

Budget Analysis Fiscal Year 2023

John A. Logan College

Cartersville, IL 62918

June 2

JOHN A. LOGAN COLLEGE
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 BUDGET ANALYSIS
 FY 2023

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Budget Calendar FY 2023

FEBRUARY

New budget version was created in budgeting software

Historical data for FY 2020 & FY 2021 actual expenditures & FY 2022 budget imported in software

Salary and fringe benefit projections started

MARCH & APRIL

Refresher trainings with Budget Officers were held in person, March 4 - 14, 2022

Performed initial revenue projections

Budget Officers worked to build detailed departmental budgets and justify requests

Budget Officers submitted departmental budgets to next level of review

Memo from ICCB regarding the FY 2023 state budget signed by the Governor on April 19, 2022

- Supplemental FY 2022 allocations of 5% were awarded
- FY 2023 maintained a 5% increase over the original FY 2022 allocations

MAY

Reviewers met with division heads to discuss budgets and perform adjustments

Projection of FY 2022 ending fund balances

Updated salary and fringe benefit projections

Updated tuition and fee revenues based on more current numbers

Additional budget analysis and discussion by Administration

Legal budget preparation by the Vice-President for Business Services

ICCB notification on May 24, 2022 of individual college allocations for:

- Base operating, Equalization, and CTE Vocational funds

Tentative budget submitted to Board of Trustees, May 24, 2022

Notification in local newspaper

Tentative budget put on public display for a 30-day inspection period

JUNE

Updated State revenues to actual allocations prior to final proposed budget

Updated property tax revenues based on EAV's from two counties prior to final proposed budget

Updated expenditure estimates in areas related to technology and academic support

Public budget hearing, June 28, 2022 6:00 p.m.

Proposed final budget submitted to the Board of Trustees for consideration, June 28, 2022

FACTORS AFFECTING FY 2023 BUDGET PROCESS:

On April 19, 2022, the College received notification that the Governor had signed a state budget with 5% increases for higher education. With complicated funding formulas, this does not necessarily mean increased funding for all individual colleges. On May 24, 2022, the College received notice from the ICCB of budget allocations for its

The College has three main sources of operating revenue: student tuition and fees, IL state funding, and local property taxes. In contrast to FY 2021 and FY 2022, this year the College will not be able to rely on federal Higher Education emergency revenues to offset the impacts from COVID-19 and low enrollment. On the student side, the College still has \$630,552 in federal emergency grants remaining for disbursement in the Summer semester of 2022.

With the district's two largest counties reporting growth in EAV, budgeted property tax revenue reflects an increase of \$290,000 from the prior year. The budget for tuition and fees has been increased by \$168,000 or 1.63%. Lower enrollments were partially mitigated by the proactive 4-year tuition plan approved by the Board of Trustees in FY2020, which included a \$7 per credit hour increase in tuition for FY2023. Tuition/student fee revenue has maintained its proportion of total revenues consistently over the last several years with FY 2023 at almost 36%. Essentially, losses in credit hour generation and associated revenue have been held proportional to reductions in state revenues which are budgeted at just over 34%. Total anticipated operating revenues are \$29,264,804 which is a decrease of 1.66%.

Operating expenditures are anticipated to increase by 1.44% over last fiscal year for a total of \$32,908,829. The largest dollar increases are in fringe benefits and transfers to support other funds. This includes an increase in health insurance costs and support of Auxiliary fund activities.

With both an increase in expenditures and revenue loss, the combination has grown the FY 2023 budgeted deficit by \$960,517 over the prior year. If every budgeted dollar were spent, this would result in a deficit of \$3,019,350 in the Education fund and \$624,675 in the Operations and Maintenance fund for a total operating deficit of \$3,644,025. Expenditures include only \$150,000 of contingency funds. In such case, the ending accrual-based operating reserves would be \$6.8 million. Assuming that the \$2.7 million in budgeted transfers to other funds will be carried out as planned, the College would need 11.89% in expenditure underspend to eliminate the budgeted operating deficit. With 66% of expenditures budgeted for salaries and fringe benefits, this amount of underspend is unlikely.

The enrollment impact of COVID-19 is lingering. In looking at the ICCB technical appendix on funding levels, the data table following this budget message shows credit hour data that is frankly a little hard to take in. But we all need to absorb it, and prepare that the College's state funding is likely to be impacted the next couple of years.

As you will see from the credit hour data, the impact has been felt in almost all funding categories. For FY 2022, original system allocations were supplemented by approximately 5%. When comparing

~~John A. Logan's Base Operating funding for FY 2023 to the increased~~ s a

ICCB BASE OPERATING FUNDING - UNRESTRICTED CREDIT HOURS

Funding	FY 2023 ICCB Allocations	FY 2022 ICCB Allocations
Base Operating	\$3,064,374	\$3,060,040
Supplemental	0	151,090
Total	\$3,064,374	\$3,211,130
Decline	-4.6% (FY 23 vs. FY22 with supplemental funds)	

Small College Grant \$27,420 \$0

Category	FY 2021 Hours Unrestricted	FY 2020 Hours Unrestricted	FY 2019 Hours Unrestricted
Baccalaureate	34,744.00	41,598.00	45,620.00
Business	4,036.50	4,917.00	5,725.00
Technical	6,425.50	10,356.50	11,187.00
Health	8,912.50	10,639.50	11,684.50
Remedial	1,123.00	1,653.00	2,564.00
ABE/ASE	973.00	1,184.00	941.00
Total	56,214.50	70,348.00	77,721.50
	(14,133.50)	(7,373.50)	
	-20.1%	-9.5%	

Category	FY19/FY20/FY21 Three-Year Avg Unrestricted Hours	FY18/FY19/FY20 Three-Year Avg Unrestricted Hours	FY17/FY18/FY19 Three-Year Avg Unrestricted Hours
Baccalaureate	40,654.00	44,520.70	46,112.30
Business	4,892.80	5,535.70	6,209.30
Technical	9,323.00	10,964.20	11,588.20
Health	10,412.20	11,558.30	12,944.70
Remedial	1,780.00	2,434.00	2,840.70
ABE/ASE	1,032.70	940.30	1,002.50
Total	68,094.70	75,953.20	80,697.70
	Funded Hours	Funded Hours	Funded Hours
	(7,858.50)	(4,744.50)	
	-10.3%	-5.9%	

Base Operating funded hours are the greater of the unrestricted credit hours for two years prior to the formula being calculated or the average of the last three fiscal years. FY 2023 was funded on the average of FY19/FY20/FY21.

OPERATING FUND DESCRIPTIONS:

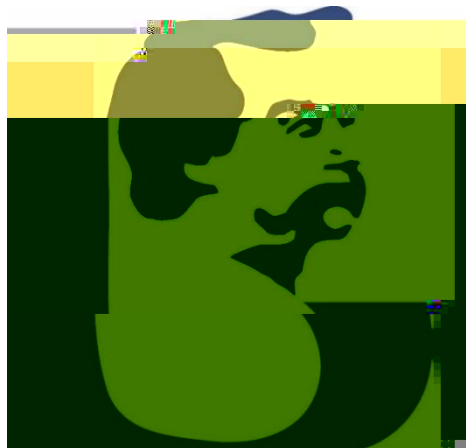
John A. Logan College has two Operating funds: The Education Fund and the Operations and Maintenance Fund. The Education fund works in combination with the Operations and Maintenance Fund to make up the College's General Fund.

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.

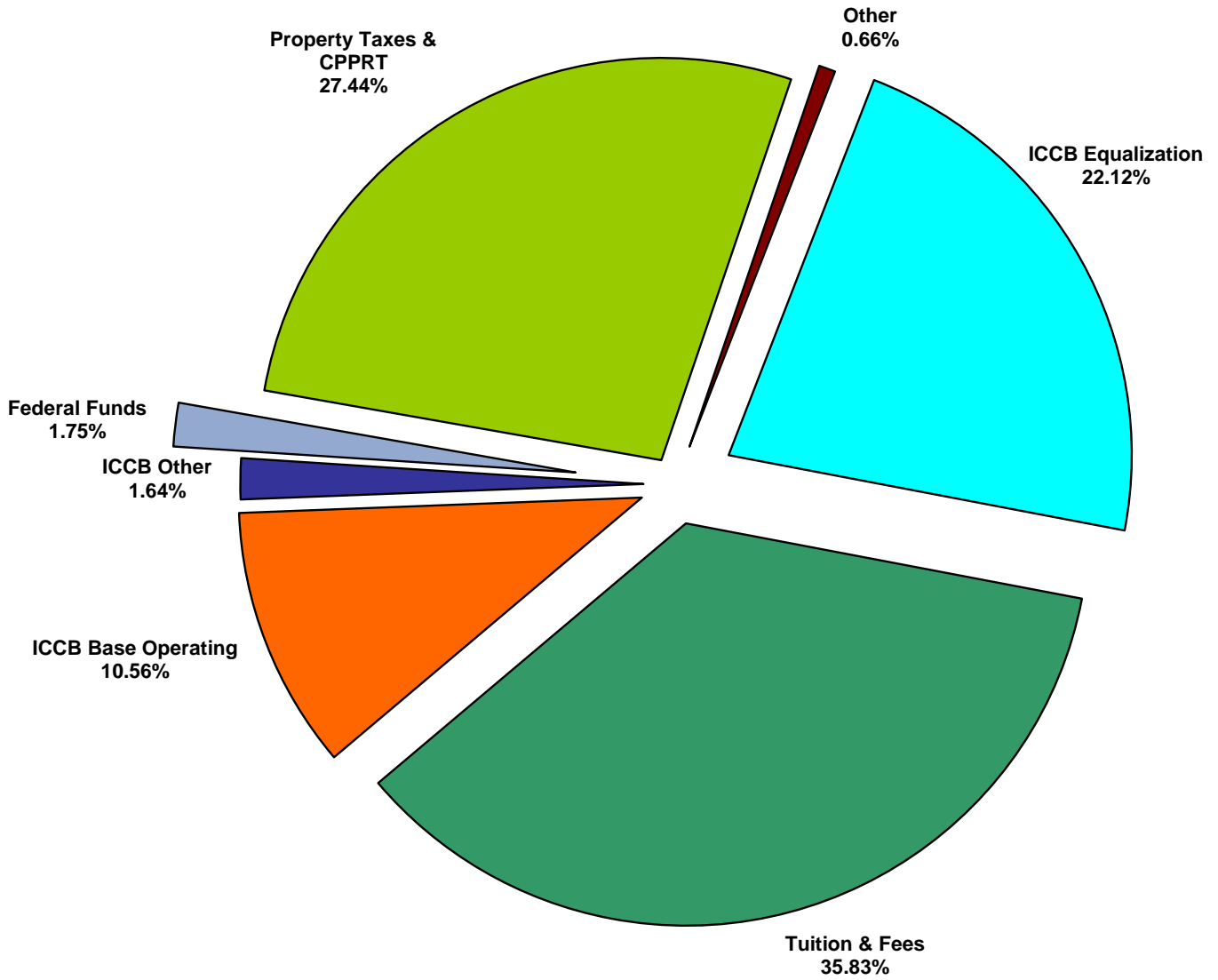


OPERATING FUNDS
RESOURCE INFORMATION FY 2023

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BY REVENUE SOURCE:	FY 2023 Proposed Budget	FY 2022 Adopted Budget	\$ Increase (Decrease)	% Increase (Decrease)	% of Total FY 23 Revenue
LOCAL PROPERTY TAXES	7,230,000	6,940,000	290,000	4.18%	24.71%
CORPORATE PERSONAL PROPERTY REPLACEMENT TAX	800,000	600,000	200,000	33.33%	2.73%
ICCB BASE OPERATING GRANTS	3,091,794	3,060,040	31,754	1.04%	10.56%
ICCB EQUALIZATION GRANTS	6,472,510				

Revenues Operating Funds FY 2023



REVENUE:	FY 14 Actuals	FY 15 Actuals	FY 16 Actuals	FY 17 Actuals	FY 18 Actuals	FY 19 Actuals	FY 20 Actuals	FY 21 Actuals	FY 22 Budget	FY 23 Budget
Local Revenue	6,904,625	6,979,596	7,032,808	7,268,399	7,264,502	7,401,529	7,466,177	7,873,575	7,540,000	8,030,000
% of Total	20.42%	21.63%	28.49%	29.71%	22.05%	26.04%	25.52%	25.75%	25.34%	27.44%
State Revenue	12,310,024	11,516,216	4,004,468	5,224,477	13,609,066	9,011,766	10,004,630	9,602,632	10,085,639	10,046,304
% of Total	36.41%	35.70%	16.22%	21.35%	41.30%	31.70%	34.20%	31.41%	33.89%	34.32%
Federal Revenue	0	0	0	0	0	0	0	3,117,217	1,680,000	512,000
% of Total	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	10.19%	5.64%	1.75%
Tuition & Fees	14,156,792	13,328,268	13,043,265	11,654,852	11,489,124	11,323,037	11,241,166	9,762,429	10,316,500	10,484,500
% of Total	41.88%	41.31%	52.83%	47.63%	34.87%	39.83%	38.43%	31.93%	34.66%	35.83%
Other Revenue	434,690	438,406	607,078	320,081	586,439	688,602	540,816	220,649	137,480	192,000
% of Total	1.29%	1.36%	2.47%	1.31%	1.78%	2.43%	1.85%	0.72%	0.47%	0.66%
	33,806,131	32,262,486	24,687,619	24,467,809	32,949,131	28,424,934	29,252,789			

2020-21 Budget Request: \$24,467,809 (FY 17 Actuals) vs. \$29,252,789 (FY 20 Actuals) vs. \$33,806,131 (FY 14 Actuals)



	FY 14 Actuals	FY 15 Actuals	FY 16 Actuals	FY 17 Actuals	FY 18 Actuals	FY 19 Actuals	FY 20 Actuals	FY 21 Actuals	FY 22 Budget	FY 23 Budget
■ State Revenue	12,310,024	11,516,216	4,004,468	5,224,477	13,609,066	9,011,766	10,004,630	9,602,632	10,085,639	10,046,304

County	Estimated 2021 Payable in 2022	Actual 2020 Payable in 2021	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



OPERATING FUNDS
(Education Fund & Operations and Maintenance Fund)
EXPENDITURE INFORMATION BY OBJECT & BY

As compared to the prior year's budget, Academic Support experienced an overall increase of \$356,929 or 14.73%. The increase was primarily in salaries and benefits along with small increases in contractual services and conference and meeting expenses. Two new positions in this budget relate to a support staff member for Curriculum and Instruction and also an LMS Coordinator.

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. In the Library area, there are funds to support various databases and reference sources.

STUDENT SERVICES: \$2,947,202 or 8.96% of Budgeted Operating Expenditures

The student services function supports the areas of financial aid, admissions, advisement, placement, testing, counseling, tutoring, recruitment, and student activities.

As compared to the prior year's budget, Student Services expenditures have increased by \$169,326 or 6.10%. The increase was reflected across salaries, benefits, contractual, and travel expenses.

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: \$739,953 or 2.25% 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 \$11,323 or 1.55%. This was due to increases in contractual services and conference and meeting expenses, but was partially offset by a reduction in salaries from a retirement.

INSTITUTIONAL SUPPORT: \$6,819,467 or 20.72% of Budgeted Operating Expenditures

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

As compared to the prior year's budget, Institutional Support decreased by \$188,949 or 2.70%. The largest portion of this decrease is in contractual services due to technology savings from the ERP

system. Due to the retirement of an Administrator, salaries also saw a decrease. However, there were still smaller increases in benefit expenses and supplies and materials. Institutional Support also includes expenses related to information technology such as the ERP system, network services, and desktop technology. It also includes general contingency funds.

OPERATION & MAINT. OF PLANT: \$4,471,759 or 13.59% 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 \$167,900 or 3.90%. Increases are seen in salaries, benefits, supplies, and utilities. The new phone system is having an impact on utilities.

SCHOLARSHIPS & WAIVERS: \$2,835,600 or 8.62% of Budgeted Operating Expenditures

As compared to last year's budget, this area was adjusted down by \$185,625 or 6.14%. Tuition increased by \$7 per credit hour, but credit hours are down from prior years. It is difficult to know how much various waivers will be impacted by enrollment changes. Areas that are larger in waiver expense amounts such as Dual Credit and Dual Enrollment hours are not experiencing the same loss as other areas. A review of FY 2022 waivers was performed along with tuition rate adjustments.

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

EXPENDITURE SUMMARY:

In the next several pages that follow, you will see a comparison of budgeted operating expenditures FY 2023 vs. FY 2022 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 2023 to FY 2022
OPERATING FUNDS (Education and Operations & Maintenance)**

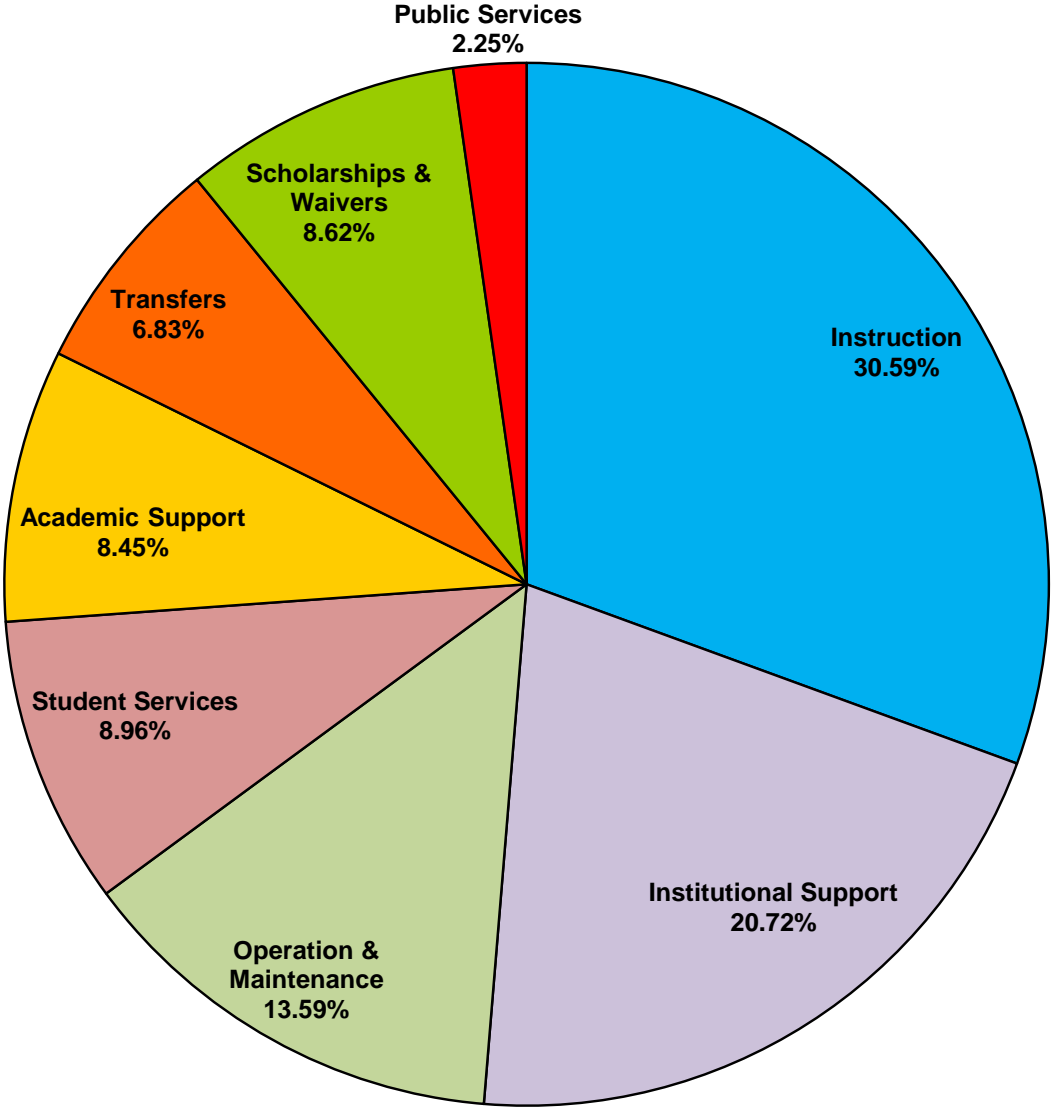
EXPENDITURES BY PROGRAM:	FY 23 Proposed Budget	FY 22 Adopted Budget	\$ Increase (Decrease)	% Increase (Decrease)	% of Total FY 23 Budget
INSTRUCTION	\$10,067,952	\$10,443,579	(\$375,627)	(3.60%)	30.59%
ACADEMIC SUPPORT	2,779,596	2,422,667	356,929	14.73%	8.45%
STUDENT SERVICES	2,947,202	2,777,876	169,326	6.10%	8.96%
PUBLIC SERVICES	739,953	728,630	11,323	1.55%	2.25%
OPERATION & MAINTENANCE	4,471,759	4,303,859	167,900	3.90%	13.59%
INSTITUTIONAL SUPPORT	6,819,467	7,008,416	(188,949)	(2.70%)	20.72%
SCHOLARSHIPS & WAIVERS	2,835,600	3,021,225	(185,625)	(6.14%)	8.62%
TRANSFERS	2,247,300	1,736,875	510,425	29.39%	6.83%
TOTALS	\$ 32,908,829	\$ 32,443,127	\$465,702	1.44%	100.0%

EXPENDITURES BY OBJECT:	FY 23 Proposed Budget	FY 22 Adopted Budget	\$ Increase (Decrease)	% Increase (Decrease)	% of Total FY 23 Budget
SALARIES	\$19,076,189	\$19,112,518	(\$36,329)	(0.19%)	57.97%
EMPLOYEE BENEFITS	2,668,867	2,436,379	232,488	9.54%	8.11%
CONTRACTUAL SERVICES	2,047,688	2,281,350	(233,662)	(10.24%)	6.22%
MATERIALS & SUPPLIES	1,963,253	1,818,840	144,413	7.94%	5.97%
CONFERENCE & MEETING	505,915	458,965	46,950	10.23%	1.54%
FIXED CHARGES	39,238	38,995	243	0.62%	0.12%
UTILITIES	849,190	785,810	63,380	8.07%	2.58%
CAPITAL OUTLAY	159,589	165,016	(5,427)	(3.29%)	0.48%
OTHER	3,201,600	3,458,379	(256,779)	(7.42%)	9.73%
CONTINGENCY	150,000	150,000	-	0.00%	0.46%
TRANSFERS	2,247,300	1,736,875	510,425	29.39%	6.83%
TOTALS	\$32,908,829	\$ 32,443,127	\$465,702	1.44%	100.0%

Note: Includes Education and Operations & Maintenance Funds.

Fund 01	27,860,434
Fund 02	5,048,395
Operating Funds	\$32,908,829

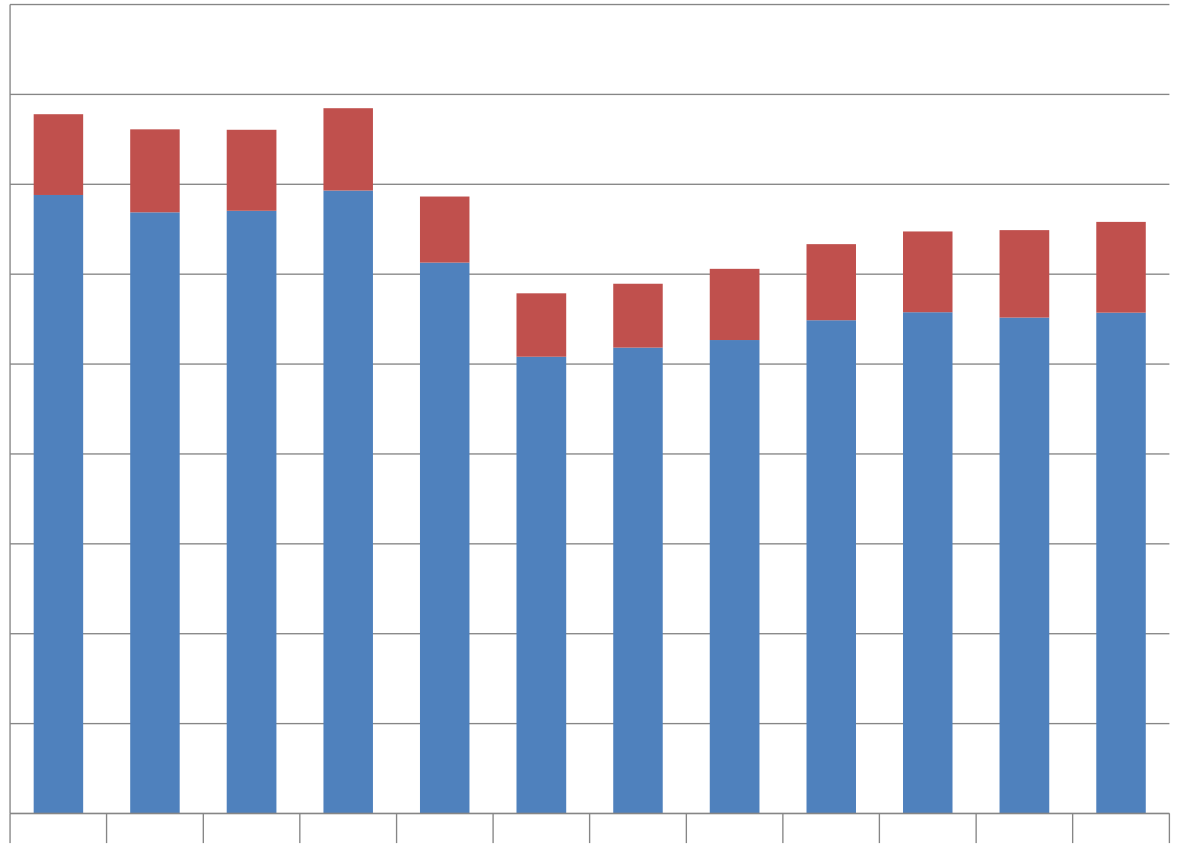
Expenditures by Program
FY 2023



BUDGET FOR HUMAN RESOURCES - OPERATING FUNDS								
\$ Budgeted:	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	Proposed FY 2023	Seven-Year Average
Salaries	17,281,063	17,630,322	17,855,263	18,373,374	18,965,713	19,112,518	19,076,189	18,327,777
Benefits	1,842,344	1,892,979	2,029,791	2,089,928	2,276,002	2,436,379	2,668,867	2,176,613
Staff Resources	\$19,123,407	\$19,523,301	\$19,885,054	\$20,463,302	\$21,241,715	\$21,548,897	\$21,745,056	\$20,504,390
Total Operating Expenditures	\$28,928,331	\$29,467,518	\$30,300,198	\$31,665,984	\$32,369,718	\$32,443,127	\$32,908,829	\$31,154,815
% of Operating Funds:	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	Proposed FY 2023	Seven-Year Average
Salaries	59.7%	59.8%	58.9%	58.0%	58.6%	58.9%	57.9%	58.8%
Benefits	6.4%	6.4%	6.7%	6.6%	7.0%	7.5%	8.1%	7.0%
Staff Resources	66.1%	66.2%	65.6%	64.6%	65.6%	66.4%	66.0%	65.8%

Adopted Budget History Operating Fund Expenditures FY 2000 - FY 2023 (Proposed)				
Fiscal Year	Education	Operations & Maintenance	Total Operating Funds	Increase (Decrease) From Prior Year
FY 00	19,046,734	2,737,552	21,784,286	
FY 01	20,297,130	3,672,809	23,969,939	10.03%
FY 02	21,918,087	3,600,289	25,518,376	6.46%
FY 03	24,195,342	4,027,502	28,222,844	10.60%
FY 04	24,365,041	4,538,181	28,903,222	2.41%
FY 05	26,571,301	5,004,526	31,575,827	9.25%
FY 06	28,109,073	5,741,445	33,850,518	7.20%
FY 07	30,337,763	5,487,059	35,824,822	5.83%
FY 08	33,235,496	5,844,366	39,079,862	9.09%
FY 09	33,397,236	6,096,541	39,493,777	1.06%
FY 10	35,436,271	5,490,121	40,926,392	3.63%
FY 11	33,393,581	4,889,387	38,282,968	(6.46%)
FY 12	34,407,822	4,489,562	38,897,384	1.60%
FY 13	33,443,145	4,607,250	38,050,395	(2.18%)
FY 14	33,521,198	4,507,278	38,028,476	(0.06%)
FY 15	34,649,364	4,579,846	39,229,210	3.16%
FY 16	30,648,249	3,671,272	34,319,521	(12.52%)
FY 17	25,410,904	3,517,427	28,928,331	(15.71%)
FY 18	25,920,747	3,546,771	29,467,518	1.86%
FY 19	26,340,135	3,960,063	30,300,198	2.83%
FY 20	27,442,034	4,223,950	31,665,984	4.51%
FY 21	27,885,843	4,483,875	32,369,718	2.22%
FY 22	27,580,842	4,862,285	32,443,127	0.23%
FY 23	27,860,434	5,048,395	32,908,829	1.44%

Note: FY 2023 is based on the proposed budget.



During FY 2023, budgeted expenditures are \$2,494,079. Expected revenues include local property taxes of \$2,296,800, and \$2,500 in interest. The FY 2023 projected ending fund balance is \$295,221.

OPERATIONS AND MAINTENANCE (RESTRICTED) FUND:

This fund is utilized to account for monies restricted for building purposes and site acquisition. Funds are provided in the Operation and Maintenance (Restricted) for completion of approved protection, health, safety projects as well as some general construction improvements. This fund will be expending protection, health, and safety (PHS) levies, bond proceeds, plus transfers from operating funds, and interest earnings.

Total expenditures of \$11,334,097 are being budgeted in this fund with \$1,222,097 of those being Protection Health Safety projects (PHS) funded by tax levy. An operating transfer of \$100,000 is budgeted from the Operations and Maintenance Fund to support non-PHS construction. Below are details of existing or potential capital projects. Not all approved projects will come to full completion within FY 2023 and some may only be in the design phase.



Project Description: