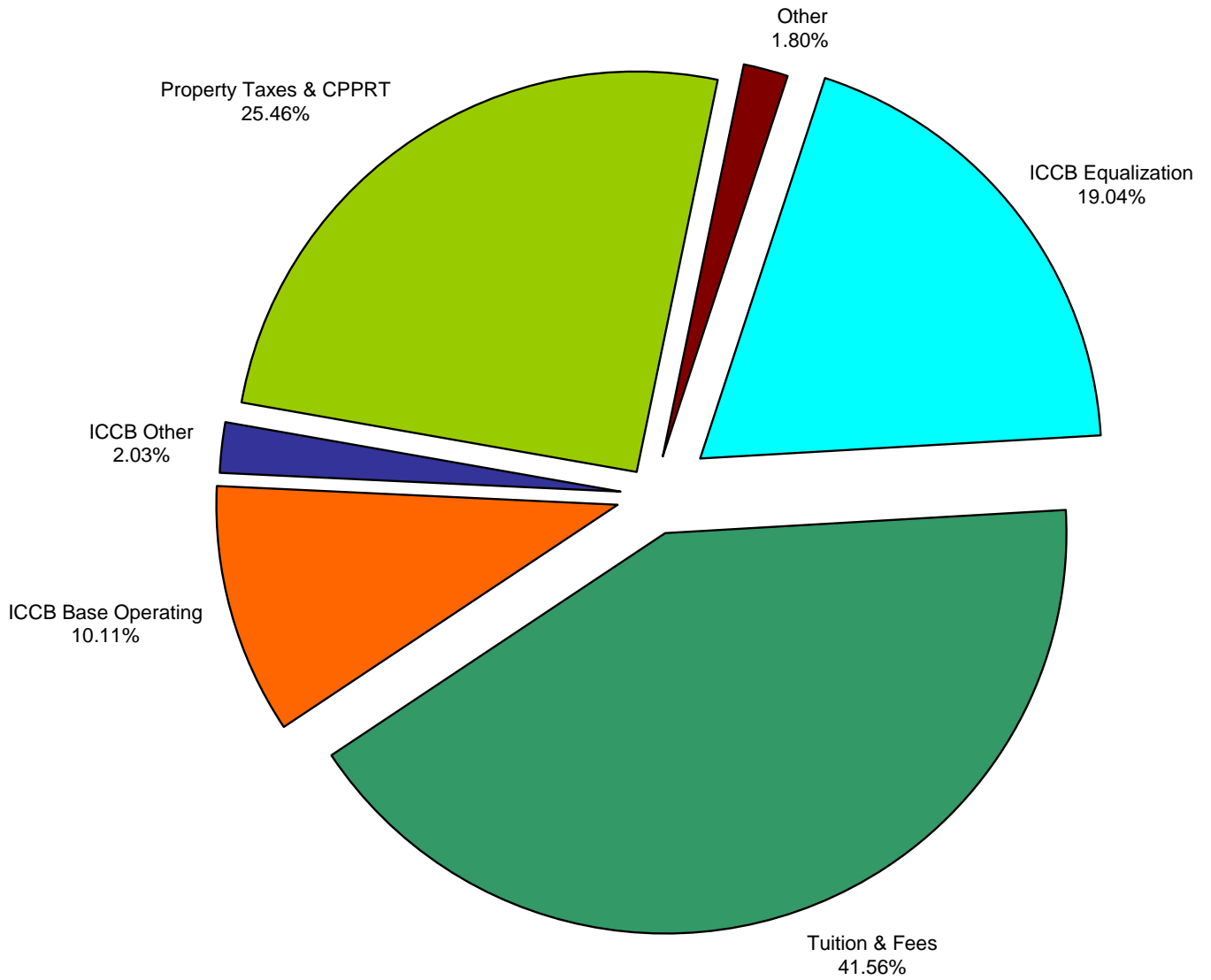
Remaining sources of budgeted operating revenue include sales and service fees of \$115,000, interest income of \$285,000, facilities revenue of \$2,000, aid from the Franklin Williamson Regional Office of Education (FWROE) of \$63,000, and other sources. Sales and Service revenue includes various areas such as Workforce Development fees, Performing Arts, the AutumnFest event, Cosmetology services, and Massage Therapy fees. The total of other revenue sources reflects a significant improvement of \$243,000 from the prior year's budget of \$275,000. The largest majority of this increase comes from multiple interest rate improvements seen during FY 2018.

RESOURCE COMPARISON BY SOURCE - FY 2019 to FY 2018
OPERATING FUNDS - Fund 01 & Fund 02

BY REVENUE SOURCE:	FY 2019 Proposed Budget	FY 2018 Adopted Budget	\$ Increase (Decrease)	% Increase (Decrease)	% of Total FY19 Revenue
LOCAL PROPERTY TAXES	6,767,000	6,660,000	107,000	1.61%	23.39%
CORPORATE PERSONAL PROPERTY REPLACEMENT TAX	600,000	632,000	(32,000)	(5.06%)	2.07%
CHARGEBACKS	-	-	-	#DIV/0!	0.00%
ICCB BASE OPERATING GRANTS	2,924,541	2,670,809	253,732	9.50%	10.11%
ICCB EQUALIZATION GRANTS	5,507,550	5,420,096	87,454	1.61%	19.04%
ICCB VOCATIONAL GRANTS	490,000	490,000	-		1.69%
ICCB PERFORMANCE ALLOCATION GRANT	5,000	5,000	-		0.02%
ICCB VETERANS GRANT	92,000	53,400	38,600		0.32%
STUDENT TUITION & FEES	12,023,000	12,320,500	(297,500)	(2.41%)	41.56%
SALES & SERVICE FEES	115,000	74,000	41,000	55.41%	0.40%
FACILITY USE	2,000	7,000	(5,000)	(71.43%)	0.01%
INTEREST ON INVESTMENTS	285,000	69,000	216,000	313.04%	0.99%
OTHER INCOME	116,000	125,000	(9,000)	(7.20%)	0.40%
TOTAL	\$ 28,927,091	\$ 28,526,805	\$ 400,286	1.40%	100.00%

Note: Includes Education and Operations & Maintenance Funds.

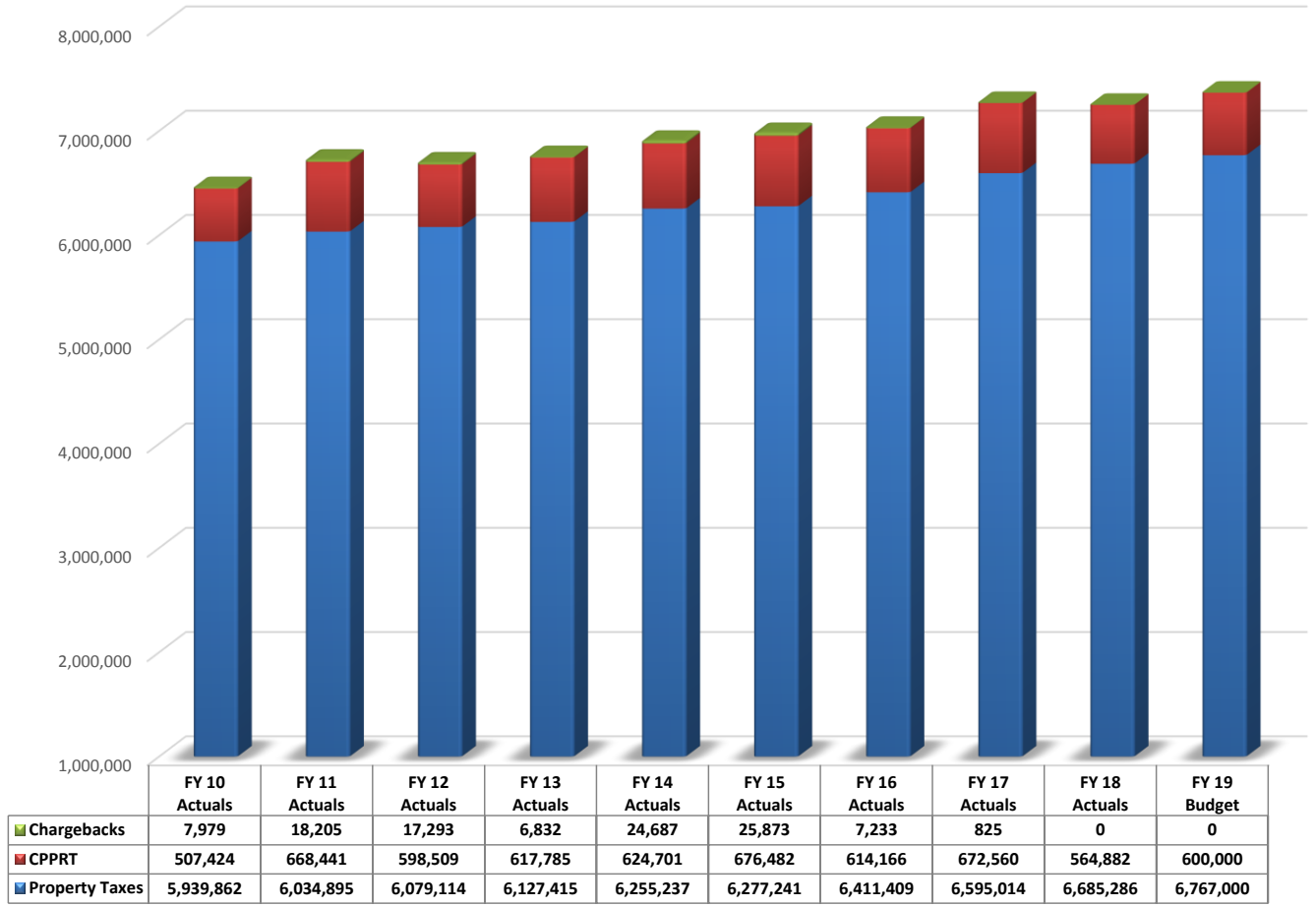
Revenues Operating Funds FY 2019



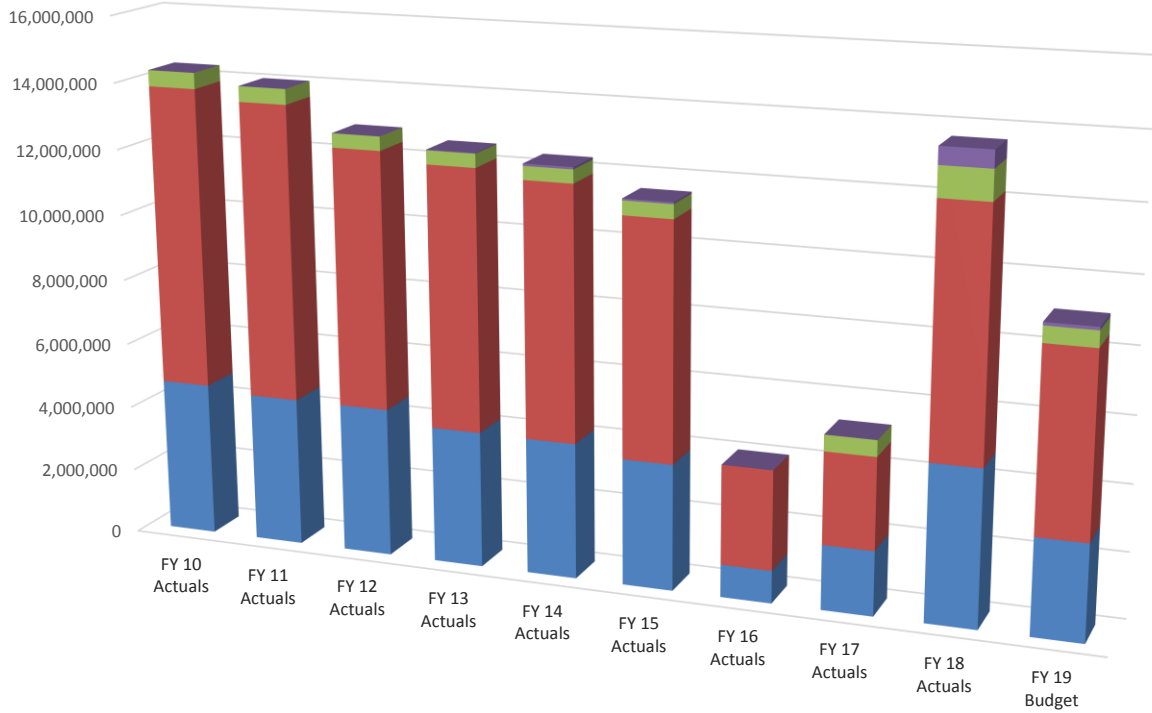
REVENUE BY SOURCE (OPERATING FUNDS)										
REVENUE SOURCE:	FY 10 Actuals	FY 11 Actuals	FY 12 Actuals	FY 13 Actuals	FY 14 Actuals	FY 15 Actuals	FY 16 Actuals	FY 17 Actuals	FY 18 Actuals	FY 19 Budget
Property Taxes	5,939,862	6,034,895	6,079,114	6,127,415	6,255,237	6,277,241	6,411,409	6,595,014	6,685,286	6,767,000
CPPRT	507,424	668,441	598,509	617,785	624,701	676,482	614,166	672,560	564,882	600,000
Chargebacks	7,979	18,205	17,293	6,832	24,687	25,873	7,233	825	0	0
Local Revenue	6,455,265	6,721,541	6,694,916	6,752,032	6,904,625	6,979,596	7,032,808	7,268,399	7,250,168	7,367,000
% of Total	18.14%	18.54%	19.09%	19.58%	20.42%	21.63%	28.49%	29.71%	21.89%	25.46%
ICCB Base Operating	4,702,030	4,544,200	4,544,200	4,150,870	4,129,409	3,834,673	989,001	1,956,559	4,730,542	2,924,541
ICCB Equalization	9,129,564	8,995,423	7,826,930	7,926,808	7,702,797	7,198,380	3,015,467	2,773,733	7,455,359	5,507,550
ICCB Vocational Ed	486,091	471,462	428,343	413,863	410,285	429,763	0	491,406	901,946	490,000
ICCB & Misc Grants	0	0	0	20,176	67,533	53,400	0	2,779	521,219	97,000
State Revenue	14,317,685	14,011,085	12,799,473	12,511,717	12,310,024	11,516,216	4,004,468	5,224,477	13,609,066	9,019,091
% of Total	40.24%	38.65%	36.50%	36.29%	36.41%	35.70%	16.22%	21.35%	41.08%	31.18%
Tuition	12,763,702	13,405,662	13,811,142	13,382,565	12,996,511	11,954,174	11,818,351	10,506,351	10,538,148	10,800,000
Fees	1,089,795	1,156,010	1,248,860	1,250,406	1,160,281	1,374,094	1,224,914	1,148,501	1,140,772	1,223,000
Tuition & Fees	13,853,497	14,561,672	15,060,002	14,632,971	14,156,792	13,328,268	13,043,265	11,654,852	11,678,920	12,023,000
% of Total	38.94%	40.17%	42.94%	42.44%	41.88%	41.31%	52.83%	47.63%	35.26%	41.56%
Sales & Service fees	228,645	250,647	229,544	293,713	174,476	238,626	235,351	87,497	119,574	115,000
Facilities Revenue	3,120	1,760	27,872	43,527	15,138	6,870	7,330	3,980	1,928	2,000
Investment Revenue	25,210	21,428	30,139	38,724	34,146	29,489	40,076	81,606	279,446	285,000
Other Sources	697,037	686,392	228,169	203,951	210,930	163,421	324,321	146,998	185,474	116,000
Other Revenue	954,012	960,227	515,724	579,915	434,690	438,406	607,078	320,081	586,422	518,000
% of Total	2.68%	2.64%	1.47%	1.69%	1.29%	1.36%	2.47%	1.31%	1.77%	1.80%
Total Operating Revenue	35,580,459	36,254,525	35,070,115	34,476,635	33,806,131	32,262,486	24,687,619	24,467,809	33,124,576	28,927,091
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Note: Includes the Education Fund and the Operations and Maintenance Fund.

LOCAL SOURCES OF OPERATING REVENUE

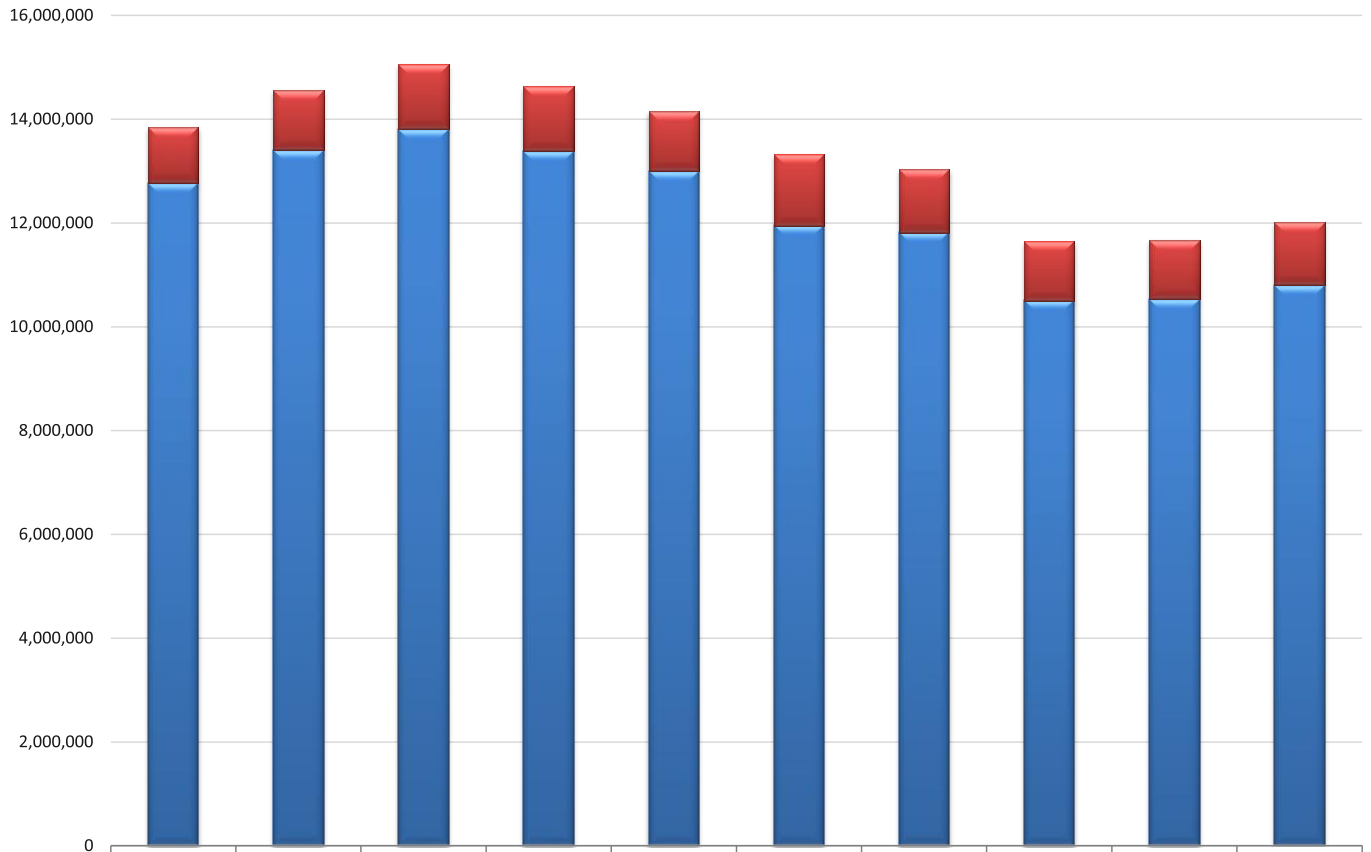


STATE SOURCES OF OPERATING REVENUE



	FY 10 Actuals	FY 11 Actuals	FY 12 Actuals	FY 13 Actuals	FY 14 Actuals	FY 15 Actuals	FY 16 Actuals	FY 17 Actuals	FY 18 Actuals	FY 19 Budget
ICCB & Misc Grants	0	0	0	20,176	67,533	53,400	0	2,779	521,219	97,000
ICCB Vocational Ed	486,091	471,462	428,343	413,863	410,285	429,763	0	491,406	901,946	490,000
ICCB Equalization	9,129,564	8,995,423	7,826,930	7,926,808	7,702,797	7,198,380	3,015,467	2,773,733	7,455,359	5,507,550
ICCB Base Operating	4,702,030	4,544,200	4,544,200	4,150,870	4,129,409	3,834,673	989,001	1,956,559	4,730,542	2,924,541

STUDENT TUITION AND FEE REVENUE



	FY 10 Actuals	FY 11 Actuals	FY 12 Actuals	FY 13 Actuals	FY 14 Actuals	FY 15 Actuals	FY 16 Actuals	FY 17 Actuals	FY 18 Actuals	FY 19 Budget
■ Fees	1,089,795	1,156,010	1,248,860	1,250,406	1,160,281	1,374,094	1,224,914	1,148,501	1,140,772	1,223,000
■ Tuition	12,763,702	13,405,662	13,811,142	13,382,565	12,996,511	11,954,174	11,818,351	10,506,351	10,538,148	10,800,000

EQUALIZED ASSESSED VALUATION							
County	Average 2-Year EAV Related to FY 19	Estimated 2018 Payable in 2019	*Estimated 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	\$1,034,042,319	\$1,039,186,808	\$1,028,897,830	\$1,014,817,466	\$982,107,912	\$950,562,817	\$946,400,403
*Jackson	\$708,525,000	\$712,050,000	\$705,000,000	\$700,982,631	\$687,768,397	675,757,450	667,469,780
Perry	\$94,508,716	\$94,978,908	\$94,038,523	\$91,232,451	\$88,977,600	85,122,356	83,815,165
Randolph	\$11,264,527	\$11,320,570	\$11,208,485	\$11,547,935	\$10,919,160	11,055,039	10,198,758
Franklin	\$86,955,685	\$87,388,301	\$86,523,070	\$86,483,459	\$88,025,530	83,697,751	77,755,623
Total EAV	\$1,935,296,248	\$1,944,924,587	\$1,925,667,908	\$1,905,063,942	\$1,857,798,599	\$1,806,195,413	\$1,785,639,729
		1.00%	1.08%	2.54%	2.86%	1.15%	

*2017 payable in 2018 based on EAV's received from counties, none received from Jackson County.

	2-Year Avg	Est. 18 Pay 19	Est. 17 Pay 18	Formula
Fund 01	\$5,805,889	\$5,834,774	\$5,777,004	EAV / 100 * \$.30 max rate Education
Fund 02	\$967,648	\$972,462	\$962,834	EAV / 100 * \$.05 max rate Oper Maint.

	100% Related to FY 19	50% 2nd half of FY 19	50% 1st half of FY 19
Fund 01	\$5,805,889	\$2,917,387	\$2,888,502
Fund 02	\$967,648	\$486,231	\$481,417

	Tax Revenue Est. Rounded FY 2019 Budget
Fund 01	5,800,000
Fund 02	967,000
Operating	\$6,767,000

OPERATING FUNDS
(Education Fund & Operations and Maintenance Fund)
EXPENDITURE INFORMATION – BY OBJECT & BY PROGRAM FY 2019

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 FY 2017 and the original budget for FY 2018.

Total budgeted operating expenditures for FY 2019 are \$30,300,198 as compared to \$29,467,518 for FY 2018. This is an increase of \$832,680 or 2.83%. This is compared to a 1.86% budget increase in the prior year 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 24, this level of budgeted expenditures is very comparable to FY 2005 which was \$31.5m.

EXPENDITURE INFORMATION BY OBJECT:

Salary expenses of \$17,855,263 and benefit expenses of \$2,029,791 reflect 1.28% and 7.23% 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 23.

As compared to FY 2018, contractual services increased by \$138,456 to \$1,864,747 showing an 8.02% increase. A larger portion of this increase is related to IT network updates for Ethernet cable replacement and a transition to Microsoft ID Manager, plus support of a new computer lab in the Vocational building. Perkins grant funding helped with a large portion of this lab.

Due mainly to a high volume of computer replacements for both student labs and offices, a significant increase to materials and supplies of \$316,743 or 23.61% was necessary. This is a budget of \$1,658,106, but still only represents 5.5% of the total operating expenditures. Capital outlay requests also increased from \$84,000 to \$172,720, due partially to technology needs for new switches and routers as well as grounds maintenance equipment. Capital Outlay represents items valued at \$5,000 or greater.

With small increases seen across each program area, conference and meeting expenses increased overall by \$61,122 to \$343,817. Utilities are budgeted at \$774,763 which is (2.18%) compared to the prior year's budget. Based on projected FY 2018 actual expenditures of just under \$3.1m, institutional waivers were reduced to \$3,161,487.

Transfers from the Education Fund to support other funds were increased from \$1,236,363 in FY 2018 to \$1,591,188 for FY 2019. These transfers included \$332,375 for the repayment of 2016 debt certificates, a \$199,713 transfer of student technology fees to support the agreement with Dell for the network upgrade, a \$42,100 reimbursement of staff wellness expenses at the CHEC facility, and \$17,000 required for a grant match component. A subsidy of \$1,000,000 was also budgeted to

support activities in the Auxiliary Fund operations such as Athletics operations. From the Operations and Maintenance Fund, there was a \$200,000 transfer budgeted this year to support non-PHS construction projects.

Operating expenditures include a small provision for contingency funds of \$220,000 which is 0.7% 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. \$70,000 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 \$100,000 to a general institutional contingency.

EXPENDITURE INFORMATION BY PROGRAM:

INSTRUCTION: \$9,600,131 or 31.7% 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.

As compared to the prior year's budget, Instruction expenditures were adjusted by (\$266,232) or (2.70%). This included savings from several retirements, but included one recalled Faculty member. SICCM seat assessment fees decreased by (\$28,284) as compared to the prior year. Due to some reorganization, there were adjustments related to staff formerly assigned partially to Continuing Education that now fall under Community Education. There were only minimal changes in discretionary instructional accounts.

ACADEMIC SUPPORT: \$2,563,656 or 8.5% 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 increase of \$377,959 or 17.29%. Increases were seen across multiple areas of salaries, benefits, and contractual services. The largest increase was in general materials and supplies. This increase is necessary to replace 310 computers in student labs. These replacements were previously deferred due to the budget crisis experienced in prior years. These newer machines will support the Windows 10 operating system and allow for continued security updates.

There are also funds for much needed whiteboard refinishing in classrooms and \$20,000 to upgrade existing Smart classrooms. In addition, other funds were budgeted to support computer labs with supplies and printer replacements. Funds were also budgeted to support maintenance of

CurricUNET software, 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: \$2,796,481 or 9.2% 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 by (\$207,680) or (6.91%). This was reflected in reduced salary expenses due to retirements and attrition with one FTE being eliminated, along with the reassignment of reporting lines for two other staff members.

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 recruitment expenses.

PUBLIC SERVICES: \$1,164,599 or 3.8% 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 an increase of \$227,665 or 24.30%. Salaries and benefits were increased in this area due to reorganization of staff that were previously assigned to Continuing Education and now are reflected under Community Education. Supplies and conference and meeting expenses also showed increases.

INSTITUTIONAL SUPPORT: \$5,659,588 or 18.7% 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 effectiveness, legal services, etc.

As compared to the prior year's budget, Institutional Support increased by \$590,846 or 11.66%. This area experienced increases in salaries and benefits. Contractual Services also increased primarily due to an Ethernet cable replacement project and a migration to a Microsoft ID manager. General materials and supply requests were also significantly increased due to replacement of 104 office computers postponed in prior budget years. Newer machines will support Windows 10 and

security updates. Capital Outlay requests reflected an increase related to data switches and routers.

OPERATION & MAINT. OF PLANT: \$3,563,068 or 11.8% 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 \$201,967 or 6.01%. This area saw salary and benefit increases. Normal salary and insurance adjustments were budgeted. Two part-time Custodial positions were adjusted to full-time along with the addition of one Custodial position. Capital Outlay requests previously deferred were needed in the Grounds Maintenance area.

SCHOLARSHIPS & WAIVERS: \$3,161,487 or 10.4% of Budgeted Operating Expenditures

As compared to last year's budget, this area was adjusted by (\$646,670) or (16.98%) to bring it more in line with FY 2018 projected expenditures. Restructuring of certain courses to non-credit has contributed to this decrease.

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:

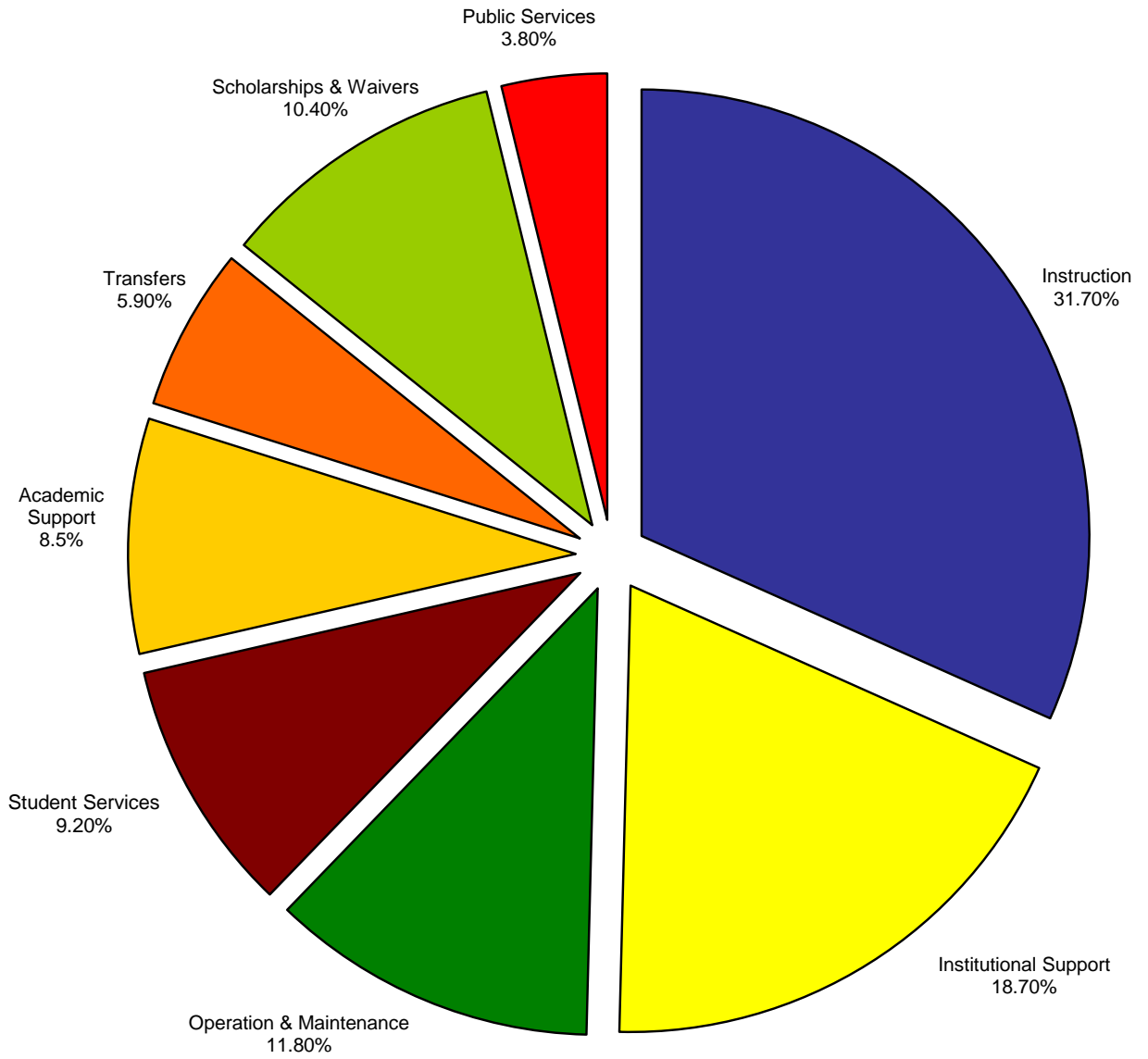
In the pages that follow, you will see a comparison of budgeted operating expenditures FY 2019 vs. FY 2018 along with graphs that break down the proposed expenditures both by program categories and by account objects. Then, you will see a more detailed historical view of amounts budgeted for salary and 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 2019 to FY 2018
OPERATING FUNDS (Education and Operations & Maintenance)

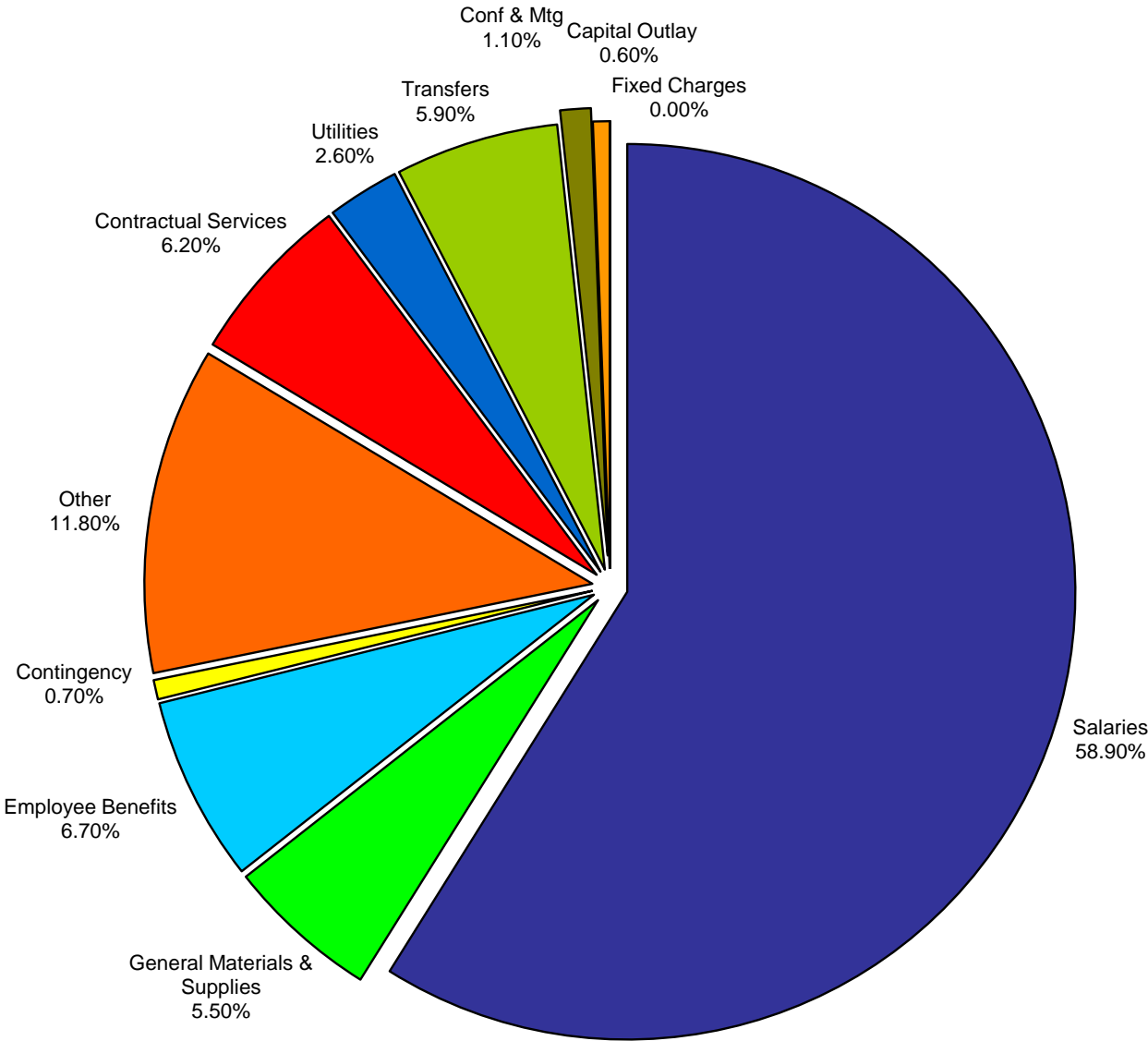
EXPENDITURES BY PROGRAM:	FY 19 Tentative Budget	FY 18 Adopted Budget	\$ Increase (Decrease)	% Increase (Decrease)	% of Total FY19 Budget
INSTRUCTION	\$9,600,131	\$9,866,363	(\$266,232)	(2.70%)	31.7%
ACADEMIC SUPPORT	2,563,656	2,185,697	377,959	17.29%	8.5%
STUDENT SERVICES	2,796,481	3,004,161	(207,680)	(6.91%)	9.2%
PUBLIC SERVICES	1,164,599	936,934	227,665	24.30%	3.8%
OPERATION & MAINTENANCE	3,563,068	3,361,101	201,967	6.01%	11.8%
INSTITUTIONAL SUPPORT	5,659,588	5,068,742	590,846	11.66%	18.7%
SCHOLARSHIPS & WAIVERS	3,161,487	3,808,157	(646,670)	(16.98%)	10.4%
TRANSFERS	1,791,188	1,236,363	554,825	44.88%	5.9%
TOTALS	\$ 30,300,198	\$ 29,467,518	\$832,680	2.83%	100.0%

EXPENDITURES BY OBJECT:	FY 19 Tentative Budget	FY 18 Adopted Budget	\$ Increase (Decrease)	% Increase (Decrease)	% of Total FY19 Budget
SALARIES	\$17,855,263	\$17,630,322	\$224,941	1.28%	58.9%
EMPLOYEE BENEFITS	2,029,791	1,892,979	136,812	7.23%	6.7%
CONTRACTUAL SERVICES	1,864,747	1,726,291	138,456	8.02%	6.2%
MATERIALS & SUPPLIES	1,658,106	1,341,363	316,743	23.61%	5.5%
CONFERENCE & MEETING	343,817	282,695	61,122	21.62%	1.1%
FIXED CHARGES	13,037	16,500	(3,463)	(20.99%)	0.0%
UTILITIES	774,763	792,035	(17,272)	(2.18%)	2.6%
CAPITAL OUTLAY	172,720	84,000	88,720	105.62%	0.6%
OTHER	3,576,766	4,244,970	(668,204)	(15.74%)	11.8%
CONTINGENCY	220,000	220,000	-	0.00%	0.7%
TRANSFERS	1,791,188	1,236,363	554,825	44.88%	5.9%
TOTALS	\$30,300,198	\$ 29,467,518	\$832,680	2.83%	100.0%

Expenditures by Program Operating Funds FY 2019



Expenditures by Object Operating Funds FY 2019



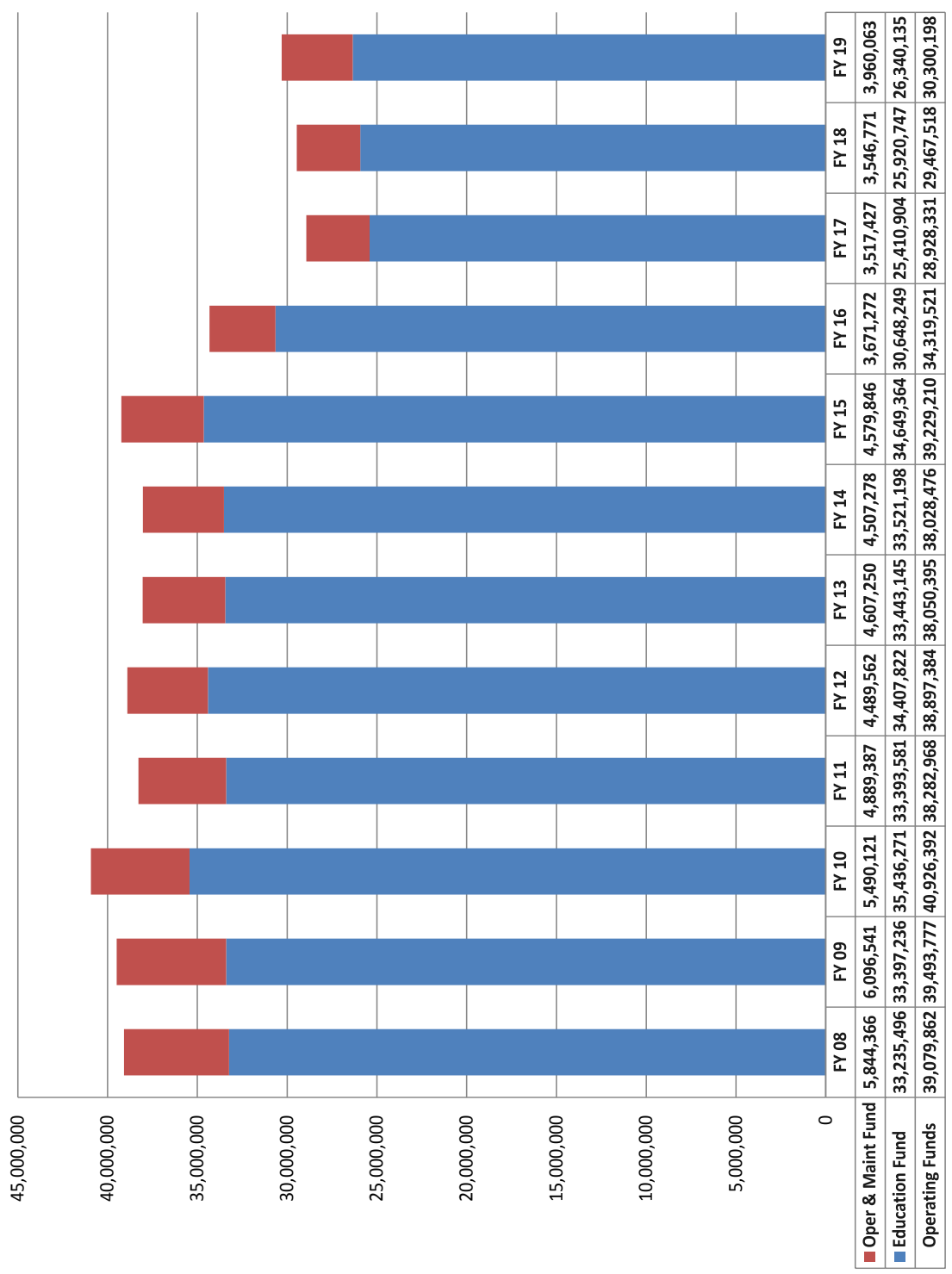
BUDGET FOR HUMAN RESOURCES - OPERATING FUNDS

\$ Budgeted:	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	Seven-Year Average
Salaries	21,340,118	21,352,038	22,026,208	20,600,199	17,281,063	17,630,322	17,855,263	19,726,459
Benefits	2,355,741	2,463,331	3,273,265	2,639,584	1,842,344	1,892,979	2,029,791	2,356,719
Staff Resources	\$23,695,859	\$23,815,369	\$25,299,473	\$23,239,783	\$19,123,407	\$19,523,301	\$19,885,054	\$22,083,178
 Total Operating Expenditures	 \$38,050,395	 \$38,028,476	 \$39,229,210	 \$34,319,521	 \$28,928,331	 \$29,467,518	 \$30,300,198	 \$34,046,236
 % of Operating Funds:	 FY 2013	 FY 2014	 FY 2015	 FY 2016	 FY 2017	 FY 2018	 FY 2019	 Seven-Year Average
Salaries	56.1%	56.1%	56.1%	60.0%	59.7%	59.8%	58.9%	57.9%
Benefits	6.2%	6.5%	8.3%	7.7%	6.4%	6.4%	6.7%	6.9%
Staff Resources	62.3%	62.6%	64.4%	67.7%	66.1%	66.2%	65.6%	64.8%

**Adopted Budget History
Operating Fund Expenditures
FY 2000 - FY 2019 (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%

Adopted Budget History-Operating Expenditures FY 08 to FY 19 (Proposed)



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 2019, \$2,923,733 in principal, interest, and fee payments are scheduled. The breakdown is shown below:

- \$332,375 debt certificates issued 2016 for \$1.5 million in technology improvements to be repaid over a five year period
- \$432,235 bonds issued 2016 for funding a post-employment benefit for retiree insurance
- \$418,668 bonds issued 2014 to refinance debt certificates for the purchase of an ERP system
- \$953,750 remaining debt on retired bonds issued 2007 for the purpose of \$20 million in construction projects
- \$641,500 interest and fees on refunding of 2007 bonds issued as 2017A
- \$145,206 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, and intercollegiate athletics, the Community Health Education Complex, and the College's Preschool operations.

Including the transfers in, revenue for this fund is projected at \$2,482,882. Subsidies for Auxiliary Services by the Education Fund should be shown as transfers to the appropriate account. For FY 2019, \$42,100 is being provided by transfers budgeted from the Education Fund specifically related to reimbursing the CHEC 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 \$1,000,000 budgeted to support Athletic programs.

Total expenditures in the Auxiliary Fund are estimated at \$2,763,527. For FY 2019, the College is not yet trying to regrow this ending fund balance back to its prior levels, as the focus has been on regaining accumulated fund balance in the operating funds.

AUDIT FUND:

The Audit Fund is established for recording the payment of auditing expenses. During FY 2019, \$64,200 will be budgeted to cover expenditures in this fund. This amount includes \$60,000 for the performance of an external audit by an independent CPA firm less \$1,800 of the portion anticipated to be funded by grant sources. It also includes \$6,000 for a GASB requirement to conduct an actuarial study of post-employment benefits every other year. Total revenue of \$50,000 is anticipated from local property taxes along with interest of \$1,400. The FY 2019 projected ending fund balance is \$45,200.

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 2019, this budget amount is \$2,059,429 with expected revenues of \$1,837,000 mostly from local taxes and a small amount 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 attorney fees pertaining to liability protection plus a portion of staff members' time who are active in the functions of risk management. For FY 2018, final expenditures are projected to come in under budget by approximately \$300,000. The FY 2019 projected ending fund balance is \$1,152,571.

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 2019, we will budget \$16,601,100 in this fund for expenditures with offsetting revenue of the same amount. The College feels this will adequately meet the needs of the Restricted Fund and establishing 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. For FY 2019, expenditures include professional and remote services provided by Jenzabar in relation to both the ERP system, the Higher Reach system, Cognos reporting, and a small contract for Help Desk support related to student needs. The total dollars for FY 2019 are \$171,100 as compared to \$216,973 the prior year.

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 the cost of health insurance. For FY 2019, the College has budgeted expected expenditures of \$400,000 in the Restricted Purposes Fund for retiree payments.

