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BUDGET MESSAGE

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

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

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

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

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

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

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

BUDGET MESSAGE - Continued

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. # 8 7

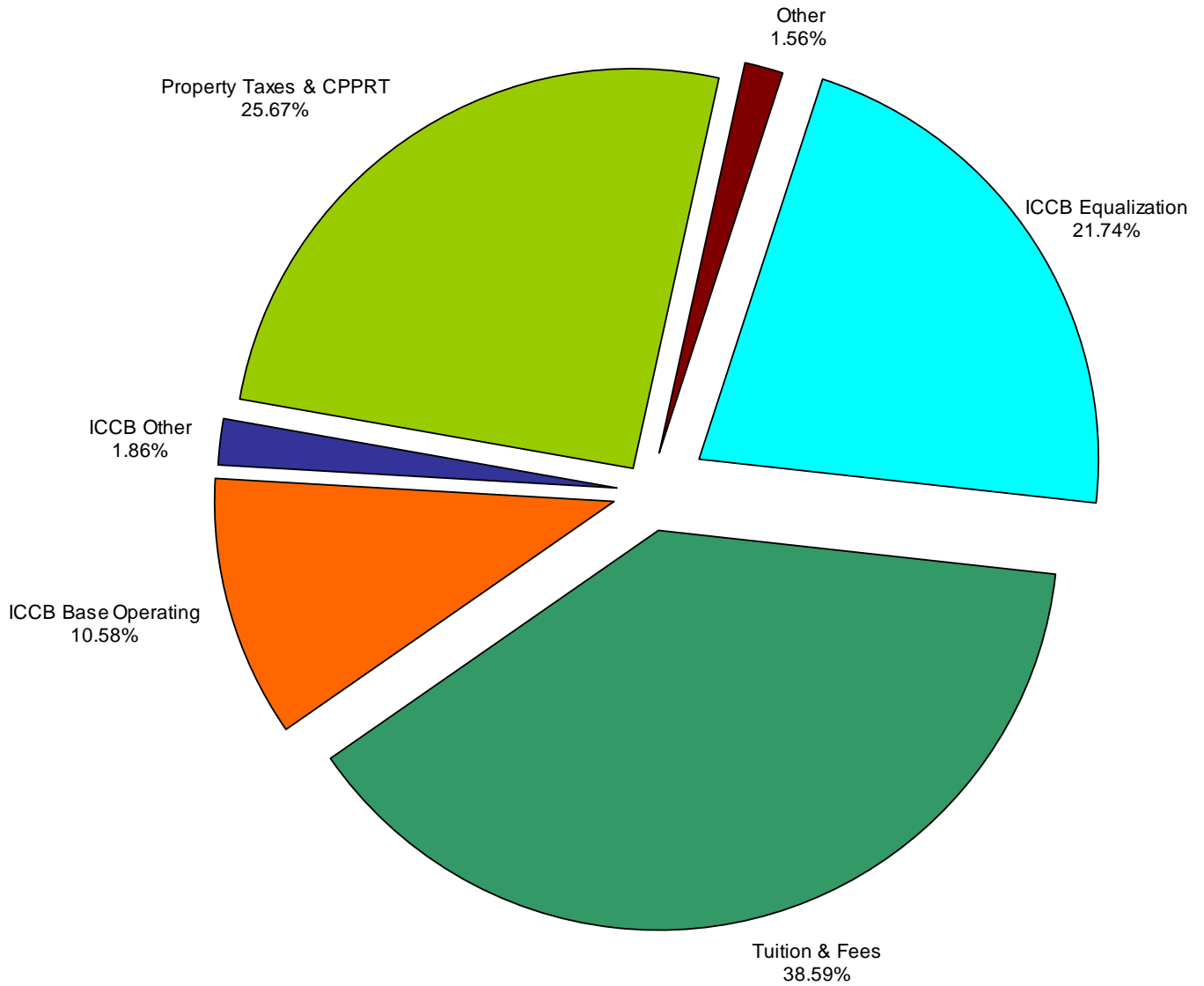
The Education Fund is used to account for the revenues and expenditures of the academic and service programs of the college. It includes the cost of instructional, administrative, and professional salaries; supplies and moveable equipment; library books and materials; maintenance of instructional and 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.

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 buildings and property. @ # purchasing and receiving functions.



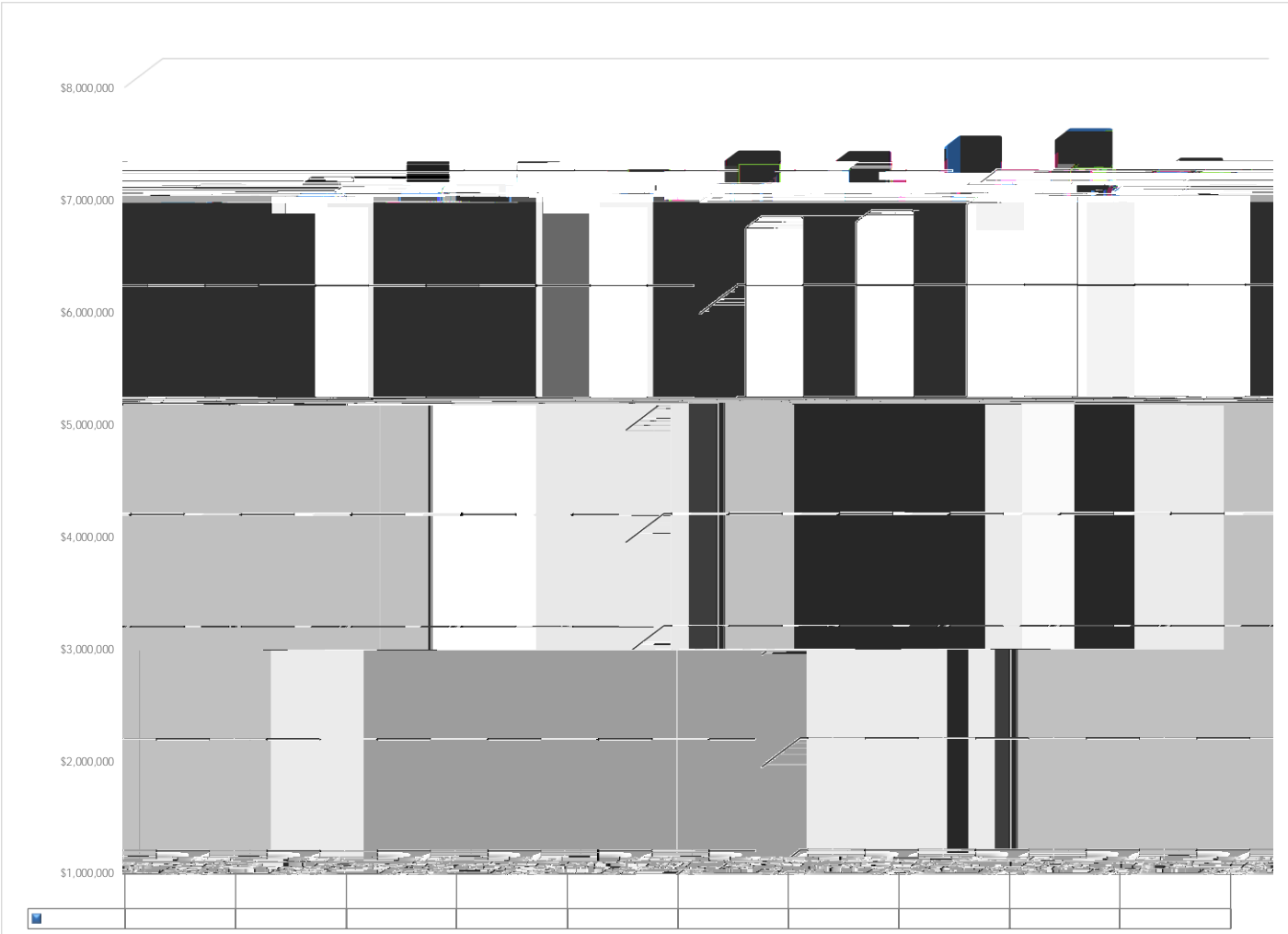
	FY 2021 Proposed Budget	FY 2020 Adopted Budget	\$ Increase (Decrease)	% Increase (Decrease)	% of Total FY 21 Revenue
BY REVENUE SOURCE:					
LOCAL PROPERTY TAXES	6,640,000	6,885,000	(245,000)	(3.56%)	23.66%
CORPORATE PERSONAL PROPERTY REPLACEMENT TAX	565,000	550,000	15,000	2.73%	2.01%
ICCB BASE OPERATING GRANTS	2,970,140	3,071,835	(101,695)	(3.31%)	10.58%
ICCB EQUALIZATION GRANTS	6,100,517	6,381,150	(280,633)	(4.40%)	21.74%
ICCB VOCATIONAL GRANTS	418,561	475,000	(56,439)	(11.88%)	1.49%
ICCB PERFORMANCE ALLOCATION GRANT	10,000	10,000	-		0.04%
ICCB VETERANS GRANT	92,000	92,000	-		0.33%
STUDENT TUITION & FEES					

Revenues Operating Funds FY 2021





REVENUE:



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

1.54% **0.96%** **1.32%** **2.54%** **2.86%** **1.15%**

Fund 01	Est. Taxes	Formula
	\$5,936,676	

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

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

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

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

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.

Academic support experienced an overall decrease of \$111,778 or 4.52%. The decrease was primarily in salaries due to retirements and attrition through reorganization. There were small additional decreases in several other categories.

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

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

et, Student Services expenditures were adjusted up by \$134,533 or 4.86%. This was reflected in higher salary and benefit expenses due to raises and increased benefit costs.

In addition to services such as Admissions, Advisement, and Financial Aid some examples of normal budget requests in the Student Services area would be to provide student assistance inq0.00000912 0 612 792

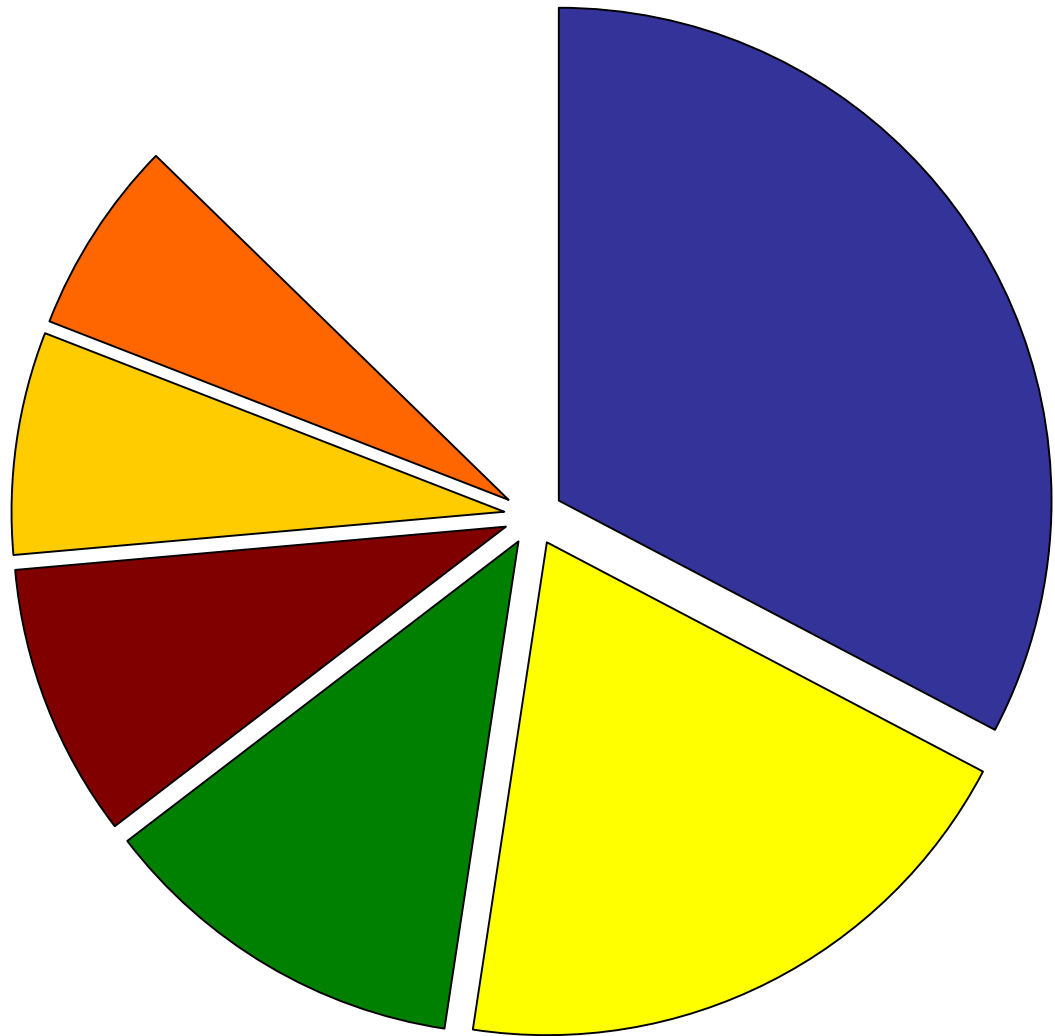
includes expenses related to the Jenzabar One (J1) implementation which includes PowerFacts software for Financial Aid. It also includes general contingency funds.

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

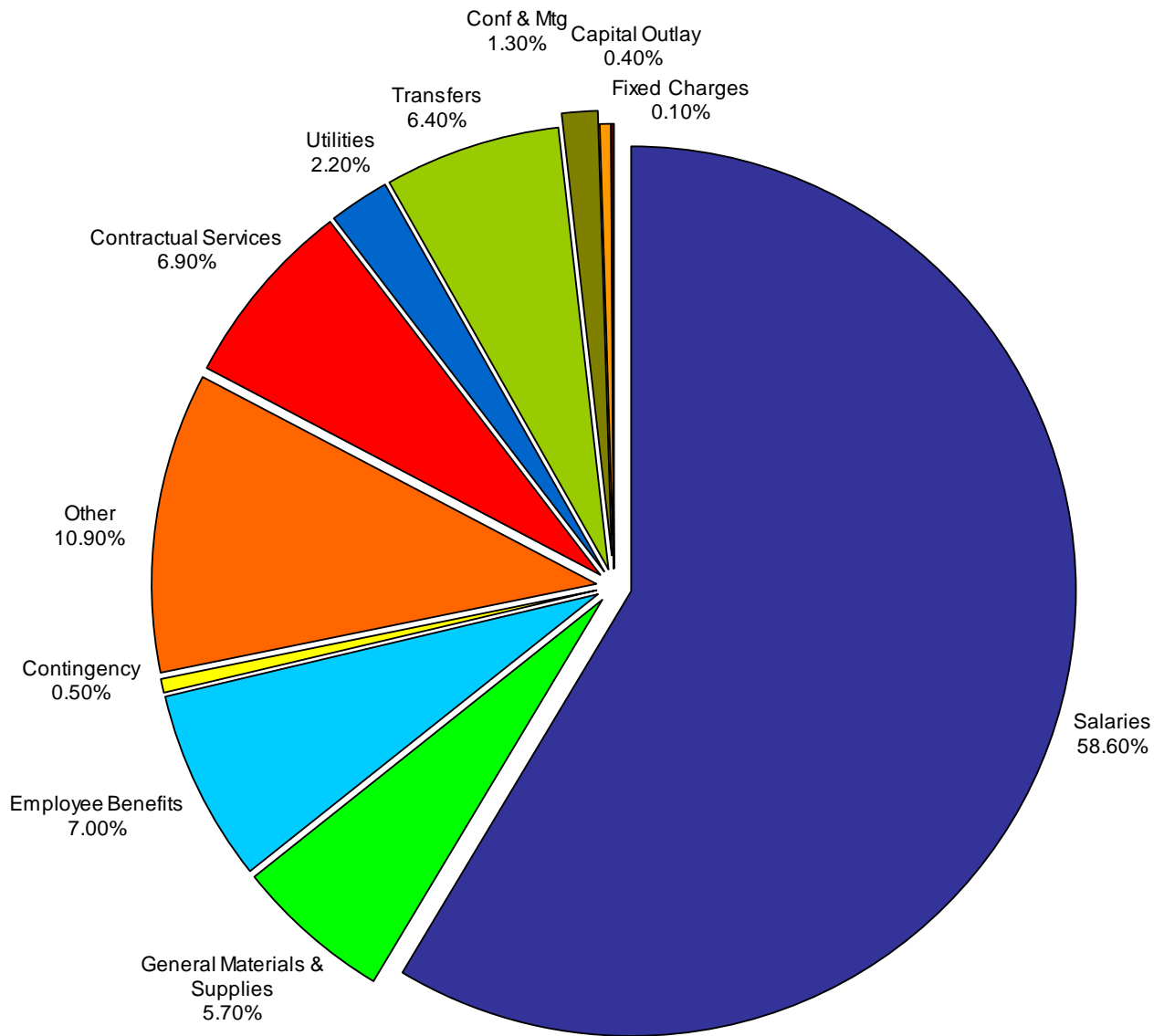
As compared to last year, this area was adjusted up by \$145,000 or 4.93%. FY 2020 unaudited expenditures in this category are \$3,047,830. While credit hours seem to be down overall,

	FY 21	FY 20	\$	%	% of
EXPENDITURES BY PROGRAM:	Tentative Budget	Adopted Budget	Increase (Decrease)	Increase (Decrease)	Total FY 21 Budget
INSTRUCTION	\$10,578,494	\$10,044,160	\$534,334	5.32%	32.7%
ACADEMIC SUPPORT	2,360,061	2,471,839	(111,778)	(4.52%)	7.3%
STUDENT SERVICES	2,903,439	2,768,906	134,533	4.86%	9.0%
PUBLIC SERVICES	1,020,469	1,056,536	(36,067)	(3.41%)	3.2%
OPERATION & MAINTENANCE	3,959,377	3,752,060	207,317	5.53%	12.2%
INSTITUTIONAL SUPPORT	6,394,303	6,478,833	(84,530)	(1.30%)	19.7%
SCHOLARSHIPS & WAIVERS	3,086,225	2,941,225	145,000	4.93%	9.5%
TRANSFERS	2,067,350	2,152,425	(85,075)	(3.95%)	6.4%
TOTALS	\$ 32,369,718	\$ 31,665,984	\$703,734	2.22%	100.0%
	FY 21	FY 20	\$	%	% of
EXPENDITURES BY OBJECT:	Tentative Budget	Adopted Budget	Increase (Decrease)	Increase (Decrease)	Total FY 21 Budget
SALARIES	\$18,965,713	\$18,373,374	\$592,339	3.22%	58.6%
EMPLOYEE BENEFITS	2,276,002	2,089,928	186,074	8.90%	7.0%
CONTRACTUAL SERVICES	2,220,597	2,068,406	152,191	7.36%	6.9%
MATERIALS & SUPPLIES	1,845,284	1,970,208	(124,924)	(6.34%)	5.7%
CONFERENCE & MEETING	436,445	416,965	19,480	4.67%	1.3%
FIXED CHARGES	36,503	13,643	22,860	167.56%	0.1%
UTILITIES	716,850	802,150	(85,300)	(10.63%)	2.2%
CAPITAL OUTLAY	139,860	201,750	(61,890)	(30.68%)	0.4%

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Expenditures by Object Operating Funds FY 2021



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

Adopted Budget History
Operating Fund Expenditures
FY 2000 - FY 2021 (Proposed)

Fiscal Year	Education	Operations & Maintenance	Total Operating Funds	Increase (Decrease) From Prior Year
FY 00	19,046,734	2,737,552	21,784,286	
FY 01	20,297,130	3,672,809	23,969,939	10.03%
FY 02	21,918,087	3,600,289	25,518,376	6.46%
FY 03	24,195,342	4,027,502	28,222,844	10.60%
FY 04	24,365,041	4,538,181	28,903,222	2.41%
FY 05	26,571,301	5,004,526	31,575,827	9.25%
FY 06	28,109,073	5,741,445	33,850,518	7.20%
FY 07	30,337,763	5,487,059	35,824,822	5.83%
FY 08	33,235,496	5,844,366	39,079,862	9.09%
FY 09	33,397,236	6,096,541	39,493,777	1.06%
FY 10	35,436,271	5,490,121	40,926,392	3.63%
FY 11	33,393,581	4,889,387	38,282,968	(6.46%)
FY 12	34,407,822	4,489,562	38,897,384	1.60%

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

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

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

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

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

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

maintaining and expanding the Campus Police operations. The College will include a portion of staff

