Section I

Richland
COMMUNITY COLLEGE

COMMITMENT | RESPECT | EXCELLENCE | ACCOUNTABILITY | DIVERSITY

RICHLAND COMMUNITY COLLEGE DISTRICT #537

FY 2014 ANNUAL BUDGET

I. INTRODUCTORY SECTION

EXECUTIVE SUMMARY

The Fiscal Year 2014 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 2014 Budget is the second year that the budgeting process has been directly aligned with the College's long-term strategic planning goals and the short-term priorities. During this past year, the College has undertaken a college-wide process developing metrics that are divided into a three-tier format. The intent is that through this process management will have better tools to measure performance and subsequently take appropriate actions that will lead the College to a strong financial future as well as a more robust institution.

While the national economic recovery is continuing, albeit at slow pace, the local economy is experiencing stagnation. The local unemployment rate is above the Statewide rate which is above the national rate. Typical with many community colleges, the enrollments are counter cyclical to the business cycle. The anticipation for Fiscal Year 2014 is that enrollments will increase slightly over the prior year's level. A tuition rate increase has been adopted which helps to support total tuition revenue.

State funding complicates the revenue picture again for FY 2014. With the dire State of Illinois financial situation and the State legislature's inability to address significant funding issues such as pension reform and revenue growth, dependence on State revenues if further diminished. An initial reduction of over 4.5 percent from the previous year's appropriation level was proposed in the Governor's budget. However, the State legislature restored funding to prior year's appropriation level. A conservative approach was taken when considering State funding for the FY 2014 budget.

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. In an effort to address the financial pressure placed on the College through it health insurance benefit package, the College offered a high deductible health plan option to employees. With approximately 12 percent of the employees taking the plan during this first year and an anticipated increase in participation over the next few years, health insurance premiums increases are anticipated to remain below national trends. However, some of the positive effects of the transition may be thwarted with the implementation of the Affordable Care Act.

During FY 2014, the College engaged in a major building program with construction starting on a Workforce Development Institute. This new facility also includes renovation of certain interior spaces for expanding the early childhood development and welding programs. A bond issue in prior years is providing funding for the expansion. Tax revenue servicing the bond issue was approved at the time of issue and will have little effect on the operating funding. The facility is scheduled to come on-line in FY 2015. A project to expand the student service area and

administration offices received State funding in FY 2013. The College's required 25 percent cost share of the project will be funded through a gift from the College's Foundation. The project is scheduled to come on-line in FY15. Fiscal planning for adding the operating costs associated with these two new spaces will be addressed in FY 2014 so as to lessen any dramatic effect on the FY15 Budget.

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.

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.

The College's Balanced Scorecard will continue being developed and will be implemented in FY 2014. Extensive work by various groups throughout the institution has contributed to this tool. It has been designed as a three-tier management information tool that through an annual process will establish specific goals with appropriate metrics. The level one metrics are institutional in nature and will drive major institutional decisions. Contributing to the accomplishment the level one (L-1) goals will be lower level goals (L-2) that are divisional and supported by the third tier goals (L-3) that are area specific. Upon full development and implementation of this system, the College anticipates a more systematic management decision making process that will support the accomplishment of the Strategic Plan and a more effective institution.

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 be undertaken and are included for funding in FY 2014. 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" supported by a Balanced Scorecard. 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.

- Continuing review of the College's health insurance benefit plan and program coupled with expanded wellness activities. The College's long-term cost savings for both the employee and College is a goal.

- FY 2014 State of Illinois appropriations are flat as compared to 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 the 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

- In FY 2012 the College began the process of constructing a new $16.1 million Workforce Development Institute. Actual construction has started and a substantial increase in budgeted capital expenditures will occur during FY 2014. 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.

- A State funded capital project to construct and addition to the North Wing is in the early design stages. The project is managed by the State through the Capital Development Board. A local match of 25 percent of the total cost of the project will be funded by a gift from the Richland Community College Foundation in the amount of $1.7 million.

- 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 2014 budget is a balanced budget including funding sources and uses of over $47.5 million for all College funds combined. The FY 2014 budget revenues increased $9.4 million over FY 2013. When removing the Restricted Operations and Maintenance Fund revenue is slightly down from FY 2013. While the College increased tuition by $5.00 per credit hour, local governmental revenue is expected to decline slightly. The College's tax base decreased slightly due to reassessments and tax abatements granted by the local County assessor. These decreases have resulted in a slight drop in property tax revenues for FY 2014.

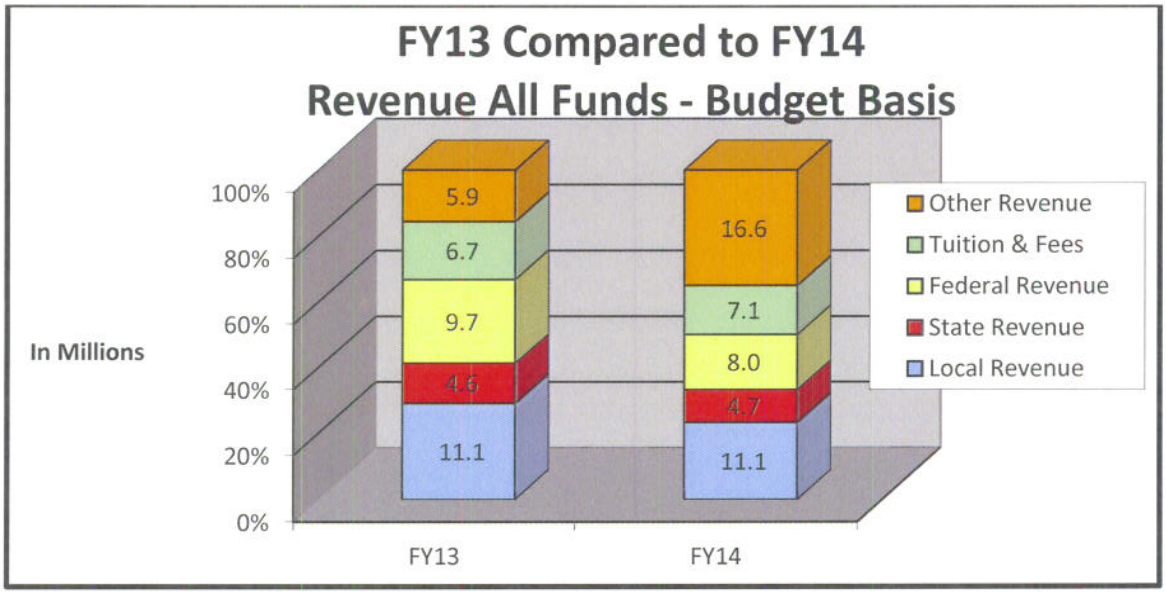
The College is anticipating State of Illinois funding to remain fairly static. The State of Illinois has experienced financial difficulties for the past several years and the budget passed by the State reflects these difficulties. The College is projecting a decrease in Restricted Purposes

Contractual Revenue due to decreases in the programs operated for the Illinois Department of Corrections. Due to continuing budget difficulties with the State of Illinois, there have been significant cuts in the Corrections department and the programs offered have continued to decline. The College is also expecting a slight drop in Pell loans and federal student loans for the coming year. 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 $13.4 million in FY 2014. 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)	$ 13,085,000
Restricted Purposes	$ 320,762
Total	$ 13,405,762

The Fund Balance Appropriations from the Operations & Maintenance (Restricted) Fund will be utilized for equipment purchases. 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 2014, local tax revenues include taxes levied on property owners for calendar year 2012, payable in June and September of 2013. 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 2014 budget are $10.7 million, a slight decrease from revenues received in FY 2013.

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 2014 has been increased to $101.00 per credit hour and is estimated to produce total tuition revenue of approximately $7.1 million including related course fees. This is an increase of $365,001over the budget amount for FY 2013 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 $.8 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 few years ago. The anticipated revenue in FY 2014 is remaining fairly steady as compared to FY 2013.

The category entitled Other Sources in the FY 2014 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 increases from $5.9 million in FY 2013 to $16.6 million in FY 2014. Most increases within this category result from internal sources such as fund balance appropriations and inter-fund transfers.

Uses – Uses or expenditures budgeted for FY 2014 total approximately $47.5 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.

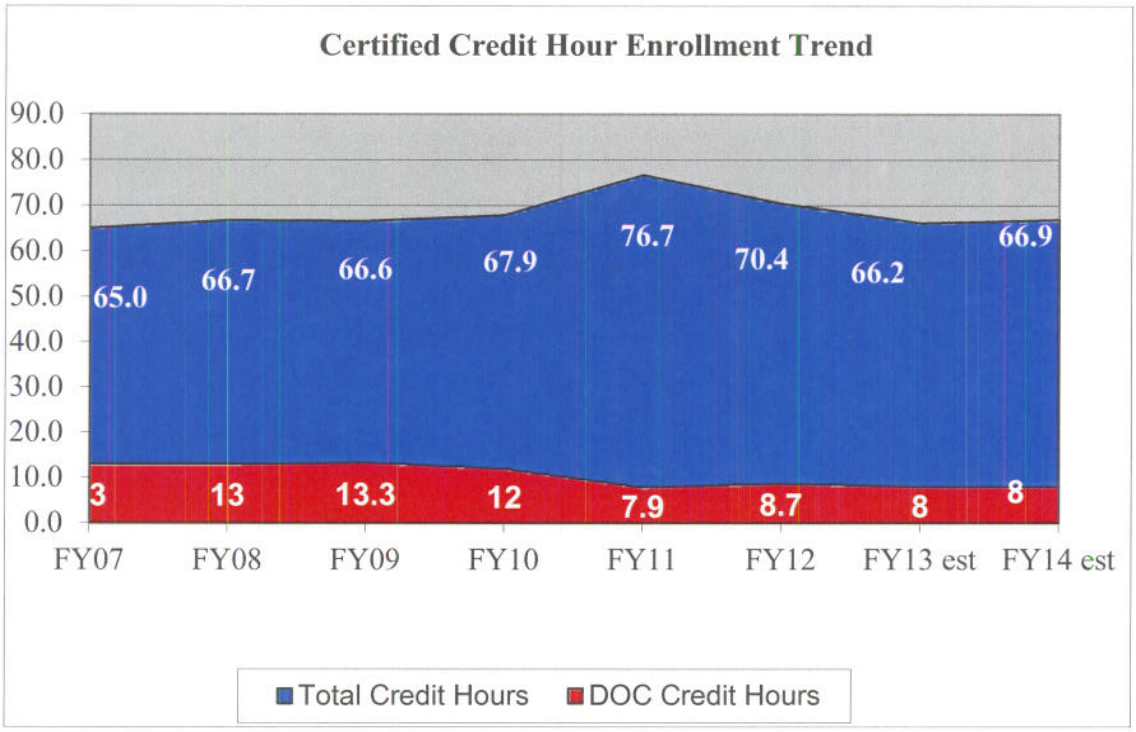
To accomplish the goals of the Strategic Plan, the College has focused on continuous quality improvement initiatives. Richland continues to train employees on the use of quality tools and the study of systems and processes, therefore; the ongoing costs of these initiatives are reflected in this budget. 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 2014. The core of Richland's expenses is personnel costs,

representing over 77.7% of General Fund expenditures and 36.7% of expenses overall. When the Operations and Maintenance – Restricted Funds are removed from the total the percentage rises to 50.9%. The total increase in salaries and benefits for FY 2014 for the General Fund compared to FY 2013 is $426,000. The budget for FY 2014 includes a pay increase of 4.8% for faculty and an increase of 3.0% for staff. Fringe Benefits costs increased by 4.9% in the FY 2014 Budget based in part by the anticipated premium rate increase for health insurance that will take effect on January 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 $533,000.

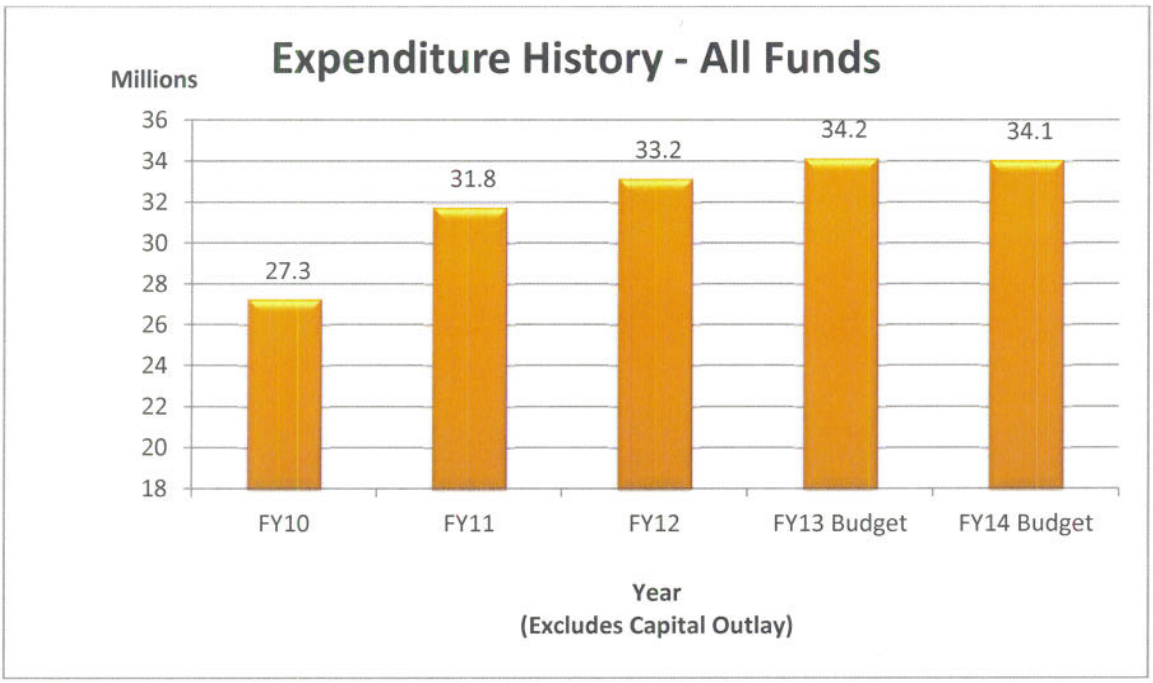
Student Credit Enrollments – Student credit enrollments drive two of the College's main revenue sources, Tuition Revenue and State Revenues for Base Operating Grants and Equalization Grants. Changes in enrollments have a significant effect on annual revenues and are monitored closely. While many factors 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 5 years ago in the College's local community. However, things were improving locally with the unemployment rate being slightly over the 9% mark in April 2012. Since that time, the rate has increased to 11.8% as of March, 2013. Two of the District's major employers have experienced layoffs in the past year. Historically, as the economy improves and the unemployment rate drops the trends have been for enrollments to decline at the College. The College is anticipating a slight increase in credit hours for FY 2014. The College is also expecting slight increases in Federal financial aid awards.

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 2014 are based on estimated credit hours at just over 58,375. Specifically, the total credit hour base for State funding purposes included in this budget is 66,875 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 fairly steady for the past 5 years. This can be seen through the actual expenditures in the following graph. 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 2010.

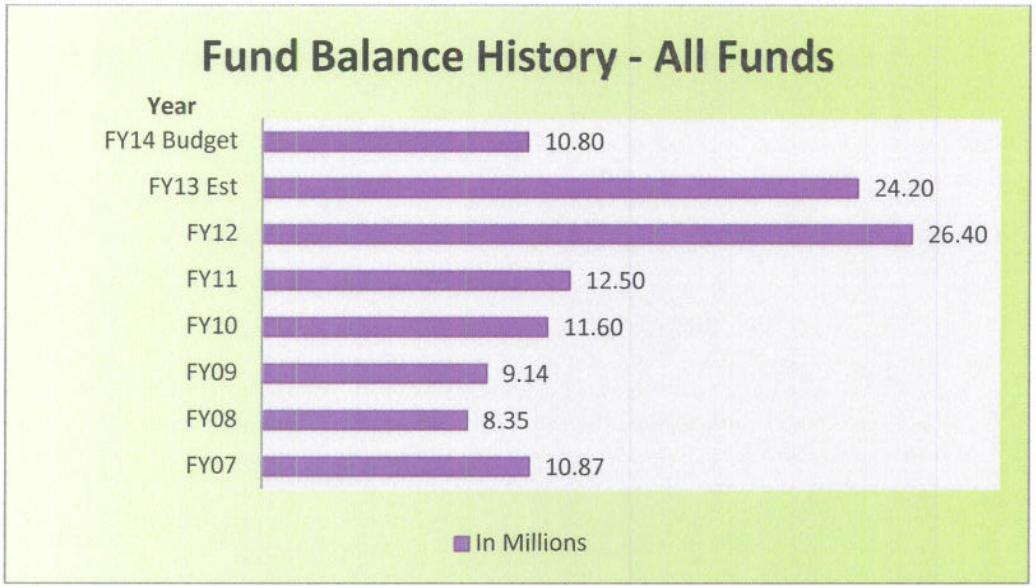
The gradual long-term trend upward would be indicative of efforts made to provide regular salary increases for staff and general cost-of-doing-business increases. FY 2014 decreases slightly primarily due to Restricted Fund expenditures declining due to cutbacks in some Federal Grants as well as State 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 South wing renovations and parking lot lighting. Additional Fund Balance appropriations include approximately $360,000 for technology replacement and equipment upgrades. The College will also be continuing construction of the Workforce Development Institute in FY 2014. Bonds for this project were sold in FY 2012. 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 and the issuance of bonds to fund the Workforce Development Institute.



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 2013 to FY 2014, with only a slight increase projected. Local revenue is projected to decrease $160,000 primarily due to decreases in property tax revenues. Local revenues are based on a 1.4% decrease in General Fund property tax receipts. Tuition and fees are increased by $365,000 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 an increase in enrollment because of the continuing instability in unemployment in the District. The College is anticipating a funding increase of 7.2% in State of Illinois funding for FY 2014 based on the latest available budget data from the State, as compared to FY 2013. The College was anticipating a substantial drop in equalization in FY 2013 that did not occur. When compared with actual revenue for FY 2013 there is a slight drop projected in FY 2014.

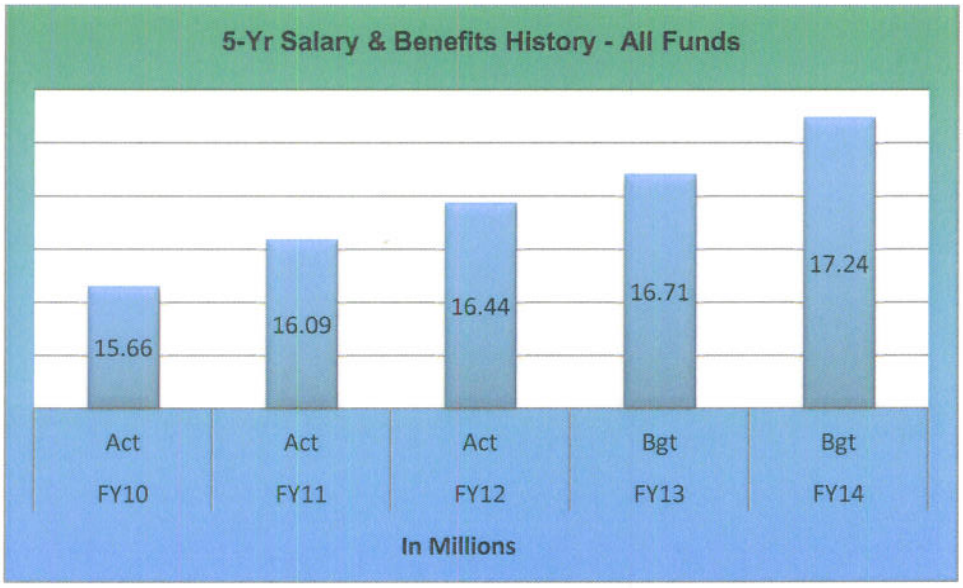
Expenditures – Expenditures in the General Fund are slightly increased for FY 2014. The budget managers were instructed to budget with a flat bottom line and the only increases allowed were for salaries and benefits. In addition, some budgets were scaled back to reflect actual expenditures over the last five years. 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 2014 due to the tight State funding.

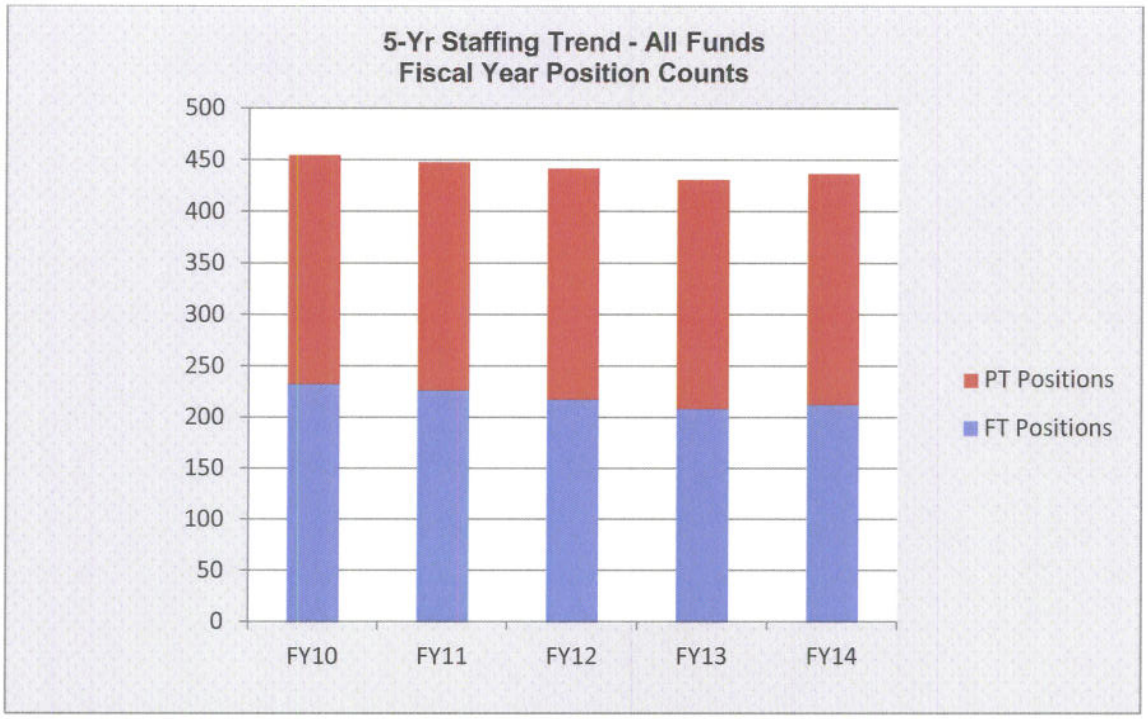
Salaries & Benefits History – All Funds - The next two charts show the history of the College's investment in its personnel. Total full-time employment for FY 2014 will include approximately 213 full-time employees and 225 part-time employees.

Salaries budgeted for all funds total over $14.1 million. The majority of the funding for salaries is in the General Fund with $11.7 million, followed by the Restricted Purposes fund with $1.4 million, and the remaining $1.0 million distributed over three other funds. Salaries have increased 2.8 percent overall from FY 2013.

Benefit costs are substantial with approximately $3.1 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 4.0% 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 2014 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 4.8% 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 28.2% of the total budget for Fiscal Year 2014. This percentage is higher than normal for Fiscal Year 2014 due to a number of factors, the first being the construction of the Workforce Development Institute facility is continuing at a cost of $12.6M, secondly, installation of new parking lights estimated at $475,000, and thirdly, $303,000 for the renovation of the South wing.

In March 2013, the Board of Trustees approved a new facilities Master Plan as a guide for the years 2013 - 2018. This document has been a College-wide collaboration assimilating input from many of Richland's constituent groups over the past year. The completion of this document provides a dynamic and vibrant college campus utilizing data gathering and foresight, which facilitates the development of a Facilities Master Plan providing a pathway and vision for future campus growth. Accordingly, this comprehensive Richland Community College Facilities Master Plan includes a review of the existing campus facilities while developing a perspective for future capital construction in an organized and logical need based plan that meets Richland's overall strategic goals. It includes an assessment of the existing facilities and infrastructure, as well as space needs for academic programming.

The development of the Richland Master Plan was facilitated by the College's architects and included focus group sessions comprised of the Board of Trustees, faculty, staff, students, and community members. Each of the focus groups generated ideas that were captured, analyzed, and synthesized into projects that will enable Richland to build and renovate space to maximize the ability to provide relevant near and future educational opportunities for students, businesses, and the community. This plan incorporates significant foresight into academic programs, workforce training, and community needs requiring Richland engagement and leadership.

This Master Plan will serve as a guide for the College's facility decisions for existing and new educational spaces, as well as for posturing the Richland campus as a proactive host for economic development.

The Plan provides a description of projects that can and should be accomplished in the short term of 1 to 3 years, intermediate term of 4 to 8 years, and long term concepts for years 9 through 15. The Plan includes projects for renovation of existing spaces, new facilities, landscaping concepts, and program alignment.

While the Master Plan includes major capital projects, it also incorporates specific repair and renovation projects as well as life safety projects. This comprehensive identification allows the College to plan for capital expenditures and address funding requirements necessary to effectively keep the campus operating efficiently.

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 2014 Budget includes $12.6 M for the construction on the facility which is expected to be completed in the fall of 2014. 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 2014 include upgrades to the parking lights for $475,000, renovations to the South wing for $303,000, and the continued construction of the Workforce Development Institute. 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 2014:

Richland Community College
Capital Projects Budget
Fiscal Year 2014

Description	**Amount**	**Source**
South Wing Renovations	$ 303,000	Grant
Parking Lot Lights	475,000	Fund Balance
Workforce Development Inst	12,626,000	Fund Balance
Total Capital Projects	**$13,403,000**	

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

Historical Capital Improvement Expenditures

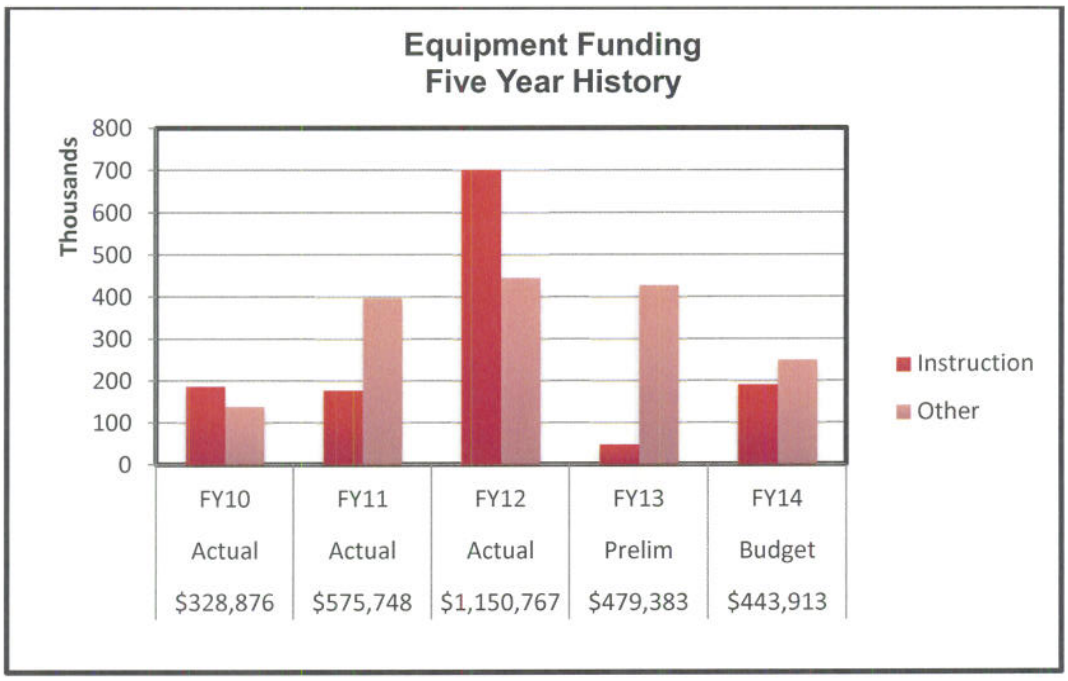
FY 2010	Actual	$ 1,846,145
FY 2011	Actual	$ 1,398,607
FY 2012	Actual	$ 5,124,033
FY 2013	Preliminary	$ 2,061,905
FY 2014	Budget	$13,403,000

EQUIPMENT

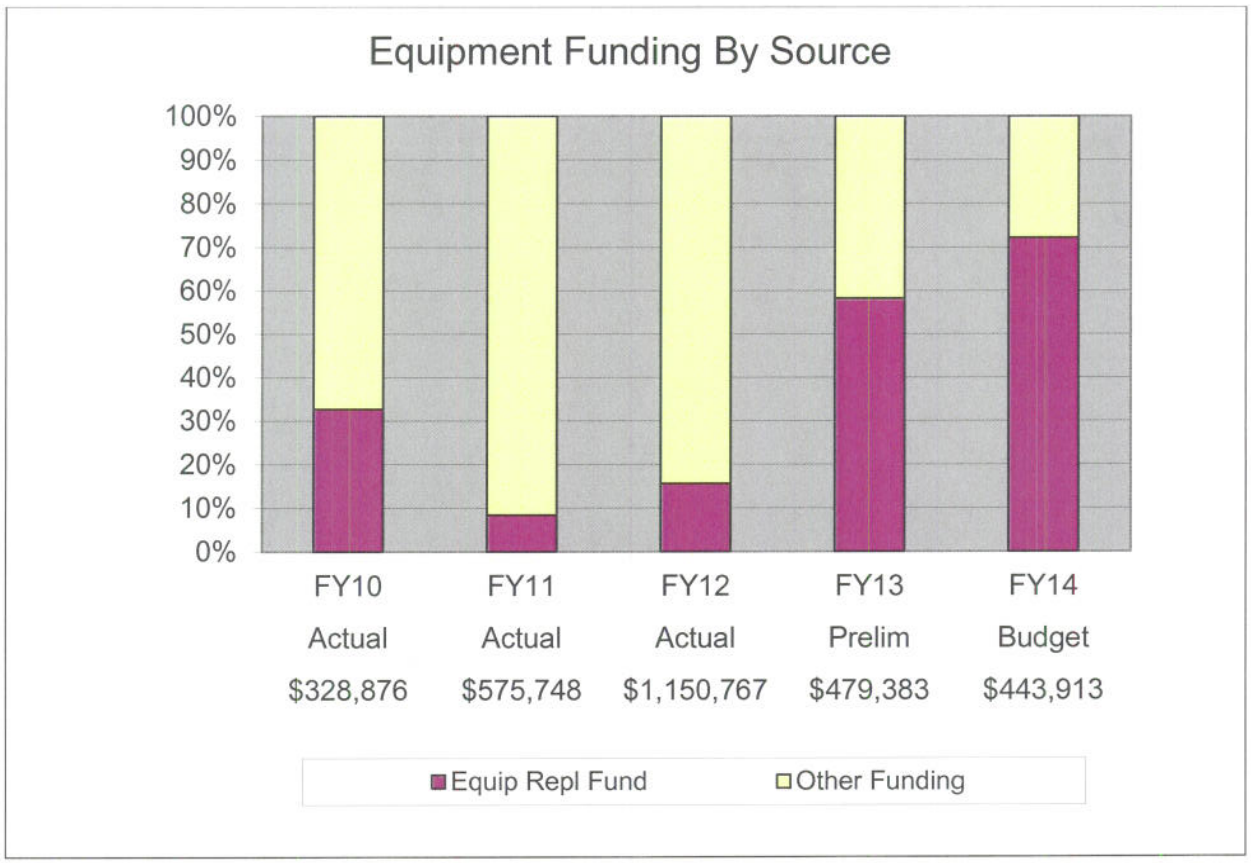
Providing current technology is vital to having an outstanding educational program. Occupational programs as well as traditional transfer programs benefit from cutting-edge technology. This budget strives to place current technical instructional equipment in the hands of the students and instructors. The College has budgeted $101,000 to upgrade equipment in the Business & Technology Division. These equipment upgrades include $27,550 to purchase computer components for our information technology students to gain experience in assembling the latest computers. The College has budgeted in FY 2014 over $125,000 to replace aging furniture in classrooms and student areas. Other instructional equipment will include purchases for specialized items in Health Professions, Drafting, Developmental English Labs and Biology programs. In addition, the College has budgeted to fund furniture and equipment at the new Clinton Extension Site.

For FY 2014 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 2014 at $443,913. The following charts and graphs provide a summary of equipment purchases over the most recent 5-year period.

	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Preliminary	FY 2014 Budget
Totals by Function					
Instruction	$188,658	$178,308	$704,088	$49,581	$192,213
Academic Support	52,091	22,379	6,455	0	0
Student Services	4,585	5,825	15,548	1,598	70,700
Public Service/Continuing Education	1,988	0	290,883	26,146	0
Clubs, Organizations & Child Care	0	0	1,981	0	0
Operations & Maintenance of Plant	30,996	63,814	60,999	148,778	56,000
Institutional Support	50,558	305,422	70,813	253,280	125,000
Total	**$328,876**	**$575,748**	**$1,150,767**	**$479,383**	**$443,913**



	FY10 Actual $328,876	FY11 Actual $575,748	FY12 Actual $1,150,767	FY13 Prelim $479,383	FY14 Budget $443,913
Total by Funding Sources					
Equipment Replacement Fund	$107,443	$48,137	$179,830	$279,392	$320,762
Restricted Purposes/Other Funding	221,433	527,611	970,937	199,991	123,151
Total	**$328,876**	**$575,748**	**$1,150,767**	**$479,383**	**$443,913**



Funding Challenges of the Future

Other State Funding – The College is in its tenth 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. However, due to increasing enrollments the equalization received in FY 2012 almost doubled from FY 2011. The formula for equalization funding is calculated using FY 2012 enrollment data, the average of the last three years tax Equalized Assessed Valuation data, and 2012 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 2014. 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 1.9% 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 FY 2003 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 2014 budgeted Replacement Tax Revenue is based on a stagnant State economy.

Local Funding – The equalized assessed valuation of Richland's District is projected with a moderate decrease for FY 2014. 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 1.6% decline in its combined Equalized Assessed Valuation (EAV). The District's 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 2013 meeting. This increase will begin with the summer 2013 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 slight increase in enrollments for FY 2014, following a decline in FY 2013, due to the volatile 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 5.6% increase projected in Fees for FY 2014. This increase is attributed to the increased fees for some courses to cover the rising cost of technology and the slight projected increase in enrollments.

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 2014 is decreased slightly to reflect the actual Pell awards, loans, etc. for FY 2013. 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 early 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 awarding over $325,000 for FY 2014. 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 $2,262,705,098 or an estimated $65.1 million. At the current time, the College holds $22.4 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 its 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.