Section I - Introductory Section

FISCAL YEAR | 2010 2011

COMMITMENT | RESPECT | EXCELLENCE | ACCOUNTABILITY | DIVERSITY

Richland Community College

RICHLAND COMMUNITY COLLEGE
DISTRICT # 537

FY 2011 ANNUAL BUDGET

I. INTRODUCTORY SECTION

EXECUTIVE SUMMARY

The Fiscal Year 2011 Annual Budget for Richland Community College has been developed with the intention to support specific priorities identified in the College's Strategic Plan and align those activities to further the College's vision, "To Be the Premier Source for Education, Workforce Training, Partnerships and Economic Development." The Fiscal Year 2011 Budget achieved a new milestone in the budgeting process with the alignment of long-term strategic planning goals and the short-term priorities that will lead the College to a strong financial future. The achievement of these goals will increase the College's economic development activities, sustain enhanced student support, and build opportunities to train and retrain the regional workforce.

Substantial challenges will be faced during the next fiscal year. Economic conditions have created a surge in enrollment and an intense need to focus on providing affordable education and training. Scarce revenue sources are being disrupted by the economy. Two of the three primary revenue sources (Local and State Revenues) are anticipated to either increase slightly (Local) or be reduced from the prior year (State). Student tuition is the third major funding source and the need to remain affordable is crucial.

On the expenditure side, the College completed a five-year contract with the full-time faculty bargaining unit during the Spring of 2009 that was effective in FY 2010. A major initiative resulting from the contract was competitive faculty salaries offering a sound planning base for the next five years. While moving the salaries to more competitive ranges adds pressure to the budget, the ability to retain and attract talented faculty is key to the College's long-term success. Financial challenges for operational expenditures continued in this budget as a contract for no-cost steam energy supplied to the College expired in 2009 forcing the College to incur a significant increase in energy costs during FY 2010. The College has developed an Energy Master Plan to help combat those increasing energy costs to ensure that the College is using its energy costs wisely.

The College's Foundation undertook a major gifts campaign over the past two years. Building on the "Invitation to the Future" theme, significant funding for a variety of College initiatives have been identified as needs to be funded by the campaign. The campaign was completed during FY 2010 and raised over $17 million. As a result of the Foundation's fund raising efforts, the College Foundation received a $6.8 million bequest in 2008 that provides new scholarships beginning in FY 2011. This will provide great opportunity for many students.

Challenging times require ingenuity and fortitude. Addressing these financial challenges to assure that the budget aligns and moves the Strategic Plan forward will be achieved in FY 2011. The

College's budget managers were asked to accomplish their priorities designated in the Strategic Plan and continue to provide exemplary service to our stakeholders. In order to achieve the goals, items have been prioritized and funded while other activities such as travel, contracts, materials, and supplies have been curtailed in the budget development process. Optimizing the College's resources to move toward its' Vision has been paramount in building this budget.

Following are highlights of recent events and current initiatives or activities that establish the direction of the College in the coming fiscal year:

- Based on the 2007 initiative, "Invitation to the Future," the College has now launched into Phase II named "Investing in the Future." Funding in this budget will continue to support Richland's vision for the College and its partners to create a Global Agribusiness Corridor. In this vision, the College's economic development efforts include partnering with regional businesses to develop College land for an agribusiness applied research park. The effort to develop partnerships and funding streams is an ongoing part of this plan, as is the construction of the infrastructure and various facilities envisioned.

- In February 2008, the Board of Trustees approved the 2008-2011 Strategic Plan. While the main goals of the plan remain, updated and specific priorities designated to be undertaken during Fiscal Year 2011 are included for funding. Major components of the Strategic Plan are presented in full in Section II.

- In FY 2010, Richland finished construction on the Center for Sustainability and Innovation, a 15,000-square-foot facility that provides space for the College's programs in the "green" industry including a new laboratory created specifically for the College's innovation curriculum. Continuing costs for programs in the biofuels industry are funded in FY 2011. Additionally, the building will be the area's first LEED certified building. Demonstrating sustainable construction and energy use practices will be a focus for the College which will be highlighted by the facility. This building will be shared with the University of Illinois Extension Service.

- During FY 2010 due to the State of Illinois continued economic crisis, payment of scheduled grant payments for Base Operating Grants, Equalized Assessment Grants, DOC Grants and Adult Education Grants have been delayed up to 105 days. Anticipating a potential cash flow shortage the College issued $3.0 million in general obligation bonds in April 2010. This was done in order to have sufficient funds on-hand in the Working Cash Fund to ensure that the College would be able to pay all obligations in a timely fashion.

- The College saw record growth in enrollment during FY 2010. Pell Grants awarded to students were at a record high. The College continues to work diligently to assure that all students qualify for financial aid they are entitled to. The Foundation has also assisted an increasing number of students with scholarships enabling many students to attend.

- Rising health care costs are creating budget issues for community colleges throughout the State. Richland Community College is no exception. The College will experience a 22% increase in premiums for FY 2011. The College is looking at ways to decrease these costs

in the coming years while continuing to provide quality health insurance for employees at an affordable cost to the College.

- During 2008, Richland Community College Foundation launched its first major gifts fundraising campaign. The initial, quiet phase of the campaign was directed toward private donors, Board members, and College personnel. During FY 2010, the Foundation continued the campaign with a broader, more publicized community effort. On December, 31, 2008, the College became the beneficiary of the largest financial gift ever given to an Illinois community college by an individual. The $6.8 million bequest is to be used exclusively for scholarships. This is a very timely gift as many individuals are returning to higher education as they become unemployed or underemployed. The total raised from the major gifts campaign was over $17 million. The Foundation supports the College by providing scholarships for full and part-time students, increasing and enhancing the physical and cultural environment, assisting the alumni, accepting financial gifts and other assets, establishing endowments, scholarships, buildings, equipment, and other programs needed by the College, and acting in a fiduciary capacity to carry out these goals. Proceeds and pledges received from the Major Gifts Campaign will be used towards furthering the College's long-term strategic goals and initiatives.

- During FY 2010, the College recognized the need for a separate Math Lab to help our students develop sufficient math skills to be able to complete required math courses in a timely fashion. The FY 2011 budget includes grant funding to create this lab and the funds to staff the lab with a full-time coordinator. The College will be investing significant resources to get this lab up and running. The hope is that students that require remedial math courses will be able to take those classes in the lab and complete those remedial courses in a quicker timeframe than is currently possible.

- During 2009, the College completed a new building addition allowing for relocation of the Fitness Center in order to better utilize existing space. Also, the addition included construction of an Early Childhood Education Classroom and Laboratory that will be used by the College's students in the Early Childhood Development degree program while offering a quality Pre-Kindergarten program to the community. Pre-Kindergarten programs are greatly needed in the community and graduates of the program will be in high demand. The Pre-Kindergarten program has extended to summer and will be holding classes in the morning and afternoon to area children.

- The College has contracted with the Department of Corrections for educational services at six correctional facilities and one work camp. Approximately, 16% of the College's credit hour production has been generated under this contract. Due to the State's deteriorating financial condition, these contracts have become difficult to operate on a breakeven basis. At budget development time, the contract for the FY 2011 year has not been completed. It is anticipated that a contract will be negotiated that will allow the correctional program to continue.

- The College completed negotiations with the Richland Federation of Teachers during the spring of 2009 using an interest based bargaining process. This process was again successful

as the College and the Union reached an agreement that will provide competitive compensation for the faculty and a long-term agreement for the College. This will facilitate better long-term financial planning and allow the faculty and the College to focus on education of the students.

Constructing a budget that is fiscally responsible and fully supportive of the College's strategic goals and long-term initiatives is challenging within budget constraints that currently exist. Nonetheless, by direction of the Board of Trustees, a balanced budget has been achieved and is an underlying tenet of this document. Specifically detailing sources and uses for the fiscal year, the budget becomes a critical link for the College to achieve its goals. This summary provides a general overview of the funding that supports College activities.

BUDGET OVERVIEW – ALL FUNDS

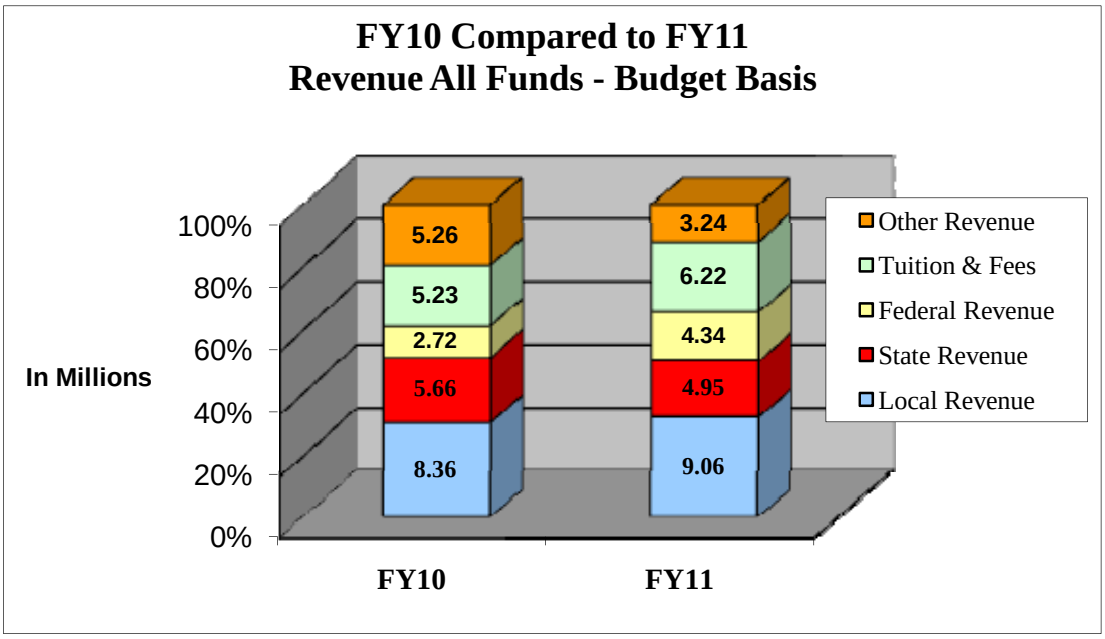
All Funds – Sources and Uses – The FY 2011 budget is a balanced budget including funding sources and uses of over $27.8 million for all College Funds combined. The FY 2011 budgeted revenues increased $1.1 million over FY 2010. The primary factor in this increase is an almost $1.0 million increase in tuition in fees. This is being driven by a $6.00 per credit hour increase in the tuition rate per credit hour for FY 2011 and the continuing record number of credit hours generated due to the high unemployment in the Richland Community College District. These increased revenues are necessary to cover the increasing costs for FY 2011. The College is experiencing increasing costs for adjuncts, overloads and summer teaching costs. The budget includes a 4.1% salary increase for all faculty and staff and benefit costs are rising 17%.

Other factors contributing to the overall Revenues is a decrease in the Illinois Community College Board Equalization Grant, a decrease across all funds in Interest Income, lower Contractual Revenue earned on the Department of Corrections' Contracts, and the elimination of Contractual Revenue related to reimbursements of expenses as part of a fiscal agent agreement that ended in FY 2008. The decreases in Contractual Revenue from the fiscal agent agreement are completely offset by corresponding decreases in related expenses and have no impact on the College's net operations. The decreases in various College sources are somewhat offset by increases in other sources including Local Property Taxes, Personal Property Replacement Taxes, Tuition, and Credit Hour Revenues from the Illinois Community College Board Base Operating Grant.

The College will use fund balance appropriations of approximately $155,000 in FY 2011. These Fund Balance appropriations represent revenues generated in previous fiscal years that are intended to be used in the current budget for specific purposes. The majority of these will be used for the construction of the Center for Sustainability and Innovation. The fund balance appropriation revenues are included in the "Other Revenues" account category and are included in the following funds:

Operation & Maintenance (Restricted)	$35,000
Restricted Purposes	$ 111,775
Audit	$ 8,350
Total	$ 155,125

The Fund Balance Appropriations from the Operations & Maintenance (Restricted) Fund will be utilized for various Capital Projects. In the Restricted Purposes Fund, Fund Balance Appropriations include prior year technology fees that have been designated for the purpose of financing annual equipment purchases. Also in the Restricted Purposes Fund is the portion of Bond Proceeds that are earmarked for upgrading the College's database system during FY 2011. In the Audit Fund, the Fund Balance Appropriations will be used to cover audit expenses anticipated in excess of the FY 2011 anticipated receipts from local property taxes.



Sources – Sources of revenue for the College across all Funds are generated from Taxes, Tuition, and Governmental Sources. Taxes are generated from a general property tax placed upon all real property within the College District. For Fiscal Year 2011, local tax revenues include taxes levied on property owners for calendar year 2009, payable in June and September of 2010. The taxable value or equalized assessed valuation (EAV) approximates one-third of the market value of the land in the District. The underlying value of this real property has experienced long-term growth of approximately two percent annually. This long-term trend includes the impact of a nuclear power station located in the District that experienced a large devaluation in 2000 and subsequent smaller declines in value until 2006. An upward reassessment of this facility began in 2006 and moderate economic growth resulted in higher revenues. A negotiated settlement for the next 5 years was reached between Excelon Corporation and the local taxing bodies stabilizing the EAV of the Power Plant making tax revenues more moderate and predictable. Total Revenues generated from taxes for all Funds for the FY 2011 budget are $8.6 million, an increase of $294,340, or approximately 3.5%, over the budget for FY 2010.

Maintaining affordable tuition is a primary focus for Richland Community College. Access to higher education is part of the core mission of the College. Although increased expenses have created the need for a tuition increase for the coming fiscal year, Richland's tuition is still one of the lowest among community colleges in Central Illinois. Tuition for FY 2011 has been increased to $84.50 per credit hour and is estimated to produce total tuition revenue of approximately $6.22 million including related course fees. This is an increase of $993,298 over the budgeted amount for FY 2010 for Tuition and Fees Revenue. A large portion of the increase has been directed to cover the cost of salaries and benefits.

Governmental sources of revenue are divided into Federal and State grants and State Personal Property Replacement Taxes. Federal revenues are derived mainly from student financial aid (Pell Grants) as well as other programmatic grants. State revenues include student financial aid, a $1.3 million contract with Illinois Department of Corrections, and several smaller grants to support operations. Over the past several years Federal and State Grants have steadily declined. Personal Property Replacement taxes are revenues collected by the state of Illinois and paid to local governments to replace money that was lost by local governments when the State terminated their ability to impose personal property taxes on corporations, partnerships, and other business entities. This tax is determined by the retail sales generated in the College's District. This source of Revenue has increased over the last five years at an average rate of 10% annually. However, with the decrease in retail sales over the past year a decrease of 18.4% from FY2010 to FY2011 is projected.

The category entitled Other Sources in the FY 2011 Budget includes interest earnings, fund balance appropriations, gifts and donations, scholarships, community training revenues, facilities rental fees, and other miscellaneous items. Total funding in this category decreases from $5.3 million in FY 2010 to $3.2 million in FY 2011. Most decreases within this category result from internal sources such as fund balance appropriations and inter-fund transfers.

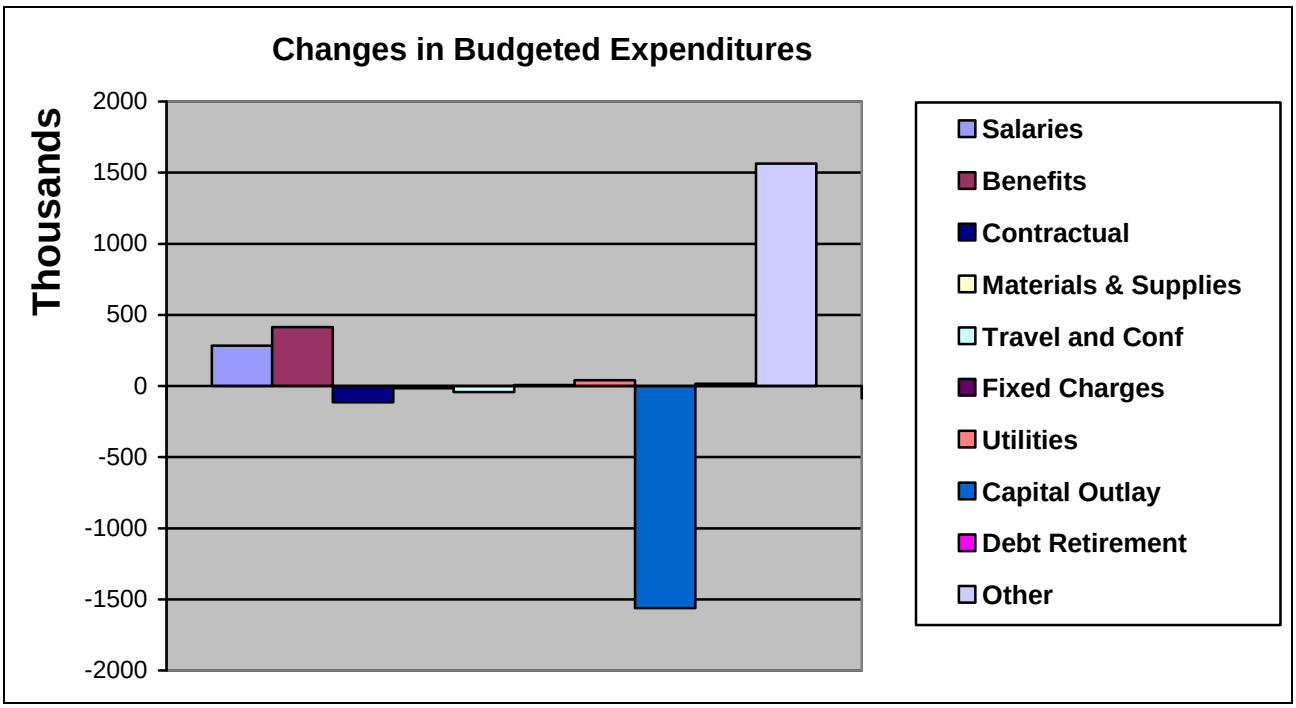
Uses – Uses or expenditures budgeted for FY 2011 total approximately $27.8 million for all Funds. Prioritizing limited resources for expenditures is based on Richland's Strategic Plan, the College's Vision and Mission, and diligence toward fiscal responsibility and accountability. The Strategic Plan focuses on the following three main goals: 1) Enhance, Strengthen and Advance Teaching and Learning; 2) Enhance, Strengthen, and Advance Collaborative Relationships; and 3) Enhance, Strengthen, and Advance College Operations. Strategies within each goal and related budget implications are presented beginning in Section II.

To accomplish the goals of the Strategic Plan, the College has focused on continuous quality improvement initiatives. Richland continues to train employees on the use of quality tools and the study of systems and processes, therefore; the ongoing costs of these initiatives are reflected in this budget. These efforts support the College's accreditation initiative under the Academic Quality Improvement Program (AQIP) by the Higher Learning Commission. During FY 2008, The Higher Learning Commission reaffirmed the accreditation of Richland Community College through the AQIP system through 2014. Additional information and discussion are provided regarding these initiatives in the Organization section of this document.

Expenditures for the College are driven primarily by salaries and benefits as well as capital projects that are planned for FY 2011. The core of Richland's expenses is personnel costs, representing over

75.8% of General Fund expenditures and 58.6% of expenses overall. The total increase in salaries and benefits for FY 2011 for the General Fund compared to FY 2010 is $1.06 million. The budget for FY2011 includes a pay increase of 4.1% for faculty and staff. Fringe Benefits costs increased by 17.4% in the FY 2011 budget based in part by the premium rate increase for health insurance that will take effect on July 1st and the remaining portion from new staff coverage or additional coverage elected by existing staff. The overall increase in salaries and benefits for all Funds is $696,825, which is not as high as would be expected with the pay increases and benefit cost increases. This is due primarily to the positions that are currently open with the Department of Corrections Restricted Grant with the State of Illinois that are not anticipated to be filled during FY2011.

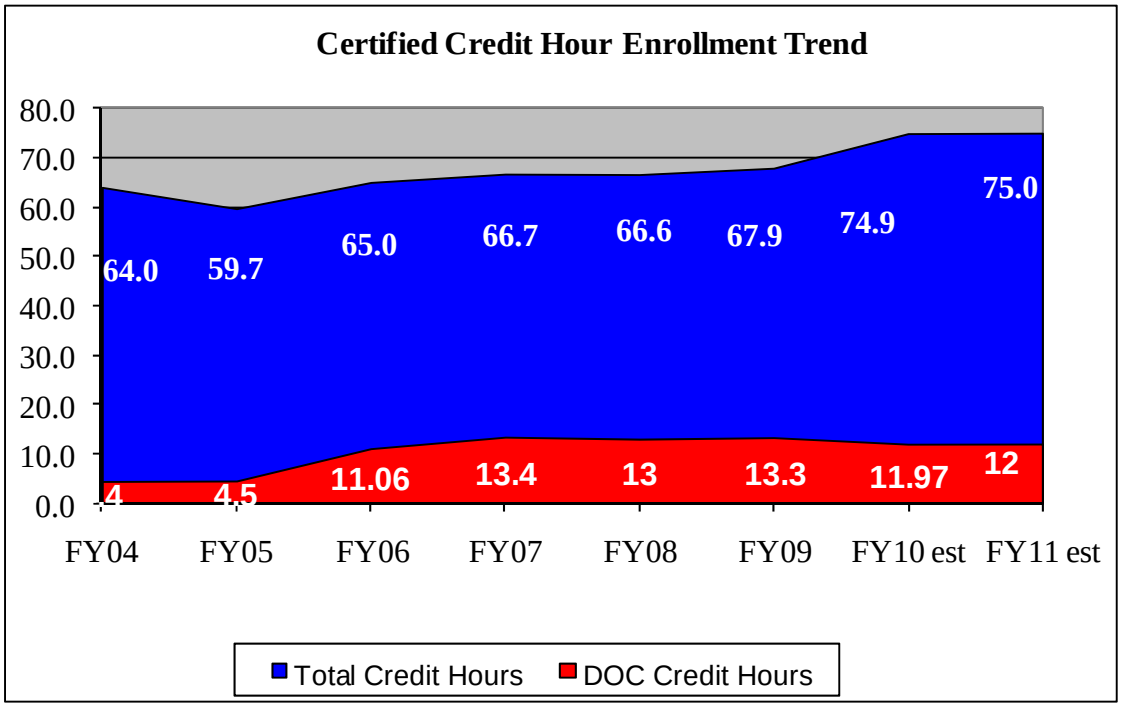
The following chart displays the increases and decreases in budgeted amounts from FY 2010 to FY 2011. The College is projecting slight decreases in Contractual Expenses and Utilities. Expenditures are virtually flat in Materials and Supplies, Travel and Conferences, and Fixed Charges. Capital Expenses, which are primarily in the College's Restricted Funds, are reduced by approximately $1.5 million because the Capital Projects planned in the FY 2010 budget were completed and are not reflected in the FY 2011 budget. Other Expenses are projected to take the largest jump in expenditures due to the increase in Pell Grants awarded to students and other student awards and grants paid by the College. These grants are offset by corresponding increases in revenues. Debt retirement, including the principal payments on College issued bonds, is approximately the same amount as FY 2010.



Student Credit Enrollments – Student credit enrollments drive two of the College's main revenue sources, Tuition Revenue and State Revenues for Base Operating Grants and Equalization Grants. Changes in enrollments have a significant effect on annual revenues and are monitored closely. While many factors affect student enrollment, significant enrollment shifts result from economic factors, student financial aid factors, population trends in the District, and barriers specific to individual students. A significant decline in the economic environment currently exists in the

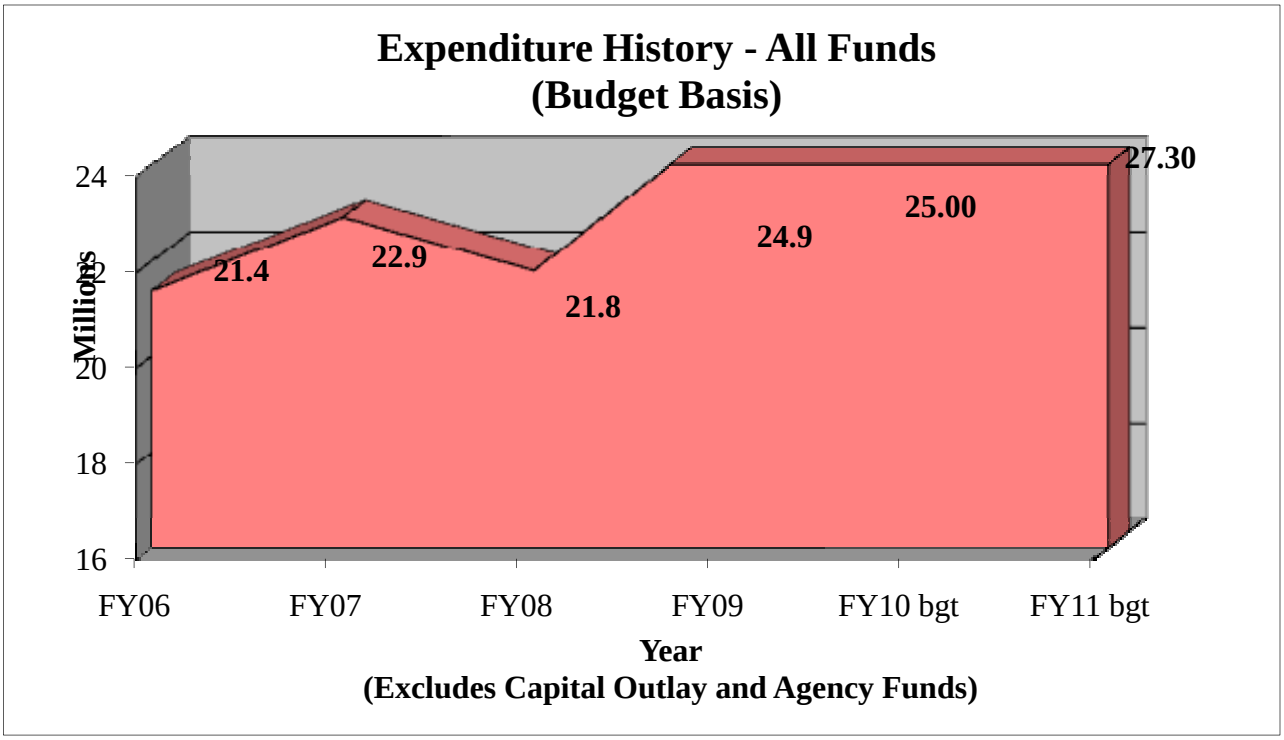
College's local community, with the current unemployment rate being slightly under the 15% mark as of March 2010. Historically, economic declines have had the tendency to promote enrollment growth at the College. The College is also expecting slight increases in Federal financial aid awards, which contribute to the opposite effect on enrollments.

Prior to FY 2010 enrollments experienced an all-time high in FY 2003. Since FY 2005 enrollments have had an upward trend impacted substantially by increases in the College's Department of Corrections (DOC) Programs. For these programs, the credit hour revenue that is generated serves as a required contribution to the future expenses of these programs and is restricted for that purpose. Therefore, while the overall enrollments have increased, the unrestricted revenues supported by enrollments have essentially held even over the last few years. Enrollments for FY 2010 reversed that trend and the College experienced a record number of credit hours generated even though DOC credit hours declined slightly. The following chart displays historical enrollment data for both total credit hours and DOC credit hours. Tuition revenues in FY 2011 are based on estimated credit hours at just over 63,000. Specifically, the total credit hour base for State funding purposes included in this budget is 75,000 which include the DOC portion. The DOC portion is shown as a Transfer-out to Restricted Funds.



Expenditure History – All Funds – College expenditures have remained consistent for the past 5 years. This can be seen through the actual expenditures in the graph on the next page. Conservative and accountable budgeting combined with a dedication to spending within recognized revenues, has left the College in sound financial condition. The expenditure history detailed in the following graph

shows the spending pattern since FY 2006. When adjusted for agency funds and capital appropriations for new construction, expenditures increased at an average rate of 1.2% per year. The gradual long-term trend upward would be indicative of efforts made to provide regular salary increases for staff and general cost-of- doing-business increases. The FY 2011 increase of 2.3% is attributed primarily to increased costs for salaries, benefits and utilities.

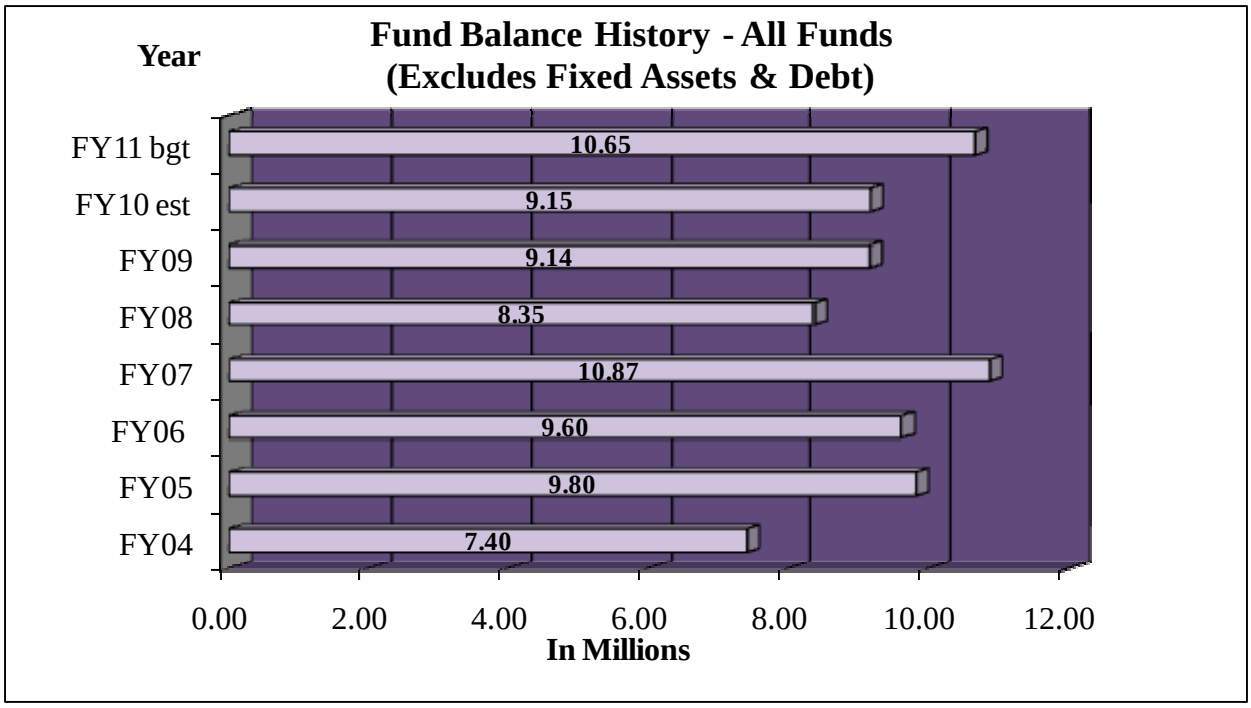


Fund Balance History – All Funds - At year end, unexpended and unencumbered monies held within a particular Fund accumulate from year to year and are designated as Fund Balances. Various reasons can account for the accumulation of Fund Balances. In some instances, conservative spending of budgeted monies creates a surplus at year end. In other instances, monies are received in one fiscal year with the intent to be expended in a subsequent year for a particular purpose. This would be typical for a capital construction project that takes several years to complete. Accumulated Fund Balances are available for appropriation in subsequent years.

Fund Balances have been used in recent years to fund one-time planned expenditures for Capital Construction and Equipment Replacement Projects. Capital expenses that will be paid for with Restricted Fund Balances are for landscaping projects at the road entryways. Additional Fund Balance appropriations include approximately $112,000 for technology replacement. These Fund Balance Appropriations are all from Restricted Funds and are intended for the purposes to which they are allocated in this budget.

Using fund balances as a measure of the fiscal health of the institution, the College maintains a year-end Fund Balance in each Fund. While available for appropriation, the College has been able to

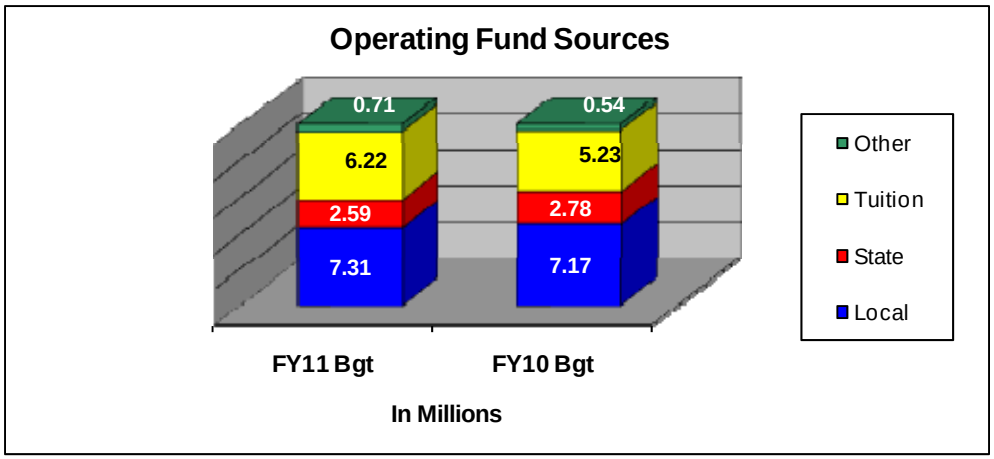
utilize these balances for cash-flow purposes as well as interest generation. The additional interest earned on these funds has been helpful in funding general operational expenses of the College. The Fund Balances have remained fairly consistent over the last three years with an increase in FY 2011 for the $3.0 million increase in the working cash fund.



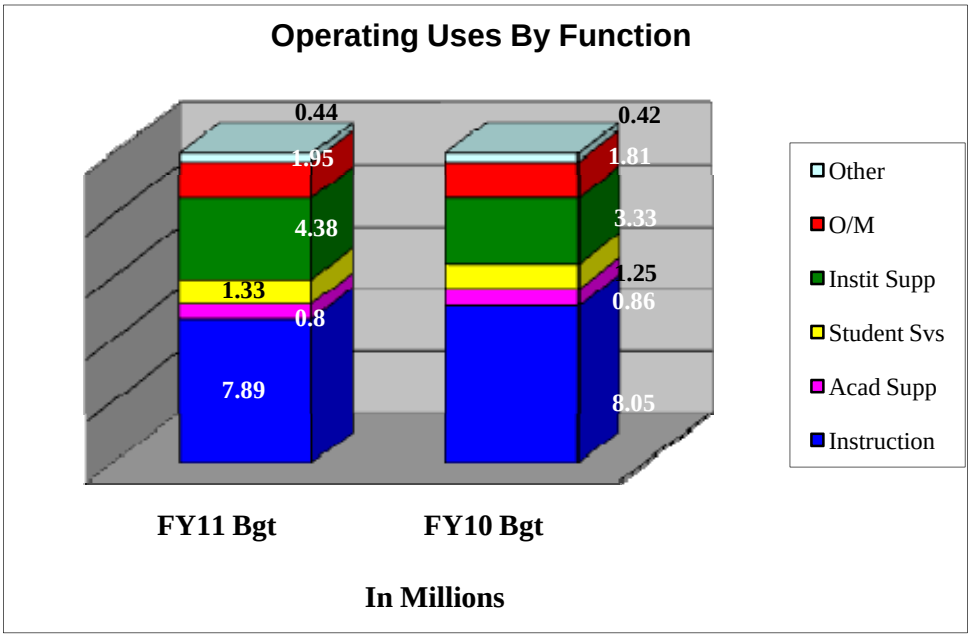
BUDGET OVERVIEW – OPERATING FUNDS

The Education Fund and the Operations & Maintenance Fund have been combined and are referred to as the General Fund. The next two graphs give a brief overview of the General Fund – also referred to as the Operating Funds.

Revenues - Revenues and other sources are slated to increase from FY 2010 to FY 2011 by approximately $1.1 million. Local Revenue is projected to increase $142,000 primarily due to increases in property tax revenues. Local revenues are based on a 3.4% increase in General Fund property tax receipts. Tuition and Fees is increased by $993,298 resulting primarily from an increase of $6.00 per credit hour in tuition, which was critical in funding continued operations and maintaining eligibility for State Equalization Grant funding. It also should be noted that this increase still leaves Richland's tuition rate less per credit hour than the State average and other Central Illinois community colleges. In addition, we are projecting a slight increase in enrollment because of the current high unemployment in the District. "Other Revenue" shows a slight increase based on lower projections for Interest Income and increased rental revenues from facility rentals. State revenue is projected to decline by $201,000 primarily due to decreases in Base Operating Grants and the Equalization Grant. The following chart summarizes the changes in budgetary General Fund Sources from FY 2010 to FY 2011:



Expenditures – Employee salaries are the major factor contributing to the $1.1 million increase in expenditures primarily resulting from pay raises and increased benefit costs. Also, the College completed a compensation system review during FY 2008 and identified inequities in the system. As a result, an allowance has been included for the costs associated with making supplemental adjustments to the College pay system during FY 2011. The other major increase is for higher utility expenses.



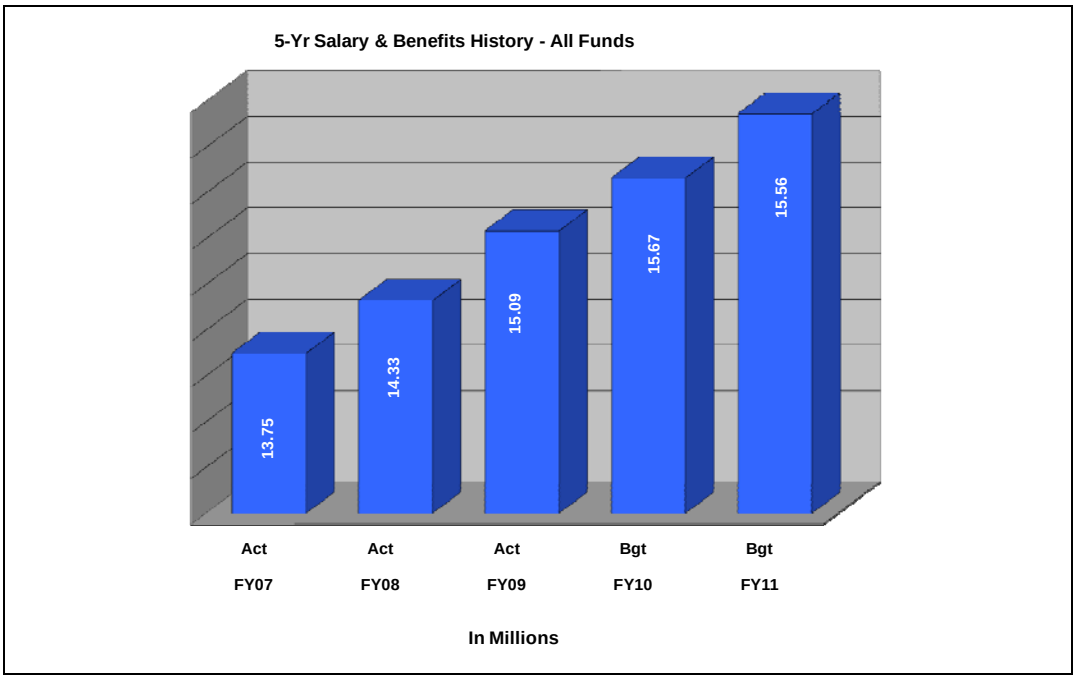
Salaries & Benefits History – All Funds - The next chart shows the history of the College's investment in its personnel. Total full-time employment for FY 2011 will include approximately 227 full-time employees and 222 part-time employees.

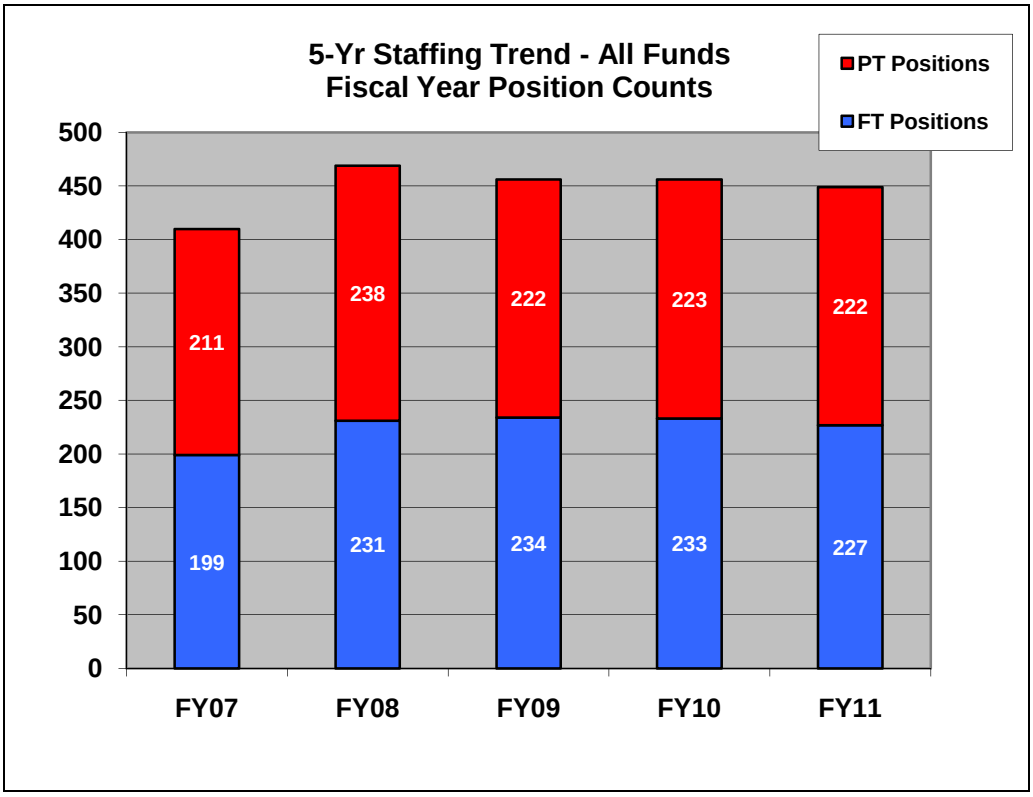
During this budget cycle, Budget Managers submitted requests for new positions to their Vice President to be reviewed and prioritized by the President's Cabinet. These positions were evaluated within the context of the Strategic Plan, budget limits, and the realization of the need to provide pay raises for existing staff. Two new positions, a Coordinator for the new Math Lab and a Coordinator for the Medical Coding program to assist in maintaining accreditation for our Medical Coding degree were approved within these parameters.

Salaries budgeted for all funds total over $13.6 million. The majority of the funding for salaries is in the General Fund with $10.1 million, followed by the Restricted Purposes fund with $2.1 million, and the remaining $1.4 million distributed over three other funds. Total combined salaries show an increase of approximately $300,000 over FY 2010. The increase can be seen across funds that support salaries with the exception of the Restricted Purposes Fund. Salaries for the Restricted Purposes Fund decreased because of the number of vacant positions in the Department of Corrections Grant.

Benefit costs are substantial with approximately $2.8 million included in this budget for employee benefits. College-provided employee health insurance is the most significant portion of employee benefits costs. Recent trends have forced the College to evaluate the program closely. The College is a member of the Community College Insurance Cooperative (CCIC). The College will see an increase in health care premiums of 22% due to increased claims volume for the group. The 17.4% overall increase in the budget for Fringe Benefits is attributed to the rising cost of health care premiums and to additional coverage needs for new or existing personnel.

The College faculty is represented by collective bargaining contracts. A new contract for the adjunct faculty will be bargained during the Summer of 2010. Assumption is that a fair and affordable contract will be achieved. An estimate for the raises is included in the FY 2011 budget. The full-time faculty contract expired at the end of FY 2009. A new 5-year contract was ratified in April 2009 with contract rate increases ranging from 4.1 to 4.8 %, with 4.1% as the increase for the current budget.


5-Yr Salary & Benefits History - All Funds
13.75
14.33
15.09
15.67
15.56
Act
FY07
Act
FY08
Act
FY09
Bgt
FY10
Bgt
FY11
In Millions


5-Yr Staffing Trend - All Funds
Fiscal Year Position Counts
PT Positions
FT Positions
500
450
400
350
300
250
200
150
100
50
0
211
199
238
231
222
234
223
233
222
227
FY07
FY08
FY09
FY10
FY11

CAPITAL IMPROVEMENTS

Capital Assets are defined by the College as assets with an initial unit cost of $5,000 or greater and an estimated useful life in excess of two years. The costs of normal maintenance and repairs that do not extend the life of the asset are not capitalized and are included in the General Fund budget. The College's investment in Capital Assets and Capital Improvements plays an important role in serving the needs of students and represents approximately 2.0% of the total budget for Fiscal Year 2011.

As the future of Richland Community College continues to change, a new Facilities Master Plan was developed and adopted in the summer of 2007. With the assistance of the College's architects, focus groups that included faculty, staff, students, and community members generated ideas that were captured, analyzed, and synthesized into projects that will enable Richland to build or renovate space to meet the cutting edge demands of students, businesses, and the community. This new Facilities Master Plan looks at the future academic, workforce training, and community needs facing Richland and incorporates those ideas into a comprehensive document. The Master Plan will serve as the reference to guide the College's facilities needs for updating existing space as well as linking the campus to the economic development thrust created from the College hosting the Farm Progress Show.

Some of the future projects envisioned through the Master Plan are the Student Success Center & Addition, a Global Agribusiness Center/National Bioenergy Education Center, a Community Education Center, renovating and adding on to the Business Education Center and a Workforce Development Center. The State of Illinois' legislative body recently passed a comprehensive Capital Improvement bill that was subsequently signed by the Governor funding a long list of projects including many recommended by the Illinois Community College Board. One of the projects on that list was the Student Success Center & Addition. The State would fund 75% of the cost of the project while Richland Community College's share will be funded through a mixture of available fund balance monies and appropriate protection, health and safety funding.

During FY 2010 the College completed a building project creating the Center for Sustainability and Innovation that houses the University of Illinois Extension offices and serves additional program needs of the College. The Center for Sustainability and Innovation was constructed using "Green Technology" in order to obtain LEED (Leadership in Energy and Environmental Design) certification through the U.S. Green Building Council. The Richland Community College Foundation participated in this project by funding the construction of a wind turbine generator. Bonds were issued during FY 2008 for the purpose of financing this project and purchasing an upgrade to the College's database system. Some of these funds have been used in FY 2010 to finance the costs of construction of the Center for Sustainability and Innovation. Both projects were completed before the beginning of the Fall 09 semester. To offset the costs of operating this building the College is receiving rental revenue from the University of Illinois Extension Office. In addition, utilities are expected to be minimal due to the projected electricity generated by the wind turbine and other cost-saving features that were incorporated into the building.

Capital projects that are planned during FY 2011 include a landscaping project for $34,000, upgrades to the College's security and fire alarm systems and an energy master plan study for $286,000. The College is conducting an energy master plan study as a result from the loss of free

steam from ADM. This loss of free steam has resulted in increased energy costs of over $300,000 when compared to costs budgeted during FY09. With the College now paying for energy to heat and cool the building, a project will be developed that will install cost energy efficient heating and cooling equipment. The project will provide for a long-term operating cost decrease. The College has budgeted $121,000 for remodeling work to the Shilling Center. The College will finance these activities through existing college funds, grants and donations and Fund Balance appropriations.

The Chart below is an itemization of the capital building projects for FY 2011:

Richland Community College
Capital Projects Budget
Fiscal Year 2011

Description	**Amount**	**Source**
Energy Management System	$194,400	PHS Levy
Security System Upgrade	35,438	PHS Levy
Fire Alarm System Upgrade	55,687	PHS Levy
Road Landscaping Project	33,459	Fund Balance
Shilling Center Remodeling	121,000	Grant/Donation
Total Capital Projects	**$439,984**	

Following is a summary of the Capital Projects Expenditures over a five year period:

Historical Capital Improvement Expenditures

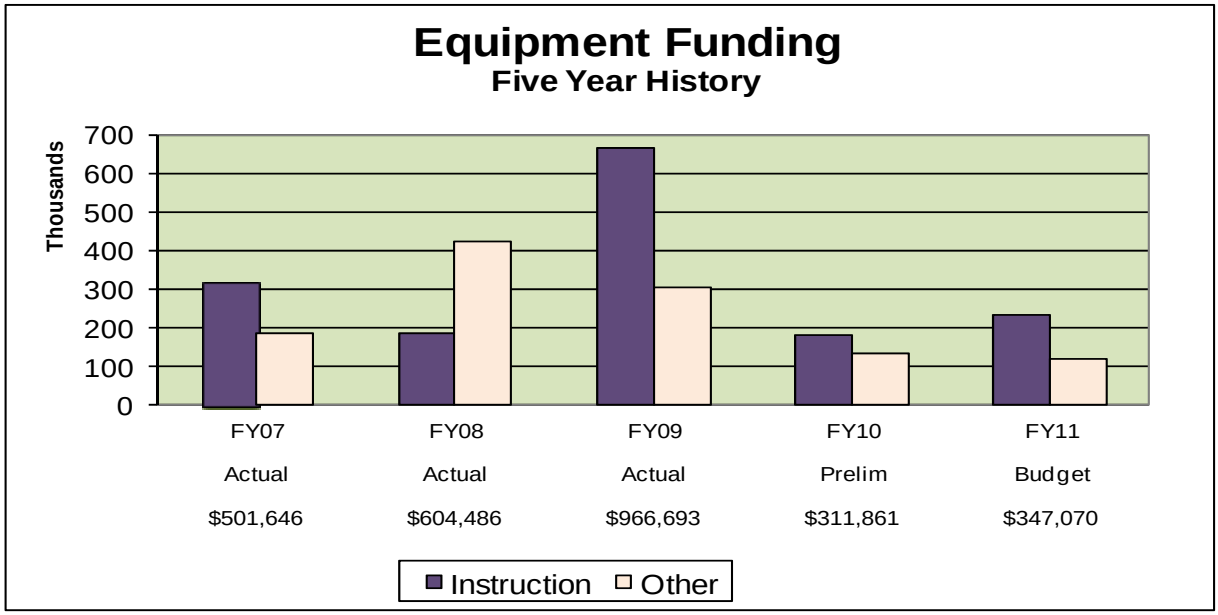
FY 2007	Actual	$0
FY 2008	Actual	$1,942,507
FY 2009	Actual	$3,149,735
FY 2010	Preliminary	$1,877,176
FY 2011	Budget	$439,984

EQUIPMENT

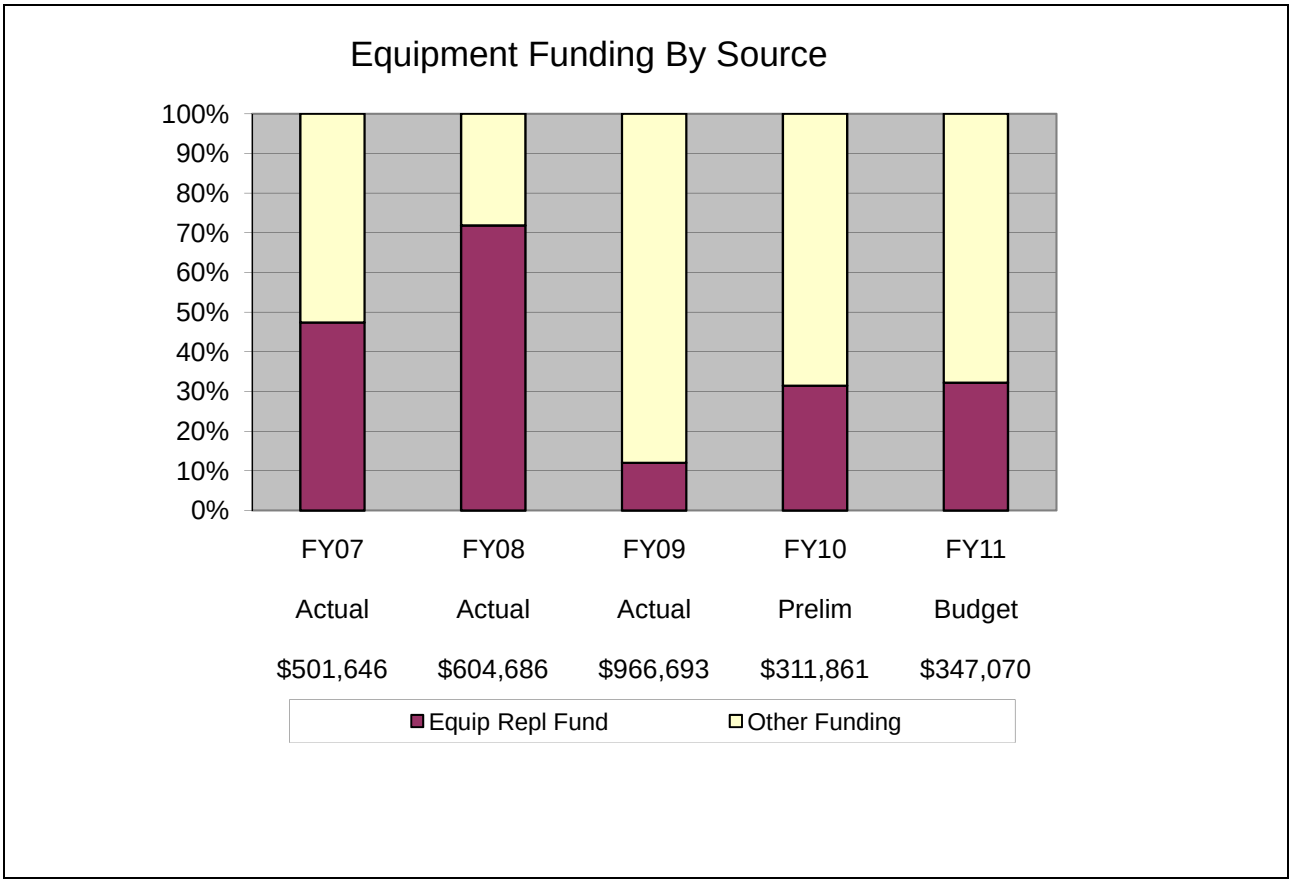
Providing current technology is vital to having an outstanding educational program. Occupational programs as well as traditional transfer programs benefit from cutting-edge technology. This budget strives to place current technical instructional equipment in the hands of the students and instructors. The College has received a grant to purchase computers, workstations and software for the new Math Lab. The College has budgeted in FY 2011 over $88,000 to upgrade computers throughout many divisions, $26,000 in software upgrades for classrooms, and $17,000 to create two additional smart classrooms. The College budgeted $36,550 to purchase computer hardware components to allow our Information System students to build computers from scratch using the latest technology. Other instructional equipment will include purchases for specialized items in the Graphics Arts Division, Automotive Technology, Culinary Arts, and Health Professions programs.

For FY 2011 the College will continue to focus resources on replacing outdated information systems equipment. These upgrades are being paid for by a combination of existing College funds, donations from the Richland Community College Foundation and grant sources such as the Federal Perkins money. The College continues to focus resources towards ensuring that our students have access to current technology in the classroom. Total equipment purchases are budgeted for FY 2011 at $347,070. The following charts and graphs provide a summary of Equipment purchases over the most recent 5-year period.

	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Preliminary	FY 2011 Budget
Totals by Function					
Instruction	$318,501	$182,935	$662,929	$180,622	$229,875
Academic Support	64,208	76,316	48,123	56,332	23,900
Student Services	13,257	8,870	32,331	4,585	10,050
Public Service/Continuing Education	11,706	22,784	936	4,646	3,150
Clubs, Organizations & Child Care	919	0	370	0	0
Operations & Maintenance of Plant	40,854	234,873	40,134	4,602	66,750
Institutional Support	52,201	78,708	181,870	61,074	13,345
Total	**$501,646**	**$604,486**	**$966,693**	**$311,861**	**$347,070**

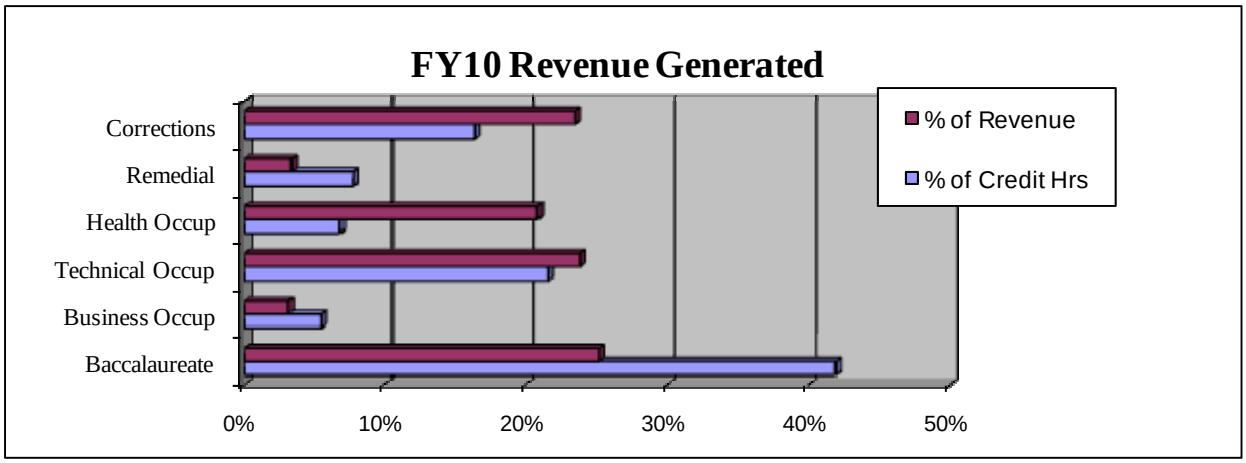


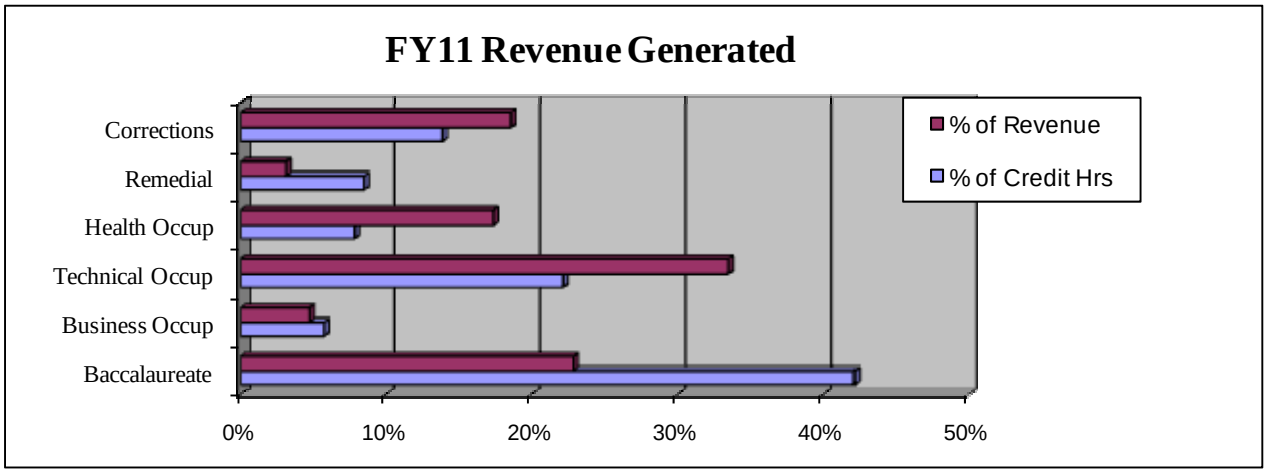
	FY07 Actual $501,646	FY08 Actual $604,686	FY09 Actual $966,693	FY10 Prelim $311,861	FY11 Budget $347,070
Total by Funding Sources					
Equipment Replacement Fund	$237,785	$434,097	$116,216	$98,099	$111,775
Restricted Purposes/Other Funding	263,861	170,589	850,477	213,762	235,295
Total	**$501,646**	**$604,686**	**$966,693**	**$311,861**	**$347,070**



ENROLLMENTS AND CREDIT HOURS

The following charts reflect the revenue generated by credit hours for each State-funded reimbursement category for fiscal years 2010 and 2011. Credit hours generated in FY 2008 serve as the State basis for funding in FY 2010, and credit hours generated in FY 2009 serve as the basis for funding in FY 2011. Each category is funded at a different rate as determined by the State's funding formula and as funds are available. This variable rate structure allows Illinois community colleges to offer higher-cost technical and health programs at a standard tuition rate, keeping the programs affordable. These categories include Baccalaureate, Business Occupational, Technical Occupational, Health Occupational, Remedial Education, and Department of Corrections (DOC) programs. DOC credit hours generate revenue that is used to support these grant-funded programs.





Funding Challenges of the Future

Board of Higher Education Budget Process

The following is summary data retrieved from IBHE Budget Recommendations for Community College Operations and Grants (dated January 26, 2010):

Available online at http://www.ibhe.org/Board/agendas/2010/January/Item1aPowerPoint.pdf

IBHE Step 1 Recommendations:		
Unrestricted Grants to Colleges	-$6,973.9	
Total Budget Change (-2.3%)	($6,973.6)	*(in thousands of dollars)*
IBHE Step 2 Recommendations:		
Unrestricted Grants to Colleges	+0.0	
Total Budget Change (0.0%)	$0.0	
IBHE Step 3 Recommendations:		
Unrestricted Grants to Colleges	+$6,103.7	
Total Budget Change (+2.1%)	+$6,103.7	
IBHE Step 4 Recommendations:		
Unrestricted Grants to Colleges	+$12,207.3	
Total Budget Change (+4.2%)	+$12,207.3	

Other State Funding – The College is in its eighth year of receiving Equalization Grant funding. Equalization funding is determined by a somewhat complex formula that compares local property tax funding to the total credit hours each college generates. It attempts to provide a minimum level of local tax revenue per full-time equivalent student across the state. Thus, the relatively stable property tax base of the District, combined with minimal enrollment growth, resulted in moderate decreases in equalization funding for both FY 2008 and FY 2009. A more significant decrease occurred in FY 2010. The FY 2011 budget is estimating that the equalization funding for FY 2011 will be at the FY 2010 level based on data that is available at this time. The formula for equalization funding is calculated using FY 2009 enrollment data, 2008 tax year Equalized Assessed Valuation data, and 2009 Personal Property Replacement taxes. These data components are all known at this time and can be used in making an estimate for Equalization funding for FY 2011. However the formula is also impacted by certain statewide data and adjustments that are not known at this time, so the actual funding will vary somewhat from projections. The long-term projections for

Equalization funding will have to be reevaluated based on the recent increase in enrollments and the State's financial condition.

Providing about 2.4% of the General Fund revenues, the College receives corporate personal property replacement taxes distributed by the state. Based upon corporate profits resulting from an improved economy, the College's portion of these taxes grew from FY03 until FY 2009. However, for FY 2010 the revenues received from this tax decreased due to the continuing recession affecting businesses statewide. The FY 2011 budgeted Replacement Tax Revenue is based on a continuing weak state economy.

Local Funding – The equalized assessed valuation of Richland's District is projected with a moderate increase for fiscal year 2011. The Districts assessments are nearly complete as of the date of this budget finalization, and the consolidated counties in Richland's taxing districts experienced approximately 2.4% growth in its combined Equalized Assessed Valuation (EAV). The district EAV is the base upon which Richland tax rates are computed to determine its annual property tax revenues.

Tuition and Fees – In response to increased costs and a statutory requirement to remain at or above 85% of the state-wide average of all community college tuition rates, the Board approved a $6.00 per credit hour rate increase at its February 2010 meeting. This increase will begin with the Summer 2010 term. The increase in this revenue stream is generated from the rate increase. The College experienced record enrollments in FY 2010 and is projecting continued high enrollments for FY 2011, due to the high unemployment rate in the College's District. The College is continuing with several initiatives that began in FY 2010 that are expected to generate additional enrollments in both Educational programs and Workforce Development programs. These initiatives include the expansion of the Culinary Arts Institute, a new Bio-fuels program, and a three-year project to expand the College's Online Learning Program. All of these programs and initiatives are being driven by the needs of the College's stakeholders including students and businesses in the District. It is anticipated that these initiatives will help the College become more competitive in the District and will attract students from outside the District as well.

Fees are primarily utilized to provide consumable materials necessary for teaching classes. Annually, fees and the underlying costs are reviewed and submitted to the Board of Trustees for approval. Fees for technology-intensive classes must be monitored closely to ensure that appropriate software and equipment are utilized in order to maintain an effective learning environment. Fees that are collected are used to support the costs of maintaining effective technology and equipment. There is a 16.5% increase projected in Fees for FY 2011. A portion of this increase is related to new fees as part of the enrollment costs for the College's new initiatives.

Student Financial Aid – To prevent barriers to full access to higher education, the College must seek funding sources that allow all students' access to Richland's programs. This can be achieved through Federal funding sources such as Pell Grants or State Monitory Award Grants. In recent years, these sources have been reduced. Federal Funding for FY 2011 is up 37% because of the increases in student enrollment over the past two years. State Funding is down slightly due to decreases in State Grants available to the students. One large funding source, the State Monetary Awards Grants were cut off in late April due to a lack of funding ability from the State. To offset

this downward trend of state financial aid revenues, the Richland Community College Foundation has received funds and endowments to award more, higher value scholarships over the last five years. With the growth in funding available to the Foundation for scholarships, the Foundation anticipates to award over $225,000 for FY 2011. Increasing endowments will provide additional funding for scholarships at this much needed time.

DEBT MANAGEMENT

The College is subject to a debt limit of 2.875% of the District's Equalized Assessed Valuation of $2,127,904,616 or an estimated $61.2 million. At the current time, the College holds $2.38 million in general obligation bonds debt, which will be retired over a 9-year period ending December 2016. These bonds were issued in January 2008 to finance obligations related to the construction of the Center for Sustainability and Innovation facility that will serve the needs of the College and the University of Illinois Extension. This facility will be the College's first "Green" building and will be constructed in accordance with Leadership in Energy and Environmental Design (LEED) specifications. These specifications increase the initial construction costs of the building but are expected to provide substantial energy savings over the life of the building.

In April 2010 the College issued $3.0 million in general obligation bonds debt, which will be retired over an 8-year period ending December 2018. These bonds were issued to increase the Working Cash Fund of the District. The State of Illinois has experienced great financial difficulties over the past fiscal year and the payments from the State have been lagging behind their customary schedule of payments. The College wanted to ensure that there was sufficient cash available to meet our obligations while waiting on the State. At the current level, the College has sufficient reserves to cover expenditures for one year without receiving any State payments.