Section I

Richland
COMMUNITY COLLEGE

COMMITMENT | RESPECT | EXCELLENCE | ACCOUNTABILITY | DIVERSITY

RICHLAND COMMUNITY COLLEGE DISTRICT #537

FY 2013 ANNUAL BUDGET

I. INTRODUCTORY SECTION

EXECUTIVE SUMMARY

The Fiscal Year 2013 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 2013 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.

The economic recovery is beginning to show its effect on the College's resources. Student enrollment drives two of the College's three major revenue categories. Typical with many community colleges, the enrollments are counter cyclical to the business cycle. The anticipation for Fiscal Year 2013 is that enrollments will continue to recede from the prior year's level. This will reduce the tuition revenue. Offsetting this reduction was an increase the tuition rate. Further complicating the revenue picture for FY 2013 is the State of Illinois' financial situation. A reduction of over six-percent from the previous year's appropriation level required the College to review employee compensation as a means of addressing the tightening finances.

Addressing the fiscal pressure created by a tentative economy and uncertain State funding has forced the College to take actions within its highest cost expenditure categories of wages and benefits. In the past, the College has been financially able to maintain competitive compensation packages for all employees. However, health insurance benefits are becoming burdensome and are under review with changes coming during the fiscal year that will initiate a long term solution to help the College remain competitive with compensation while remaining fiscally sound. Other expenditures categories such as materials, supplies, and travel will be scrutinized for their connection to the carrying out of the College's strategic plan.

During FY 2013, the College will bring on-line the National Sequestration Education Center, a new facility dedicated to the education of carbon capture and sequestration technology. The Center will serve as the hub for community engagement and public dissemination of information about the project's scope and function. This project is the outcome from a Department of Energy grant forming a partnership between Archer Daniels Midland Company, the Illinois Geological Survey, Schlumberger, and the College. Adjustments to the budget were incorporated to account for the additional expenditures for operating this energy efficient facility.

The Richland Community College Foundation continues to be an intricate partner with the College. Included in this budget are increased scholarships, equipment funding, and gifts for College operations. The continuing success of the Foundation's fundraising efforts allows the students to greatly benefit from their efforts.

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 2013.

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 for the college in the coming fiscal year:

- Continuing support for accomplishing year two of the Strategic Plan goals. Many of the priorities included in the Plan are designated to the undertaken and are included for funding in FY 2013. Major components of the Strategic Plan are presented in full in Section II.

- Efforts to be more transparent and accountable will be publicly available as the College publishes its "dashboard". The dashboard will enable the Board and constituents to quickly see how the college is meeting its strategic goals via the measures published on the website. Additionally, an initiative to build level 2 and level 3 departmental measures that will measure achievement of area goals will be developed.

- 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 9.5% increase in premiums for FY 2013. This is approximately 12.4 percent of the operating budget.

- Established a select committee to review the College's health insurance benefit plan and program. As one outcome of the review, the employees will have an additional benefit plan option. Long-term cost savings for both the employee and College is a goal of this committee.

- FY 2013 State of Illinois appropriations are reduced by 6.14 percent from the prior year's appropriation level. Receipts from the State's scheduled grant payments for Base Operating Grants, Equalized Assessment Grants, DOC Grants and Adult Education Grants have been received at extended and irregular times. With continuing shortfalls in State funding the College continues to utilize Working Cash Fund to ensure that payment of all obligations are met in a timely fashion.

- The College experienced a drop in enrollment from the record growth in FY 2010 and FY 2011. Federal Pell Grants and other financial aid awarded to students surged to a new record high of $8 million. The college continues to work diligently to assure that all students qualify for financial aid they are entitled to. The Foundation has also assisted in increasing number of students with scholarships enabling many students to attend.

- The Richland Community College 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 completed in 2010 will be used towards furthering the College's long-term strategic goals and initiatives.

- During FY 2013 the college will begin using the new National Sequestration Education Center. This is a joint project with Archer Daniels Midland Company being funded by a federal grant. This Center will provide an innovative experiential learning and knowledge transfer environment for sequestration and geological storage and recovery technologies. The College will be developing an educational curriculum in the emerging science of sequestration. Archer Daniels Midland Company, located in Decatur, IL, is pursuing this new technology and trained workers will be needed to staff the facilities they are building.

- In FY 2012 the College began the process of constructing a new $16.1million Workforce Development Institute. The institute will house College programs as well as provide space for the Heartland Technical Academy for area high school students to take dual credit courses. Currently the students take courses on the Richland campus and courses at a downtown facility. The current facility will replace the downtown facility and expand the Richland campus for various programs such as automotive, auto body, and diesel technology.

- The College has constructed this budget as conservatively as possible, especially with the continued uncertainty with Stage funding. In addition as unemployment improves enrollments will decrease. The College will need to find additional ways to increase enrollment and find new and innovative ways to provide funding to ensure that the College is meeting the needs of the District and providing the classes and programs that the residents and area businesses need.

- 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 2013 budget is a balanced budget including funding sources and uses of over $38.1 million for all College funds combined. The FY 2013 budget revenues decreased $.5 million over FY 2012. When removing the Restricted Operations and Maintenance Fund the revenue actually increases $3.7 million. One factor in this increase is a $5.00 per credit hour increase in the tuition rate per credit hour for FY2013. These increased revenues are necessary to cover the increasing costs for FY 2013. The College is experiencing increasing costs for staff salaries and benefits. The budget includes a salary increase for all faculty and staff and benefit costs are rising 9.5%.

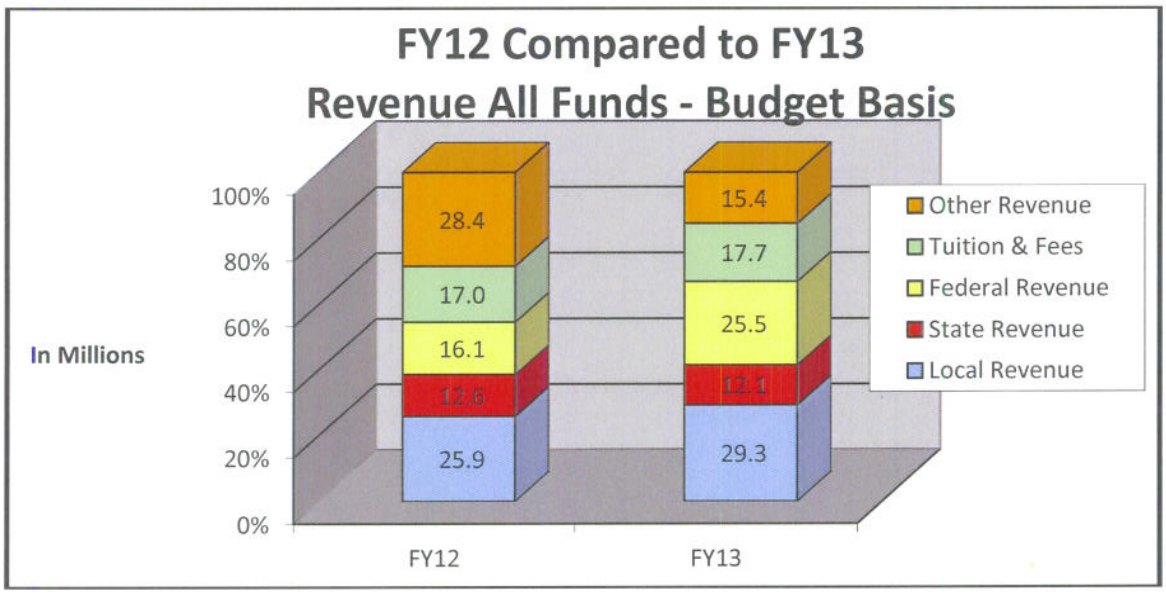
Other factors contributing to the overall revenues are a significant increase in the tax revenue in the Bond and Interest Fund which is due to a bonding issuance in 2012 for the construction of the new Workforce Development Institute. The College is anticipating an approximately 6% decrease in State of Illinois Funding. The State of Illinois has experienced financial difficulties for the past several years and the budget passed by the State reflects these difficulties. The College is seeing a significant increase in Governmental Revenue due to a change in the way direct loans are disbursed to students. The Department of Education rules now state that loans are to be disbursed by the College financial aid department. The College continues to see a

decrease across all funds in Interest Income and lower Contractual Revenue earned in the Department of Corrections' Contracts.

The College will use fund balance appropriations of approximately $3.0 million in FY 2013. 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 Workforce Development Institute. The fund balance appropriation revenues are included in the "Other Revenues" account category and are included in the following funds:

Operation & Maintenance (Restricted)	$ 2,753,400
Restricted Purposes	$ 200,000
Liability, Protection & Settlement	$ 38,589
Total	$ 2,991,989

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.



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 2013, local tax revenues include taxes levied on property owners for calendar year 2011, payable in June and September of 2012. 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 local property taxes for all funds for the FY 2013 budget are $10.7 million, an increase of $1.1 million, or approximately 11.5% over the budget for FY 2012.

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 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 2013 has been increased to $96.50 per credit hour and is estimated to produce total tuition revenue of approximately $6.74 million including related course fees. This is an increase of $184,375 over the budget amount for FY 2012 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 and Direct Loans) as well as other programmatic grants. State revenues include student financial aid, a $1.2 million contract with Illinois Department of Corrections, and several smaller grants to support operations. 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 was increasing at an average rate of 10% annually prior to the recession that started a couple of years ago. The anticipated revenue in FY 2013 is remaining fairly steady as compared to FY2012. However, with the decrease in retail sales since the recession the College has experienced a 21.9% decrease in this revenue source over the last 5 years.

The category entitled Other Sources in the FY 2013 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 $10.9 million in FY 2012 to $5.9million in FY 2013. 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 2013 total approximately $38.1 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) Advance student access, engagement and success; 2) Cultivate a sustainable institutional environment; and 3) Enhance community engagement and partnerships. Strategies within each goal and related budget implications are presented beginning in Section II.

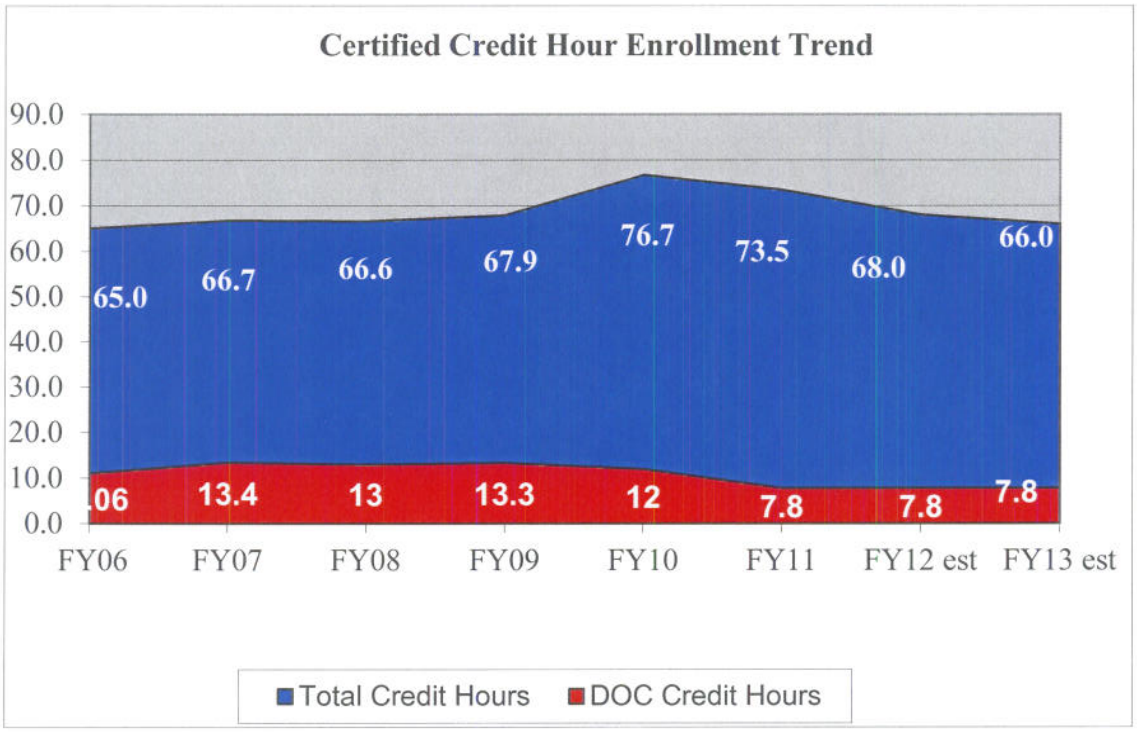
To accomplish the goals of the Strategic Plan, the College has focused on continuous quality improvement initiatives. Richland continues to train employees on the use of quality tools and the study of systems and processes, therefore; the ongoing costs of these initiatives are reflected in this budget. 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 2013. The core of Richland's expenses is personnel costs, representing over 77.1% of General Fund expenditures and 43.9% of expenses overall. When

the Operations and Maintenance – Restricted funds are removed from the total the percentage rises to 48.9%. The total increase in salaries and benefits for FY 2013 for the General Fund compared to FY 2012 is $225,000. The budget for FY2013 includes a pay increase of 4.7% for faculty and an increase of 3.2% for staff. Fringe Benefits costs increased by 5.4% in the FY 2013 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 $112,619, which is not as high as would be expected with the pay increases and benefit cost increases. This is due primarily to the departure of several staff and faculty that will be filled at a lower cost.

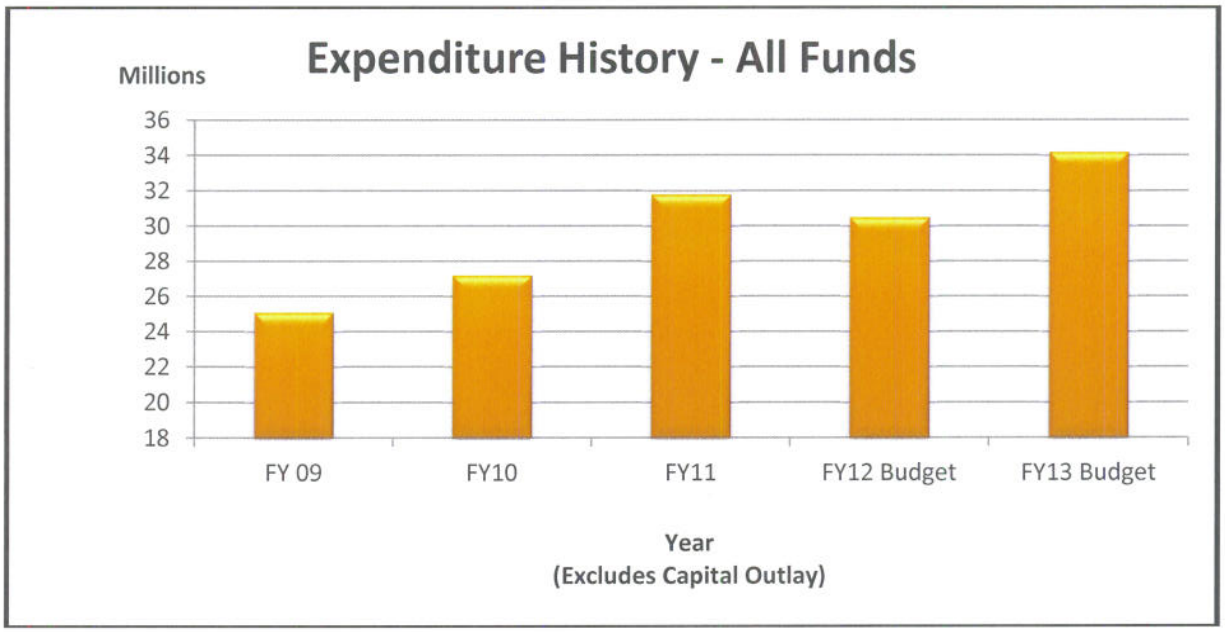
Student Credit Enrollments – Student credit enrollments drive two of the College's main revenue sources, Tuition Revenue and State Revenues for Base Operating Grants and Equalization Grants. Changes in enrollments have a significant effect on annual revenues and are monitored closely. While many factors 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 occurred during and after the recession 4 years ago in the College's local community. However, things have started improving locally with the current unemployment rate being slightly over the 9% mark as of April 2012, this is a drop from 13.4% two years ago. Historically, as the economy improves and the unemployment rate drops the trends have been for enrollments to decline at the College. The College is also expecting slight increases in Federal financial aid awards, mainly due to the shift in Direct Loan processing by the Federal Government.

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 2013 are based on estimated credit hours at just over 58,200. Specifically, the total credit hour base for State funding purposes included in this budget is 64,000 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 2007. When adjusted for agency funds and capital appropriations for new construction, expenditures increased at an average rate of 1.4% per year.

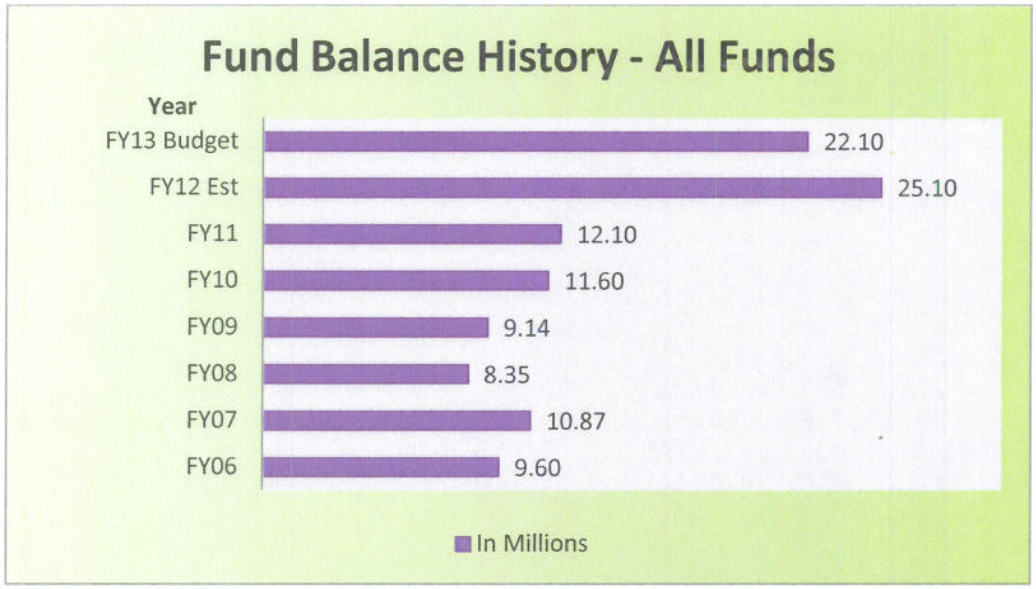
The gradual long-term trend upward would be indicative of efforts made to provide regular salary increases for staff and general cost-of- doing-business increases. The FY 2013 increase of 3.1% is attributed primarily to increased costs for salaries and increases in Pell Grants.



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 the NSEC building completion, security system upgrade, parking lot lighting, and the Brush College road entrance. Additional Fund Balance appropriations include approximately $200,000 for technology replacement. The College will also be starting construction of the Workforce Development Institute in FY2013 and completing construction of the culinary kitchen being built for the Heartland Technical Academy. Bonds for this project were sold in FY2012. 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 2012 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.

Revenues - Revenues and other sources in the General Fund are expected to remain fairly consistent from FY 2012 to FY 2013, with only a slight increase projected. Local Revenue is projected to increase $81,000 primarily due to increases in property tax revenues. Local revenues are based on a 1.0% increase in General Fund property tax receipts. Tuition and Fees are increased by $184,375 resulting primarily from an increase of $5.00 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, the College is projecting a decrease in enrollment because of the continuing decrease in unemployment in the District. The college is anticipating a funding decrease of 6.14% in State of Illinois funding for FY 2013 based on the latest available budget data from the State.

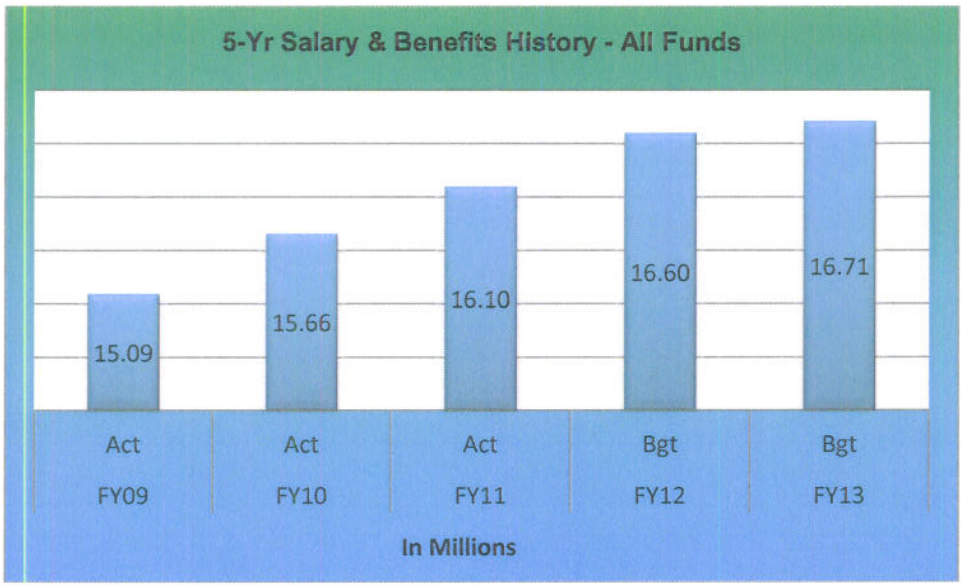
Expenditures – Expenditures in the General Fund are remaining flat as well due to the funding difficulties with the State of Illinois. The travel budgets were reduced in FY2013 and the College scaled back the salary increases for staff. In addition, the College was able to reduce salaries by either not filling vacant positions or replacing with lower salaried individuals. Expenses will be closely monitored during FY 2013 due to the tight State funding.

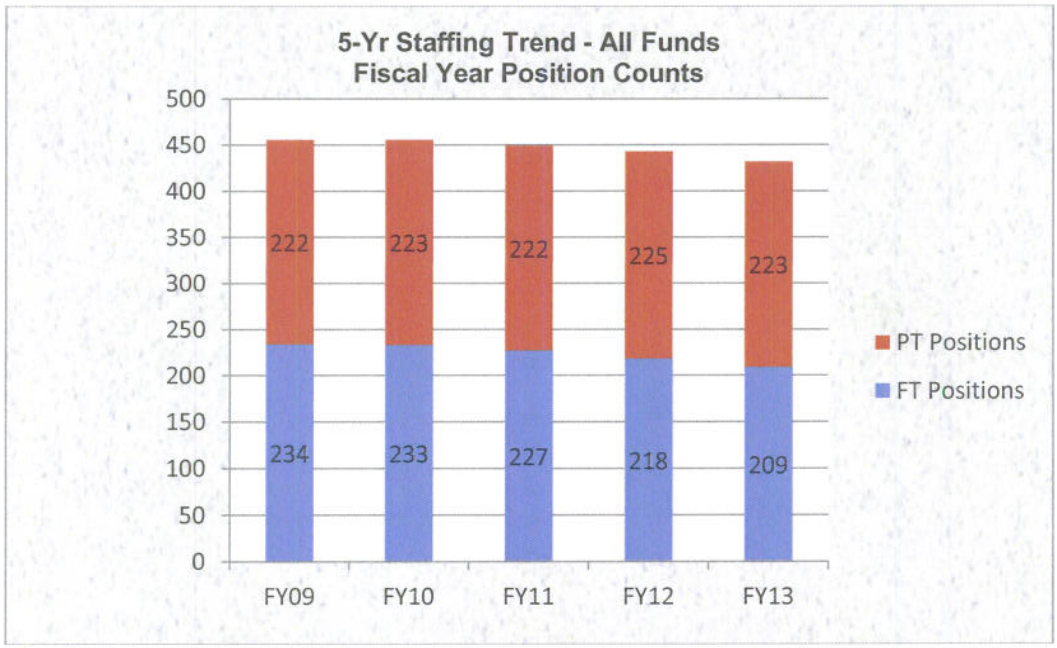
Salaries & Benefits History – All Funds - The next two charts show the history of the College's investment in its personnel. Total full-time employment for FY 2013 will include approximately 209 full-time employees and 223 part-time employees.

Salaries budgeted for all funds total over $13.8 million. The majority of the funding for salaries is in the General Fund with $11.3 million, followed by the Restricted Purposes fund with $1.4 million, and the remaining $1.1 million distributed over three other funds. Total combined salaries are flat when compared with FY2012.

Benefit costs are substantial with approximately $3.0 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 9.5% due to increased claims volume for the group. The budget for Fringe Benefits is not as high as expected due a number of open positions that will not be filled or have been filled by staff that elects less expensive single coverage versus family coverage options.

The College faculty is represented by collective bargaining contracts. An estimate for the raises is included in the FY 2013 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 4.7% as the increase for the current budget.





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 10.3% of the total budget for Fiscal Year 2013. This percentage is higher than normal for Fiscal Year 2013 due to a number of factors, the first being the construction of the Workforce Development Institute facility and the culinary kitchen for the Heartland Technical Academy is expected to continue at a cost of $3.3M, the continued upgrading of the security system at a cost of $187,000, and $300,000 for the completion of the NSEC building.

As the future of Richland Community College continues to change, a new Facilities Master Plan was approved for adoption in the spring of 2007. The State requires that the Facilities Master Plan be updated every five years and the last plan was developed in 2007. In 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. The 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 2007 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 2011, the College formed a partnership with Archer Daniels Midland Company a global agricultural manufacturing company to obtain a federal grant to construct an International Sequestration Education Center (NSEC Building). This center will provide an innovative experiential learning and knowledge transfer environment for carbon sequestration and geological storage and recovery technologies. The facility will highlight and leverage technologies already existing and it will expand on existing training and degree programs including renewable/alternative energies and environmental sciences. This building will be a specialized dedicated instructional facility for academic and public outreach. It will be a "smart" educational facility featuring interconnected classroom and laboratory that provides space for a state-of-the-art experiential learning environment. The timeline for completion of this building is 18 months with groundbreaking planned in July 2011. The building is being brought on-line during FY 2013.

During FY 2012 the College began the construction of a new Workforce Development Institute that will house occupational programs for the College and for the Heartland Technical Academy. These dual credit courses allow the students to earn college credit while still pursuing their high

school diploma. Currently, the students take some courses on Richland's main campus and most of the courses are at a downtown Decatur facility. The dual credit program is managed by the Heartland Region Education for Employment. The students come from area high schools within the Richland District. Currently there are over 600 students from 18 feeder schools. Over 120 students are taking courses on Richland's main campus. The FY 2013 budget includes $3.3M for the architectural studies, engineering studies, and phase one of the construction of the building. The College is working with Heartland and area high schools to create a state-of-the-art building for students to begin their college education while pursuing their degrees, certificates, other credentials.

Capital projects that are planned during FY 2013 include a security system upgrade for $187,000, upgrades to the College's parking lot lighting for $100,000, and the completion of the NSEC building. 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 2013:

Richland Community College
Capital Projects Budget
Fiscal Year 2013

Description	**Amount**	**Source**
Security System Upgrade	187,000	PHS Levy
Brush College Entrance Road	35,000	Fund Balance
NSEC Building	300,000	Grant/Donation
Parking Lot Lights	100,000	PHS Levy
Culinary Kitchen – WDI Project	800,000	Fund Balance
Workforce Development Institute	2,500,000	Fund Balance
Total Capital Projects	**$3,922,000**	

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

Historical Capital Improvement Expenditures

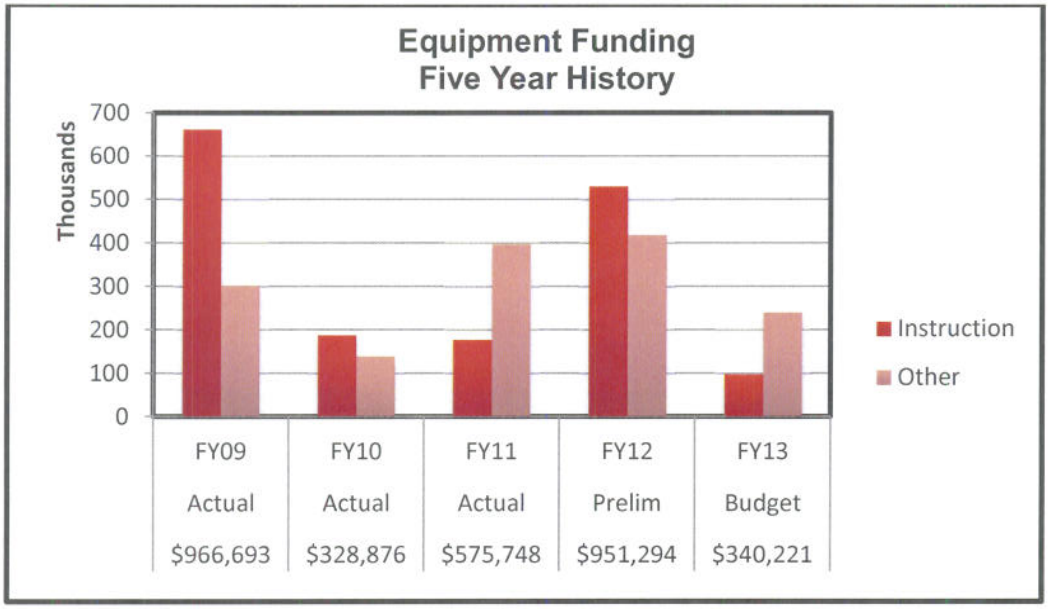
FY 2009	Actual	$3,312,880
FY 2010	Actual	$1,846,145
FY 2011	Actual	$1,398,607
FY 2012	Preliminary	$4,883,588
FY 2013	Budget	$3,922,000

EQUIPMENT

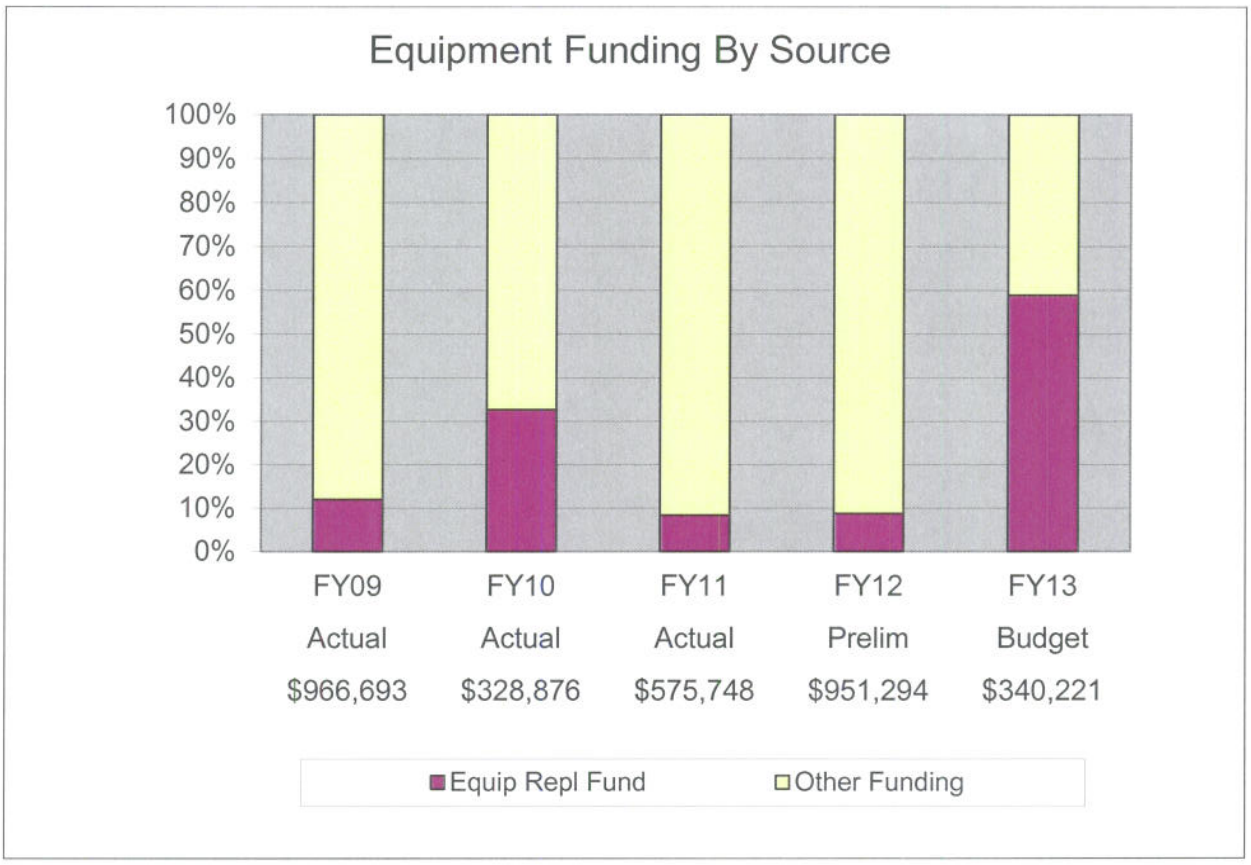
Providing current technology is vital to having an outstanding educational program. Occupational programs as well as traditional transfer programs benefit from cutting-edge technology. This budget strives to place current technical instructional equipment in the hands of the students and instructors. The College has budgeted $81,200 to upgrade equipment in the Business & Technology division. These equipment upgrades include $50,000 to purchase computer components for our information technology students to gain experience in assembling the latest computers. The College has budgeted in FY 2013 over $220,000 to upgrade computers throughout many divisions and $43,000 to upgrade document scanning and projectors and widescreens in many classrooms. Other instructional equipment will include purchases for specialized items in the Copy Center, Engineering Technology, and Biology programs.

For FY 2013 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 2013 at $340,221. The following charts and graphs provide a summary of equipment purchases over the most recent 5-year period.

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Preliminary	FY 2013 Budget
Totals by Function					
Instruction	$662,929	$188,658	$178,308	$531,793	$98,736
Academic Support	48,123	52,091	22,379	5,986	0
Student Services	32,331	4,585	5,825	7,088	9,385
Public Service/Continuing Education	936	1,988	0	274,906	0
Clubs, Organizations & Child Care	370	0	0	0	0
Operations & Maintenance of Plant	40,134	30,996	63,814	59,549	220,100
Institutional Support	181,870	50,558	305,422	71,972	12,000
Total	**$966,693**	**$328,876**	**$575,748**	**$951,294**	**$340,221**



	FY09 Actual $966,693	FY10 Actual $328,876	FY11 Actual $575,748	FY12 Prelim $951,294	FY13 Budget $340,221
Total by Funding Sources					
Equipment Replacement Fund	$116,216	$107,443	$48,137	$83,527	$200,535
Restricted Purposes/Other Funding	850,477	221,433	527,611	867,767	139,686
Total	**$966,693**	**$328,876**	**$575,748**	**$951,294**	**$340,221**



ENROLLMENTS AND CREDIT HOURS

Prior to FY 2012 the State based the College's Base-Operating Grant on the credit hours generated two years ago based on State mandated reimbursement categories. For FY 2012 the funding method was revised and the credit hours generated in FY 2010 weren't factored in. The State again will essentially fund the College at the same dollar amount as in FY2012 before making 6.14% in cuts. This created budget challenges as the College does not know for sure what specific areas of revenue the State will eliminate or reduce funding for. It is unknown at this time whether the funding for Base-Operating Grants is a permanent change or a reaction to the State's financial woes.

Funding Challenges of the Future

Other State Funding – The College is in its ninth 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 formula for equalization funding is calculated using FY 2010 enrollment data, 2009 tax year Equalized Assessed Valuation data, and 2010 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 2012. 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 2.2% 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 2011 the revenues received from this tax decreased due to the continuing recession affecting businesses statewide. FY 2012 saw a slight increase in this revenue stream. The FY 2013 budgeted Replacement Tax Revenue is based on a slightly improved state economy.

Local Funding – The equalized assessed valuation of Richland's District is projected with a moderate increase for FY 2013. 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 1.0% 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 $5.00 per credit hour rate increase at its February 2012 meeting. This increase will begin with the summer 2012 term. The increase in this revenue stream is generated from the rate increase. The College experienced record enrollments in FY 2011 and is projecting a continued dip in enrollments for FY 2013, following a decline in FY 2012, due to the declining unemployment rate in the College's District. The College is continuing with several initiatives that began in FY 2013 that are expected to generate additional enrollments in both Educational programs and Workforce Development programs. These initiatives include a new Wind Turbine program, expanding the new Bio-fuels program, acquiring accreditation for our Medical Coding program, and continuing 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 21.8% decrease projected in Fees for FY 2013. This decrease is attributed to the new structure of online courses and charging a flat per credit hour tuition with no fees, which will be recovered through a higher per credit hour charge per online course.

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, Direct Loans or State Monitory Award Grants. In recent years, these sources have been reduced. Federal Funding for FY 2013 is increased because of a procedural change with the Federal Government in how direct loans to students are disbursed, with the College being the disburser as opposed to banks. State Funding is expected to remain steady with State Grants available to the students. One large

funding source, the State Monetary Awards Grants were cut off in late March again this year 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 $290,000 for FY 2013. 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 $2,224,169,034 or an estimated $63.9 million. At the current time, the College holds $24.3 million in general obligation bonds debt, which will be retired over the next 20 years ending December 2031. In January 2008 bonds were issued 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 is the College's first "Green" building and was constructed in accordance with Leadership in Energy and Environmental Design (LEED) specifications. In December 2010 the College received notification that the building was awarded the Platinum LEED certification. These specifications increased 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.

In November 2010 the College issued $3.39 million in general obligation bonds debt, which will be retired over an 8-year period ending December 2018. These bonds were issued to finance the improvements identified in the Energy Management System Master Plan. Many improvements will be made to the College's energy system to make the system efficient and end the College's reliance on steam being purchased from Archer Daniels Midland. The College will realize a reduction in energy costs after the improvements are completed.

In January 2012 the College issued $16.1 million in general obligation bonds debt, which will be retired over a 20-year period ending December 2031. These bonds were issued to finance the Workforce Development Institute. This is a new building on campus that will be used to house the Heartland Technical Academy programs and occupational programs of the College, as well as a new fitness center.