Attached is the Final 2021-2022 Budget for review and approval at the August 19, 2021 Board Meeting. The document is consistent with the prior year format with the first 15 pages being the presentation as prescribed by the ICCB and the remaining Exhibit sections intended to provide detailed comparative analysis and updates to the Financial Plan. Variance graphs are attached for summary analysis and reference to the Budget document.

The Final Budget as presented represents unbalanced operating results with operating expenditures exceeding net revenues and net transfers. This is due to a strategic spend-down of the Ancillary Fund. This final budget includes planned transfers into Operations of $3.7 million from Higher Education Emergency Relief Funds (“HEERF”) funds to cover a portion operational shortfalls due to lower enrollment as a result of the pandemic. This transfer is partially offset by the normal planned transfers to support Auxiliary Operations as well as the Educational Foundation. The overall financial position of the College heading into the fiscal year remains stable as Fund Reserves are projected to begin the year just over 46% but ongoing operations remain challenged by current enrollment levels. The Administration will continue to monitor the enrollment situation even after approval of the FY 22 budget, as it impacts not only the current budget year but also the long-term financial plan and related implications to services and staffing levels.

While the HEERF funds provide significant financial relief in the short-term, the Administration recognizes the importance of maintaining a sustainable business model for the College to ensure adequate and proper resource allocation to support student success. Staffing levels and the service and support functions continue to be reviewed and monitored.

**Primary Budget Assumptions: (As compared to FY 21 Unaudited Actuals.)**

- 3.2% decline in enrollment – 13% decline in summer, 2% decline in fall and spring
- 3.5% increase in State funding – Increase in credit hour and equalization grants
- 7.7% increase in salaries
  - Annual compensation increase of approximately 3.0% for staff and 2.5% + $1,000 for full-time faculty
  - Savings of $1.4 million due to ERO
  - Increase also due to FY 2021 position control and number of unfilled positions.
- 28.5% increase in employee benefits – flat compared to FY 21 Budget

**Additional Considerations:**

**Tuition Revenue** - Tuition revenue is budgeted to be up $0.3 million compared to FY 2021 unaudited actuals. The tuition rate will remain flat to FY 2021 at $155 / credit hour.

The annual enrollment estimate for this budget year reflects a 13% decline in credit hours for the summer term and an anticipated 2% decline in credit hours for fall and spring terms. Administration
will make necessary adjustments to expenditures and/or adjust HEERF funding to cover operational shortfalls, depending on changes in enrollment.

**State Funding** – Total State funding for the Community College system is budgeted to be flat but the College received an increase of $200,000 in funding ($65,000 in credit hour grant and $135,000 in equalization grant). While the increase alone is good news for the College in terms of increased revenue, this also reflects that while we have seen recent enrollment declines, our declines have been less than the total Illinois Community College system. The increase in equalization is significant, as the College is no longer at the lowest level of equalization funding so there is less short-term risk of losing our additional operating tax levy.

**HEERF Funding Summary** – The College has received three allocations of HEERF funding, totaling $26.2 million, with $11.0 million allocated to students and $15.2 allocated for institutional needs. The entire first two allocations have been fully drawn down. There is $5.9 million of direct aid to students remaining and $6.1 million of institutional funds remaining. The College could draw down all remaining funds with lost revenue. The Administration will continue to prioritize the HEERF funds to support our students and enhance infrastructure.

The following analysis provides a summary of changes from the tentative budget and additional considerations, including fund balance, transfers, and sensitivity analysis.

The Final Budget material will be presented at the Board meeting and will provide further detail. If you have any questions in advance of the meeting, please do not hesitate to contact my office.

Bruce Budde
Treasurer/Executive Vice President
August 13, 2021