



MEMO TO: IHLS Board of Directors
FROM: Leslie Bednar
DATE: November 24, 2015
RE: FY2015-2016 Board-Approved Budget Restatements, Contingencies and Process Enhancements

At the October board meeting, the IHLS Board of Directors requested detailed information from IHLS staff regarding expenditure reductions in FY2015-2016. Attached please find expenditure reductions for this fiscal year in three different categories by account code and fund. We present this information in budget and narrative format.

Budget Restatements – Now several months into the fiscal year we have actual figures to use for projections, paired with new contracts for some services such as telecommunications which are significantly lower than estimated when the budget was prepared, and health insurance which was increased 11% over last fiscal year.

These budget changes have been put into effect.

Budget Contingencies – Staff recommend these budget reduction **proposals** be activated if no budget approval by January 26, 2016 (date of regular January board meeting), or a greater than 25% reduction in FY2015-2016 budget. We are developing additional proposals with broader impact and will share these concepts at the December 1 meeting. Based upon board feedback, we will refine and present prior to the next board meeting.

Process Enhancements – The third category of expenditure reduction is the most positive. Using the end goal of enhanced and improved service to members, these changes involve program/project review, workflow adjustments and costs savings. This month we share with the board enhancements to our delivery processes. We continue to evaluate other areas of the organization and will bring forward improvements as we are able.

These delivery process changes and expenditure reductions will be effective as of January 1, 2016.

Please reply to me by email (lbednar@illinoisheartland.org) regarding questions on any part of this attachment. I will share all questions and my replies with the board prior to the meeting.

Our contingency plan will be improved by open, honest dialogue and careful consideration, and I look forward to our discussion next week.

Thank you for your consideration.

FY 2015-2016 IHLS Board-Approved Budget: Restatements, Contingency Proposals and Enhancements Narratives

Budget Restatements

Presented below are adjusted budget numbers that more accurately reflect actual expenditures based on information received after initial budget was approved.

General Fund

- Other professional, social security taxes, unemployment insurance, workers' compensation – Staff Accountant (new position) originally budgeted for will not be filled for the Accounting department this year.
- Retirement (IMRF) – Staff Accountant Position removal and rate reduction of .94% beginning January 1, 2016.
- Health, Dental, Life Insurance – Staff Accountant Position reduction, rate increase of 11%, one employee opting out of all benefit insurances, and three employees opting of health insurance
- Other Fringe Benefits – Annual Flexible Spending Account (FSA) Maintenance Fee.
- Training & Professional Development – Reduce IHLS Staff Day Expenditures due to budget uncertainties.
- Custodial/Janitorial Services & Supplies – Cancel cleaning service contract at Edwardsville and replace with Operations Relief staff member.
- Property, Vehicle, and Liability Insurances – Based on July 1, 2015 renewal rate.
- Conference & Continuing Education Meetings – Removed continuing education for members due to budget uncertainties.
- Public Relations – Cost of materials to display in ILA Booth.
- Telephone & Telecommunication – Execution of new contracts and reallocating expense across funds.
- Information Service Cost – Cancelled Lynda.com subscription for all staff excluding IT.

IMSA

- Other professional, social security taxes, unemployment insurance, workers' compensation – After the resignation of a staff member, a position was eliminated and staff duties were restructured due to budget uncertainties.
- Retirement (IMRF) – Staff member resignation and rate reduction of .94% beginning January 1, 2016.
- Health, Dental, Life Insurance – Net result of staff member resignation and 11% increase.
- Telephone & Telecommunication – Execution of new contracts and reallocating expense across funds.

CMC, OCLC, Dream Grant and SHARE

- Retirement (IMRF) – Rate reduction of .94% beginning January 1, 2016.
- Health, Dental, Life Insurance –11% increase
- Telephone & Telecommunication – Execution of new contracts and reallocating expense across funds.

FY 2015-2016 IHLS Board-Approved Budget: Restatements, Contingency Proposals and Enhancements Narratives

Budget Contingencies

Indicated below are budget reduction proposals that will be activated if there is no budget approval by January 26, 2016 or a greater than 25% reduction in FY 2015-2016 budget.

- **Personnel**
 - **General Fund**
 - Library Professional, Social Security Taxes, Unemployment Insurance, Workers' Compensation, Retirement (IMRF), and Health, Dental, Life Insurance – Membership Coordinator (new position) originally budgeted for will not be added.
 - Library Professional, Other Professional, and Support Services – 3% cost of living increase initially budgeted for all employees will not be granted.
 - **IMSA, CMC, OCLC, Dream Grant, and SHARE**
 - Library Professional, Other Professional, and Support Services – 3% cost of living increase initially budgeted for all employees will not be granted.
- **Travel, Meetings & Continuing**
 - **General Fund**
 - In-State Travel will be limited to necessity only.
 - All conference attending and exhibiting (in-state and out-of-state) will be eliminated.
 - **IMSA & SHARE**
 - All conference attending and exhibiting (in-state and out-of-state) will be eliminated.

Process Enhancements

The procedural changes below are a result of a thorough program review resulting in cost savings, workflow changes, and service improvements based on member feedback. These changes will take place immediately. We have evaluated our delivery program, and will now turn our attention to other departments in the organization.

Delivery Enhancements

- **General Fund –Personnel (Support Services, Social Security Taxes (FICA), Unemployment Insurance)**
 - Reallocation of driver and page time spent driving and sorting to dedicated drivers and dedicated sorters. Currently drivers run routes, return to their hub and sort items from their route. Pages sort delivery material. Dedicated driving staff will allow for increased route times and reduce number of vehicles used daily as well as reduce number of routes due to longer driving time. Efficiency achieved with second shift of sorting staff whose sole focus is sorting materials for next day delivery.
 - With further concept development, we are confident we will be able to achieve one less route (5 days per week) out of Du Quoin and Edwardsville. The cost savings of this route reduction is not yet known.

FY 2015-2016 IHLS Approved Budget Revisions

Revision Description	General	IMSA	CMC	OCLC	Dream	SHARE	Total
Budget Restatements							
Expenses							
<i>Personnel</i>							
Other Professional 5010	(44,999.77)	(27,493.74)					(72,493.51)
Social Security Taxes 5030	(3,442.48)	(2,482.54)					(5,925.02)
Unemployment Ins. 5035	(172.37)	(53.00)					(225.37)
Workers' Comp 5040	(66.78)	(49.96)					(116.74)
Retirement (IMRF) 5045	(11,200.90)	(5,083.24)	(567.68)	(360.01)	(504.03)	(3,614.12)	(21,329.98)
Health, Dental, Life Ins. 5050	(31,169.34)	(3,206.55)	5,349.00	2,032.62	2,139.60	17,116.80	(7,737.87)
Other Fringe Benefits 5055	1,077.00						1,077.00
Training & Prof Dev 5058	(3,000.00)						(3,000.00)
Total Personnel	(92,974.64)	(38,369.03)	4,781.32	1,672.61	1,635.57	13,502.68	(109,751.49)
<i>Building and Grounds</i>							
Property Ins. 5170	(2,050.00)						(2,050.00)
Custodial/Janitorial Srvcs 5190	(1,035.00)						(1,035.00)
<i>Vehicle Expenses</i>							
Vehicle Ins. 5220	(4,000.00)						(4,000.00)
<i>Conferences & Continuing</i>							
Conf & Contin Edu Mtgs 5300	(6,000.00)						(6,000.00)
<i>Public Relations</i>							
5330	1,036.00						1,036.00
<i>Liability Insurance</i>							
5350	6,750.00						6,750.00
<i>Telephone & Telecomm</i>							
5400	(31,100.00)	1,631.00	525.00	85.00		(9,000.00)	(37,859.00)
<i>Contractual Services</i>							
Information Service Cost 5550	(3,750.00)						(3,750.00)
Total Budget Restatements	(133,123.64)	(36,738.03)	5,306.32	1,757.61	1,635.57	4,502.68	(156,659.49)

FY 2015-2016 IHLS Approved Budget Revisions

Revision Description	General	IMSA	CMC	OCLC	Dream	SHARE	Total
Budget Contingency							
Expenses							
<i>Personnel</i>							
Library Professional 5000	(57,200.65)		(5,048.79)			(9,538.78)	(71,788.23)
Other Professional 5010	(13,195.79)	(1,465.36)	(998.40)	(1,012.50)	(1,173.51)	(7,244.67)	
Support Services 5020	(22,051.97)	(2,460.43)		(1,218.48)	(1,950.00)	(5,963.06)	
Social Security Taxes 5030	(3,825.07)						(3,825.07)
Unemployment Ins. 5035	(172.37)						(172.37)
Workers' Comp 5040	(74.20)						(74.20)
Retirement (IMRF) 5045	(7,010.13)						(7,010.13)
Health, Dental, Life Ins. 5050	(10,822.32)						(10,822.32)
Total Personnel	(114,352.50)	(3,925.79)	(6,047.19)	(2,230.99)	(3,123.51)	(22,746.52)	(93,692.32)
<i>Travel, Mtgs & Continuing</i>							
<i>In-State Travel</i>							
Mileage, Gas & Tolls 5250	(2,587.00)						(2,587.00)
In-State Travel 5255		(1,376.00)					(1,376.00)
Meals In-State 5260	(6,232.00)						(6,232.00)
Lodging In-State 5265	(5,920.00)						(5,920.00)
<i>Out-of-State Travel</i>							
Travel Out-of-State 5275	(3,701.00)	(9,820.00)				(7,148.00)	(20,669.00)
Meals Out-of-State 5280	(2,678.00)						(2,678.00)
Lodging Out-of-State 5285	(3,927.00)						(3,927.00)
Registration & Meetings 5290	(1,933.00)						(1,933.00)
Total Travel, Mtgs & Continuing	(26,978.00)	(11,196.00)	-	-	-	(7,148.00)	(45,322.00)
Total Budget Contingency	(141,330.50)	(15,121.79)	(6,047.19)	(2,230.99)	(3,123.51)	(29,894.52)	(139,014.32)

Revision Description	General	IMSA	CMC	OCLC	Dream	SHARE	Total
Process Enhancements							
Delivery Enhancements							
Personnel	(43,604.00)						(43,604.00)
Total Process Enhancements	(43,604.00)						(43,604.00)