**Sauk Valley Community College**

**July 16, 2018**

**Action Item 4.1**

**Topic: 2018-2019 Tentative Budget - First Reading**

**Strategic Direction: Goal 1, Objective 3 – Be operationally efficient in order to maintain a low cost of attendance for students.**

**Presented By: Dr. David Hellmich and Melissa Dye**

**Presentation:**

Attached is the 2018-2019 Tentative Budget for Board consideration and first reading. This budget will be on public display in the Business Office, the President’s Office, and the Learning Commons for 30 days. The public hearing and final action will take place at the August Board meeting.

**Recommendation:**

The administration recommends the Board approve the first reading of the 2018-2019 Tentative Budget.

**SAUK VALLEY COMMUNITY COLLEGE**

**2018-2019 BUDGET NARRATIVE**

SVCC has nine different funds.

* **Education (Fund 1)** - academic programs, student services, technology and administration.
* **Operations & Maintenance (Fund 2)** - building maintenance, custodial, grounds and utilities.
* **Restricted Purposes (Fund 6)** - student financial aid and restricted grants.
* **Audit (Fund 11)** - audit costs.
* **Liability, Protection & Settlement (Fund 12)** - liability insurance, workers compensation insurance, unemployment insurance, FICA, Medicare and risk management.
* **Working Cash (Fund 7)** - investment income and temporary cash flow.
* **Bond & Interest (Fund 4)** - bond repayment and bond interest payment.
* **Operations & Maintenance Restricted (Fund 3)** - building renovations and funding bonds.
* **Auxiliary (Fund 5)** - student activities, athletics, bookstore and the medical self-insured fund.

The revenue sources and uses of the nine funds are listed on the following pages. Also included are the assumptions used to determine the FY2019 budget amounts if significantly different from the prior year.

**Education Fund** (Fund 1)

Revenue sources:



Local revenues

* Property taxes are increasing due to increase EAV for 2017 tax year and levying an additional tax due to the college’s overall tax rate being lower than the state average.

State revenues

* Consists of the Credit Hour grant, the Equalization grant, small college and Career and Technical Education grant.
* FY19 state funding increased due to the state increasing the Community College allocation by 2%.

Tuition and Fees

* FY19 enrollment assumes a 5% decrease in paid enrollment.
* FY19 tuition reflects a $4 rate increase.

Sales and services

* Consists of the non-credit revenue from Business and Community Education.
* Increase for FY19 due to the truck driving program and increased offerings

Investment Revenue

* FY19 increase compared to FY18 budget due to increasing interest rates.

Other Revenue

* FY19 revenue consists of fines, stop pay fees, and administrative costs for grants.

Expenditures:



Instruction

* Salaries, benefits, and direct costs of the academic programs.

Academic support

* + Salaries, benefits and direct costs of the library, instructional technology, and the academic deans.
	+ FY19 budget decrease due to elimination of the Director of FACIT position and moving a FACIT position into Marketing.

Student services

* Salaries, benefits, and direct costs of the student service dean, admissions, financial aid and counseling offices.
* FY19 budget increased due to changes in the Perkins allocation of certain positions, changing an academic advisor to a counseling position and adding an advisor for the SHARP program.

Continuing education

* Salaries, benefits, and direct costs for Business and Community Education.
* FY19 budget increase due to offering more programs in the Business and Community Education, which is offset by increase in budgeted revenue.

Institutional support

* Salaries, benefits and direct costs of the executive administration, fiscal operations, marketing and administrative data processing.
* FY19 budget increase is due to moving a FACIT position to marketing and making the webmaster position full time. Adding additional expenses to marketing for advertising and a marketing consultant. Adding a Major Gift Specialist position to the Foundation office. In addition, there have been some organizational chart changes.

Scholarships, grants, waivers

* Tuition waivers for employees, Sauk Scholars, dual enrollees, and athletes.
* FY19 budget decreased due to the State funding Vet Grants for FY19, which is offset by increased waivers due to increased tuition costs.

The following table reclassifies the program costs into expense categories.



Transfers:



Fund balance:



**Operation and Maintenance Fund** (Fund 2)

Revenue sources:



* State Funding has increased about 2% compared to FY18.
* Tuition reflects a $4 per credit hour increase.
* FY19 Enrollment is budgeted with 5% decrease in paid enrollment.

Expenditures



* Fixed charges include property insurance which increased slightly from FY18.

Transfers:



* Transfers are permitted in and out of this fund.
* Transfers from the Education fund are necessary to balance the fund.

Fund balance:



**Restricted Purposes Fund** (Fund 6)

Revenue sources:



* State revenue increase is due to the state fund MAP as well as Vet grants.
* Federal revenue will be about flat compared to actual FY18.
* Other revenue will increase due to match funds provided by partners of the SBDC Grant, an increase in site fee collection from AmeriCorps, and an increase in private student loan revenue.

Expenditures:



* The balance of the grants must be used by their fiscal-year end.
* The increase in instructional expense is due to an increase in Adult Ed funding.
* The increase in student service expense is due to an increase in Perkins funding and an increase to TRIO spending due to spending down carryover funds.
* The increase in Public Services is due increased spending for the SBDC grant.

**Audit Fund** (Fund 11)

Revenue sources:



* Property taxes are levied based on the annual audit costs.

Expenditures:



* Salary and benefits from the Vice President of Business & Facilities and Controller are expensed in this fund to cover audit preparation.

Fund Balance:



**Liability, Protection and Settlement Fund** (Fund 12, Tort Fund)

Revenues sources:



* Property taxes are levied based on the annual needs of this fund; FY19 levy increased due to the bond levy decreasing.
* Investment revenue decreased due to less funds available to invest.

Expenditures:



* Salaries reflect security staff and allocations of salaries for those who have risk management duties.

Fund balance:



**Working Cash Fund** (Fund 7)

Revenues sources:



* Investment income is earned on the principal from working cash bonds sold in prior years.

Transfers:



* Transfers from other funds is the $1 tuition increase that has been earmarked to pay funds back borrowed in FY17.

Fund balance:



**Bond & Interest Fund** (Fund 4)

Revenues sources:



* Property taxes are levied based on the annual bond repayment schedule.
* Bond proceeds are from the issuance of Funding Bonds that will used to pay off debt certificates.

Expenditures:



* Fixed charges are the scheduled principal and interest payments for the outstanding bonds.

Fund balance:



**Operations & Maintenance Fund- Restricted** (Fund 3)

Revenues sources:



* Property taxes are levied based on the annual needs of this fund and are capped at .05% of equalized assessed value.
* Bond proceeds are from Debt Certificate

Expenditures:



* The FY19 Protection, Health, and Safety projects will include security upgrades, air handler replacement, and other small projects.
* Additional expenses are related to boiler replacement and part of air handler project that will not be covered by PHS.
* In FY19, funding bonds will pay for equipment needs.

Fund balance:



**Auxiliary Enterprises Fund** (Fund 5)

Revenues sources:



* The student fee is $8 per credit hour less an assumed 5% decrease in paid enrollment.
* Other revenue is the medical insurance premiums charged to the College departments and employees.

Expenditures:



* Contractual services consist of medical insurance expenses.

Transfers:



Fund balance:

 