

Annual Budget



FISCAL YEAR | **2015 2016**
RICHLAND COMMUNITY COLLEGE DISTRICT NO. 537



Richland
COMMUNITY COLLEGE

COMMITMENT | RESPECT | EXCELLENCE | ACCOUNTABILITY | DIVERSITY

RICHLAND COMMUNITY COLLEGE
DISTRICT #537
Final Budget Proposal for Fiscal Year 2016

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IV. EQUIPMENT FUNDING PLAN

Equipment Funding Plan Summary						
Fiscal Year 2016						
			Recommended Funding			
Division Summary	FY 2016 Request Totals		Lease/Foundation	Equip Replacement	Grants & Other Sources	Total
Administration/Information Systems	\$ 25,000		\$ -	\$ -	\$ -	\$ -
Business & Technology	\$ 137,313		\$ -	\$ -	\$ 62,796	\$ 62,796
Communications & Humanities	\$ 10,207		\$ -	\$ -	\$ -	\$ -
Academic & Student Services	\$ 46,400		\$ -	\$ -	\$ -	\$ -
Health Professions	\$ 59,685		\$ -	\$ -	\$ -	\$ -
Workforce Development	\$ -		\$ -	\$ -	\$ -	\$ -
Math & Science	\$ 12,480			\$ -	\$ -	\$ -
Operations & Technical Services	\$ 371,000		\$ 19,000	\$ -	\$ 200,000	\$ 219,000
Totals	\$ 662,085		\$ 19,000	\$ -	\$ 262,796	\$ 281,796
			Summary by Function			
Summary by Funding Source	Total					Total
(1) Equipment Replacement Fund	\$ -		Instruction	\$ 62,796		\$ 62,796
(2) Perkins Grant	\$ 62,796		Academic Support	\$ -		\$ -
(3) Leasing	\$ 200,000		Student Services	\$ -		\$ -
(4) RCC Foundation	\$ 19,000		Public Services	\$ -		\$ -
(5) Workforce Development Bonding	\$ -		Operations/Maintenance	\$ 219,000		\$ 219,000
(6) Culinary Proceeds	\$ -		Institutional Support	\$ -		\$ -
			Workforce Development Ins	\$ -		\$ -
Total Funding Sources	\$ 281,796			\$ 281,796	\$ -	\$ 281,796

V. INFORMATIONAL SECTION

GLOSSARY

Academic Support – Academic support includes the operation of the library, educational media services, instructional materials center, and academic computing used in the learning process. It also includes all equipment, material, supplies, and costs that are necessary to support this function.

Accrual Basis – The basis of accounting under which transactions are recognized when they occur, regardless of the timing of related cash flows.

Annual Budget – A budget applicable to a single fiscal year.

Appropriation – A designation for expenditure.

AQIP – Academic Quality Improvement Program. A program for comprehensive College self-improvement.

Assess – To value property officially for the purpose of taxation.

Bond – A written promise to pay a specific sum of money called the face value or principal amount, at a specified date or dates in the future, called maturity date(s), together with periodic interest at a specified rate. The difference between a note and a bond is that the latter runs for a period of time and requires greater legal formality.

Budget – A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them.

Budget Document – The instrument used by the budget-making authority to present a comprehensive financial program to the appropriating body.

Budgetary Control – The control or management of a government or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of available appropriations and available revenues.

Capital Outlay – Capital outlay for all funds except proprietary funds should be recorded as an expenditure of the appropriate fund and as an asset of the General Fixed Assets Account Group.

Conference and Meeting Expense – Conference and Meeting expenses associated with College related travel.

Contractual Services – Charges for services rendered by firms or persons not employed by the local Board of Trustees.

Corporate Personal Property Replacement Tax – A tax collected by the Illinois Department of Revenue as replacement personal property tax under Public Act 81-1st-S.S.-1. Section 616 of the State Revenue Sharing Act requires taxing districts to first apply any replacement taxes against the required debt service for any bonds outstanding as of December 31, 1978.

Credit Hour Grant – State support based on student and programmatic enrollments.

Current – A term which, applies to budgeting and accounting, designates the operations of the present fiscal period as opposed to past or future periods. It usually connotes items likely to be used or converted into cash within one year.

Current Funds – Those funds through which most educational functions of the College are financed. The acquisition, use and balances of the College's expendable financial resources and the related liabilities are accounted for through current funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination.

Debt Limit – The maximum amount of gross or net debt which is legally permitted.

Deferred Revenues – Amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under modified accrual basis of accounting, such amounts are measurable but not available.

Deficit – (1) The excess of the liabilities of a fund over its assets. (2) The excess of expenditures over revenues during an accounting period.

EAV – Equalized Assessed Valuation.

Employee Benefits – The cost of all employee benefits including the portion of insurance paid for by the College (not including the portion withheld from the employee's wages, when both the employee and the College contribute toward the benefit), sabbatical leave salaries, and any pension contributions paid by the community college district.

Encumbrance – A reservation against a current year's expenditure appropriation.

Equalization Grant – Formula driven State support based on property tax base and student enrollment.

Expenditures – Decreases in net financial resources. Expenditures include current operating expenses which require the current or future use of net current assets, debt service, and capital outlays.

Extension – Refers to the amount of taxes a governmental unit is to receive.

Facilities Revenue – Revenue from the use of College facilities.

Federal Governmental Sources – Revenues from all agencies of the Federal Government.

Fixed Assets – Assets of a long-term character which are intended to continue to be held or used, such as land, buildings, improvements other than buildings, machinery and equipment.

Fixed Charges – Charges for rentals, debt principal and interest, and general insurance.

Fund – An independent fiscal and accounting entity with a self-balancing set of accounts which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Fund Type – In College and University Accounting, all funds are classified into two generic fund types: Current and Plant.

GAAP – Generally Accepted Accounting Principles.

GASB – Governmental Accounting Standards Board.

General Materials and Supplies – Costs of all general material and supplies.

GFOA – Government Finance Officers Association

IBHE – Illinois Board of Higher Education

ICCB – Illinois Community College Board. The College's State coordinating agency through which State funding is appropriated.

ISBE – Illinois State Board of Education.

Institutional Support – Institutional support includes expenditures for central executive-level activities and support services that benefit the entire institution. Administrative data processing, insurance costs, legal fees, provision for contingencies, scholarships, non-operating expenses, and tuition chargebacks. Examples include expenses for the President's Office, Business Office, Marketing and Public Information, Personnel Services, Administrative Information Systems, and Board of Trustees.

Instruction – Instruction consists of those activities dealing directly with or aiding in the teaching of students. It includes the activities of the faculty in the baccalaureate-oriented transfer, occupational-technical career, general studies, and remedial and ABE/ASE programs (associate degree credit and certificate credit). It also includes all equipment, materials, supplies, and costs that are necessary to support the instructional program.

Inter-fund Transfers – All inter-fund transactions except loans or advances, quasi-external transactions, and reimbursements are transfers.

Internal Control – A plan of organization under which employees' duties are so arranged and records and procedures so designated as to make it possible to exercise effective accounting control over assets, liabilities, revenues and expenditures. Under such a system, the work of employees is subdivided so that no single employee performs a complete cycle of operations. Moreover, under such a system, the procedures to be followed are clearly established and require proper authorization by designated officials for all actions to be taken.

Investment Revenue – Revenue from investments such as certificates of deposit.

LEED – An acronym for Leadership in Energy and Environmental Design, a certification system through the U.S. Green Building Council.

Levy – (Verb) To impose taxes for the support of College activities. (Noun) The total amount of taxes imposed or requested by a government.

Local Governmental Sources – Revenues from district taxes, from chargebacks, and from all governmental agencies below the State level.

MAP – Monetary Award Program – State provided student tuition awards.

Modified Accrual Basis – Under the accrual basis of accounting, revenues are recognized when they become both "measurable" and "available to finance expenditures of the current period." Expenditures are recognized when the related fund liability is incurred except for: (1) inventories of materials and supplies which may be considered expenditures either when purchased or when used; (2) prepaid insurance and similar items which need not be reported; (3) accumulated unpaid vacation, sick pay, and other employee benefit amounts which need to be recognized in the current period, but for which larger-than-normal accumulations must be disclosed in the notes to the financial statements; (4) interest on special assessment indebtedness which may be recorded when due rather than accrued, if approximately offset by interest earnings on special assessment levies; and (5) principal and interest on long-term debt which are generally recognized when due. All government funds and expendable trust funds are accounted for using the modified accrual basis of accounting.

O & M – Operations and Maintenance.

Object – Expenditure classifications grouped by materials or services purchased; further divided for cost accounting and control purposes.

Operation and Maintenance of Plant – Operation of plant consists of housekeeping activities necessary in order to keep the physical facilities open and ready for use. Maintenance of plant consists of those activities necessary to keep the grounds, buildings, and equipment operating efficiently. This function also provides for campus security and plant utilities, as well as equipment, materials, supplies and costs that are necessary to support this function.

Organized Research – Organized research includes any separately budgeted research projects, other than institutional research projects that are included under institutional support, whether supported by the College or by an outside person or agency. It also includes all equipment, materials, supplies and costs that are necessary to support this function.

Other Expenditures – This object is reserved for all expenditures that cannot be classified in any other object classification.

Other Revenues – Revenues which do not fit into specific revenue source categories.

PELL – Federal student aid awards.

PHS – Protection, Health & Safety

Plant Fund – Operation and Maintenance Fund (Restricted) and Bond and Interest Fund - This fund is used to account for financial resources to be used for building purposes and the acquisition or construction of major capital facilities.

Program – A level in the classification structure hierarchy representing the collection of elements serving a common set of objectives that reflect the major institutional missions and related support activities.

Property Taxes – Compulsory charges levied on real property by the District for the purpose of financing services performed for the common benefit. Revenues equal the District's assessed valuation multiplied by the property tax rates.

Provision for Contingency – Budgetary appropriations that are set aside for unforeseen expenditures. The Board of Trustees must approve a budget adjustment by resolution to transfer from the Provision for Contingency Budget Account to the appropriate budget account in accordance with the Illinois Public Community College Act. This adjustment is usually made at the end of the fiscal year.

Public Service – Public service consists of non-credit classes and other activities of an educational nature, such as workshops, seminars, forums, exhibits, and the provision of College facilities and expertise to the community designed to be of service to the public.

Revenues – (1) Increases in governmental fund type net current assets from other than expenditure refunds and residual equity transfers. Under NCGA Statement 1, general long-term debt proceeds and operating transfers-in are classified as "other financing sources" rather than revenues. (2) Increases in proprietary fund type net total assets from other than expense refunds, capital contributions, and residual equity transfers. Under NCGA Statement 1, operating transfers-in are classified separately from revenues.

SEOG – Supplemental Educational Opportunity Grant.

SOS – Secretary of State.

Salaries – Salaries and wages paid to an employee, before any deductions, for personal services rendered to the community college district.

State Governmental Sources – State revenues from all State governmental agencies.

Student Services – The student services function provides assistance in the areas of financial aid, admissions and records, health, placement, testing, counseling, and student activities. It includes all equipment, materials, supplies, and costs that are necessary to support this function.

Student Tuition and Fees – All tuition and fees, less refunds, remissions, and exemptions, assessed against students for educational and general purposes.

USGBC – United States Green Building Council

Utilities – This account provides for all utility costs necessary to operate the plant and for other on-going services.

WIA – Workforce Investment Act – Provides tuition scholarships.

Descriptions of Major Divisions and Programs

Following is a brief description of the major divisions and programs within the College, taken from the College's Environmental Scan that was completed in March 2014. Some of the content has been updated to reflect changes in the College. A full copy of the Environmental Scan is available for viewing on the Richland Community College Website at <http://www.richland.edu/sites/rcc.richland.edu/files/improvement/2014%20Environmental%20Scan.pdf>-----

Administrative Structure

An eight-member Board of Trustees governs Richland Community College. Seven of the members are elected at large by the citizens of Community College District #537 to six-year terms. The eighth member is a student trustee elected annually by RCC's student body. The Student Trustee may cast an advisory vote to show position and can make and second motions. The Board of Trustees is responsible for hiring the College's President and approving and enforcing College policies.

The Trustees meet the third Tuesday of every month in the main campus Board Room or locations within the Richland District. Special meetings are also called as required. All meetings of the Board and its committees are open to the public except for discussion of certain exempt matters relating to personnel, commercial or financial sensitivity, education, or legal concerns. The general public is invited to attend all Board Meetings, and time is set aside during these meetings for citizens to address the Board and to make their opinions known.

The College is divided into four general areas: Finance and Administration, Economic Development and Innovative Workforce Solutions, Student Success and Academic Services. Each of these areas has its own vice president, who reports directly to the President. In addition, the Executive Director of Public Information and Chief of Staff, the Executive Director of the Richland Foundation and the Director of Institutional Effectiveness and Planning report directly to the President.

The Organizational Chart in Section II outlines the College's reporting structure. These areas work collaboratively to achieve the ultimate purpose of the institution—student success.

The full-time and adjunct faculty are represented by the American and Illinois Federation of Teachers, while all other College employees do not fall under a collective bargaining agreement.

Baccalaureate/Transfer Programs

RCC has a strong reputation of academic excellence as students transfer to four-year colleges and universities throughout the State. Students may elect to complete a degree or transfer credits without the degree. Two-year transfer degrees include the following:

- Associate in Arts (AA) – minimum 60 credit hours.
- Associate in Science (AS) – minimum 60 credit hours
- Associate in Fine Arts (AFA) – minimum 64-66 credit hours
- Associate in Engineering Science (AES) - minimum 68 credit hours
- Associate in Arts in Teaching (AAT) – 64 credit hours

In addition, an Associate in Liberal Studies (ALS) (minimum 63 credit hours) is not designed to transfer. The curriculum is designed for students who desire up to two years of college study for their personal development. It is also designed to provide students an initial opportunity to pursue various areas of interest and subsequently to select a more specific educational objective, such as a particular occupational program or a baccalaureate-oriented associate degree.

Institutions where RCC students generally transfer include University of Illinois at Springfield, Eastern Illinois University, Southern Illinois University at Carbondale, Illinois State University, Millikin University, Southern Illinois University at Edwardsville, University of Illinois at Urbana/Champaign, Northern Illinois University, Western Illinois University, Bradley University, Greenville College, and Franklin University.

Career and Technical Education Programs

Completion of programs designated as career and technical education (CTE) generally results in Associate in Applied Science degrees, basic and advanced certificates. Recent articulation agreements in specific programs have eased transfer to four-year colleges and universities for students who decide to continue their education.

Programs and Courses:

Business and Technology Division (B&T)

Currently, the Division has 35 AAS degrees and more than 76 certificate options. In addition, B&T has available 235 credit courses in accounting, automotive technology, business, health information systems and healthcare documentation, HVACR, information technology, office technology, engineering technology, drafting and design engineering, horticulture, and welding.

The Division has made significant progress in alternative scheduling formats. Included in these are: Online, Hybrid, One-Night/Per Week, FastTrack, Midnight Welding and Stacked Companion Classes (i.e. come one night per week and get two classes), and some weekend classes.

Communications, Education, Humanities and Fine Arts

Occupational programs in this Division include Early Childhood Education and Graphic Arts.

Early Childhood Education - The program uses a career lattice, or vertical approach, designed by a statewide committee, to facilitate a clear pathway for early childhood students to transition from a certificate program into an AAS degree program. The degree programs are aligned with the statewide plan, consistent with Illinois State Board of Education and its common core of courses that suit employability as paraprofessionals into the public schools and are articulated for transfer into a four-year college/university program. Individuals will be able to enter the career lattice at any point in their growth as professionals and exit at the level of education desired. Some certificate programs are designed for educators desiring more specialty training, such as in bilingual education.

Education - Paraprofessional Educator – With the implementation of the No Child Left Behind legislation and mandates for inclusion of students with disabilities in the general education classroom, the need for paraprofessionals in the classroom became more important in assisting classroom teachers through one-on-one tutoring, leading reading groups, and classroom project management. Paraprofessionals are also utilized to assist students with disabilities in the areas of physical needs (i.e., such as feeding, grooming, etc.), personal attention (i.e., working with English as a second language students) and those students in need of remedial education. This program trains students towards a career in education in the specialty areas of: early childhood, elementary, secondary, and special education. The paraprofessional degree is designed to satisfy State requirements in meeting the skills and qualifications set forth in Illinois State Board of Education standards for paraprofessionals working as paraprofessional educators and in Title I programs. In addition, although the Paraprofessional Educator curriculum culminates in Associates in Applied Science degree, its coursework is aligned for easy transfer into the Associate in Arts, Associate in

Science or the Associate of Art in Teaching degree programs with a concentration in teacher education.

Graphic Arts – With the proliferation of computer graphics in everyday use, this program trains students towards a graphics designer career in 3 specialties: print, 3-D, and multimedia. Web design is taught throughout the curriculum. The program has been streamlined and has reemphasized the applied focus with a new course in Art Marketing and Entrepreneurship, along with the basic instructions in graphic arts and design. Courses are state of the arts, with classes such as Digital Painting and Introduction to Multi-Media to align with career needs and interests and also to establish traditional art skills. Advisors have noted that many graphic artists can take designs from elsewhere, but cannot draw an original design, because of the current emphasis on all computer work in graphics curriculum. Thus, Richland AAS Graphic Arts is cross-disciplinary where students gain foundational fine art skills and progress to graphics software aligned with industry standards.

Correctional Education Programs Division

Since 2000, Richland Community College has been providing educational services to persons incarcerated in State correctional centers through a contractual relationship with the Illinois Department of Corrections. Beginning with the Decatur Correctional Center and now additionally serving Lincoln, Logan, and Pontiac Correctional Centers, the College offers programs leading to occupational certificates in the fields of commercial custodial services, construction occupations, food service and horticulture. These courses provide offenders with the skills to successfully seek and retain employment. On a limited basis, general studies baccalaureate courses are also made available. Offenders must qualify for admission to the College before being enrolled in any of these credit-hour programs. Programs in preparation for employment are also offered at all four sites.

Health Professions Division

Division programs include Associate Degree Nursing (ADN), Practical Nurse (PN), Nurse Assistant Training (CNA), Pharmacy Technology, Radiography, Surgical Technology, Phlebotomy, and Emergency Medical Services. These include single-semester courses, certificates, and associate degree programs that all lead to employment. The programs are taught in the Schrodt Health Education Center that includes 8 classrooms and 5 labs equipped with medical equipment used in healthcare settings and a wide variety of patient simulators that increase critical thinking which better prepares students to care for patients.

Due to limited availability of clinical sites and mandated faculty-to-student ratios, enrollment in health profession programs is limited and some use a selective admission process to rank qualified applicants. Each program publishes their admission criteria and basis of ranking on their webpages within the Richland website.

Mathematics and Sciences Division

The Division has two occupational programs—Fire Science and Criminal Justice.

Fire Science – Currently, 20 courses lead to an AAS degree in Fire Science; an Advanced Certificate in Fire Science Technology Specialist; and Basic Certificates in Fire Company Officer, Fire Inspector, Fire Technician, and Fireground Commander.

Criminal Justice – Currently, 20 courses lead to AAS degrees in Criminal Justice and Corrections; Certificates and Advanced Certificates in Correctional Officer, Emergency Telecommunications Specialist, Patrol Officer, and Probation and Parole Officer.

Continuing and Professional Education Division

Programs in Continuing and Professional Education are divided into four areas: Workforce and Occupational Safety Training, Commercial Driver's License, Community Education, and Fitness.

Workforce and Occupational Safety Training - The Division offers contract training in a variety of credit and non-credit topics including computer software, occupational safety, engineering technology, welding, blueprint reading, supervisory leadership and soft skills. Richland coordinates with Workforce Investment Solutions to provide workforce preparation programs for their clients in manufacturing, logistics, CDL and other areas. Richland is the only host site in Central Illinois for the National Safety Education Center, an OSHA Training Institute Education Center, offering both general industry and construction industry safety and health courses. A variety of training options are available, from full day classes to short-term workshops. Courses are offered in the evenings, during the day, and on Saturdays. Training may be held on Richland's campus or the employer's worksite. These programs develop an educated, prepared, adaptable, and competitive workforce.

Commercial Driver's License Training (CDL) - The CDL program offers a number of training options for prospective drivers. The options include: the Tractor/Trailer Driver Training, Class "A" and Class "B" license, and tanker vehicle training. A CDL refresher course is also offered for individuals who possess a valid Class "A" license but are not currently employed, individuals who have not driven for a while, or individuals who let their license expire and need to renew it. Tanker Vehicle Training is offered for individuals who hold a valid Class "A" Commercial Driver's License and desire additional training in driving tanker vehicles. The tanker training was recently added to the list of CDL training programs. Richland also works with companies to provide customized training.

Community Education — At Richland Community College this area coordinates all the continuing education classes designed to enrich your personal or professional development. Opportunities include health and fitness, conversational foreign languages, computer training, beginning to advanced dance for kids and adults, culinary, hobby/leisure, arts and crafts, horticulture, environmental workshops as well as programs in biofuels and welding. Job ready training is provided from paralegal to personal trainer, and extends to the Real Estate Broker 90-hour class; on-line courses are also available. Classes for those 55+ are offered through the Center for Creative Learning during fall and spring semesters. During the summer, "Richland Discover" offers youth programs for fun, hands-on learning, as well as review classes in language arts and math.

Fitness — New objectives in this area are being developed to position the Fitness Center at Richland as one that can dispense personalized health information and strategies for achieving a desired state of physical wellbeing. Since RCC is an educational institution, the Fitness Center is developing the capability to provide national certification for personal trainers and instructors, increasing the marketability of trainees in the growing fitness field.

Adele P. Glenn Early Childhood Education Center – Richland is committed to providing children and families with a quality early childhood education program focused on Kindergarten Readiness. This program provides an environment which includes hands-on exploration with many opportunities for children to be creative through the visual arts, dance and music. The Center is a licensed facility under the Illinois Department of Children and Family Services and this past year was awarded a Quality Counts Star Level 2 rating. Richland students, staff, faculty, and members of the community may register their children to attend the Center.

Student Success

The Student Success area was formed in July 2013. It merged the Enrollment Services area with a number of areas in Teaching and Learning Support Services. Within each department, each area know and understand a specific set of student demographics, needs and focus on completion of stated goals. Both the Enrollment Services Division and the Teaching and Learning Support Services Division were eliminated. The areas of Online Learning and the Learning Resources Center were aligned with Academic Services which was created.

The areas include the Academic Success Center (testing, tutoring, student accommodations, and the Mathematics Enrichment Centers), Admission and Recruitment, Advisement and Registration (student records, academic advising, and registration), Financial Aid and Veterans' Affairs, Student Engagement (Campus Life and College Transitions), Student Development and TRIO/Student Support Services.

RICHLAND COMMUNITY COLLEGE DISTRICT #537

FY 2016 ANNUAL BUDGET

I. INTRODUCTORY SECTION

EXECUTIVE SUMMARY

Development of the Fiscal Year 2016 has caused the serious review of the College's resources. A perfect storm is developing on the horizon and specific actions are incorporated into this year's budget. Over ninety percent of the College's operating revenue is produced from local taxes, student tuition, and state grant funding. A decline in the current year's estimated revenue in all three sectors is a trend that is expected to continue for the next several years. Cost reductions and greater efficiencies that were implemented in the prior year are expanded with the FY 2016 Budget.

While the majority of the country is experiencing a substantial economic recovery, the local economy is lagging and property taxes generated from the underlying Equalized Assessed Value (EAV) are not growing and in some areas of the College's District are declining. This will be the third consecutive year with effectively no growth in the tax base and essentially flat revenues generated from taxes.

An unexpected downward trend in student enrollment occurred during FY 2015 and appears to be continuing for FY 2016. Community college enrollments are counter-cyclical to the economy. A review of Richland's historic enrollments since 1982 shows that enrollments peak two to three years after an economic recession followed by successive six to seven percent declines. The third year after the peak, the trend flattens or returns to slight enrollment increases. The anomaly for FY 2015 was a third year of six percent declines.

Richland's Board of Trustees has indicated that maintaining tuition affordability is one of the institution's main priorities. This FY 2016 Budget is supported by an increase in tuition that only partially offsets the reduction realized by the decline in enrollment. Additionally, the increase in tuition maintains the College's competitiveness among other area community colleges.

With the continued weak State of Illinois financial situation and the State legislature's inability to support a continuance of a temporary tax increase, diminished State funding is the reality for FY 2016. State revenues have decreased to the lowest level since FY 2001 for FY 2016. Only twelve percent of the operating funds are attributed to the State in this budget.

In order to maintain the fiscal health of the College, specific and significant cost reduction measures will continue in FY 2016. Health insurance benefits have grown to over twelve percent of the operating budget. That is a trend that will be discontinued beginning in FY16. The College's health insurance benefit plan will be modified in an effort to reduce premium costs. This will support the changes initiated in FY 2013 with introduction of a high deductible health plan. Employee education regarding better health and a better understanding of the significant impact on the overall effects on the cost on the budget will continue. Critical evaluation of all positions within the institution will be undertaken to assure that the work is essential to core operations for supporting the success of students. A hiring freeze that was initiated in January of 2015 will be continued in the FY 2016 Budget. Other cost cutting measures in the FY 2016 Budget include reductions in items that have less impact on students such as staff travel, meeting expenses, materials and supplies, and contracts.

A team of stakeholders has been assembled to address the enrollment situation. In depth study of enrollment, scheduling, and student support initiatives is in its initial stages. This team will focus on short-term actions that will impact near-term enrollment as well as build longer term strategies that will provide the framework for addressing the situation over the next three years. Goal setting for reversing the enrollment trend is in the early in the process phase. Once these goals are developed, the budget may need to be realigned to assure financial support can accomplish the desired outcome.

Starting in 2014 and continuing through March 2015, a new Strategic Plan was developed and subsequently approved by the Board of Trustees. While a new Plan has been developed with broad input, it does not differ significantly from the prior Plan. The Plan focuses College efforts on elevating teaching and learning standards, fostering student success and completion, advancing and creating workforce development partnerships, and ensuring a sustainable organization. Aligning the FY 2016 Budget to these goals has been accomplished through tactical initiatives or priority actions. Cabinet level administrators working with their staff have developed actions that have set measurable goals. Accountability is achieved through quarterly reporting to the Board of Trustees about the accomplishment toward these goals.

Furthering the success of the College under these challenging budget conditions will require strict and focused attention to the strategic initiatives designated in the Plan. Annual review and adjustments in priorities will have to be developed and implemented. The Cabinet must be held responsible for the constant and detailed attention to the achievement of those goals in order to reverse the decline in enrollment while supporting and increasing student success.

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. Currently, the Richland Community College Foundation is ranked nationally at 47th out of all community college foundations.

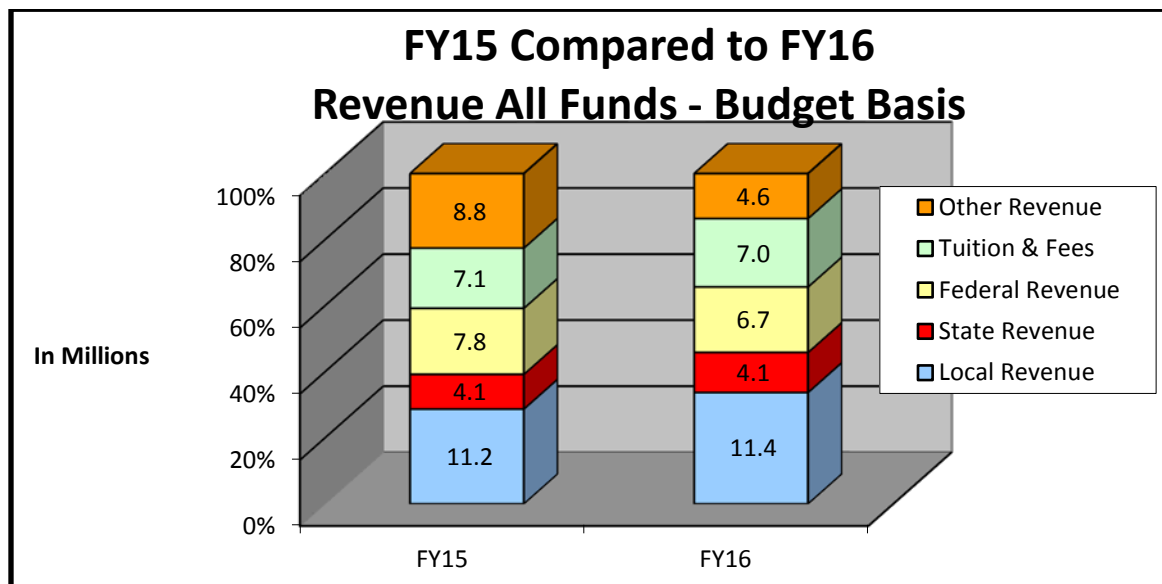
BUDGET OVERVIEW – ALL FUNDS

All Funds – Sources and Uses – The FY 2016 Budget is a balanced budget including funding sources and uses of over \$33.8 million for all College funds combined. The FY 2016 Budget revenues decreased \$5.2 million over FY 2015. When removing the Restricted Operations and Maintenance Fund revenue is slightly down from FY 2015. Although the College increased the per credit hour tuition by \$8.00 for FY 2016 and increased course fees minimally, the College is still anticipating a 1.7% decrease in tuition and fee revenue. The College's overall tax base increased slightly and the FY 2016 College Budget reflects a slight increase in Local Government Revenue for FY 2016.

The College is anticipating the overall State of Illinois funding to remain flat for FY 2016, primarily due to a couple of large grants the College has received that are funded by State agencies. This will help offset the decrease in base operating grants the College is anticipating. The State of Illinois has experienced financial difficulties for the past several years. The State has not passed a Budget as of this writing but the College has included a 10% cut in funding for base operating grants in FY 2016. The State decreased the current year's base operating grants by 2.25% mid-year and all indications are that the decrease for FY 2016 will be deeper. The College is projecting a decrease in Restricted Purposes Federal Government Revenue due to decreases in financial aid related revenue streams. The College is expecting a slight drop in enrollment once again in FY 2016 and this translates to less revenue recorded for PELL, Map

Grants and Direct Loans. Interest rates have remained low the last couple of years and they are not expected to increase for FY 2016. Because of this factor the Budget reflects flat Interest Income revenues. The College bi-annually hosts the Farm Progress Show, and because this is a Show year the revenue in the Auxiliary Enterprises is expected to increase slightly.

The College will use fund balance appropriations of approximately \$1.2 million in FY 2016. 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 the fund balance appropriation for FY 2016 will be used to finish the construction of the new Student Success Center, with the remaining being used to continue the upgrades to the Security System in outlying buildings.



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’s District. For FY 2016, local tax revenues include taxes levied on property owners for calendar year 2014, payable in June and September of 2015. 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 2% 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 2016 Budget are \$10.9 million, a slight increase from revenues received in FY 2015.

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 2016 has been increased to \$114.00 per credit hour and is estimated to produce total tuition revenue of

approximately \$7.0 million including related course fees. This increase in tuition rates offsets the decreased enrollments the College is anticipating for FY 2016, resulting in tuition and fee revenue only decreasing slightly for FY 2016.

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 \$.75 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 2016 is expected to increase slightly due to an improving economy as compared to FY 2015.

The category entitled Other Sources in the FY 2016 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 \$8.8 million in FY 2015 to \$4.6 million in FY 2016. The most significant decrease in this category results from fund balance appropriations declining due to the completion of the Workforce Development Institute. This project has spanned the last two budget years.

Uses – Uses or expenditures budgeted for FY 2016 total approximately \$33.8 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 four main goals: 1) Elevate teaching and learning standards; 2) Foster student success and completion; 3) Create and advance workforce development partnerships; and 4) Ensure a sustainable organization. Strategies within each goal and related budget implications are presented beginning in Section II.

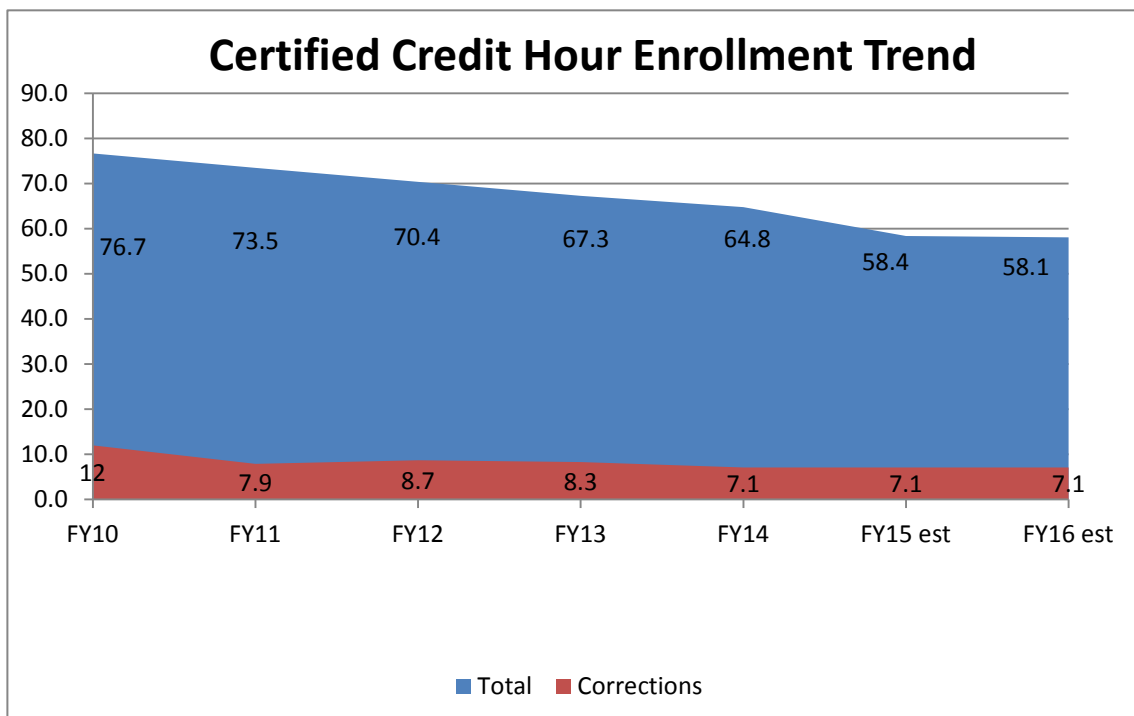
To accomplish the goals of the Strategic Plan, the College has focused on continuous quality improvement initiatives. Richland continues to train employees on the use of quality tools and the study of systems and processes, therefore; the ongoing costs of these initiatives are reflected in this budget. These efforts support the College's accreditation initiative under the Academic Quality Improvement Program (AQIP) by the Higher Learning Commission. During FY 2014, The Higher Learning Commission reaffirmed the accreditation of Richland Community College through the AQIP System through 2023. 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 2016. The core of Richland's expenses is personnel costs, representing over 80.1% of General Fund Expenditures less transfers out and 49.3% of expenses overall. When the Operations and Maintenance – Restricted Funds are removed from the total, the percentage rises to 51.2%. Total salaries in all funds combined decreased by \$107,000. The primary cause of this decrease is from staff attrition and retirements and those positions being filled by part-time staff or at a lower salary than the previous incumbent earned. The budget for FY 2016 includes a pay increase of 2.0% for staff and 3.2% for faculty. Fringe Benefits costs decreased by 3.1% in the FY 2016 Budget, even though the College is expecting the premiums for the College's health insurance plan to increase on January 1, 2016 by 8%. The College introduced a new high-deductible plan two years ago and the College is seeing a steady increase in enrollments in this plan. This plan offers significant savings to the College in premium costs as well as savings in the employee's share of the premium. In addition, a

Benefits Committee has been established to revamp the health insurance plan and bring down costs to the College. The College is expecting those changes to take effect in January of 2016. The College has set a goal of reducing health insurance premiums by 12%. At the present time the College does not offer benefits to part-time staff that work less than 30 hours per week, so replacing full-time staff with part-time staff when an employee terminates results in savings as well, as long as the hours worked per week are less than 30. The overall decrease in salaries and benefits for all Funds is \$200,000. The Affordable Care Act will continue to present challenges to the College going forward as the College is federally mandated to offer health care coverage to employees averaging 30 or more hours per week.

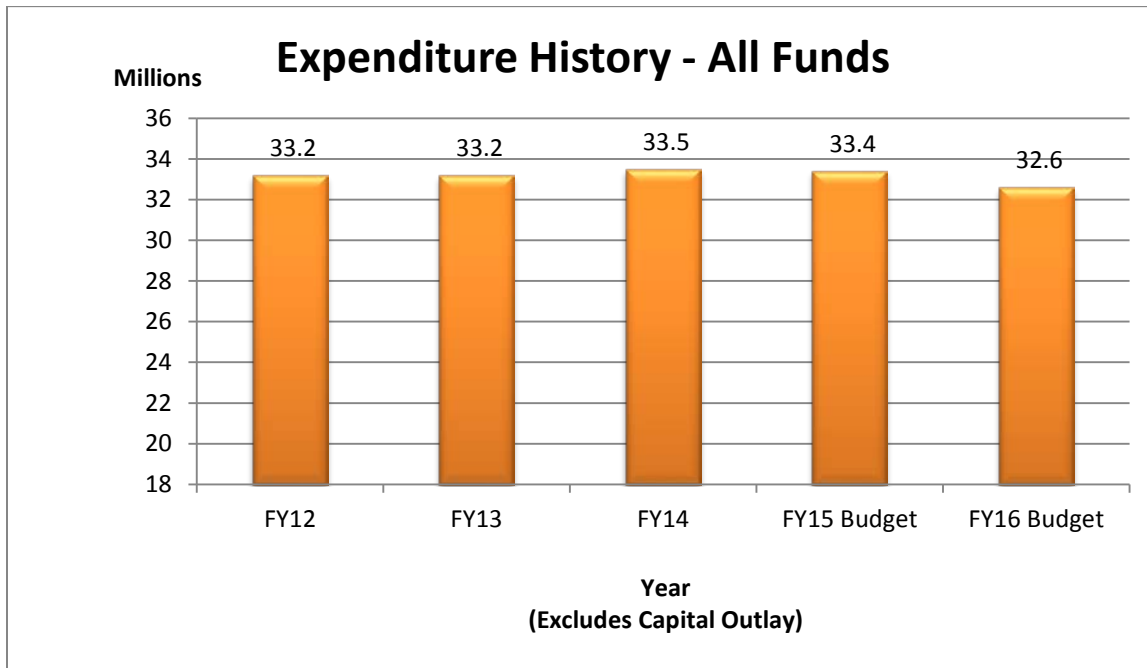
Student Credit Enrollments – Student credit enrollments drive two of the College’s main revenue sources, Tuition Revenue and State Revenues for Base Operating Grants and Equalization Grants. Changes in enrollments have a significant impact on annual revenues and are monitored closely. While many factors 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 7 years ago in the College’s local community. However, the situation improved locally with the unemployment rate being slightly over the 9% mark in April 2012. Since that time, the rate has decreased to 7.5% as of March, 2015. 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 decrease in credit hours for FY 2016. The College is also expecting slight decreases in Federal Financial Aid awards.

In FY 2010 the College experienced record enrollments. This followed a historical trend of increasing enrollments during downturns in the economy, correspondingly, enrollments decrease as the economy improves. Historically, this decrease occurs for a couple of years and enrollments even out after that. However the College, as have many other community colleges in the State, has seen this pattern of decreasing enrollments continue. In FY 2016 the College is hopeful that this downward trend will finally end and enrollments will stabilize. The College has budgeted 50,500 credit hours in revenue. This number is based on spring 2015 enrollments. There are contingencies in place should the enrollments continue their slide downward in FY 2016.



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 2012.

The College has provided raises to staff and faculty, while carefully watching all expenditures, as evidenced in the graph below. FY 2016 decreases slightly primarily due to Restricted Fund expenditures declining due to cutbacks in some Federal Grants as well as State Grants. In addition, the College directed all budget managers to reduce expenditure requests for FY 2016 due to reduced revenues from the State and slightly declining enrollments.

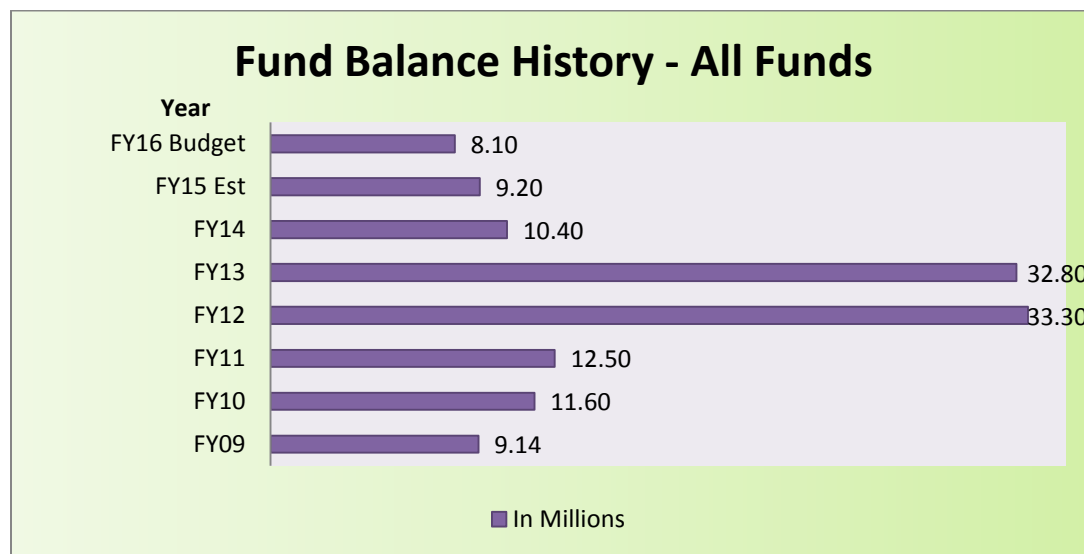


Fund Balance History – All Funds – At year end, unexpended and unencumbered monies held within a particular Fund accumulate from year to year and are designated as Fund Balances. Various reasons can account for the accumulation of Fund Balances. In some instances, conservative spending of budgeted monies 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 will be the completion of the Student Success Center and continuance of the upgrading of security systems for all campus locations. The total Fund Balance allocation for these two projects will be \$1,229,645. 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 decrease slightly from FY 2015 to FY 2016. Local revenue is projected to increase \$112,400. Tuition and fees are expected to decline even though the College increased the tuition by \$8.00 per credit hour. This increase is offset by the continued decline in enrollments, resulting in decreasing revenue in tuition and fees. The tuition increase 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. Although Macon County has one of the highest unemployment rates in the State, the College is budgeting for declining enrollments when compared to projected enrollments for FY 2015. Macon County has struggled with a sluggish economy for the past six to seven years. The College continues to work with area civic leaders and businesses to provide the training necessary to residents to prepare them for job openings with local employers. The College is anticipating an overall decrease of 4.0% as State of Illinois funding for FY 2016 based on the latest available budget data from the State, as compared to FY 2015. The College experienced a substantial drop in equalization in FY 2015 with the

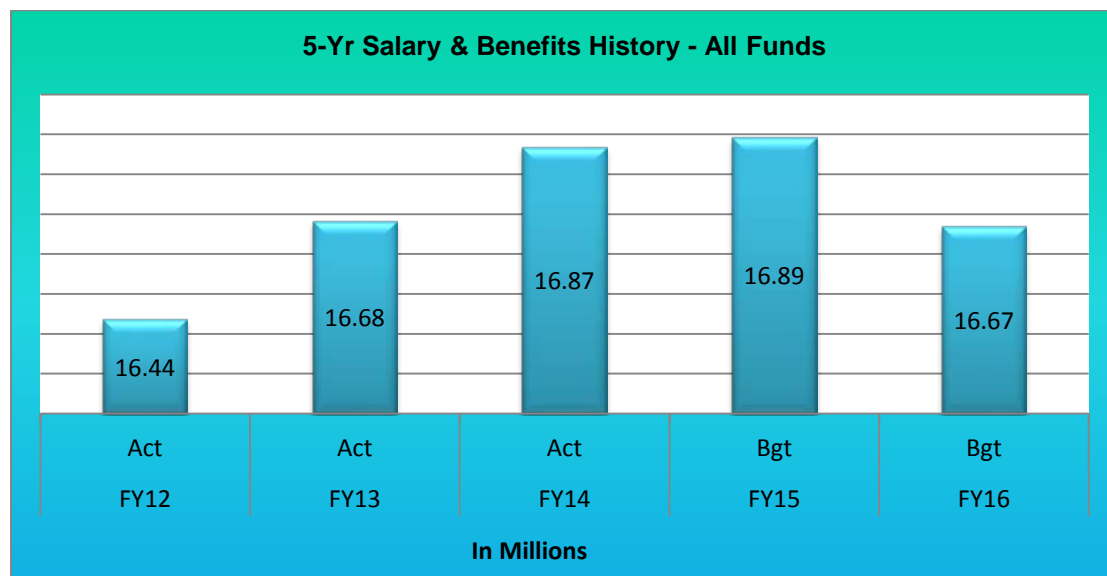
decrease in credit hours coupled with additional community colleges eligible for Equalization Funding. The pool for that funding will remain flat with the State as well as decreased Base Operating Grants. All other funding with the State continues to decline as the State continues to struggle with financial woes.

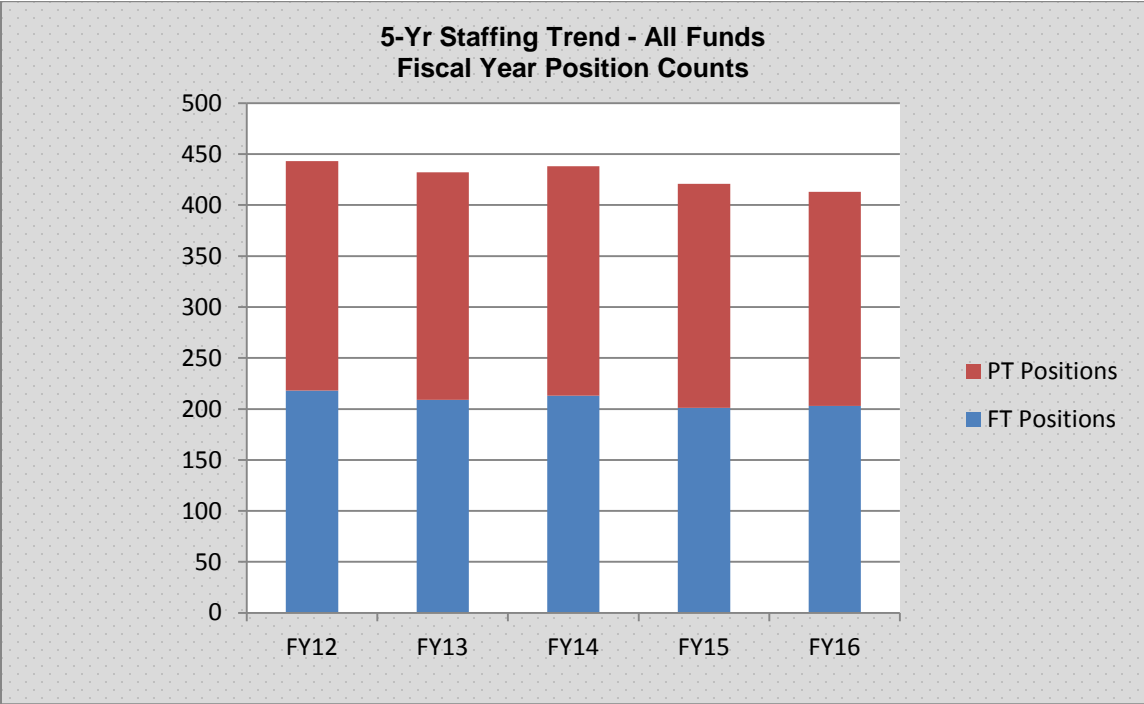
Expenditures – Expenditures in the General Fund are slightly decreased for FY 2016. The budget managers were instructed to reduce all line items and the only increases allowed were for salaries and benefits. In addition, some budgets were scaled back to reflect actual expenditures over the last five years. The College was able to reduce salaries by either not filling vacant positions or replacing with lower salaried individuals or part-time staff. Expenses will be closely monitored during FY 2016 due to the tight State funding and enrollment uncertainties.

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 2016 will include approximately 204 full-time employees and 210 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 \$1.3 million, and the remaining \$1.2 million distributed over three other funds. Total costs have decreased .8% overall from FY 2015. The College has replaced some open positions with part-time staff and in some cases left the position open until the revenue stream improves.

Benefit costs are substantial with approximately \$2.86 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). An employee benefit committee has been established to revamp the health insurance plan, with the goal being to reduce costs. Although the estimated premium increases will be 6-8%, the College budgeted a 6% decrease in health insurance premiums because of the changes that will be implemented in the plan. The College will continue to closely monitor the health care premiums and make changes as necessary to assure that the plan is affordable for employees and the College.





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 3.6% of the total budget for Fiscal Year 2016. This percentage has decreased from FY 2015 due to the completion of the Workforce Development Institute facility during FY 2015. The College began the construction of the new Student Success Center in FY 2015. This project is being managed and funded by the Capital Development Board of the State of Illinois. The College was required to provide a match of 25% or an estimated \$1.2 million. This money was donated by the Richland Community College Foundation.

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. The Master Plan 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 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.

Capital projects that are planned during FY 2016 include continued upgrades to the security systems campus-wide and the finalization of the construction of the Student Success Center. The College will finance these activities through existing College funds, grants and donations and Fund Balance appropriations. The Student Success Center is a project being funded and paid for by the State of Illinois Capital Development Board, except for the 25% match required by the College. The match required by the College was donated by the Richland Community College Foundation.

The Chart below is an itemization of the capital building projects for FY 2016:

Richland Community College
Capital Projects Budget
Fiscal Year 2016

<u>Description</u>	<u>Amount</u>	<u>Source</u>
Security System Upgrades	54,645	Fund Balance
Student Success Center	<u>1,175,000</u>	Fund Balance
<u>Total Capital Projects</u>	<u>\$1,229,645</u>	

The Student Success Center amount only includes the 25% match required by the State. The remaining costs are being covered by the State of Illinois Capital Development Fund.

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

Historical Capital Improvement Expenditures

FY 2012	Actual	\$ 5,254,076
FY 2013	Actual	\$ 2,750,128
FY 2014	Actual	\$12,155,063
FY 2015	Preliminary	\$ 2,500,416
FY 2016	Budget	\$ 1,229,645

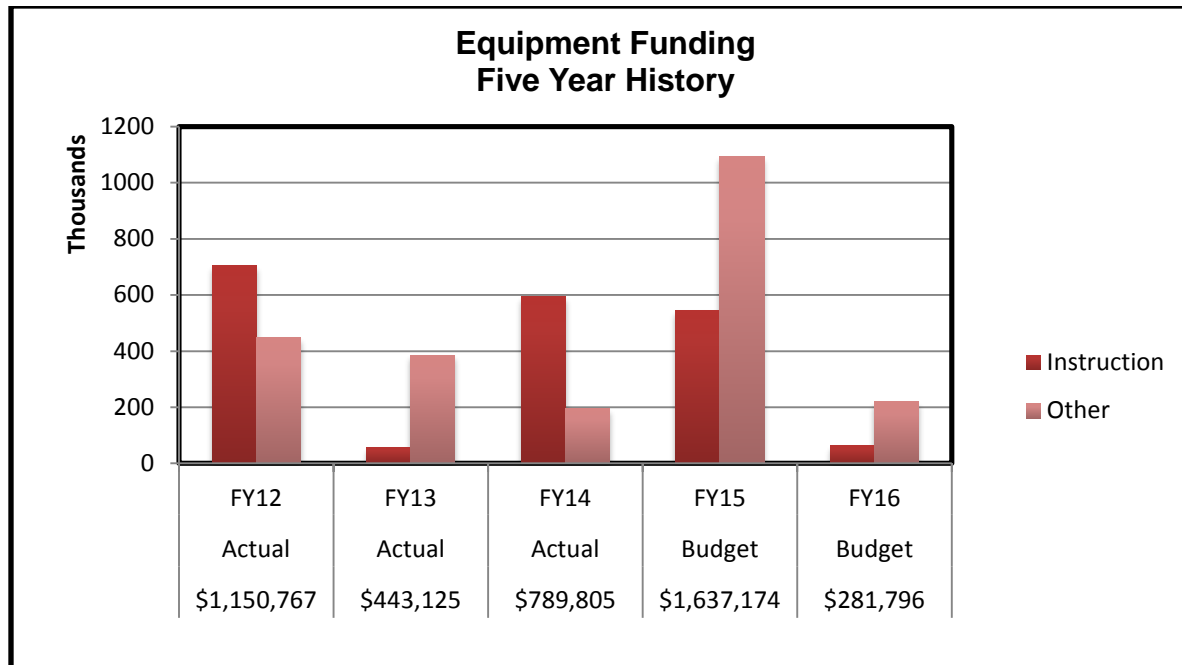
EQUIPMENT

The College has increased the Academic/Technology Fee to \$8.00 per credit hour starting with the summer 2015 term. This represents a \$2.00 per credit hour increase. This fee is earmarked specifically for technology upgrades on campus. The first project that will be undertaken will be an upgrade to the phone system. The current phone system is outdated and the manufacturer no longer makes replacements. The College is budgeting \$200,000 for this upgrade in FY 2016. Future plans include upgrades to the WIFI capabilities of the College. The FY 2016 Budget includes \$19,000 to begin this upgrade in the library. As students rely more and more on technology, it is imperative that the College be equipped to meet their expanding data needs. Additional equipment purchases include \$10,500 for 2 new high efficiency air conditioning and furnaces for the HVAC program, \$15,446 for additional equipment in the Diesel Medium/HD Truck program, and \$30,300 for equipment in the Information Technology program to ensure the students are learning the latest technology. In years past, the College has had additional funding available in an Equipment Replacement Fund, however as budgets have been limited the last couple of years this Fund has not been replenished and the College is exploring additional ways to replenish this Fund to ensure that the equipment needs of the College are met.

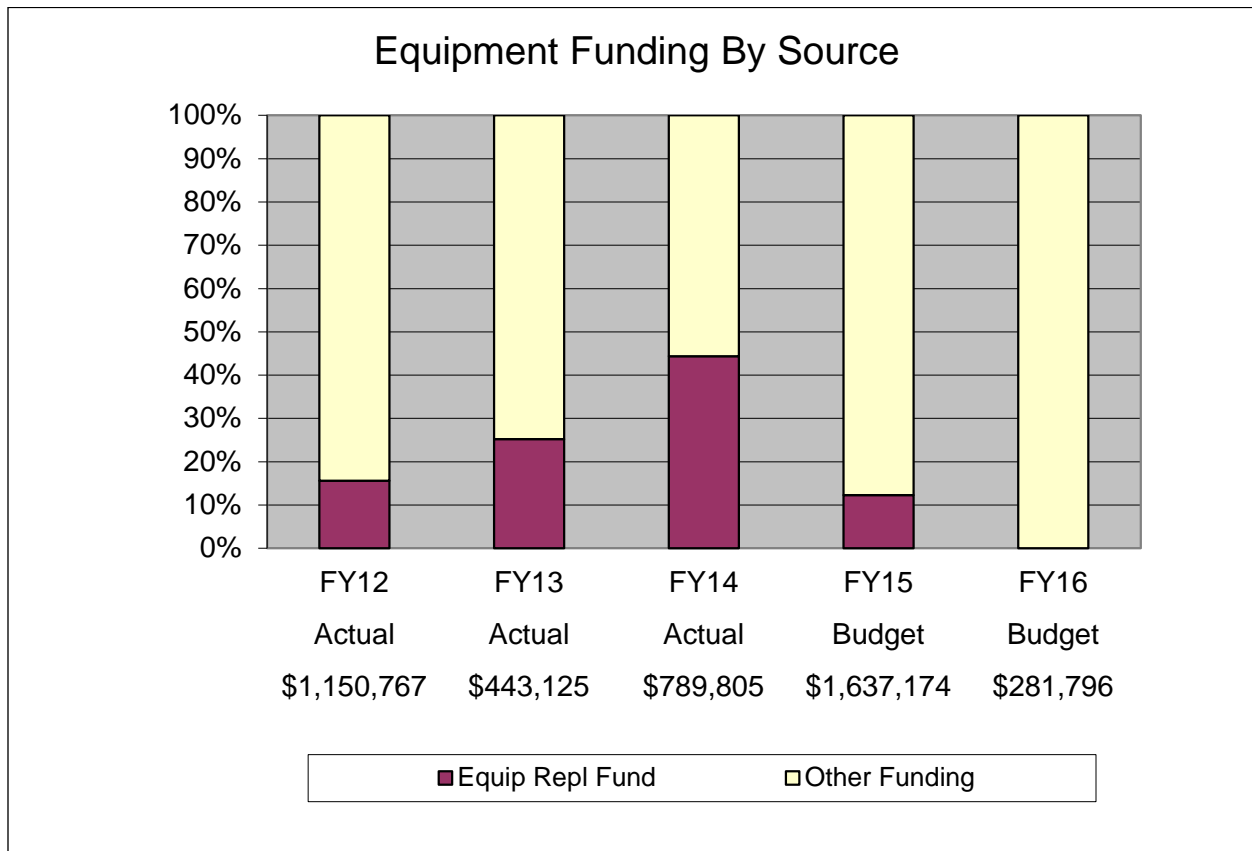
For FY 2016 the College will continue to focus resources on replacing outdated equipment. These upgrades are being paid for by a combination of donations from the Richland Community College Foundation, grant sources such as the Federal Perkins Grant money, and new capital leases. The College continues to focus resources towards ensuring that our students have access to current technology in the classroom. Total equipment purchases are budgeted for FY 2016 at \$281,796. The following charts and graphs provide a summary of equipment purchases over the most recent 5-year period.

EQUIPMENT EXPENDITURES

	FY 2012 <u>Actual</u>	FY 2013 <u>Actual</u>	FY 2014 <u>Actual</u>	FY 2015 <u>Budget</u>	FY 2016 <u>Budget</u>
<u>Totals by Function</u>					
Instruction	\$704,088	\$57,468	\$595,420	\$544,524	\$62,796
Academic Support	6,455	2,146	11,097	25,000	0
Student Services	15,5485	1,279	20,116	11,200	0
Public Service/Continuing Education	290,883	25,069	1,667	2,550	0
Clubs, Organizations & Child Care	1,981	0	0	0	0
Operations & Maintenance of Plant	60,999	144,266	64,585	65,000	0
Institutional Support	<u>70,813</u>	<u>212,897</u>	<u>96,920</u>	<u>988,800</u>	<u>219,000</u>
Total	<u>\$1,150,767</u>	<u>\$443,125</u>	<u>\$789,805</u>	<u>\$1,637,174</u>	<u>\$281,796</u>



	FY12 Actual \$1,150,767	FY13 Actual \$443,125	FY14 Actual \$789,805	FY15 Budget \$1,637,174	FY16 Budget \$281,796
<u>Total by Funding Sources</u>					
Equipment Replacement Fund	\$179,830	\$111,719	\$350,518	\$200,801	\$0
Restricted Purposes/Other Funding	<u>970,937</u>	<u>331,406</u>	<u>439,287</u>	<u>1,436,373</u>	<u>281,796</u>
Total	<u>\$1,150,767</u>	<u>\$443,125</u>	<u>\$789,805</u>	<u>\$1,637,174</u>	<u>\$281,796</u>



Funding Challenges of the Future

Other State Funding – The College is in its twelfth 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 2014 enrollment data, the average of the last three years tax Equalized Assessed Valuation data, and 2014 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 2016. The College experienced a significant decrease in Equalization Funding for FY 2015 and is expecting even less in FY 2016. However the formula is also impacted by certain State-wide 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 decrease in enrollments and the State's financial condition.

Providing about 2.5% 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, starting in FY 2010 the revenues received from this tax started decreasing due to the continued recession affecting businesses Statewide. FY 2012 finally saw a slight increase in this revenue stream. The FY 2016 budgeted Replacement Tax Revenue is based on a slightly improving State economy.

Local Funding – The Equalized Assessed Valuation of Richland's District is projected with a slight increase for FY 2016. 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 a .7% increase 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 an \$8.00 per credit hour rate increase at its February 2015 meeting. This increase will begin with the summer 2015 term. The College experienced record enrollments in FY 2011 and is projecting another slight decline in enrollments for FY 2016, following a decline in FY 2015, 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, a new Diesel Tech Program, as well as a new Collision Repair Program, expanding the Bio-fuels 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. In addition, a committee was formed during the Spring of 2015 to take a comprehensive look at enrollments and what the College needs to do differently to attract more students.

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. The Board approved a new fee of \$2.00 per credit hour to fund technological needs throughout the campus. The fee became effective with the summer 2015 term. There is an 8.5% increase projected in Fees for FY 2016. This increase is attributed to the increased academic fees to cover the rising cost of technology.

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 Monetary Award Grants. In recent years, these sources have been reduced. Federal Funding for FY 2016

is decreased slightly to reflect the actual Pell awards, loans, etc. for FY 2015. 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 higher value scholarships over the last five years. With the growth in funding available to the Foundation for scholarships, the Foundation anticipates awarding over \$575,000 for FY 2016. 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 \$2,211,282,046 or an estimated \$63.6 million. At the current time, the College holds \$19.3 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 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. The improvements have been completed and the College is now seeing the results with lower energy costs.

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.

II. ORGANIZATIONAL SECTION

RICHLAND COMMUNITY COLLEGE DISTRICT # 537

Principal Officials as of July 1, 2015

Board of Trustees

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Bruce Campbell	Chair	2017
Tom Ritter	Vice Chair	2021
Dr. David Coopriider	Secretary	2019
Dr. Larry W. Osborne	Trustee	2017
Rev. Wayne Dunning	Trustee	2017
Randy Prince	Trustee	2021
Dale Colee	Trustee	2019
Donnie Lewis	Student Trustee	2016

Executive Staff of the College

Dr. Gayle Saunders	President
Lisa Gregory	Executive Director of Public Information and Chief of Staff
Greg Florian	Vice President, Finance and Administration
Dr. Douglas Brauer	Vice President, Economic Development and Innovative Workforce Solutions
Marcus Brown	Vice President, Student Success
Dr. Denise Crews	Vice President, Academic Services

OUR VISION, MISSION AND CORE VALUES

VISION

To be the premier source for education, workforce training, partnerships, and economic development. (Reaffirmed 2011)

MISSION

To provide innovative educational environments, opportunities, and experiences that enable individuals, communities, and the region to grow, thrive, and prosper. (Reaffirmed 2011)

CORE VALUES

Richland has endeavored to identify its Core Values through a series of reflective activities conducted initially through College-wide evaluations and then through the work of a Continuous Improvement Process Team. In the spring of 2003, the College adopted five core values: **Commitment, Respect, Excellence, Accountability, and Diversity.**

STATEMENT OF PURPOSE

The primary purpose of Richland Community College is to improve the quality of life in Central Illinois by actively serving the educational needs of the people, organizations, and institutions it serves. Richland pledges to provide equal access to education and training for all citizens regardless of race, age, gender, religion, national origin, ethnic background or disability.

Richland achieves its mission and purpose by offering the following programs as outlined in the Public Community College Act:

- The first two years of a baccalaureate education;
- Technical courses, certificates, and degrees designed to provide job training, retraining and upgrading of skills;
- Basic educational skills designed to prepare students to engage in college-level study;
- Continuing and community education courses and programs designed to provide and encourage opportunities for lifelong learning;
- Student development programs and services designed to help students identify educational and career goals, set realistic career paths, and develop skills necessary to achieve intellectual and personal growth;
- Academic programs and services that provide supplemental support to both teaching and learning;
- Community education activities and programs that complement, enhance, and contribute to the growth and enrichment of students and the community, both inside and outside of the classroom; and
- Community service activities and programs that promote linkages with business, industry, and governmental agencies designed to meet the changing needs of the market place and promote economic growth in Central Illinois.

HISTORY, LOCATION AND DEMOGRAPHICS

HISTORY

- 1971** - The Community College of Decatur is established by referendum as a comprehensive two-year institution and is housed in a vacated bank building in downtown Decatur, Illinois. A Board of Trustees is to be the ruling body that governs the College.
- 1975** - The College is re-named Richland Community College to better represent the College's expanded district parameters.
- 1979** - Richland expands and moves to a new location in an industrial park – a temporary site while a permanent facility is planned.
- 1980** - Richland Community College Foundation is established.
- 1984** - Voters approve a bond referendum for the construction of a permanent site.
- 1988** - Richland relocates to a newly constructed campus offering 151,000 square feet on the Northeast corner of Decatur, Illinois. First classes were held in September.
- 1991** - The Weidenbacher Greenhouse is constructed and ready for classes.
- 1992** - The Shilling Community Education Center is built onto the existing permanent structure, adding an additional square footage of 44,600.
- 2001** - Dr. Gayle Saunders becomes first female President of Richland Community College.
- 2002** - Two additional wings are added to the campus. The Schrodt Health Education Center and the Industrial Technology wing add 50,000 square feet to the College.
- 2005** - Richland opens classrooms at the new Hope Academy Center, 1050 E. Sangamon, Decatur IL 62521. The Brush College, LLC, is created and the first Farm Progress Show is held at Progress City USA.
- 2007** - Richland hosts the Farm Progress Show in Progress City, USA. The ground is broken for the Early Childhood Classroom and Fitness Center.
- 2007** - The Agribusiness and Occupational Technology Center is dedicated in November.
- 2008** - In February, The Agribusiness and Occupational Technology Center is renamed the Dwayne O. Andreas Agribusiness Education Center.
- 2008** - The Compease job classification and compensation system is implemented by the College during the summer.
- 2008** - Ground was broken for the Center for Sustainability and Innovation in September.
- 2008** - The Fitness Center opened in its new location in the fall.
- 2009** - In January the Fairview Park Plaza Center opened as a site for credit and non-credit classes.

- 2009** - The Adele P. Glenn Academy of Early Childhood Education was dedicated in April.
- 2009** - The Center for Sustainability and Innovation opened in July.
- 2009** - In August, the wind turbine started operation; it was dedicated in September.
- 2009** - In September, Richland hosted the third Farm Progress Show.
- 2010** - The first graduates of the Culinary Arts Institute participated in Commencement.
- 2010** - The Richland Foundation announced that it had reached its Major Gifts Campaign goal of \$17m.
- 2010** - The Mathematics Enrichment Center was dedicated with funding from the James Millikin Trust.
- 2010** - Richland was notified by the U.S. Green Building Council that the Center for Sustainability and Innovation has received the Leadership in Energy and Environmental Design (LEED) Platinum designation.
- 2011** – Richland was notified by the Association for the Advancement of Sustainability in Higher Education that the College had been awarded a STARS Bronze Institute based on its accomplishments in campus sustainability.
- 2012** – College completed the installation of the New Energy Management System. This involved a total replacement of the College’s heating and cooling systems.
- 2012** – Richland was designated as a “tree campus” by the National Arbor Day Foundation.
- 2012** – A state-of-the-art National Sequestration Education Center was opened.
- 2012** – State of Illinois announced release of funding to build a new Student Success Center.
- 2012** – Richland Transfer Academy opened.
- 2013** – Richland recognized as a finalist for 2013 American Association of Community Colleges Award of Excellence in the Outstanding College/Corporate Partnership category.
- 2013** – Groundbreaking held for the Workforce Development Institute.
- 2014** – Clinton Extension Center opened.
- 2014** – Completion of the Culinary Art Institute restaurant.
- 2014** – Completion of the Workforce Development Institute.
- 2015** – Groundbreaking held for the Student Success Center.

LOCATION

Located in Decatur, Illinois, the College serves an eight-county district with a population of approximately 132,000. Three hours from Chicago, Illinois, and two hours from St. Louis, Missouri, the College is centrally located within Illinois. The primary campus encompasses 155 acres. The College also operates an attendance center in Clinton, Illinois, which is roughly 25 miles north of the main campus and an attendance center in the Fairview Park Plaza Center.

The District is home to a variety of regional and international companies including Archer Daniels Midland, Caterpillar, Tate & Lyle, Pittsburgh Plate Glass, Mueller Company and Ameren IP. Decatur is the North American headquarters for Archer Daniels Midland Company, recognized as a leader in applied agricultural research. While much of the District's focus is on manufacturing, nearly half of all businesses fall within the service sector, including health care. Decatur is also the home of the Farm Progress Show, held biannually at Richland Community College.

The College also is centrally located to a variety of four-year universities and colleges where Richland graduates can further pursue a baccalaureate degree. In addition to Millikin University, a private university located in the city of Decatur, the College also is within a one-hour drive from three public universities – the University of Illinois in Champaign-Urbana, the University of Illinois in Springfield, and Illinois State University in Bloomington-Normal. Private universities in the area include Illinois Wesleyan University, Lincoln College, Lincoln Christian College and Springfield College in Illinois.

DEMOGRAPHICS

Counties: Of the 8 counties touched by Richland's services, Macon County and DeWitt County provide the largest residence base. 96% of Richland's population base resides in Macon County and DeWitt County. The other counties in District #537 include Christian, Piatt, Logan, Sangamon, Moultrie, and Shelby.

Population: In 2012, Richland's District included a population base of 132,014. This is a decrease of about 4.4% from the year 2000; this is somewhat better than the prior ten-year decrease of nearly 8%. Of the eleven K-12 school districts within Richland's population base, the top five account for nearly 83% of Richland's population base. The two largest school districts experienced a decrease in population between 2000 and 2010 of roughly 4,600 residents or approximately 5.1%.

Employment/Unemployment: The three major industries in the area are: 1) educational, health and social services, 2) manufacturing, and 3) retail trade. From 2000 to 2013, Macon County experienced over 8,000 job losses mostly resulting from plant closings within the manufacturing sector. This change has had a direct impact on the population decline within the District. It is estimated that there will be 351 new job openings per year within 24 different occupations through 2020.

Primary, secondary and special education teachers top the list with 29 projected annual new job openings. The next three occupations are food and beverage servers, retail sales workers and motor vehicle operators with 20+ new openings per year. The combined projected annual openings for healthcare occupations are 93. These projections, taken from the Illinois Department of Employment Security's Economic Information and Analysis Division, are utilized when making decisions about future program offerings at Richland.

From 1980 to 2000, the unemployment rate in the region decreased from approximately 11.1% to 5.2% and it remained fairly constant through midyear 2008. Starting midyear 2008 the unemployment rate steadily increased to 13.4% in March of 2010. Since that time, the rate had decreased to 9.5% as of April 2012. However due to layoffs at two of the District's largest employers, the rate slowly increased back up to 11.1% in March 2014. The rate has decreased the past year to a current rate of 7.5% as of March, 2015. Historically, unemployment rates have an impact on student enrollments in that when unemployment is high, community colleges experience an increase in student enrollments and when unemployment declines, enrollments decrease, with the enrollments stabilizing as the employment rate remains steady. However, because the unemployment rate has remained high for an extended period of time Richland Community College is anticipating slightly lower enrollments during FY 2016 based on FY 2015 actual credit hours. The College has already experienced the increase in credit hours due to the increase in the unemployment rate and has been experiencing declining enrollments the past three years.

Education: As reflected in the data from Richland's Environmental Scan for 2014, the percentage of the population in Richland's District with at least a high school diploma has grown from 83.2% in 2000 to 89.5% in 2012. However in Macon County, over 40% of the population ended their educational attainment with a high school diploma or less. This percentage is higher for DeWitt County at over 50%. Overall, both counties are undereducated compared to the State and nation. These figures suggest that Richland has a growing pool of available students. The key for the College is reaching those students and providing the educational services needed.

Financial Aid: Financial aid and scholarship awards for FY 2015 totaled \$6.8 million distributed to 1,841 students. In FY 2014 financial aid and scholarship awards totaled \$7.8 million distributed to 2,035 students. An increasing number of the District's students rely on financial aid for higher education. The number of students awarded Pell Grants has remained steady over the last 5 years, while the number of students awarded State MAP Grants has declined mainly due to earlier and earlier deadlines for applying due to funding difficulties with the State of Illinois. The College has seen a steady increase in the number of scholarships provided by the Richland Community College Foundation which has helped to bridge the gap between need and available financial aid.

According to national statistics on persons below poverty level, there was a 2.6% increase in the national poverty rate from 13.3% in 2005 to 15.9% in 2012. For Macon County the increase was higher, rising 8.2 percentage points from 15.1% in 2005 to 23.3% in 2012.

Student Body: Richland experienced the highest enrollments in its history in FY 2010 with total certified credit hours reaching 74,970. Since that time enrollments have fallen back to a projected level of 50,500 certified credit hours for FY 2016. The FY 2016 Budget is based on Certified Credit Hours remaining steady with spring 2015 enrollments.

Richland runs numerous programs through the Illinois Department of Corrections. In FY 2001 the certified credit hours attributed to Corrections programs were 3,442 and for FY 2016 the College is predicting those hours to have increased to 7,100.

The Richland District includes 15 public and private high schools. Historically about 24% of all graduates at these high schools subsequently enroll at Richland Community College.

The fall 2013 headcount for credit classes and full-time equivalency were 3,340 and 1,847 respectively, as compared to 3,272 and 1,817 for fall 2012. For 2012, the average age of a Richland student enrolled in day classes was 27 and students enrolled in evening classes average 31. The ratio of part-time to full-time students was 70/30 and female to male students was 61/39. Roughly 74.0% of the student body is white while 16.7% is African American and the remaining 9.3% is comprised of other ethnic groups.

The majority (72.0%) of Richland’s credit hours are generated during the day, with the remainder generated in the evening or online. The percentage of daytime credit hours has steadily increased over the past 4 years, from 67% in 2009. Evening credit hours have decreased from 22% in 2009 to 15% in 2013.

The College also offers Dual Credit courses which allow high school students to take college-level classes for college and high school credit at the same time. High school students who rank above average in academic achievement may enroll in selected college classes, which must be 100 level or higher.

The College has agreements in place with nine high schools in the District covering dual credit. Students may be enrolled via one of four methods: The Richland Transfer Academy, on their own, at their respective high school or through the Heartland Technical Academy.

Faculty/Staff: In the fall of 2013, Richland had 199 full-time employees and 198 part-time employees. Of this, 210 are full/part-time faculty, 41 administrative, and the remainder is support personnel. The ethnicity of the faculty and staff included 32 African Americans, 2 Native Americans, and 6 Hispanics. 61% of the College’s full-time employees are females compared to 39% males. 167 of the College’s employees possess a Master’s or Doctoral Degree, another 93 possess a Bachelor degree.

Organizational: The Organizational Section includes two Organization Charts. The first chart represents Richland from a student-centered focus with instruction, activities and support functions emanating out from students. The second chart presents the College’s reporting lines.

Physical Facilities Square Footage:

Main Campus – Original	154,466
Shilling Center	49,504
Workforce Development Institute	40,260
Agricultural / Maintenance	12,876
Schrodt Health Education Center	25,570
Industrial Technology Center	23,550
Andreas Agribusiness Ed Center	17,861
National Sequestration & Ed Center	15,531
Center for Sustainability and Innovation	15,256
Macon County Soil & Water	<u>7,815</u>
TOTAL	<u>362,689</u>

GOALS, OBJECTIVES & ACCREDITATION

RICHLAND’S VISION – THE STRATEGIC PLAN

In April 2015, The Richland Community College Board of Trustees approved the 2015-2018 Strategic Plan. The development process involves two separate but interconnected phases: an Environmental Scan and the formulation of a Strategic Plan.

Initiated in November 2013 by Dr. Gayle Saunders, President, a series of events led to the development of the 2015-2018 Strategic Plan of Richland Community College. First, the trends, opportunities and challenges section completed by the 2014 Richland Community College Environmental Scanning Team provided the backdrop necessary for the Strategic Planning Team to begin its work (Environmental Scan is located at <http://www.richland.edu/sites/rcc.richland.edu/files/improvement/2014%20Environmental%20Scan.pdf>). Then, the Strategic Planning Team, comprised of representative stakeholders throughout the College, started gathering in March 2014 to understand how the SOAR (Strengths, Opportunities, Aspirations and Results) process would allow them to capture needed information to produce the Strategic Plan. Held between June and October 2014, 14 focus groups sessions with over 210 participants were conducted, and the Strategic Planning Team served as facilitators and scribes. Internal and external stakeholders spoke to Richland's strengths and offered opportunities for improvement. As focus groups were a main source of data collection, the Team also reviewed other data sources that include the AQIP *Systems Portfolio* and *Systems Appraisal*, ICCB Economic Impact Study, and the RCC Institutional Year Books. Throughout this entire process, the Team met to debrief the focus groups, discuss data sources, and advise the progression of the Plan. In addition, retreat topics and regular presentations were planned for the Board of Trustees to allow their input into the process and the Plan.

Intended to provide strategic direction for the College, the four goals in the 2015-2018 Strategic Plan are the following: *Elevate Teaching and Learning Standards, Foster Student Success and Completion, Advance and Create Workforce Development Partnerships, and Ensure a Sustainable Organization*. These goals collectively reflect the mission and vision of the College through emphasis on evidence-based decision-making to support student success, teaching and learning, community relationships and Richland's Principles of Sustainability. As in past practice, the President's Cabinet will identify annual priorities to ensure accountability to the Strategic Plan. The Strategic Planning Team reviewed the mission of Richland Community College as a part of its work. The Team felt that the four goals awaiting adoption will help Richland achieve its current mission. In addition, the Team reviewed the vision approved by the Board of Trustees in 2003. The Team determined that the vision -- *To Be the Premier Source for Education, Workforce Training, Partnerships, and Economic Development* -- still reflects the forward intentions of Richland Community College.

2015-2018 Strategic Plan can be found
here: <http://www.richland.edu/effectiveness/strategicplan>

This could not have been done without the hard work and strategic visioning of those involved in planning and carrying out the process. The members of the Strategic Planning Team as well as the Environmental Scan Team are listed below.

Strategic Planning Team

Jack Adwell, Dean, Business & Technology
Sally Anselmo, Director, Database Systems
Robin Bollhorst, Director, Budgeting
Darbe Brinkoetter, Dean, Continuing & Professional Education
Ellen Colbeck, Dean, Health Professions
Joe Feinstein, Director, Technical and Facilities Operations
Louise Greene, Director, Library Services
Lisa Gregory, Executive Director, Public Information, Chief of Staff
Rob Kerr, Director, Advising & Registration
Crystal Kitchens, Business & Technology
Dr. Christopher Merli, Professor, Math & Sciences

Carmin Ross, Director, Financial Aid
Teena Zindel-McWilliams, Coordinator, Curriculum & Grants
Gianina Baker (*Facilitator*), Director, Institutional Effectiveness & Planning
Connie Hartman (*Scribe*), Executive Administrative Assistant, VP Academic Services Office

Ex-Officio Members

Dr. Gayle Saunders (*Sponsor*)
Dr. Doug Brauer, Vice President, Economic Development and Innovative Workforce Solutions
Marcus Brown, Vice President, Student Success
Dr. Denise Crews, Vice President, Academic Services
Greg Florian, Vice President, Finance & Administration

Environmental Scanning Team

Sally Anselmo, Director, Database Systems
Gianina Baker, Director, Institutional Effectiveness & Planning
Darbe Brinkoetter, Dean, Continuing and Professional Education Division
Leanne Brooks, Director, Academic Success Center
Louise Greene, Director, Library Services
Richard Gschwend, Director, Human Resources
Brad Hemenway, Associate Professor, Economics
Megan Moore, Director, Accounting
Jessica Pickel, Director, Adult Education
Teena Zindel-McWilliams, Coordinator, Curriculum & Grants



Goal 1	Goal 2	Goal 3	Goal 4
Elevate Teaching and Learning Standards	Foster Student Success and Completion	Create and Advance Workforce Development Partnerships	Ensure a Sustainable Organization
Sustain and improve instruction through the assessment of student learning outcomes.	Sustain an environment that embraces students and advances them toward goal clarity and completion of their identified goal(s).	Enhance and cultivate partnerships in business, education, government, and the community to meet current needs of students and emerging trends of the region.	Prioritize and align Richland’s sustainability principles (people, economics, environment) to support long-term growth and viability.
Key Result	Key Result	Key Result	Key Result
Multiple measures that demonstrate student learning	End of program success	Collective impact on workforce and partnership development	Richland’s Principles of Sustainability are maximized for long-term College viability.
Implementation Strategies	Implementation Strategies	Implementation Strategies	Implementation Strategies
A. Utilize Richland’s Cross Disciplinary Outcomes process to assess student learning.	A. Engage in activities that improve the college and career readiness of Richland students.	A. Discover common workforce needs and opportunities to strengthen community relationships.	A. Align and empower employee strengths that benefit the institution in meeting strategic goals.
B. Demonstrate the assessment of program student learning outcomes.	B. Advance a comprehensive Strategic Enrollment Management process and completion agenda.	B. Identify and implement new career and technical education programs of study and workforce development programs reflecting community economic development initiatives.	B. Optimize human, economic, and environmental expenses with available revenue.
C. Engage faculty and staff in program review using the established process.	C. Engage students in the holistic development of educational pathways.	C. Actively engage in legislative and government relations that serve to further Richland’s mission.	C. Balance the physical environment to connect to the College principles of sustainability.
D. Enhance teaching and learning through faculty development opportunities.	D. Implement student success strategies to address progress expectations and identified momentum points.	D. Proactively secure opportunities for media to highlight the vast portfolio of offerings available to District residents.	D. Identify and secure alternative revenue streams.
E. Deploy innovative instructional delivery and assessment systems.	E. Establish robust student support systems including proactive advising and work-based career-focused experiences.	E. Facilitate workforce and economic development opportunities through business incubator and other entrepreneurial training.	E. Align facility utilization with established program needs.
F. Expand project-based and other career-focused learning experiences for students.		F. Successfully fulfill the design, development and delivery of a new school of business integrated curriculum.	

The Strategic Plan is updated annually and priorities assigned to various areas of the College. The priorities are included in the budget. All new requests for spending are required to be tied to specific strategies within the Plan. This includes all requests for equipment.

Some examples include, increasing the Adult Education adjunct faculty budget by \$10,000 to further increase the number of adult students completing their GED and continuing on at Richland with college-level coursework, passing a balanced budget, modifying the College health insurance plan to reduce expenses to the College by 12% annually and identifying new revenue streams. Many of the initiatives in the Strategic Plan are intended to increase enrollments, which has a direct impact on the budget. Additionally, the College is reviewing procedures for traveling, purchasing, and cash management as a strategic goal with the end result being more efficient and cost effective processes. Another strategic goal is to develop an activity-based costing model to efficiently direct allocation of resources to meet student and community workforce needs.

ACCREDITATION & IMPROVEMENT INITIATIVES

Accreditation – Richland’s accreditation is based on the Academic Quality Improvement Program (AQIP) model through the Higher Learning Commission. Named for its focus, AQIP allows the College to self-assess and identify opportunities for comprehensive improvement. The College’s initial accreditation using AQIP was obtained for an initial seven years (through 2007). The AQIP reaffirmation of accreditation is based on the institution’s commitment to and success in quality processes, and performance results of those processes as evidenced through AQIP interactions. Once accepted into the AQIP system, a community college must complete a Strategy Forum, a Systems Portfolio, and annual updates. During the initial seven-year period the College was required to undertake and complete several “vital few” action projects that exhibit dynamic opportunities for improvements within the institution and engage its employees.

In April 2008, the Higher Learning Commission reaffirmed the accreditation of Richland Community College through the Academic Quality Improvement Program (AQIP) through 2014. During 2014 a reaccreditation review was conducted by a peer review team that focused on the activities of the College over the past seven years. The review focused on five criteria: Mission and Integrity; Preparing for the Future; Student Learning and Effective Teaching; Acquisition, Discovery and Application of Knowledge; and Engagement and Service. The review team concluded that Richland Community College met the five criteria and no areas were identified for follow-up review. During March of 2015 the College was notified of reaccreditation through 2023 by the Higher Learning Commission. As an AQIP College, continuous improvement will continue over the next eight years always striving to improve upon the solid foundation that exists.

Upon adoption of the AQIP Model, College employees received training in the processes and tools needed to develop successful continuous improvement techniques, teams and projects. New employees continue to receive training in order to qualify for participation on any of the AQIP teams. AQIP teams are formed as needs are identified, and teams are comprised of volunteering employees that work to generate specific solutions or improvements to College processes. When teams conclude their activities, they submit a document detailing their analysis, recommendations and conclusions.

CQIN - Richland Community College was accepted as a member of the Continuous Quality Improvement Network (CQIN) in 2003. CQIN is a group of organizations, institutions and companies committed to enhancing the quality of higher education through the sharing of best practices, training in quality processes, and advocacy of results-oriented educational and management practices. During FY 2016 the College will participate in the CQIN Summer Institute, “Leading and Managing Change: New Paths and Opportunities.”

BUDGET AND FINANCIAL INFORMATION

Basis of Accounting

The College follows generally accepted accounting principles of the United States as set forth in the Governmental Accounting Standards Board (GASB) Codification and as applicable to colleges and universities. As such, the modified accrual basis of accounting is used, whereby revenues are recognized when measurable and available, and expenditures (other than interest on long-term debt) are generally recognized when the liability is incurred.

For budgetary purposes and financial reporting, summer session revenues and expenditures are deferred and reported in the succeeding fiscal year in which the program is predominantly conducted. This is considered an immaterial difference from accrual accounting primarily because it is consistently applied from year to year.

The College operates on a fiscal year ending June 30th. In accordance with the GASB Statement #33, the College's Board of Trustees adopts a property tax levy in December of each year, which explicitly links such property taxes to the fiscal year beginning the following July. On June 30th, the financial statements reflect property taxes receivable and deferred property tax revenues for the prior calendar year.

In FY 2004, the College implemented several new GASB Pronouncements that resulted in the financial statements being presented in a comprehensive single-column format combining all funds of the College. It is intended to facilitate a better understanding of College operations by presenting financial information in a format more typically used by business entities.

Basis of Budgeting

The College follows a cash basis for budgetary purposes, which differs from generally accepted accounting principles (GAAP) as follows: 1) For budgetary purposes, encumbrances are recorded as expenditures but are reflected as reservations of Fund Balance for GAAP purposes. 2) For GAAP purposes, and as stipulated by GASB 24, the College reports retirement contributions made by the State of Illinois on behalf of the College as both a revenue and expenditure; however, such contributions are not reflected within the budget. 3) Though budgeted, capital expenditures will be eliminated from the statement of revenues, expenses and changes in net assets, and depreciation expense will instead be reflected. 4) Internal service and intra-agency (primarily student financial aid used to fund tuition) revenue and expenditures, while budgeted, will be eliminated for financial reporting.

In developing the budget, the College follows a balanced budget approach. For Richland this is defined as a budget for which all expected cash expenditures are covered by anticipated cash receipts. Cash receipts may include current year revenues or other sources of funds such as Fund Balance Appropriations. When Fund Balance Appropriations are used to balance the budget, year-end audited financial statements will reflect a deficit for accounting purposes. This is because Fund Balance Appropriations are not technically considered revenues in accounting terms; rather they are assets arising from excess revenues earned in prior years. However, for budgeting purposes, these funds represent sources which can be used to cover certain uses.

The Fund Balances held by the College are a measure of the fiscal health of those funds and generate interest which can be utilized to support routine operating expenses. In determining whether it is appropriate to use Fund Balances as sources in the budget, management must critically examine the need and the long-term financial impact to the College. Circumstances that would justify utilizing Fund Balances to balance the budget may include any one of the following: 1) Funds received in one year

are restricted for a specific purpose or project for which some of the expenses were carried over into subsequent periods. 2) An emergent need or non-controllable expenditure item is forecast for which no other source of funds is available to cover the expenditure, and the Fund Balance is not restricted from being used for this purposes. 3) The Fund Balance has increased over time and management has made a conscientious decision to use these funds for a specific purpose that is consistent with the long-term Strategic Goals and the financial objectives of the College.

Fund Groups

For budgetary control and to comply with legal regulations, the College's accounts are organized into funds and account groups, each of which is considered a separate accounting entity. Expenditures within each fund are further delineated by function and object to more fully reflect the planned activities of the fund.

The College adopts legal budgets for all Governmental Fund types except the Capital Projects Fund.

<u>Fund Type</u>	<u>Fund</u>	<u>Fund #</u>
<u>Governmental</u>		
General	Education	01
	Operations and Maintenance	02
Special Revenue	Restricted Purpose	06
	Audit	11
	Liability, Protection and Settlement	12
Debt Service Fund	Bond and Interest	04
Capital Projects Fund	Operations and Maintenance (Restricted)	03
<u>Proprietary</u>		
	Auxiliary Enterprise	05
<u>Fiduciary</u>		
	Trust and Agency	10
	Working Cash	07
<u>Account Groups</u>		
	General Fixed Asset	08
	General Long Term Debt	09

Budgeting Process

In developing the annual budget, Richland incorporates a team-based approach that includes all of the individuals who have responsibility for budget control or administration. The budget process follows a general pattern that may vary slightly from one year to the next depending on experiences learned in prior budget years, on the needs and preferences of the participants involved, and on time constraints. For the development of the FY 2016 Budget, the process started in February with the approval of the Budget Calendar, prepared by the Director of Budgeting. This document was distributed to all of the designated Budget Managers and laid out the specific dates for the planning and submission of budget requests. A copy of the Budget Calendar is included at the end of the Organizational Section.

Revenues were reviewed by the Director of Budgeting and the Vice President of Finance and Administration and updated for the forthcoming year in conjunction with the ongoing five-year planning projections and preliminary review of current data. As part of the updating process, tuition and fee

rates were reviewed, enrollment trends were analyzed, and State budget allocations were monitored for changes. From the projected revenues, the Budget Managers were given general guidelines to use in formulating their requests. For request submissions, Budget Managers were given the option of using standardized electronic forms or using their own format, as long as all relevant data was included.

The budget requests were initially submitted to the Budget Manager's Vice President or the President for review and approval. Meetings were conducted for each Division to review the major components of that Division's overall budget. The meetings were attended by the Dean responsible for the given Division, the Vice President of Student and Academic Services, the Director of Budgeting, and the Vice President of Finance and Administration. Following these meetings, the Director of Budgeting did further analysis of the projected expenditures and worked with the Deans individually making necessary adjustments for errors, inconsistencies, or known resource limitations. When the initial data was compiled, a budget deficit existed, creating the need for further reductions in planned spending. This was accomplished by a thorough analysis of the historical expense pattern in general ledger accounts, and a focused attempt to reduce non-essential discretionary budgets items.

Following this analysis, the data was entered into and compiled by the College's budgeting software. A draft of the Budget was reviewed by the President, Vice Presidents, Director of Budgeting, and Director of Accounting to determine if the Budget was representative of the goals and initiatives of the College. Final adjustments were made to incorporate additional components or initiatives that were identified during the review processes and to reallocate the required resource in order to balance the budget. This was facilitated through discussions with the Budget Managers, Director of Budgeting, Vice Presidents and President until the budget was balanced.

The Vice President of Finance and Administration presented the Tentative Budget to the Board of Trustees at its May Board Meeting as an informational item for discussion. As required by State statute, the Tentative Budget was also placed on public display in the Business Services Office for a minimum of 30 days prior to a public hearing and adoption of the Final Budget, which is set to occur at the June 2016, Board of Trustees Meeting.

Expenditure Controls

Overall responsibility for budget management lies with the Vice President of Finance and Administration. Day-to-day oversight is the responsibility of the Director of Budgeting.

Budget Managers – All Funds of the College are divided into Cost or Responsibility Centers. A budget manager is assigned to each Center and has authority for approving expenditures from this Center.

Requisitions – Expenditures are generally processed via a Requisition Form. Once approved by the Budget Manager, the requisition flows to several other individuals for approval. Deans, Vice Presidents, the President and other high-level administrators all sign off on requisitions for their areas of responsibility. Additionally, the Director of Budgeting approves the funding availability and account coding, and the Director of Purchasing approves that bidding requirements and other legal restrictions have been met.

Purchase Orders – Once a requisition contains all necessary approvals, it goes to the Purchasing Office where a Purchase Order is created. All Purchase Orders and their supporting documentation go to the Vice President of Finance and Administration for final approval.

Encumbrances – Once Purchase Orders are approved, they are encumbered against the current year's funds. Encumbrances reduce the balance of budgetary funds available for future expenditures. While salaries cannot currently be encumbered, several other controls exist to prevent over-expenditure in these areas.

Budget Transfers – Because a budget is only a plan, it is usually necessary to allow transfers between line items during the year. This maintains the budget as a viable working plan and also helps to monitor the overall status of budget funds and the extent to which they have been appropriately authorized. Working within the guidelines/regulations noted below, all budget transfers also follow a similar approval process to the Requisition. The primary difference is that the Director of Purchasing does not approve any of these; additionally, the Budget Managers are not permitted to make transfers in salary line items and the Director of Budgeting approves all transfers.

Management Information Reports - Each month, Budget Managers receive financial reports from the Director of Accounting detailing current and year-to-date expenditures, encumbrances, and original and remainder budget balances for each account in their various centers of responsibility. These reports reflect both function and object perspectives. Budget transfers made during the month are also reflected.

Detailed budgetary financial reports are prepared monthly for the Board of Trustees. These reports include comparisons by fund of actual expenditures against budgets by function and object; revenue receipts against budget; total salary commitments against budget; and cash and investment balances. Additionally, the report includes a listing of bills paid by fund. The Board is asked to review and approve these monthly reports.

The monitoring of revenue is a crucial component of the management of the budget. In the event of an unexpected decline in revenue, certain non-essential expenses would be the first to be identified and frozen to insure a balanced budget at year-end. This requires the cooperation and assistance of all Budget Managers in keeping purchase requisitions limited to only those items which are essential for the provision of services.

Additionally, day-to-day operations require the use of various management information reports by the Director of Budgeting, the Director of Accounting, and Vice President of Finance and Administration. All budget managers have daily access to an on-line database query of the detail of expenditures and budget transactions under their control.

Financial and Budgetary Guidelines

In addition to Richland's (RCC) policies and procedures, major aspects of budgeting and finance are prescribed by the Illinois Public Community College Act, and the Illinois Community College Board (ICCB). Synopses of these guidelines are listed below.

RCC FINANCIAL POLICIES

2.1.1 Budget Adoption, Amendment and Transfer

The Board of Trustees of Richland Community College will adopt an annual budget within the first quarter of each fiscal year. The fiscal year will be from July 1 through June 30 of each year. The annual budget will be adopted in accordance with Illinois Revised Statutes, Chapter 122, Paragraph 103-20.1 and said budget shall contain a statement of cash on hand at the beginning of the fiscal year, an estimate of cash revenues to be received during the fiscal year, and estimate of expenditures contemplated for the fiscal year, and a statement of estimated cash on hand at the end of the fiscal year. The Board may from time to time make transfers between the various items in any fund as long as that transfer does not exceed an aggregate of 10% of the total of said fund as set forth in the budget. If the total should exceed 10%, the Board may proceed to amend said budget with the same procedure used for adoption of the original budget.

In order to carry out the entire educational program of the District, the Board, in accordance with the Illinois Revised Statutes noted above, has established the following policies:

2.2.1 Fiscal Year

The fiscal year for Richland Community College shall begin on the first day of July of each year and end on the following 30th of June.

2.2.2 Financial Reports

It is the function of the Business Office to issue appropriate monthly financial reports.

2.2.3 Annual Budget

An annual budget shall be developed in compliance with all applicable laws. The budget shall be considered as an estimate of revenue to be earned as well as a controlled spending plan for the ensuing year. Staff participation in the budgeting process shall be encouraged at all times.

2.2.4 Accounting System

The modified accrual method shall be used in the accounting system of the College.

2.2.5 Budget Transfers

Each year, the Board of Trustees adopts an annual budget in accordance with the State of Illinois Revised Statutes. The total budget for any fund supported by property taxes cannot be amended by an amount greater than 10% without proceeding through a new adoption procedure. The President is hereby authorized to implement procedures for and approve budget transfers within any given fund. The Board of Trustees shall be informed of all interfund transfers on a monthly basis through the

regular financial reports. An increase to the total amount of an adopted budget shall require the approval of the Board of Trustees.

Additionally, revised statute 103-20.1 provides for transfers between the various items in any fund supported by property taxes to not exceed in the aggregate 10% of the total of such fund as set forth in the budget. Accordingly, Richland classifies budget items as salaries, employee benefits, contractual services, commodities, travel, fixed charges, capital outlay, and other expenses. Thus, the 10% rule would apply to transfers between any of these major categories. Budget transfers within any of these categories are not considered under the 10%. Further, contingency accounts would not be subject to the 10% rule since these are non-allocated funds.

2.2.6 Invoices

The Board of Trustees shall authorize the establishment of revolving funds to be used for the purpose of paying the bills of the College. Such revolving funds shall comply with the Illinois Public Community College Act.

2.2.7 (C.8) Banking and Investments – Management (Partial Only)

The College Treasurer and College Director of Accounting are authorized to purchase and sell investments, authorize wire transfers, authorize the release of pledged collateral, and execute any documents required under this procedure.

2.6.1 Purchase of Supplies, Materials, and Equipment

The College will provide needed supplies, materials, equipment and contracts for work to support the educational programs of the College District through the use of sound, efficient, and effective purchasing procedures that are in compliance with The Public Community College Act and Administrative Rules of the Illinois Community College Board.

All purchases and other procurements of equipment or services shall be processed through the College's central purchasing system. All decisions in awarding contracts or purchases shall be made without prejudice or favoritism. Awards shall be made on the objectively determined merits of each acquisition action such as vendor compliance with specifications, compatibility of the item, price, delivery deadline, service, and other terms and conditions. No employee shall knowingly commit the College to any purchase or agreement that would result in a conflict of interest. Accordingly, no purchase contract or order shall be executed with a person or entity having influence over the purchase or procurement decision.

The Board authorizes the College President or designee to award contracts in accordance with the Illinois Public Community College Act (110 ILCS 805/3-27.1). The Board charges the Administration with the responsibility and delegates the Administration the authority to develop appropriate guidelines, regulations and procedures to implement this policy.

ICCB REGULATIONS

Annual Budget

The budget is a controlled plan to be used in implementing the philosophy and the objectives of the college. Its development should involve maximum participation and, therefore, the aims and objectives of the College should be reflected at each level.

Colleges are encouraged to use either of the following budgetary formats: line-item appropriation or program budgeting in conjunction with program performance budgeting (PPB), or zero-based

budgeting (ZBB). However, a budgetary crosswalk may be necessary to complete the line-item appropriation by function budget required by the ICCB.

Each local Board of Trustees must adopt a budget for each fiscal year within or before the first quarter of each fiscal year. Moreover, a tentative budget must be available for public inspection for at least 30 days, or ten days for community college districts in cities of over 500,000 inhabitants, prior to final adoption; and at least one public hearing must be held on the tentative budget.

It is anticipated that each district will develop an expanded operational budget that is more detailed than the budget required by the ICCB. Care should be taken that any budget adopted by the local Board of Trustees meets the requirements of Section 3-20.1 of the *Public Community College Act* for community college districts in cities with less than 500,000 inhabitants or Sections 7-8 through 7-16 for other community college districts.

The budget shall contain a statement of the cash on hand at the beginning of the fiscal year, an estimate of the cash expected to be received during such fiscal year from all sources, an estimate of the expenditures contemplated for such fiscal year, and a statement of the estimated cash expected to be on hand at the end of such year. The estimate of taxes to be received may be based upon the amount of actual cash receipts that may reasonably be expected by the district during such fiscal year, estimated from the experience of the district in prior years and with due regard for other circumstances that may substantially affect such receipts. (Section-3-20.1)

The budget shall set forth estimates, by classes, of all current assets and liabilities of each fund of the board as of the beginning of the fiscal year, and the amounts of those assets estimated to be available for appropriation in that year, either for expenditures or charges to be made or incurred during that year or for liabilities unpaid at the beginning thereof. Estimates of taxes to be received from the levies of prior years shall be net, after deducting amounts estimated to be sufficient to cover the loss and cost of collecting those taxes and also deferred collections thereof and abatements in the amount of those taxes extended or to be extended upon the collector's books. (Section 7-9)

The local Boards of Trustees of community college districts in cities of less than 500,000 inhabitants may transfer among budgeted items in a fund, providing that all transfers do not exceed 10 percent of the total of such fund as set forth in the budget. The local Board of Trustees also may amend the budget by using the same procedure as the original adoption.

One copy of the annual budget in the format prescribed shall be filed with the ICCB no later than October 15.

Certificate of Tax Levy

The language for the Certificate of Tax Levy suggested by Section 3-20.5 of the *Public Community College Act* is included in this section. This certificate must be filed with each county clerk on or before the last Tuesday in December. A copy of the certificate, along with each county clerk's verification of the levy, should be filed with the ICCB no later than January 31. In addition to the adopted annual budget, each college must file with each county clerk, within 30 days of its adoption, the local board's budget resolution and a certified summary of anticipated revenues for the fiscal year. Failure to file these documents authorizes the county clerk to refuse to extend the district's tax levy. Suggested forms for the budget resolution and the summary of anticipated revenues are included as part of this section.

Moreover, when a district levies more than 105 percent of the previous year's tax extensions, the district must have at least one public hearing which may not coincide with the hearing on the tentative budget. The notice must fulfill the following requirements:

The notice shall appear no more than 14 days nor less than 7 days prior to the date of the public hearing. The notice shall be no less than one eighth page in size, and the smallest type used shall be twelve point and shall be enclosed in a black border no less than 1/4 inch wide. The notice shall not be placed in that portion of the newspaper where legal notices and classified advertisements appear. The notice shall state in plain and simple language the following information: (1) the legal name of the taxing district; (2) the commonly known name of the taxing district; (3) the amount of property taxes, exclusive of election costs, extended or estimated to be extended on behalf of the taxing district for the preceding year; (4) the amount of the proposed levy, exclusive of election costs, for the current year; (5) the percentage increase; and (6) the date, time and place of the public hearing concerning the proposed budget and the proposed levy increase. Such hearing may not coincide with the hearing on the proposed budget of the taxing district.

Any notice which includes information substantially in excess of that specified and required by this Act shall be an invalid notice. (Chapter 120, Section 866)

Additionally, an amended Certificate of Tax Levy may be filed within ten days of notification from the county clerk of the multiplier providing such multipliers will alter the amount of revenue received by the district.

External Audit

Each district is required to submit three copies of its external audit to the ICCB by October 15 following the end of the fiscal year. Required schedules and recommended formats are detailed by the ICCB.

Annual Financial Report

Pursuant to Section 3-22.2 of the *Public Community College Act*, each district is required to publish a financial statement at least once annually prior to November 15 in a newspaper of general circulation in the district, and a copy of this publication must be filed with the ICCB by December 1.

Community College Treasurer's Bond

Each community college treasurer must be bonded. A copy of each bond must be filed with the county clerk(s) and the ICCB.

Requirements for Financial Transactions

The *Public Community College Act* and ICCB rules contain many financial requirements. Although several requirements are highlighted below, you are encouraged to review the *Public Community College Act* and ICCB rules.

Payment of Orders and Bills

The local Boards of Trustees of community college districts in cities of less than 500,000 inhabitants must approve payment of all bills showing to whom and for what purpose each payment is to be made and to what budgetary item each payment should be debited. The payment's purpose and budgetary line item can be shown by *Fiscal Management Manual* account codes. College staff should ensure that each item is properly charged to the correct account and

that authority exists for such a transaction. For example, custodial salaries and utilities can be paid from the Operations and Maintenance Fund only upon resolution of the local Board of Trustees.

Bidding Policy

Section 3.27.1 of the *Public Community College Act* requires each district to let all contracts for supplies, materials, or work involving an expenditure in excess of \$25,000 to the lowest responsible bidder after due advertisement, excluding the exceptions which are listed in Section 3-27.1 of the Act. The local board may adopt a more restrictive bidding policy.

THE PUBLIC ACT REGULATIONS

805/3-20.1. Adoption of annual budget--Contents--Fiscal year

Community college boards are required to adopt a budget before or within the first quarter of a new fiscal year. The budget must "...specify the objects and purposes of each item and amount needed for each object or purpose." The budget must contain a statement of cash on hand at the beginning of a fiscal year, an estimate of cash to be received and expended during the year, and an estimate of cash expected on hand at the end of the fiscal year. Nothing in this section is to be interpreted as a requirement for a district to change its basis or system of accounting. The Board is required to establish the fiscal year. The budget "...shall be prepared in tentative form by some person or persons designated by the board, and in such tentative form shall be made conveniently available to inspection for at least 30 days prior to final action thereon. At least one public hearing shall be held as to such budget prior to final action thereon." Districts are required to publish a notice of the availability of the budget for public inspection, and notice of the public hearing. Finally, this section authorizes the board to "...from time to time make transfers between the various items in any fund not exceeding in the aggregate 10% of the total of such fund as set forth in the budget." The Board may amend the budget by following the same procedures for the original adoption outlined in this section.

805/3-20.2. Additional or supplemental budget

If the voters of a community college district approve an increase in the district's tax rate for the Education or Operations & Maintenance Funds after the budget for that period has been adopted, the board may adopt or pass a budget reflecting the supplemental or additional funds to be collected.

805/3-20.3. Expenses payable from taxes for operation and maintenance of facilities purposes and for purchase of college grounds--Educational fund

This section specifies expenditures that must be paid from the amount levied for Operations and Maintenance purposes. Included are "...obligations incurred for the improvement, maintenance, repair or benefit of buildings and property, including the cost of interior decorating and the installation, improvement, repair, replacement, and maintenance of building fixtures, for the rental of buildings and property for community college purposes..." Other expenditures are to be paid from the Educational Fund.

805/3-20.5. Determination of amount to be raised by tax for educational purposes and for operations and maintenance of facilities purposes--Certificate of tax levy

Each year, the college must determine the amount of funds to be raised by the tax levy for the ensuing year. These amounts must be certified by the board and submitted to the county clerk before the last Tuesday in December each year. Suggested language for the Certificate of Tax Levy is also included in this section.

805/3-20.6. Districts in two or more counties--Determination of amounts--Certificates of tax levy

If a college district lies in two or more counties, the certificate of tax levy must be filed with each of the county clerks within the district. Each county clerk is then to determine the portion of the district valuation that lies within the county, and provide this information to the county clerk where the institution is located. Based on the levy certification, the county clerk will determine the tax rates for all of the counties.

805/3-27. Payment of orders and bills--Revolving funds--Collection of funds

The Board may include in the authorized minutes a list of bills approved for payment, showing to whom and for what purpose the debt was incurred. This does not preclude the board from authorizing a voucher system, or other system in accordance with the State Board. The board may establish revolving funds, providing they are in the custody of a bonded employee and are subject to annual audit by a licensed public accountant.

805/2-27.1. Contracts

Contracts for the purchase of supplies, materials, or work exceeding \$25,000 are awarded to the lowest responsible bidder considering conformity with specifications, terms of delivery, quality, and serviceability. Several exceptions to this rule are noted in this section, including (1) services of individuals possessing a high degree of professional skill, (2) contracts for printing financial reports, (3) contracts for printing or engraving bonds or other debt instruments, (4) and many others as outlined in the statute. This section also includes procedures for awarding contracts through the sealed bid process.

805/3-33.5. Working Cash Fund--Monies derived from bonds--State and federal funds

Funds raised by the sale of Working Cash bonds must be maintained in a separate fund, and they are not to be appropriated in the annual budget. The Board may transfer from the Working Cash Fund in anticipation of the receipt of federal or state funds, but the debt to the Working Cash Fund must be satisfied.

805/3-33.6. Working Cash Fund--Transfers of monies--Abolition of fund

Transfers from the Working Cash Fund to the Education or Operations & Maintenance Fund may be made only by board resolution. This section also specifies the terms of such a resolution. The Board may also issue a resolution to abolish the Working Cash Fund and direct the Treasurer as to directing the transfer. If it is abolished, a district may not establish another Working Cash Fund without voter approval. Interest earned by the Fund may be transferred to the Education or Operations and Maintenance Fund by board resolution.



Commitment Respect Excellence Accountability Diversity

**Richland Community College
Fiscal Year 2015-2016
Budget Calendar**

March 5th & March 6th, 2015

- Budget overview presented to Budget Managers
- Budget forms distributed to Budget Managers

March 6, 2015

- Budget Forms available on My Richland\Employee Info\Forms\Budget Planning
- Budget Calendar available on My Richland\Employee Info\Forms\Budget Planning
- Budget Instructions available on My Richland\Employee Info\Forms\Budget Planning
- Budget Listing provided to department heads (of the staff assigned to your area)

March 27, 2015

- All operating budget and equipment budget requests submitted to Vice Presidents and Business Office for review by 5:00 p.m.
- Personnel listings due by 5:00 p.m.
- Grant managers turn in tentative budgets for ongoing grants to respective VP and Business Office for approval

March 30th–April 2nd, 2015

- Budget Director will review all submitted budgets and meet with Budget Managers as needed.

April 6th-April 10th, 2015

- VPs review budget requests authorizing their inclusion in the Tentative Budget.
- All operating and grant budget request are input into CARS budget module (deadline April 10th)
- Budget Managers enter operating budgets for supplies, services, travel, etc.
- Business Office enters grant budgets and all salary and benefit information

April 13th-17th, 2015

- Revenue projections updated by VP of Finance and the Director of Budgeting and compared with total operating budget requests
- Preliminary Budget based on budget requests compiled/totaled by Business Office
- President and Vice Presidents informed of initial results

April 20th-24th, 2015

- President, VPs and Dir of Budgeting meet to discuss adjustments to balance budget
- Revisions are made to requested budgets to balance revenues with requested expenditures
- Preparation of Tentative Budget document is started

April 25th – May 6th, 2015

- Tentative Budget is prepared

May 8, 2015

- VPs review Tentative Budget with President for approval

May 11th – May 15th, 2015

- Final adjustments made to Tentative Budget and PowerPoint prepared

May 13, 2015

- Legal notice of June Budget Hearing has been submitted to be published by May15th
- Tentative Budget available for public display
- Tentative Budget mailed to Board Members

May 19, 2015

- PowerPoint Presentation of Tentative Budget at Board of Trustees Meeting

May 20th-June 5th, 2015

- Final adjustments made for Projected FY16 Operating Revenues
- Proposed changes to the Tentative Budget are approved by the President and VPs
- Changes to Grant Budgets are input as needed
- Preparation of the Final Budget document is developed

June 9, 2015

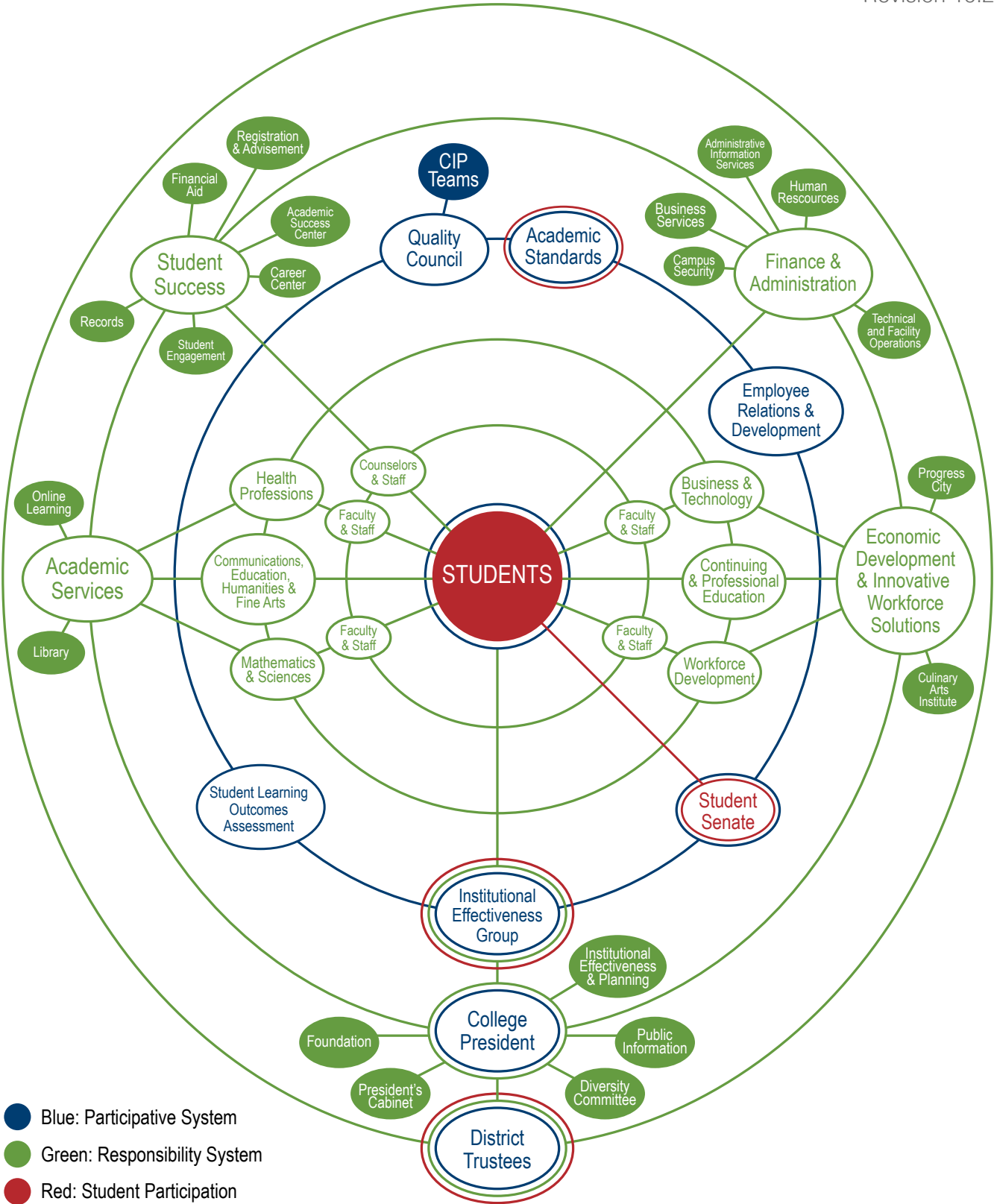
- Final Budget is approved by President and VPs

June 16, 2015

- Public Hearing on the Final Budget
- Presentation to the Board of Trustees of adjustments made to the Tentative Budget to prepare Final Budget
- Adoption of the FY16 Budget by the Board of Trustees

June 17, 2015

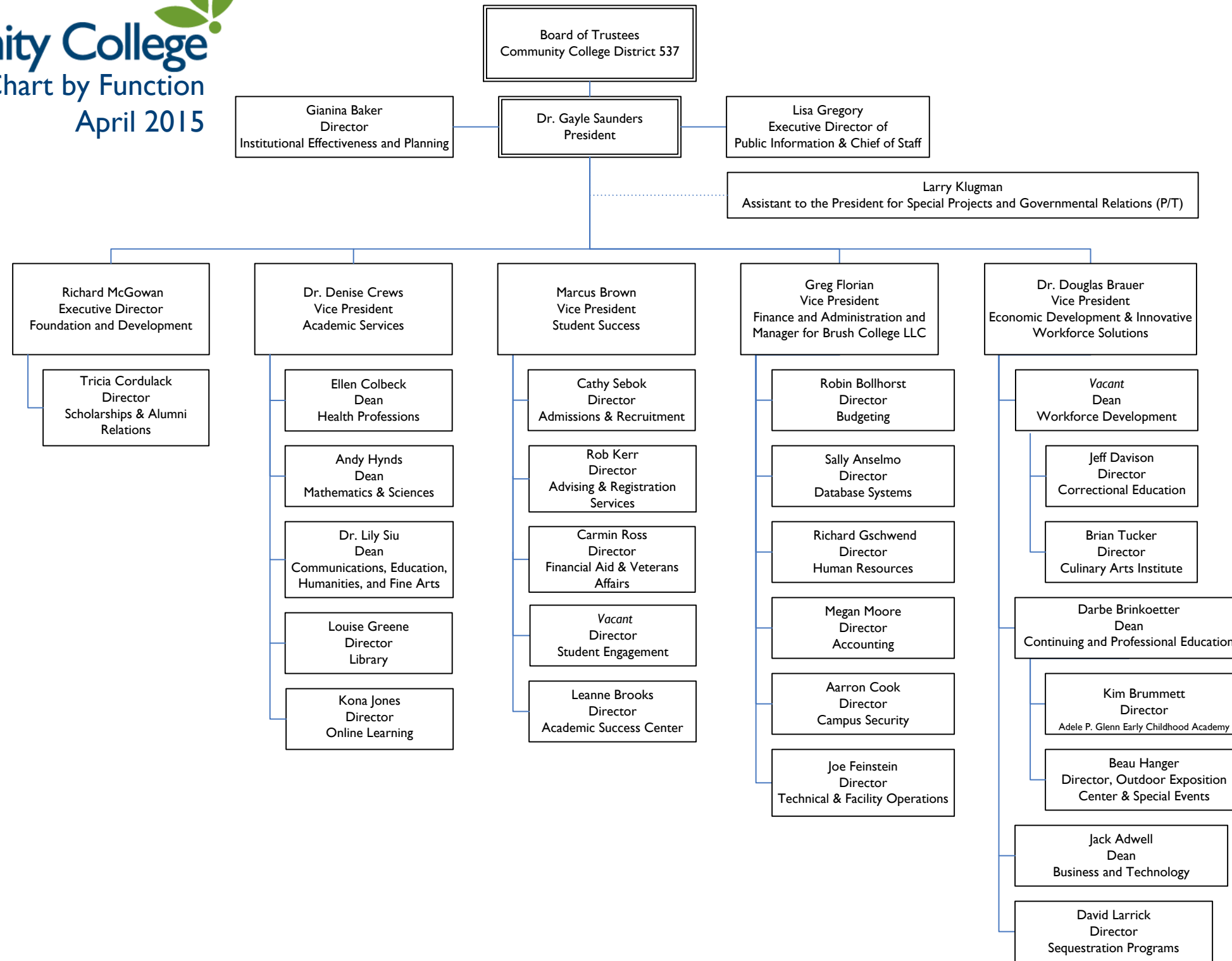
- Copies of Final Budget filed with appropriate State and county offices



District 537

COMMITMENT | RESPECT | EXCELLENCE | ACCOUNTABILITY | DIVERSITY

One College Park | Decatur, Illinois 62521 | 217.875.7200 | richland.edu



III. FINANCIAL SECTION

GENERAL CHANGES BETWEEN FY 2015 AND FY 2016

The following comments address significant changes and differences in the amounts budgeted for FY 2016 as compared to FY 2015. These changes have been incorporated into and are reflected in the financial details, charts, and graphs throughout this document.

Local Government Sources - (Property Taxes and Replacement Taxes)

The College's tax base experienced an overall increase of approximately .7%. This increase in EAV contributed to increased local government revenues for the General Fund of \$112,385 or a 1.5% increase in General Fund Revenue for FY 2016. The total increase in tax revenues for all funds is \$205,500. A majority of this increase is due to slight increases in property taxes. The economy in the College's District has been slow to recover from the last recession and the District has not seen the increased property values some districts in the State have experienced. Replacement taxes are showing a slight increase based on estimates received from the State of Illinois.

State Revenue Sources – General Fund State Revenues are comprised of two main sources: Base Operating Grants which are based on credit hours generated two years ago and Equalization Grants. For FY 2016 the State will continue to fund based on credit hours generated two years ago and available funding appropriated in the final State Budget. Equalization Grant funding has diminished significantly for FY 2016. This State-funded grant is calculated using a ratio of the local district's tax base and a college's enrollment in an effort to establish a minimum statewide funding threshold. As the economy has changed and the overall strength of statewide enrollments remained strong, a greater number of colleges have fallen below the threshold. No new funding has been funneled into the grant and as a result, a reallocation of funding among the qualifying colleges resulted in Richland receiving less funding. For FY 2013 the Equalization Grant to the College was \$534,574 and for FY 2016 the anticipated grant has fallen to \$50,000. The State has not passed the FY16 Budget as of yet so the exact amount the College will receive in Base Operating Grants is unknown. The College is anticipating a 10% drop from current funding levels in FY 2015. The State implemented a mid-year budget cut of 2.25% and the College is anticipating further cuts for FY 2016.

Federal Revenue Sources – Income from Federal Pell Grants and Direct Loans is currently unknown but is expected to decrease slightly to correspond with the slight drop in enrollments. Because this revenue is pass-through funding for student financial aid, it is displayed in the budget as revenue and then again as an expenditure for the same amount. Any variance between the budgeted revenue for FY 2016 and the actual amount of funds awarded would not directly impact the ending fund balance. Federal revenues for grants and other sources is estimated as well, as the status of most grants is tentative or unknown, level funding is expected when comparing FY 2015 to FY 2016, based on current available data.

Tuition and Fees – This budget reflects a 1.7% decrease in tuition and fees revenue for FY 2016 based on projected enrollments and the increase in the tuition rate to \$114.00 per credit hour. Headcounts going into FY 2016 indicate enrollments decreasing slightly from last fiscal year. Increasing tuition for the FY 2016 Budget on a smaller enrollment base allows the College to have competitive and cost effective tuition rates while capturing the only increasing revenue source available. The Board of Trustees has indicated that the 7.5% increase in tuition per credit hour keeps the College affordable and competitive.

Interest Revenue – This budget reflects flat interest revenue across all funds as a result of market driven interest rate declines. Current investment rates of return are averaging less than 1%, which is down approximately 1½ to 2 percentage points from three or four years ago.

Fund Balance Appropriations – Fund Balance Appropriations are not “revenues” in a true accounting sense. Rather, they represent sources of available funds accumulated from prior years’ surplus revenues. Primarily related to building and equipment projects, the College may receive funding in one year for a project that is not entirely completed in that same year. The remaining funds on hand are budgeted in the following years as a Fund Balance Appropriation in the Revenues Section of the budget. In some limited instances, the College’s budget may also include the use of non-restricted fund balances to accomplish other operational goals. It is more common, however, that these funds are used to finance projects from the Restricted Operations & Maintenance Fund for capital projects.

Fund Balance Appropriations from the Restricted Operations and Maintenance Fund for FY 2016 are \$1,229,645. The largest project for which these funds are being used is for the Student Success Center. This amount represents the College’s portion of the cost for the new center. The additional funding is coming from the State of Illinois Capital Development Project Fund.

Capital Project Costs – This year the College will be completing the Student Success Center. This is a project being managed by the State of Illinois Capital Development Board. The College was required to provide a matching contribution for the project. Those matching funds were provided by the Richland Community College Foundation. The expenses for this project will be paid from the College’s Operating & Maintenance – Restricted Fund. The funds for this project will come from existing Fund Balances in the Operating & Maintenance – Restricted Fund. In addition, the College will be making upgrades to its security system.

Operational Facilities Costs – The College upgraded its energy systems during FY 2012 with the project completed during the summer of 2013. The College has been able to reduce the total utility costs substantially from a high of \$748,000 during FY 2010 to a projected expense of \$489,000 during FY 2016. The College relied on steam energy from Archer Daniels Midland that was provided free of charge for many years. In January of 2009 the College was required to pay for the steam usage and that coupled with steam lines that were in need of repair necessitated the upgrade of the energy systems.

Personnel Costs – Total salaries are down slightly due to retirements and a decrease in full-time faculty. The State’s ongoing issues with pension funding have resulted in long-term employees opting to retire the last couple of years to avoid possible changes in the pension system. The State passed pension reform during FY 2014 but the changes were rejected by the Illinois Supreme Court as unconstitutional. The positions opening up are being filled at a lower rate than the incumbent or not filled at all. The current FY 2016 Budget allowance for pay raises is based on anticipated contractual adjustments for faculty contracts as well as 2.0% pay raises for staff. The College negotiated a new 4 year contract with the full-time faculty that provides for a 3.2% increase in base pay for FY 2016. For the 5 years presented in this document, the College has awarded annual salary increases ranging from 2.0% to 5%.

Employee benefits costs are significant at over \$2.86 million in all funds combined. The largest component of the cost is the premiums for medical and dental Insurance. Fringe benefit costs decreased in this budget by approximately 3.1%. Two years ago the College implemented a High-Deductible Health Plan and the College is seeing savings from employees choosing this option. An employee benefit committee has been established to revamp the health insurance plan and bring down costs to the College. The anticipated savings from these changes is reflected in the FY 2016 Budget. The plan year for the health and dental plans is on a calendar year so the reductions will

only be realized for half of FY 2016. For FY 2016 the cost of employee benefits is approximately 20.7% of the cost of related salaries and approximately 8.8% of total budgeted expenses, except for Restricted Capital Outlays. For FY 2015 those percentages were 21.2% and 8.8% respectively.

Definition of Funds

Education Fund – This Fund is used to account for the revenues and expenditures of the academic and service programs of the College. It includes the cost of instructional, administrative and professional salaries/ supplies, contractual services; staff development; library books and materials; maintenance of the instructional and administrative equipment; and other costs pertaining to educational programs of the College.

Operations & Maintenance Fund (O & M) – This Fund is used to account for expenditures for the improvement, maintenance, repair, replacement and maintenance of building fixtures; rental of buildings and property for community college purposes; contractual services for custodial, engineers, and security; all cost of fuel, lights, gas, water, and telephone service.

Operations & Maintenance – Restricted Fund – This fund is used to account for monies restricted for capital construction purposes.

Bond & Interest Fund – This Fund is used to account for the payment of principal, interest, and related charges on any outstanding bonds. Local property taxes support these payments.

Auxiliary Fund – This Fund is used to account for College services where a fee is charged and the accounting for such is similar to that of a business enterprise.

Restricted Purposes Fund – This Fund is used for the purpose of accounting for monies that have external restrictions regarding their use. Restricted Grants, Student Financial Aid, and the Equipment Replacement Fund are included within this Fund.

Working Cash – This Fund is used to account for and maintain the principle of Working Cash bonds. The College maintains a principal balance of \$5,349,893, which is invested with staggered maturities to insure liquidity. As with all College funds, investments are made in accordance with Board of Trustee Policy and as required by State Statute. The Working Cash Fund is to be used with Board authorization to meet ordinary and necessary short-term cash flow needs of the College. Interest earned in this Fund may be transferred only to the General Fund with Board approval.

Audit Fund – This Fund is used to record revenues and expenditures related to the annual audit. The College levies property taxes for this expense. Each year, the college retains the services of an external independent audit firm to perform the audit and compile related reports and statements.

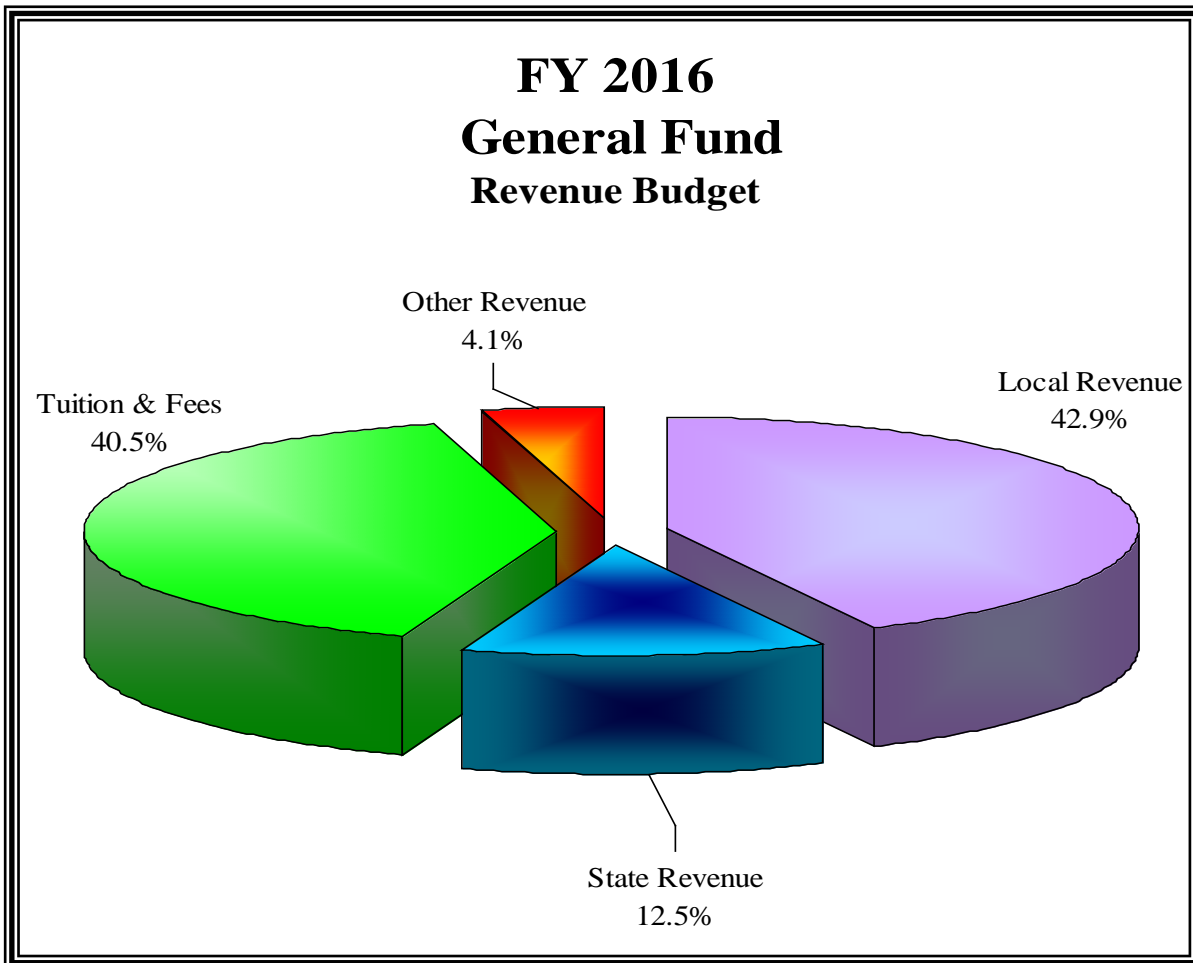
Liability, Protection & Settlement Fund (L, P & S) – This Fund is used to record revenues and expenditures related to protection of the District's assets. The Fund receives property tax revenues for the portion of the annual levy associated with tort liability, worker's compensation insurance, and unemployment insurance.

General Fund Revenue Budget

The General Fund consists of two individual “sub-funds” – the Education Fund and the Operations & Maintenance Fund. These funds are used to account for all revenues and expenditures related to the educational and operational functions of the College. Revenue for the General Fund is derived from the following sources: Local Government, State Government, Tuition and Fees, and Other Sources of Revenue.

As illustrated below, the FY 2016 revenue budget of \$17,263,679 represents a decrease of approximately .5%, or \$83,996 below the FY 2015 budget.

Source	Prior FY 2015 Budget	Current FY 2016 Budget	Increase / (Decrease)
Local Revenue	\$ 7,296,170	\$ 7,408,555	\$ 112,385
State Revenue	\$ 2,222,971	\$ 2,154,194	\$ (68,777)
Tuition and Fees	\$ 7,108,800	\$ 6,985,924	\$ (122,876)
Other Revenue	\$ 719,734	\$ 715,006	\$ (4,728)
Total	\$ 17,347,675	\$ 17,263,679	\$ (83,996)



**RICHLAND COMMUNITY COLLEGE
DISTRICT NO. 537
ONE COLLEGE PARK
DECATUR, ILLINOIS 62521**

RESOLUTION NO. 14-26: RESOLUTION ADOPTING FISCAL YEAR 2016 BUDGET

WHEREAS, the Board of Trustees of Community College District No. 537 (Richland Community College), Counties of Macon, Christian, DeWitt, Logan, Moultrie, Piatt, Sangamon, and Shelby, and State of Illinois, caused to be prepared in tentative form a budget, and the Secretary of said Board has made the said budget conveniently available to public inspection for at least 30 days prior to final action thereon, and

WHEREAS, a public hearing was held as to such budget on the 16th day of June, 2015, notice of said hearing having been given at least 30 days prior thereto as required by law and all other legal requirements having been complied with,

NOW, THEREFORE, BE IT RESOLVED THAT

- (1) The fiscal year of said Community College District be and the same hereby is fixed and declared to begin July 1, 2015, and to end June 30, 2016, and
- (2) The budget of estimated sources and uses from each fund separately shall be as noted below and the same adopted as the budget of said Community College District No. 537 for the said fiscal year:

Fund	Sources	Uses
Education Fund	15,307,770	15,307,770
Operations and Maintenance Fund	1,955,909	1,955,909
Operations and Maintenance (Restricted)	1,229,645	1,229,645
Bond and Interest Fund	2,423,088	2,423,088
Auxiliary Enterprise	1,455,270	1,455,270
Restricted Purposes	9,816,164	9,816,164
Working Cash	3,000	3,000
Trust and Agency Fund	75,550	75,550
Audit	71,749	71,749
Liability, Protection and Settlement	1,469,687	1,469,687

Resolution No. 14-26
June 16, 2015
Page 2

COMMUNITY COLLEGE DISTRICT NO. 537 OF
MACON, CHRISTIAN, DEWITT, LOGAN,
MOULTRIE, PIATT, SANGAMON AND SHELBY
COUNTIES, AND STATE OF ILLINOIS

BY: _____
Bruce Campbell, Chairman

ATTEST:

Dr. David Coopridier, Secretary

DATE: June 16, 2015 (SEAL)