



## Illinois Heartland Library System

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TO: IHLS Board of Directors  
 FROM: Leslie Bednar  
 DATE: May 24, 2021  
 RE: FY2022 Draft Budget(s) and Budget Narrative

Attached, please find our second budget document for your review and consideration: the FY2022 General, Cataloging Maintenance Center, OCLC Billing, Capital Projects, and SHARE funds budgets. As per direction from the Illinois State Library, we provide a budget narrative in addition to the traditional budget format. We hope the combined information allows a more complete picture of our financial plans as they relate to our operations and member services.

We have changed very little since this document was shared with committees and the board in April. The changes our staff did include are outlined below.

In May both the Finance and Executive Committees moved the FY2022 Draft Budgets and Budget Narrative forward for consideration and action. As a primary component of the FY2022 System Area and Per Capita Grant Application, this document requires board approval.

### General

- Updated the Grant Administration revenue budget to include the recalculation of the grant administration fee due to the additional OCLC personnel expenses.
- Updated the Personnel expense budget amount for the following line items to include addition of overtime due to Fair Labor Standards Act reclassification of one staff member: Other Professionals, Social Security Taxes, Workers Compensation, and Retirement Benefits.
- Updated the Building & Grounds budget amount for Property Insurance to include the updated preliminary rates provided from our insurance broker.
- Updated the Liability Insurance budget amount to include the updated preliminary rates provided from our insurance broker.

### OCLC

- Updated the Special Revenue Funds revenue budget amount.
- Updated the Personnel expense budget amount for the following line items to include addition of overtime due to Fair Labor Standards Act reclassification of one staff member: Other Professionals, Social Security Taxes, Workers Compensation, and Retirement Benefits.

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IMAGINING TOMORROW ~ DELIVERING POSSIBILITIES TODAY!

- Updated the Other Contractual Services budget amount to include the recalculation of the grant administration fee due to the additional personnel expenses.

#### Capital Projects

- Added the Capital Outlays – Equipment budget amount to include the anticipated replacement of a HVAC unit for the server room in the Edwardsville location.
- Updated the Capital Outlays – Building & Improvements budget amount to add Data and Power updates in the second-floor remodel in the Edwardsville location and extend the ADA Restroom remodel in the Champaign location from the FY2021 to the FY2022 budget.

Each year, the General and Capital budgets are approved by the board and the Illinois State Library. The SHARE (proprietary) budget is reviewed by the SHARE Executive Council and forwarded to the IHLS Board with their recommendations. The IHLS Board approves the SHARE budget. The Cataloging Maintenance Center and OCLC budgets (or special revenue budgets) are approved by the Illinois State Library.

At our meeting tomorrow we will review the budgets and seek board member input. The budgets and narratives were posted on our website following the April 27 board meeting for member feedback. Attached you will find a summary of the feedback that we have received to date.

Thank you for your consideration. Please let me know if you have any questions.

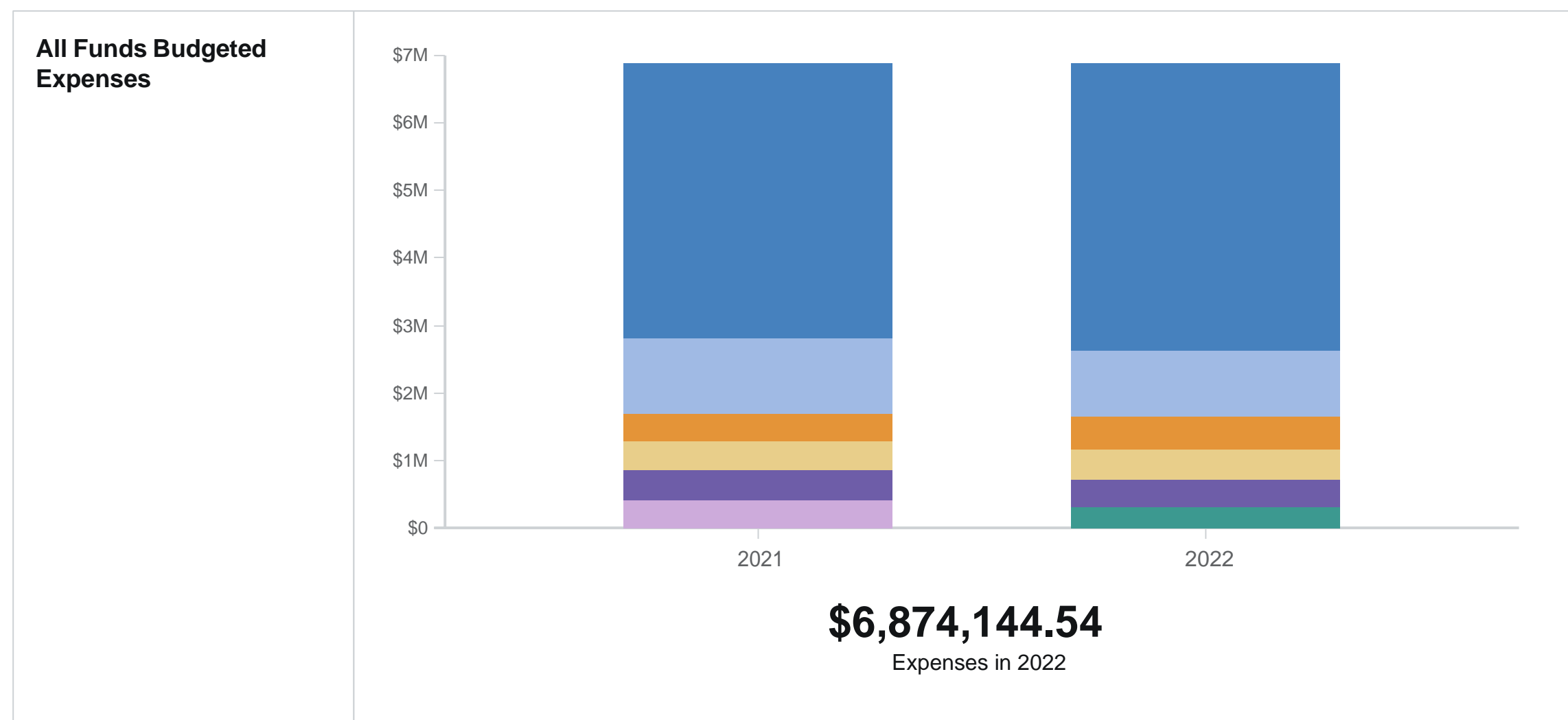
# Fiscal Year 2022 Budget Narrative

July 1, 2021 - June 30, 2022



## FY2022 Budget Narrative

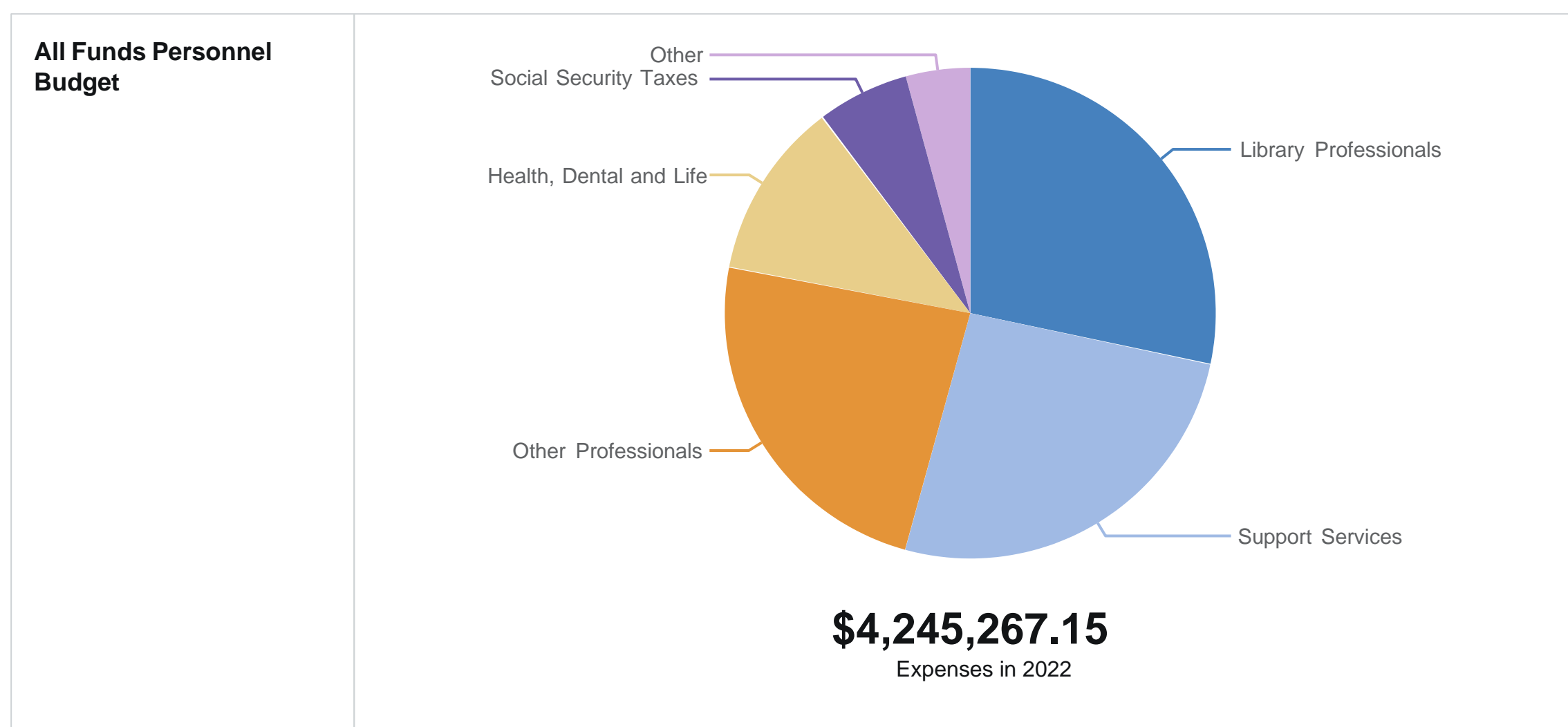
As IHLS embarks on its 11th year as an organization, we move forward, energized by the possibility of further refining our current member services and expanding our horizons. Areas of focus for FY2022 include additional opportunities for member networking and continuing education; advocacy for member libraries; and our unwavering commitment to the core services of resource sharing, delivery, and library automation.



The proposed FY2022 budgets were developed to align with the planned activities in our operational plan. These activities support the Illinois statutory priorities of library administration, resource sharing, bibliographic access, consulting and continuing education, and delivery. The major planned activities include:

- Increase outreach to school libraries and public library trustees.
- Utilization of Enterprise Fleet Management services to efficiently operate our fleet using their expertise.
- A possible return to in-person travel ensures staff will receive necessary support for site visits, networking opportunities, and continuing education. Staff are better equipped to build expertise in different areas of librarianship, enhancing their training skills, building or sustaining professional relationships, and keeping current in library marketplace trends.

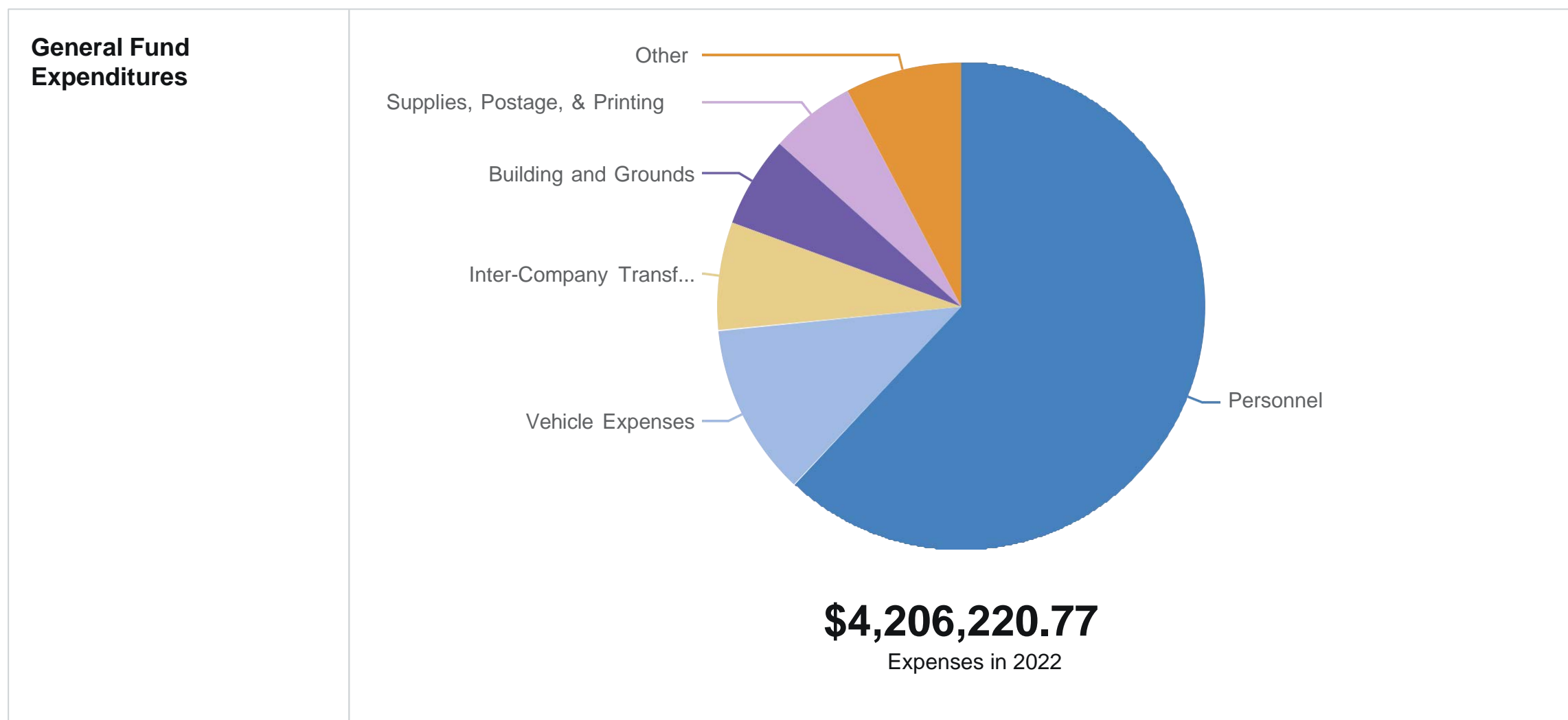
- The addition of updated training laptops will allow SHARE to offer the exceptional training that members have come to expect from SHARE.
- Pending membership approval, the addition of the Solus mobile app for SHARE will support our goal of providing members state-of-the-art technology and infrastructure.



The largest component of our budget is Personnel. This accounts for 62% of our total budget. Our staff are the backbone in the development and implementation of our organizational goals.

- All positions, including Library Professionals, Other Professionals, and Support Services, are projected with a one-time bonus of 3% annual wages. The Support Services includes adjustments in the General Fund budget due to compliancy with the Illinois minimum wage law.
- Social Security Taxes are projected at 7.65%.
- Leave Payoffs include estimated vacation balances for planned employee retirements. Unemployment Insurance is projected at .905% of the first \$12,960 wages earned per worker based on an average of CY2020 & CY2021 rates.
- Worker's Compensation Insurance is projected to be flat to the FY2021 budget.
- Retirement Benefits projected for staff members who are estimated to work more than 1,000 hours in FY2022. The projected rate is 3.73% for CY2021 and .87% for CY2022. There are also projected Accelerated Payments for planned employee retirements.
- Health, Dental, Vision, Accidental Death, and Life Insurances projected at an 9% increase for CY2022. The health and ancillary policies (dental, vision, accidental death, and life insurance) renew on January 1, 2022.
- Other Fringe Benefits includes EAP Services and an employee referral program. Retention & Wellness includes a memorials, retirement bricks, and holiday gatherings.
- Training & Professional Development include the annual IHLS staff day, safety training, and professional development trainings.
- Temporary Help includes coverage for staff while out on unplanned leave. Recruiting includes job postings, fit for duty exams, background, and drug screens.

# General Fund Budget Narrative



The General Fund budget has a projected deficit of \$505,315 and this will be covered by the operating fund balance. This balance is derived from the accumulation of previous years' revenue over expenditures balances. The largest factors for the deficit this fiscal year include the minimum wage impact, planned building improvements and vehicle leasing that are not classified as capital expenditures.

## Revenues

The projected revenues of \$3,700,906 are mainly comprised of the System Area and Per Capita Grant (SAPG) \$3,400,700 and the state-wide Illinois Library Delivery Services (ILDS) \$267,868. Other items included are: IHLS Member Day vendor support, investment income, member training revenue, OCLC Grant Administration Fee, and E-Rate Funding.

## Expenses

### Personnel

This includes changes due to minimum wage impact, salary grade reclassifications, an additional full-time membership coordinator, and benefits for vacant courier positions to move from part-time to full-time. Training and Development includes an all staff day, staff training, and organizational development opportunities. IHLS receives \$659,722.21 in federal Library Services & Technology Act (LSTA) funding. This portion of funding will be utilized to help support the delivery personnel budget.

### Building & Grounds

General Fund projected expenses represent the rent expense at the Carbondale location; utilities at three locations (Carbondale, Champaign, and Edwardsville); building and ground maintenance at two locations (Champaign and Edwardsville); custodial services at two locations (Champaign and Edwardsville); and property insurance at three locations (Carbondale, Champaign, and Edwardsville).

### Vehicle Expenses

General Fund projected expense for the fuel is increased over FY2021 based on a combination of FY2021 actuals and industry forecasting. The vehicle insurance is projected based on coverage for 29 vehicles. The vehicle leasing amounts reflect the new model of leasing vehicles through a partnership with Enterprise Fleet Management.

## **Travel, Meetings, and Continuing Education for Staff & Board Members**

General Fund expense components are travel and registration for staff and board members to attend conferences, advocacy events, board member training, and staff meetings.

The travel and registration include staff attendance at the following conferences: Society for Human Resource Management (SHRM) National Conference, Computers & Libraries Connect, The Association for Rural and Small Libraries (ARSL) Conference, Illinois Library Association (ILA) Conference, Library Marketing & Communications Conference, The American Association of School Libraries (AASL), Association of Illinois School Library Educators (AISLE) Conference, LIB LearnX(formerly ALA Midwinter), Public Library Association (PLA) Conference, Innovative Users Group (IUG) Conference, Midwest Digital Marketing Conference, ILA Marketing Forum Mini Conference, Reaching Forward South Conference, Elevate, ILA Trustee Workshop, International Coalition of Library Consortia, Directors University, American Library Association (ALA) Conference, ILA Legislative Breakfast, and Inter-Company travel.

## **Conferences & Continuing Education Meetings**

General Fund projection includes public library trustee training, HR Source trainings, and webinar trainings offered to our member libraries. This also includes an IHLS virtual Member Day in the fall and an in-person luncheon in the spring.

## **Public Relations**

General Fund projection includes promotional and printed materials and conference sponsorships. This is to continue the networking and advocacy efforts of IHLS.

## **Liability Insurance**

General Fund expenses include projections for General Liability, Commercial Umbrella, Directors and Officers, Crime Coverage Bond, Cyber Liability, Employment Practices, and Treasurer's Bond. These policies renew on July 1, 2021.

## **Supplies, Postage, & Printing**

This budget category includes expenses for computers and software (less than \$5,000), accessories and supplies for equipment, office supplies, postage, delivery supplies, and outside printing cost. The projection for delivery supplies includes replacement of tubs, hand trucks, and the replacement of delivery staff IHLS branded apparel. This also includes supplies needed for COVID-19 related safety items. The largest component in this category includes replacement of furniture in the Edwardsville location.

## **Telephone and Telecommunications**

Included in this budget category are projections associated with monthly cost for telephone, fax, internet, delivery GPS tracking, text alert system, and cell phone services.

## **Equipment Repair & Maintenance Agreements**

Projection includes cost for copiers and maintenance at three locations (Edwardsville, Champaign, and Carbondale).

## **Professional Services**

Expenses include projections for legal, accounting, and consulting.

## **Contractual Services**

General Fund Expenses include projections for information service costs and other contractual services. This includes the updates of the new website for IHLS and the OpenGov and Customer Relationship Management (CRM) implementation fees.

## **Professional Membership Dues**

Include staff professional membership dues.

## **Miscellaneous**

General Fund bank fees and accounts payable checks.

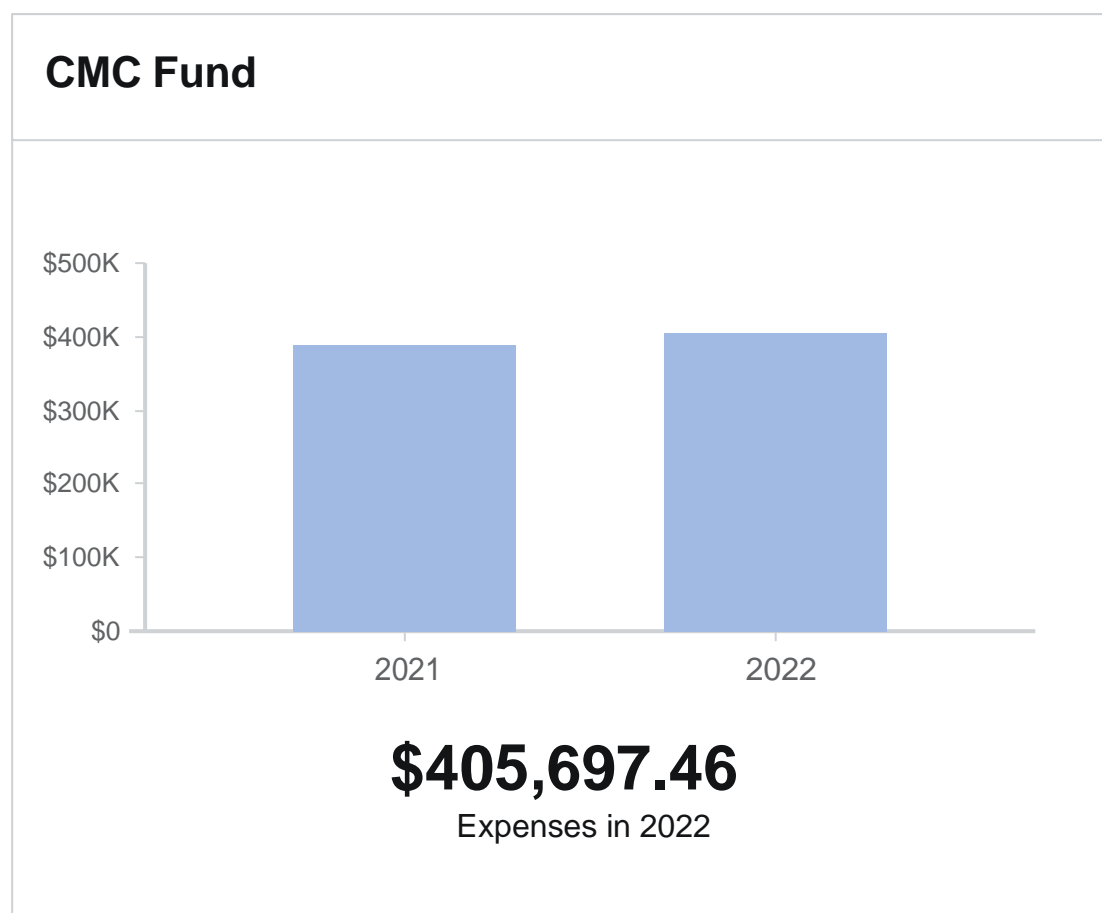
## **Net Pass Through**

General Fund expenditures on behalf of member libraries that will be reimbursed.

## **Inter-Company Transfers**

General Fund annual contribution to SHARE Fund projection of \$300,000.

## Special Revenue Fund Cataloging Maintenance Center Budget Narrative



### Revenues

CMC Fund revenues reflect the Cataloging Maintenance Center grant from the Illinois State Library.

### Expenses

#### Personnel

Includes an additional Cataloger for partial fiscal year to account for the increased workload of the CMC staff. Also projected are the leave payoff of vacation balances for a planned retirement.

#### Travel, Meetings, and Continuing Education

Includes webinar registrations. All staff attendance at conferences has been suspended for FY2022 to support the additional Cataloger position for partial fiscal year.

#### Supplies, Postage, & Printing

Includes expenses for computers and software (less than \$5,000), accessories and supplies for equipment, and office supplies.

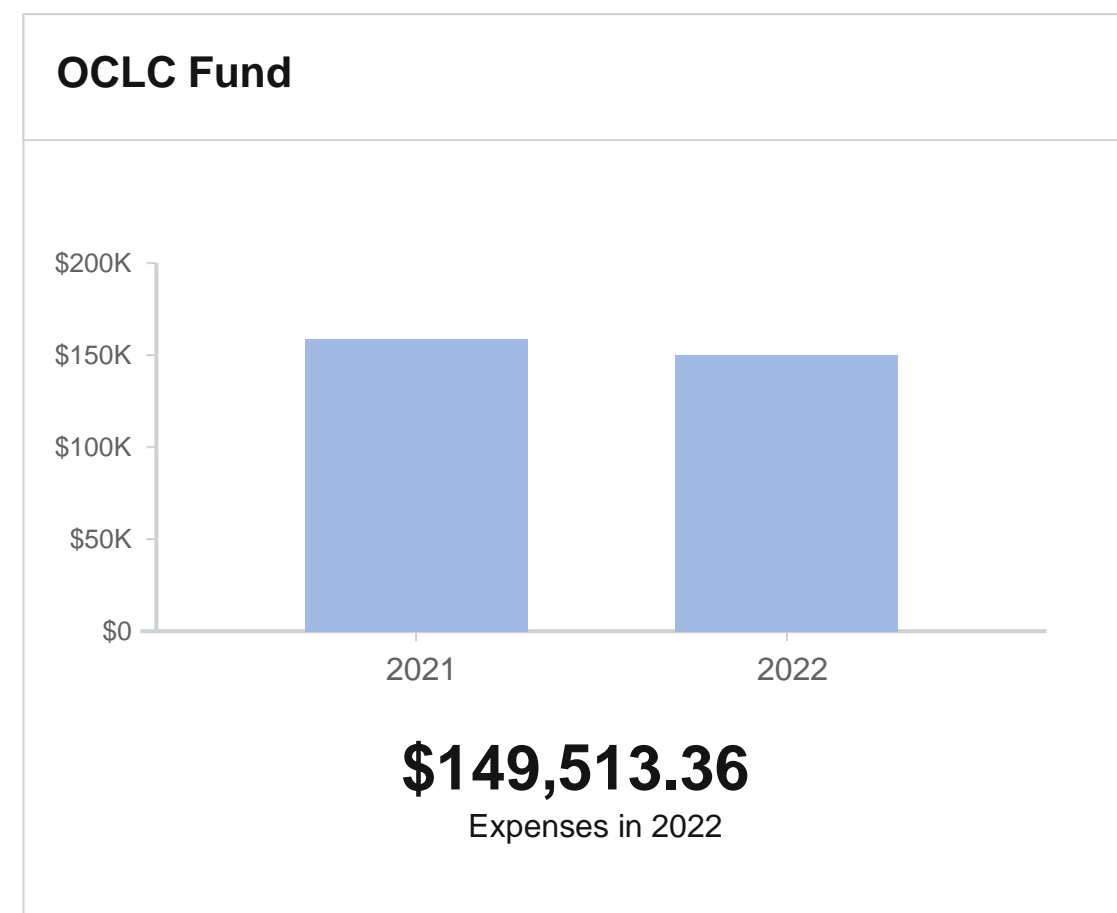
#### Telephone and Telecommunications

Includes monthly cost for telephone and internet.

#### Equipment Repair & Maintenance Agreements

Includes cost for copiers and maintenance at two locations (Edwardsville and Champaign).

## Special Revenue Fund Online Computer Library Center Budget Narrative



### Revenues

OCLC Fund revenues reflect the Online Computer Library Center grant from the Illinois State Library.

### Expenses

#### Personnel

Includes 1.75 Full-time equivalent staff allocated to the OCLC grant.

#### Supplies, Postage, & Printing

Includes expenses for computers and software (less than \$5,000), accessories and supplies for equipment, and office supplies.

#### Telephone and Telecommunications

Includes monthly cost for telephone, fax, and internet.

#### Equipment Repair & Maintenance Agreements

Includes cost for copiers and maintenance at the Edwardsville location.

#### Professional Services

Includes the FY2021 audit costs.

#### Contractual Services

Includes Traverse annual maintenance agreement and support and grant administrative fees.



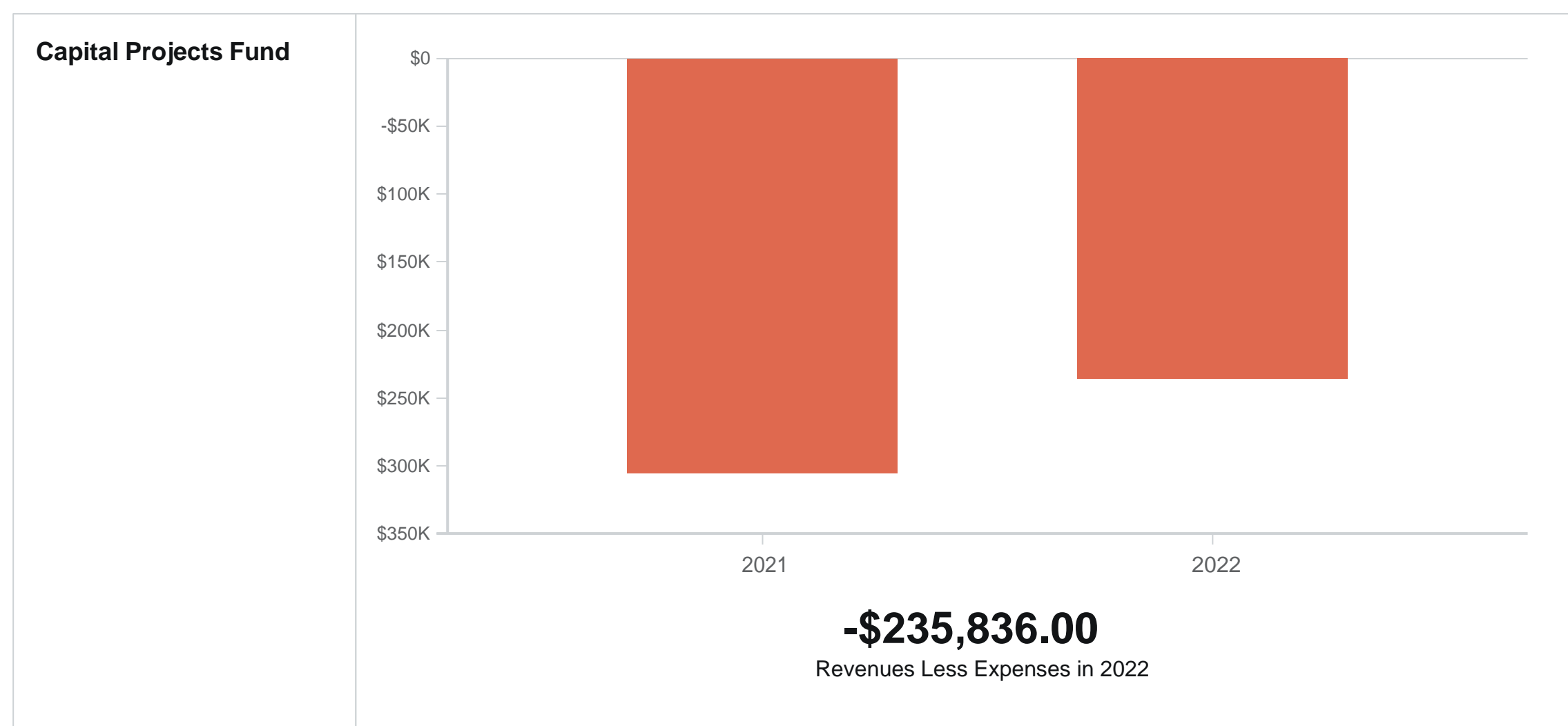
## Contractual Services

Includes computer and software online services such as Zoom, Express Scribe, Class-Web, Web-Dewey, RDA Toolkit, and Cataloger's Desktop, and grant administrative fees.

## Professional Membership Dues

Includes staff professional membership dues.

# Capital Projects Fund Budget Narrative



## Revenues

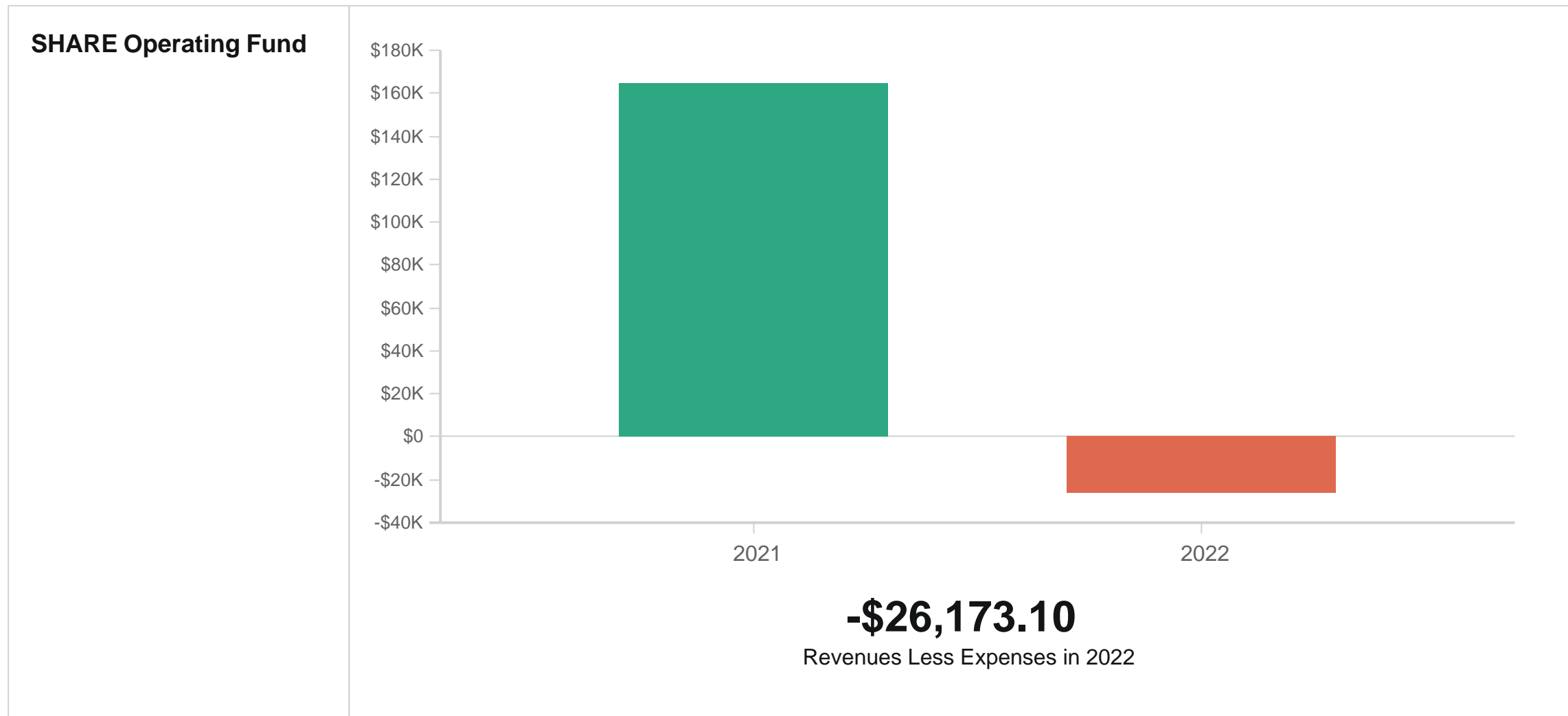
Capital Projects Funds only projected income source is investment income.

## Expenses

Capital Projects Funds projections for Equipment and Building & Improvements include the following:

- Replacement of a HVAC unit for the server room at the Edwardsville location.
- Removal of risers on the second floor at the Edwardsville location.
- Replacement of flooring on the second floor at the Edwardsville location.
- Painting of walls on the second floor at the Edwardsville location.
- Building office walls on the second floor at the Edwardsville location.
- Updating data and power on the second floor at the Edwardsville location.
- Extension of the FY2021 budgeted ADA Restroom remodel at the Champaign location.

# SHARE Operating Fund Budget Narrative



The SHARE budget has a projected deficit of \$26,172 and this will be covered by the operating fund balance. This balance is derived from the accumulation of previous years' revenue over expenditures balances. The largest factor for the deficit this fiscal year is the purchase of 36 training laptops.

## Revenues

SHARE Fund projected revenues of \$1,815,166 is mainly comprised of fees for services and materials, which is \$1,465,771 and IHLS Contribution of \$300,000. Other items included are investment income, CMC grant administration fee, and Smart Access Manager (SAM) billing.

## Expenses

### Personnel

Library Professionals staff includes an overlap in the Bibliographic Services Manager, Cataloging Supervisor, and Cataloger positions for the planned retirement of our current staff members. Hiring of these positions prior to their retirement will allow for the necessary training these positions require. The Leave Payoffs include the estimated vacation balances for the planned employee retirements.

### Library Materials

SHARE Fund eResources projection is a direct expense of cloud subscription fees and group purchases this expense is offset by the fees for services and materials revenues.

### Vehicle Expense, Travel, Meetings, and Continuing Education

SHARE Fund expense components are travel and registration for staff members to attend conferences, advocacy events, and staff meetings.

The travel and registration include staff attendance at the following conferences: The Association for Rural and Small Libraries (ARSL) Conference, Illinois Library Association (ILA) Conference, Association of Illinois School Library Educators (AISLE) Conference, LIB LearnX(formerly ALA Midwinter), Public Library Association (PLA) Conference, Innovative Users Group (IUG) Conference, Reaching Forward South Conference, Elevate, International Coalition of Library Consortia, American Library Association (ALA) Conference, ILA Legislative Breakfast, and Inter-Company travel.

## **Public Relations**

Includes promotional and printed materials. This is to continue the networking and advocacy efforts of SHARE.

## **Supplies, Postage, & Printing**

This budget category includes expenses for computers and software (less than \$5,000), accessories and supplies for equipment, office supplies, and postage. The largest component of this category is the planned replacement of the training laptops at each location.

## **Telephone and Telecommunications**

Included in this budget category are projections associated with monthly cost for telephone, fax, internet, and cell phone services.

## **Equipment Repair & Maintenance Agreements**

Projection includes cost for copiers and maintenance at three locations (Edwardsville, Champaign, and Carbondale).

## **Professional Services**

Expenses include projections for legal, accounting, and consulting.

## **Contractual Services**

Include projections for information service costs and other contractual services. This includes the annual Polaris fee and Customer Relationship Management (CRM) implementation fees. This also includes the new Solus App customization fees for member libraries that will be offset by the additional module fee revenues.

## **Professional Membership Dues**

Includes staff professional membership dues.

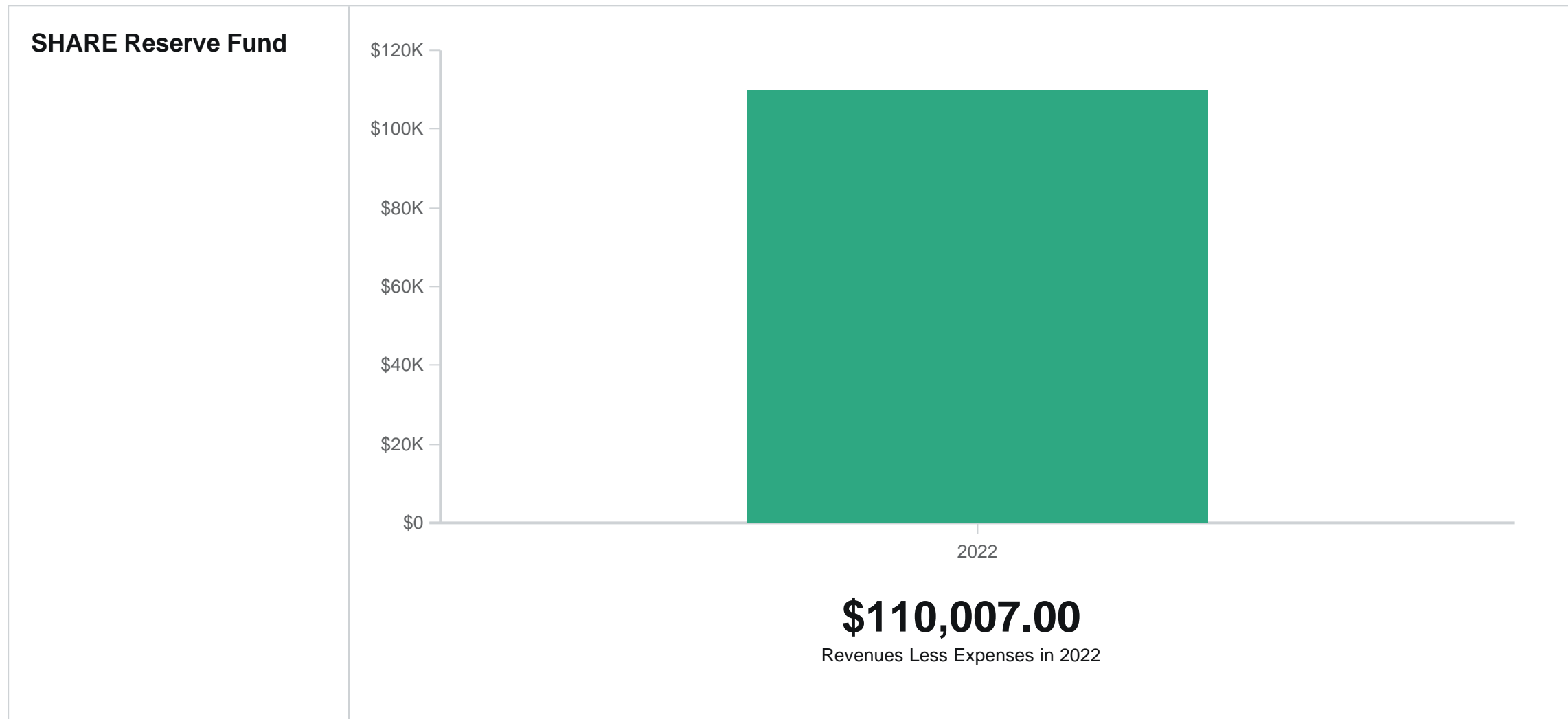
## **Miscellaneous**

Includes monthly PayPal fees.

## **Inter-Company Transfers**

SHARE Fund transfer to SHARE Reserves projection of \$142,500.

# SHARE Reserve Fund Budget Narrative



## Revenues

SHARE Reserve Fund projected revenues of \$143,382 includes the transfer of funds from the operating budget and interest income.

## Expenses

SHARE Reserve Fund projected expenses of \$33,375 includes the one-time implementation and annual fees for the Solus App.



# Feedback Requested on FY2022 IHLS Operational Plan and Budget(s)

## Individual Registered Budget & Operational Plan Inputs

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**Name not shown**

May 5, 2021, 12:18 PM

The proposal looks well planned. It is understandable that minimum wage is having an increase affect on the system's funding. One would hold hope that the governmental agency awarding the system grant would be able to increase support to offset this funding impact, to help the system.

IHLS does to support my library and the entire staff at IHLS are very helpful when I have an issue that needs resolved. I hope that in future years funding will be increased to allow for a balanced budget. It looks to me that you are already trying to account for increased personnel costs by reducing your travel and contracted expenses. Thank you for not reducing the services you are providing to us member libraries. I look forward to using the Solus app!

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**Name not available**

May 5, 2021, 3:55 PM

I understand the impact of the rising minimum wage on our libraries, but I have a hard time fathoming that that would warrant a 9.8% increase in personnel costs, even allowing for higher employer contributions for matching Social Security, Medicare, and IMRF, if applicable. Most member libraries must live within their means and don't have the luxury of a deficit budget.

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**Name not shown**

May 6, 2021, 12:30 PM

Reviewed - Thank you.

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**Name not available**

May 7, 2021, 12:13 PM

Is 9.8% really necessary in this era of property tax caps and libraries having to deal with additional costs due to the minimum wage?

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**Name not shown**

May 6, 2021, 9:17 AM

I love the idea of the mobile app. We use apps for several of our resources and it is the first thing new doctors ask about.

Nina Pals  
Sarah Bush Lincoln Library

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**Name not shown**

May 6, 2021, 10:18 AM

I like the new software that you are using this year. It makes reading the budget and narrative much easier. I also like that you can click the chart in the narrative to look at the budgets in more detail. The change in personnel because of minimum wage is similar to what was projected by IHLS staff when it when first passed. When over half your staff are in the hourly wage category it will result in a large increase like you are showing. I appreciate all that