



# *Struggling to Strategize in Illinois?*

**FORECAST**5™  
**ANALYTICS**

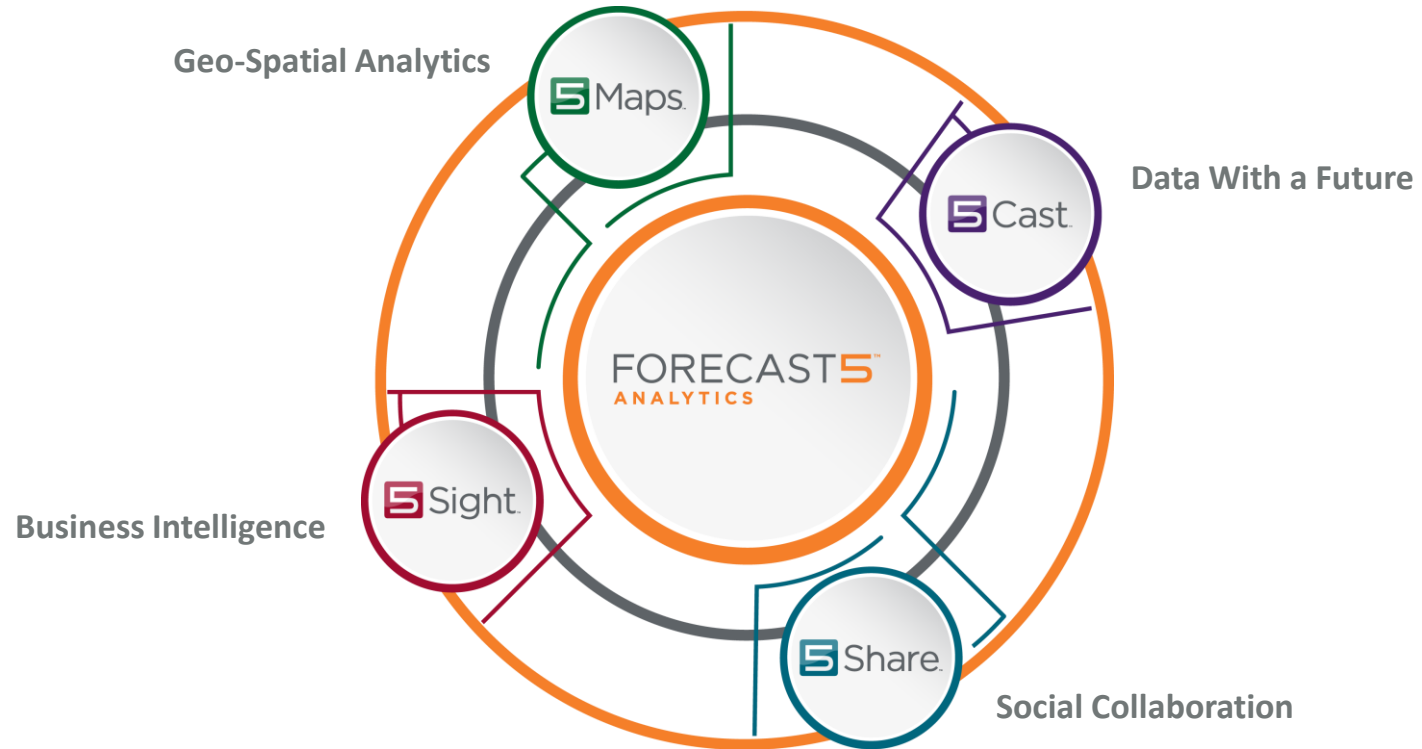
*Presenters:*

*Doug Minter, Vice President of Business Services, Heartland Community College*

*David Torres, Senior Product Manager, Forecast5 Analytics*

**ICCCFO Spring Workshop – April 28, 2017**

# Eco-System of public sector analytic tools



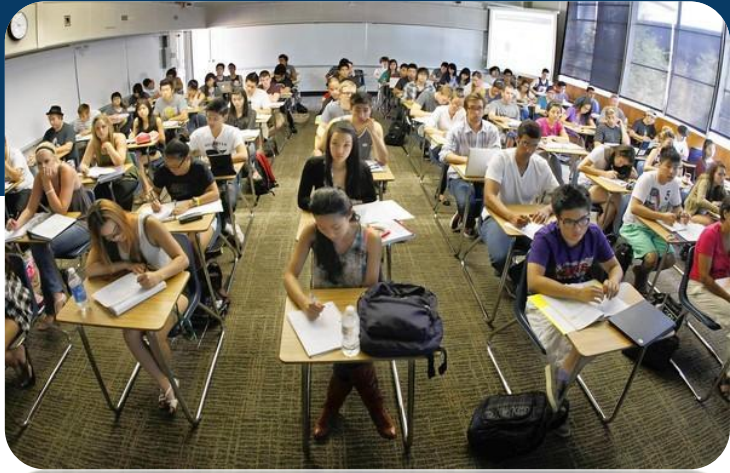
# *Financial Projection Perspectives*

“The number and complexity of challenges facing community college CFOs are increasing as accountability and transparency demands for local government rise. Trying to match short term demands with long term strategic goals for ever-changing organizations is a struggle, especially in Illinois.”



-Tom Ridout, former 40 yr. Finance Director for Northeast Iowa Community College; Senior Analytic Advisor, Forecast5

# *Emerging variables impacting your Community College...*



- Accreditation standards
- Community expectations
- Transparency & accountability
- Enrollment & demographics
- Operational costs
- K-12 Education
- Economic conditions
- Family situations
- Innovations & quality
- Student expectations & advocacy
- Collective bargaining
- Leadership development & succession planning
- Maintenance & space utilization
- Student loan debts
- Technology waves
- State & federal law/policies
- Diversity & equity issues
- Workforce trends
- Capital Improvement planning

# ...and Illinois Community Colleges

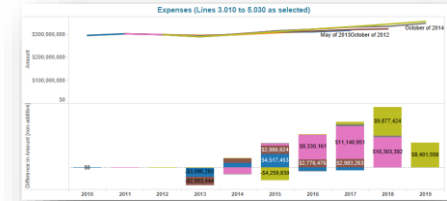


- Uncertainties associated with State Funding – Stop Gap Budgets for FY2016 – FY2017
- Enrollment fluctuations
- Uncertainty regarding local tax support (EAV growth and property tax freeze legislation)
- Pension cost-shift
- Capital Funding requirements
- Faculty contract negotiations
- Utility and other market-driven costs

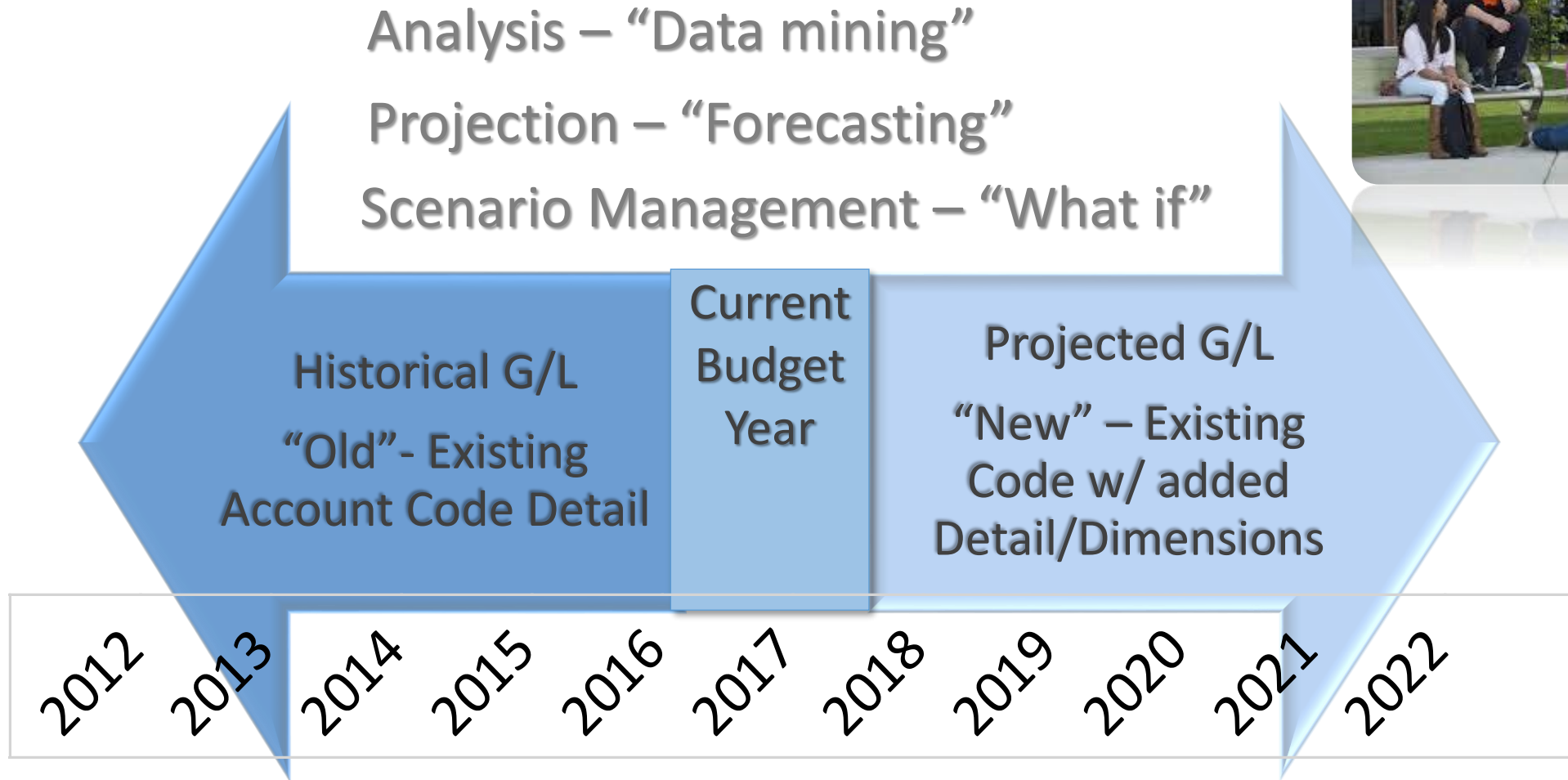


# Financial Projection Perspectives

- **Attest** – to the long term financial benefits and strategic planning value that projections provide;
- **Confirm** – that the process of executing a financial projection, along with the data generated, provide increased financial vision and improve administrative decision making and board level governance;
- **Witness** – improved relationships between local governments and communities through increased transparency and accountability that financial projections provide;
- **Confident** – about the decision making value points of organizing information and strategic thoughts into a multi-year operating plan that aligns resources and priorities.



# “Create strategies to provide deeper analysis”



# What about the issue of unpredictable revenues?



2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022

## Strategic Forecasting for Advocacy

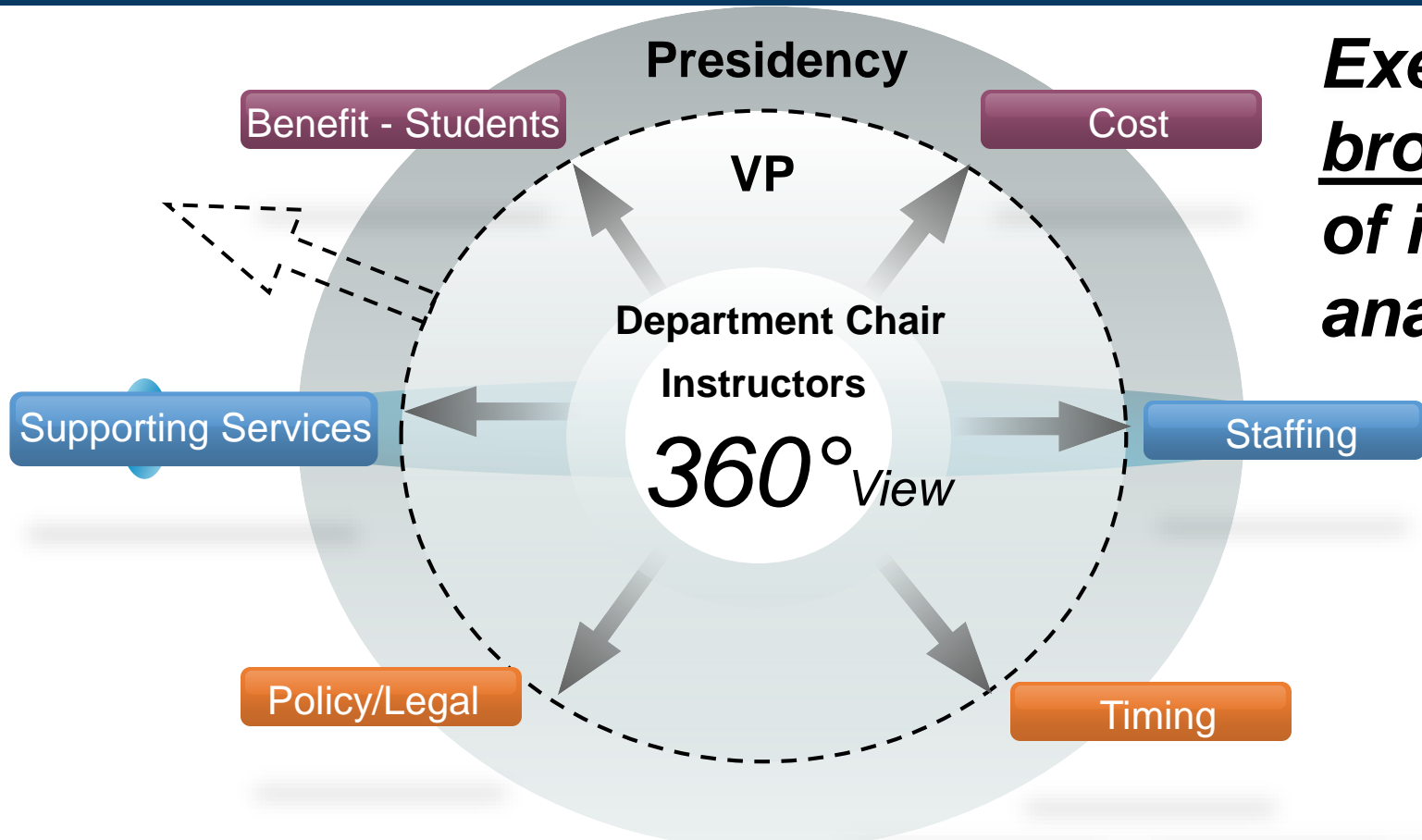
Historical Performance (Prior Years)	Budgetary Level Accuracy (Current Year, Years 1 & 2)	Early Warning (Year 3)	Directional (Years 4 & 5)
<p>Measurements Informs future</p>	<ul style="list-style-type: none"> <li>• <b>Best – Educated Estimates for Key Revenue Streams</b></li> <li>• <b>Decision Band Approach – Establish Ranges for “What if” scenarios</b></li> <li>• <b>Organizational Vision Statement/Position – “Where we want to go”</b></li> </ul> <p><b>Financial Gap Analysis – “We need \$___ to support the visionary level of programming and services; Communication Tool for Stakeholders; potential infrastructure/staffing requirements</b></p>		

-----Decision/Analysis Bands-----



# 360° View:

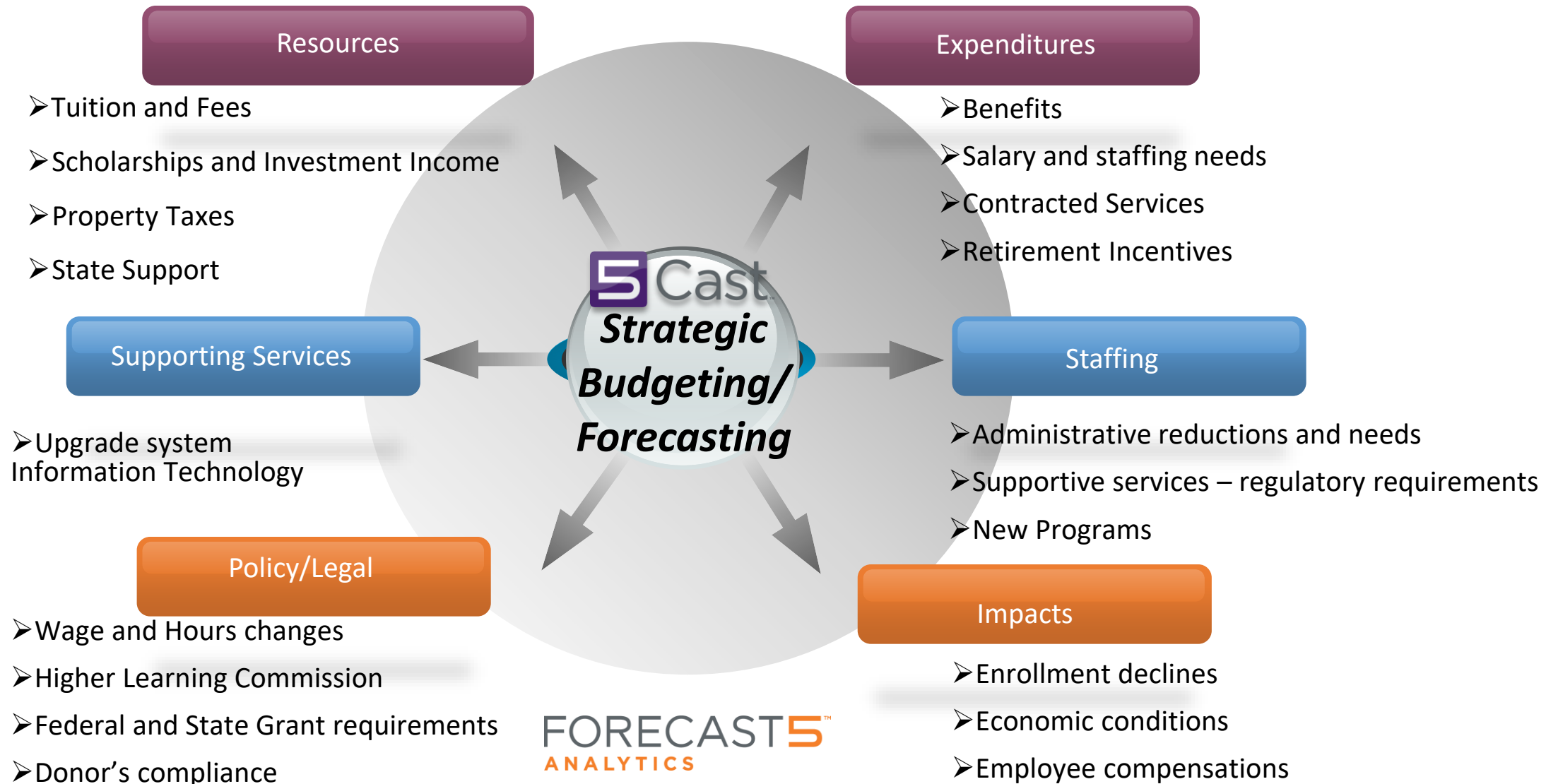
National/State/Other  
College Trustees



***Exercise to  
broaden the view  
of impact and  
analysis***

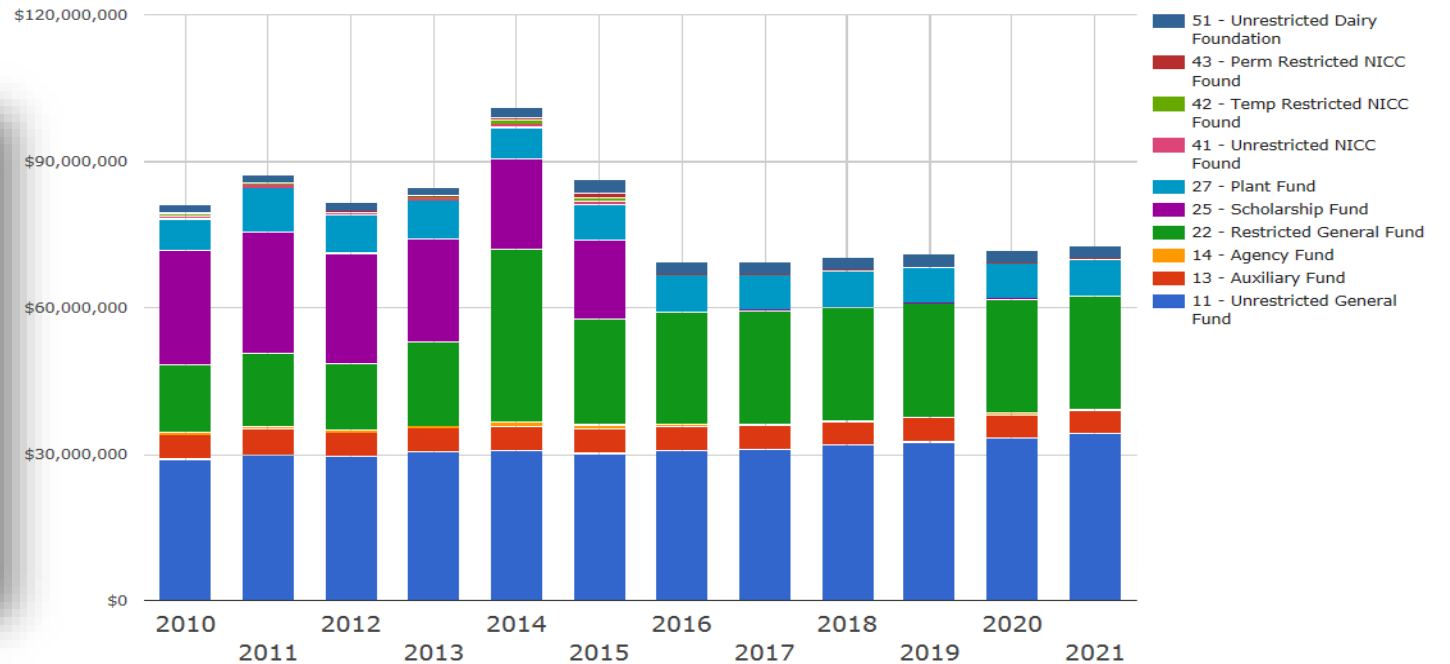


# 360° View: Making the Budget Fit



# Financial Projections – Communications Tool

*How do you effectively communicate the impact of resources and restrictions on your strategic plan?*

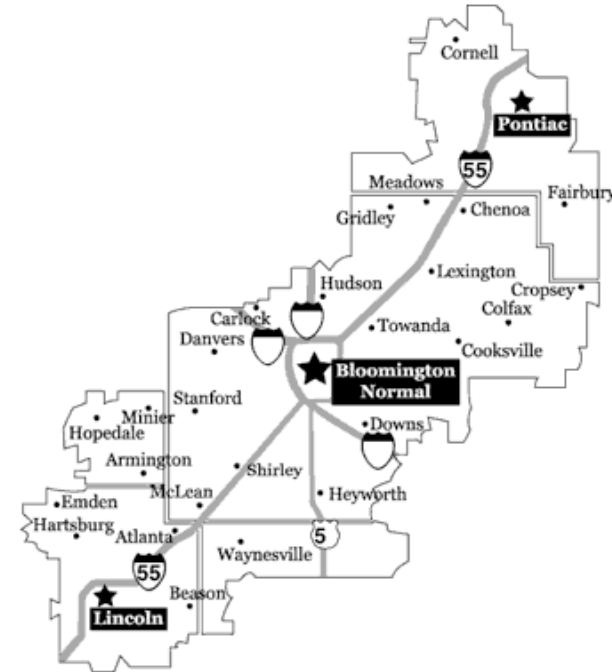


# *A case Study to Better Align Strategic and Financial Plans*



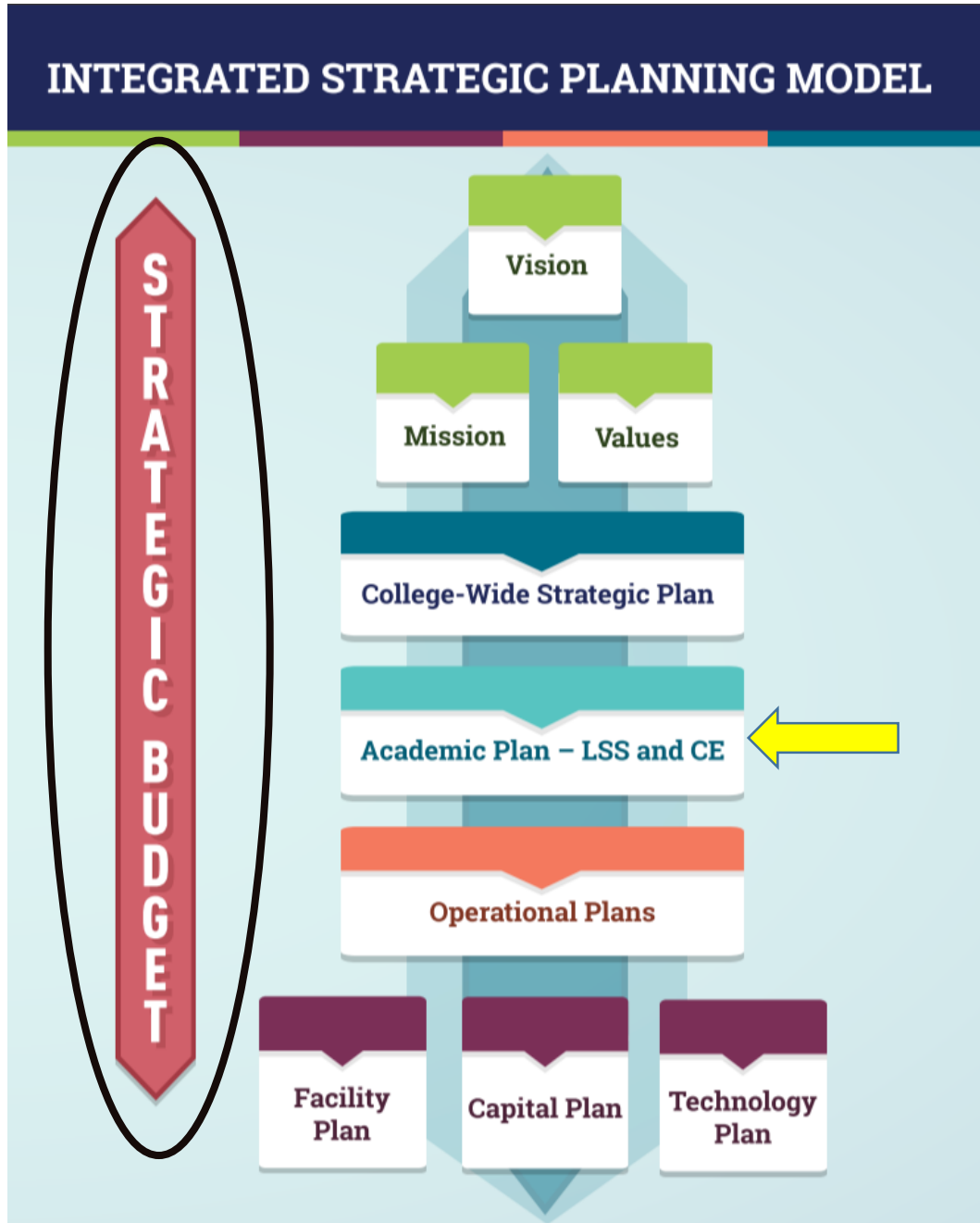
Four institutional priorities at Heartland Community College:

- promote student success
- serve as a community resource
- ensure resource stewardship
- model effective communication, collaboration and transparency





# Strategic Projections – Communications Tool





Strategic  
Projections –  
Communications  
Tool



# *Budget planning effort to improve understanding...*



## **Strategic Budgeting**

- Increase transparency and communication

## **Operational Budgeting**

- Zero-based budgeting approach to develop FY2016, FY2017 annual budgets
- Use of collaborate online tool and process – engaging budget managers across the College
- Spending targets – driven by conservative revenue assumptions; average prior year spending





## Strategic Projections – Communications Tool

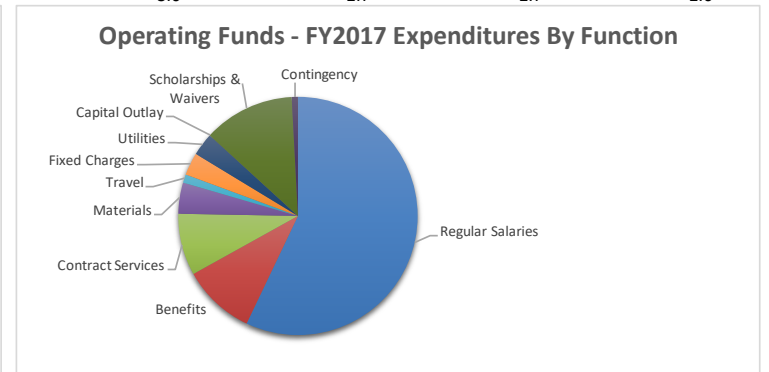
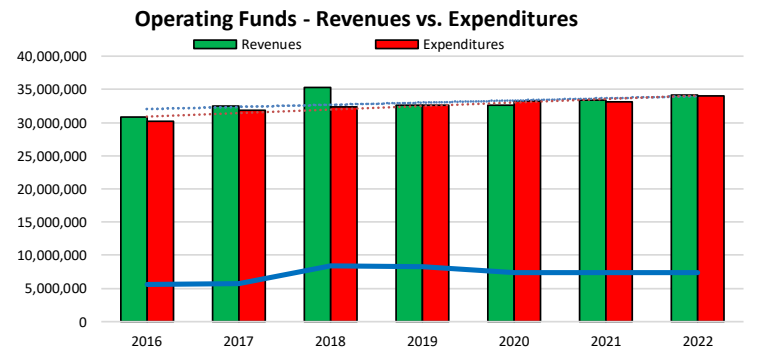
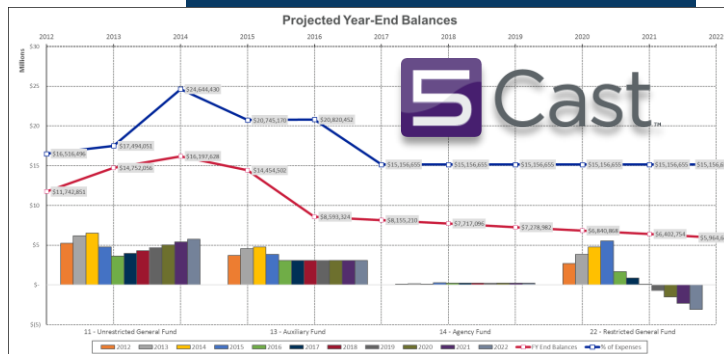
### OPERATING FUNDS SUMMARY For the Fiscal Year Periods 2016 -- 2022

FISCAL YEAR	ACTUAL		CURRENT		PROJECTED		PROJECTED		PROJECTED		PROJECTED	
REVENUES BY ACCOUNT	2016	% Chg	2017	% Chg	2018	% Chg	2019	% Chg	2020	% Chg	2021	% Chg
Local Taxes	12,070,411	1.3%	13,054,146	8.1%	14,580,849	11.7%	10,935,096	(25.0%)	11,138,308	1.9%	11,345,582	1.9%
ICCB	697,222	(70.6%)	1,182,715	69.6%	2,500,000	111.4%	2,500,000	0.0%	2,500,000	0.0%	2,500,000	0.0%
DOE Admin	20,125	92.8%	25,000	24.2%	25,000	0.0%	25,000	0.0%	25,000	0.0%	25,000	0.0%
Tuition	15,578,613	0.3%	15,438,898	(0.9%)	15,762,851	2.1%	16,733,577	6.2%	16,510,551	(1.3%)	17,057,465	3.3%
Non-Tuition	2,311,528	8.4%	2,661,381	15.1%	2,293,500	(13.8%)	2,307,800	0.6%	2,322,243	0.6%	2,336,830	0.6%
Rental	154,387	19.8%	50,000	(67.6%)	50,000	0.0%	50,000	0.0%	50,000	0.0%	50,000	0.0%
Interest	6,835	124.8%	25,697	275.9%	25,697	0.0%	25,697	0.0%	25,697	0.0%	25,697	0.0%
Special Events/Fundraising	14,760	(95.1%)	-	(100.0%)	-	-	-	-	-	-	-	-
Other Revenue	35,457	(39.6%)	24,551	(30.8%)	24,551	0.0%	24,551	0.0%	24,551	0.0%	24,551	0.0%
<b>TOTAL REVENUE</b>	<b>30,889,340</b>	<b>(4.8%)</b>	<b>32,462,388</b>	<b>5.1%</b>	<b>35,262,448</b>	<b>8.6%</b>	<b>32,601,721</b>	<b>(7.5%)</b>	<b>32,596,350</b>	<b>(0.0%)</b>	<b>33,365,125</b>	<b>2.4%</b>

EXPENDITURES BY ACCOUNT	2016	% Chg	2017	% Chg	2018	% Chg	2019	% Chg	2020	% Chg	2021	% Chg
Regular Salaries	18,407,477	(1.0%)	18,157,089	(1.4%)	18,785,376	3.5%	19,265,933	2.6%	19,555,822	1.5%	19,060,088	(2.5%)
Benefits	3,189,618	5.9%	3,135,327	(1.7%)	2,852,794	(9.0%)	2,962,884	3.9%	3,111,028	5.0%	3,215,580	3.4%
Contract Services	2,404,220	(2.0%)	2,668,453	11.0%	2,695,138	1.0%	2,722,089	1.0%	2,749,310	1.0%	2,776,803	1.0%
Materials	1,145,319	(26.0%)	1,341,851	17.2%	1,361,825	1.5%	1,382,199	1.5%	1,402,979	1.5%	1,424,176	1.5%
Travel	249,004	(40.1%)	363,948	46.2%	363,948	0.0%	363,948	0.0%	363,948	0.0%	363,948	0.0%
Fixed Charges	518,699	(4.9%)	974,930	88.0%	1,048,930	7.6%	1,070,239	2.0%	1,172,239	9.5%	1,176,239	0.3%
Utilities	809,721	(2.1%)	985,085	21.7%	994,928	1.0%	1,004,870	1.0%	1,014,911	1.0%	1,025,052	1.0%
Capital Outlay	0		0		250,000		0	(100.0%)	0		100,000	
Scholarships & Waivers	3,466,257	(15.9%)	3,929,837	13.4%	3,498,639	(11.0%)	3,582,257	2.4%	3,667,872	2.4%	3,792,213	3.4%
Contingency	0		265,895		500,000	88.0%	250,000	(50.0%)	250,000	0.0%	250,000	0.0%
<b>TOTAL EXPENDITURES</b>	<b>30,190,316</b>	<b>(4.2%)</b>	<b>31,822,415</b>	<b>5.4%</b>	<b>32,351,578</b>	<b>1.7%</b>	<b>32,604,418</b>	<b>0.8%</b>	<b>33,288,109</b>	<b>2.1%</b>	<b>33,184,098</b>	<b>(0.3%)</b>

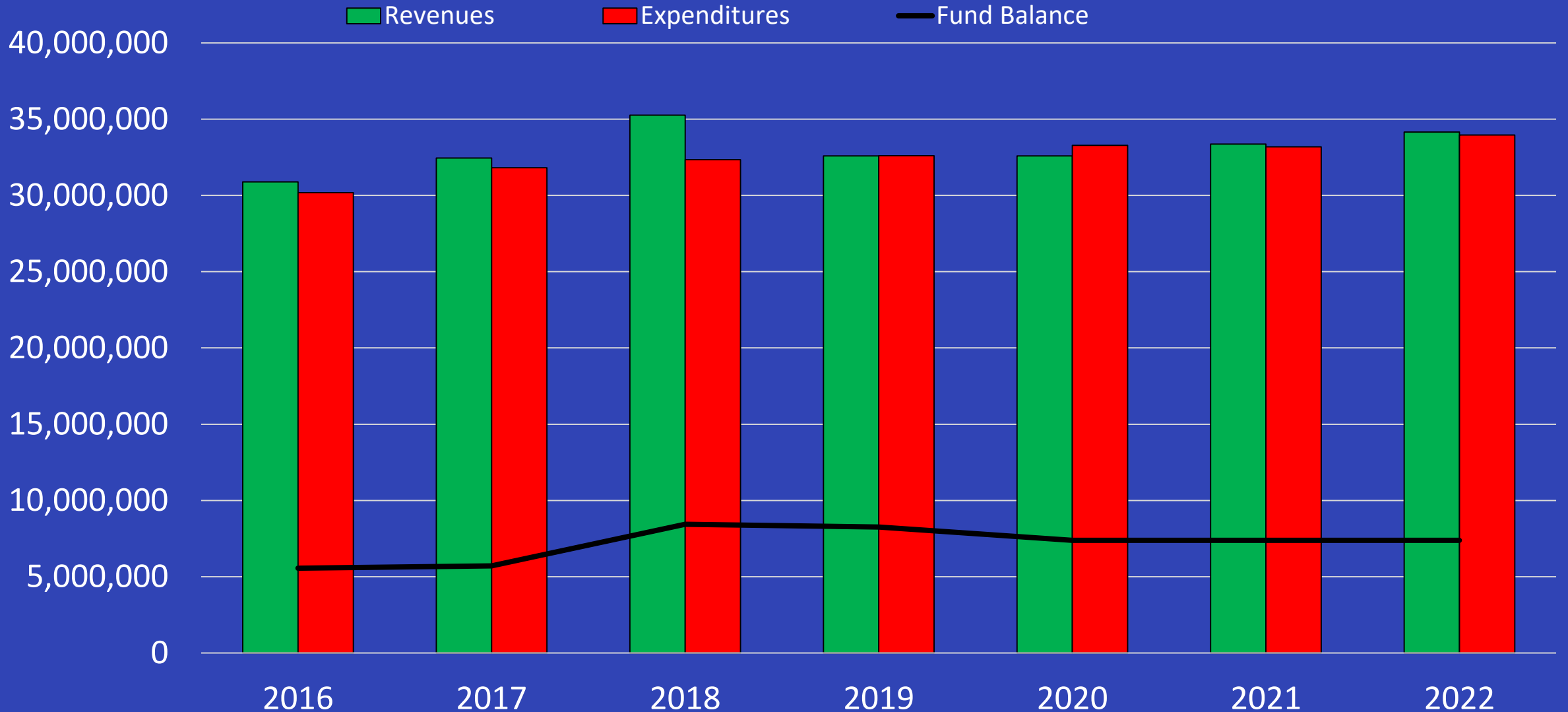
<b>TRANSFERS IN</b>	<b>9,579</b>	<b>11,700</b>	<b>11,700</b>	<b>11,700</b>	<b>11,700</b>	<b>11,700</b>
<b>TRANSFERS OUT</b>	<b>519,144</b>	<b>508,232</b>	<b>190,758</b>	<b>190,758</b>	<b>190,758</b>	<b>190,758</b>
<b>SURPLUS/(DEFICIT)</b>	<b>189,459</b>	<b>143,441</b>	<b>2,731,812</b>	<b>(181,755)</b>	<b>(870,818)</b>	<b>1,968</b>

<b>ENDING FUND BALANCE</b>	<b>5,560,706</b>	<b>5,704,147</b>	<b>8,435,959</b>	<b>8,254,204</b>	<b>7,383,386</b>	<b>7,385,355</b>	<b>7,389,628</b>
FUND BALANCE - % OF EXPENDITURES	18.4%	17.9%	26.1%	25.3%	22.2%	22.3%	21.8%
FUND BALANCE - # OF MONTHS OF EXP.	2.2	2.2	3.1	3.0	2.7	2.7	2.6





# Operating Funds - Revenues vs. Expenditures



**STATE FUNDING:**

\$2.5M

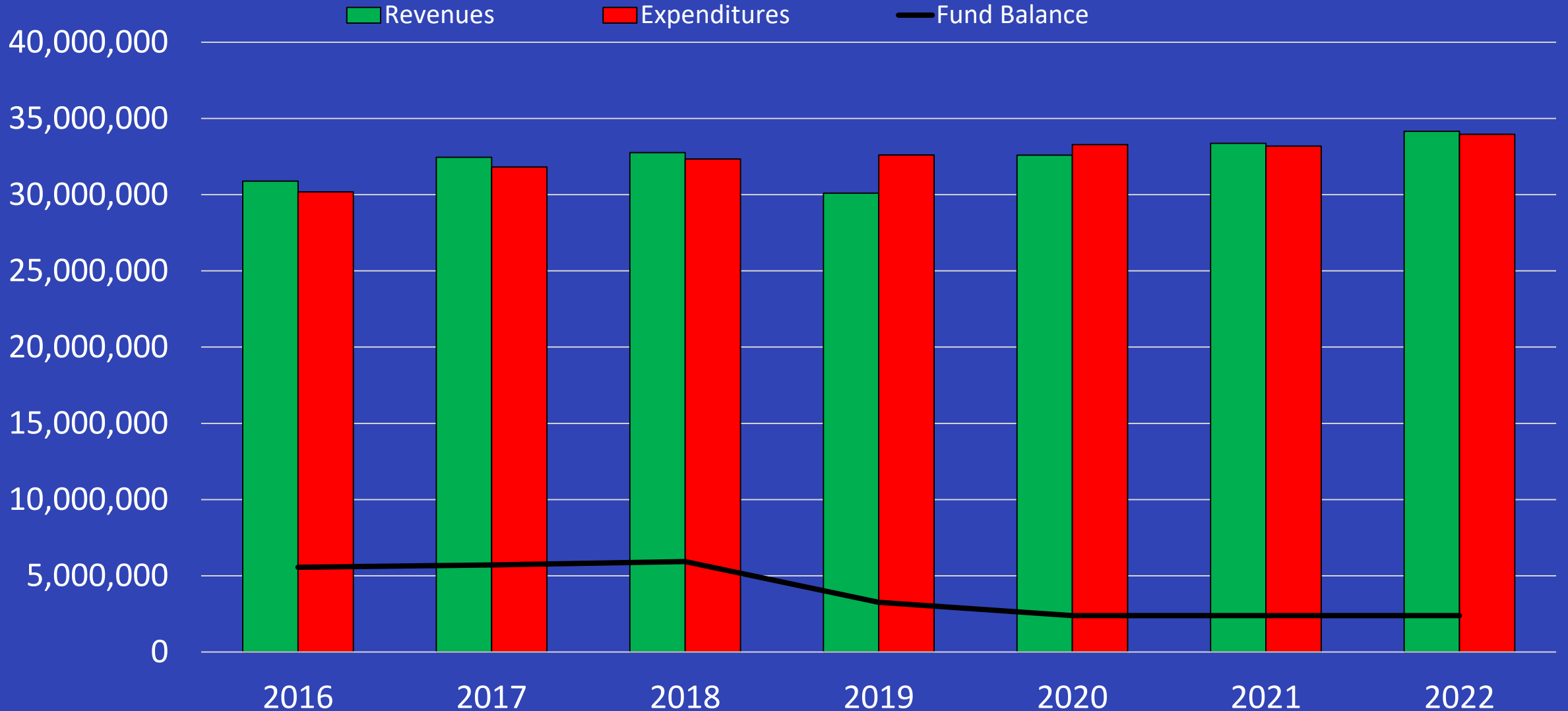
\$2.5M

\$2.5M

\$2.5M

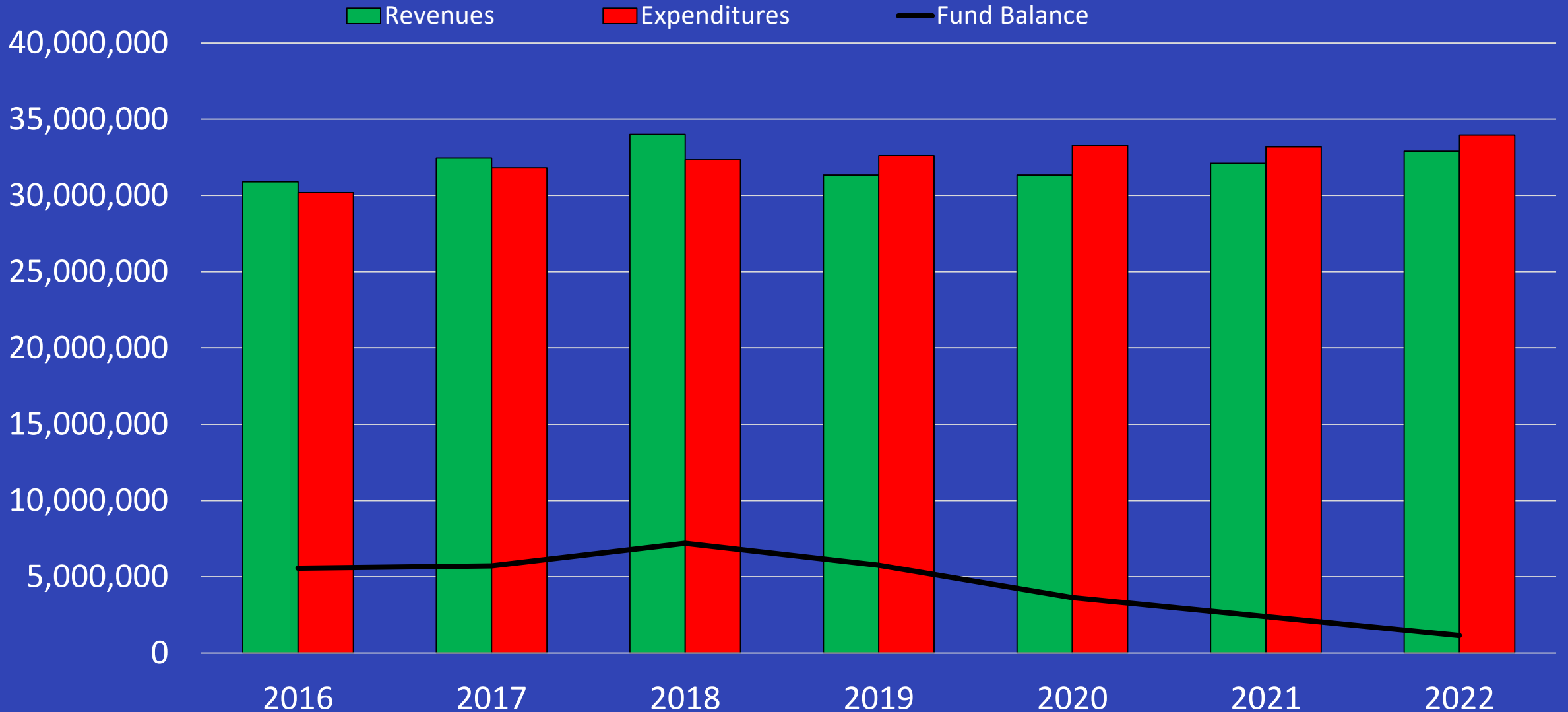
\$2.5M

# Operating Funds - Revenues vs. Expenditures



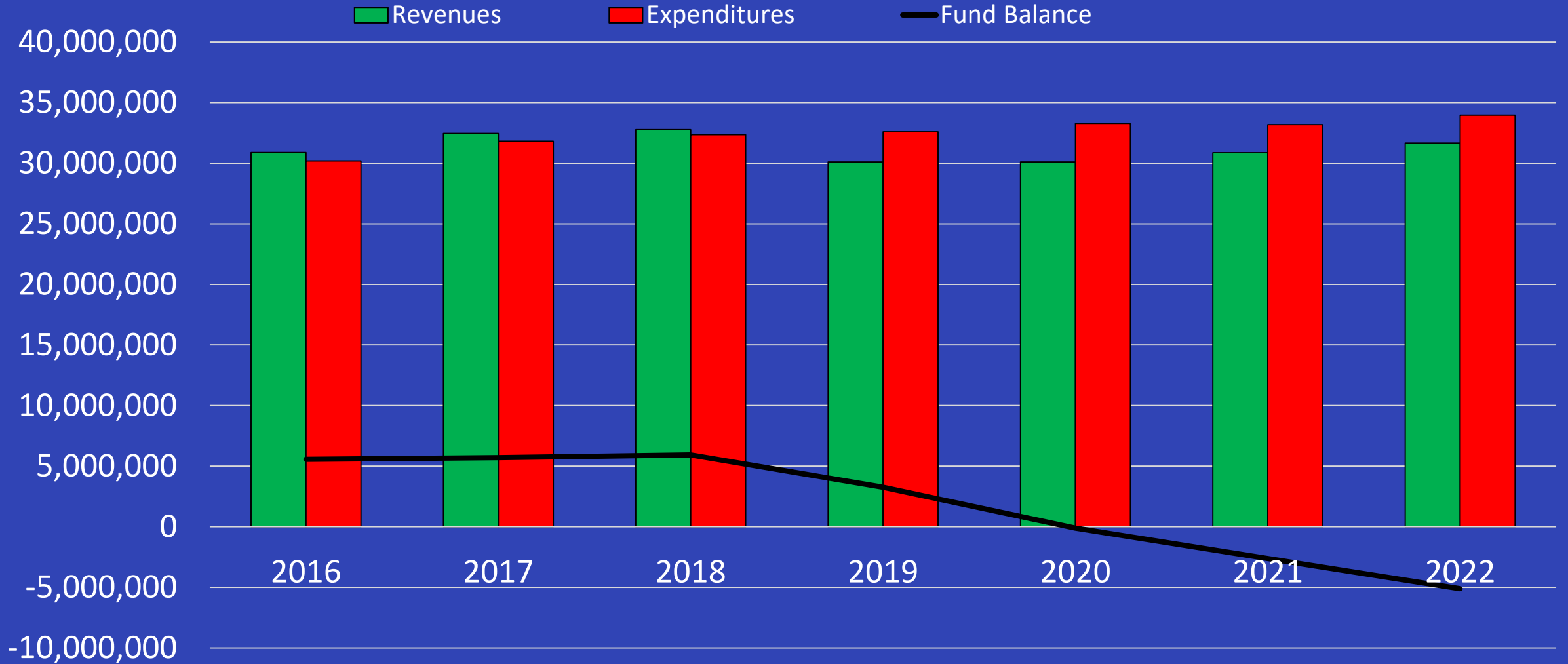
**STATE FUNDING:** 2016: \$0.0M, 2017: \$0.0M, 2018: \$0.0M, 2019: \$0.0M, 2020: \$2.5M, 2021: \$2.5M, 2022: \$2.5M

# Operating Funds - Revenues vs. Expenditures



**STATE FUNDING:** \$1.25M \$1.25M \$1.25M \$1.25M \$1.25M

# Operating Funds - Revenues vs. Expenditures



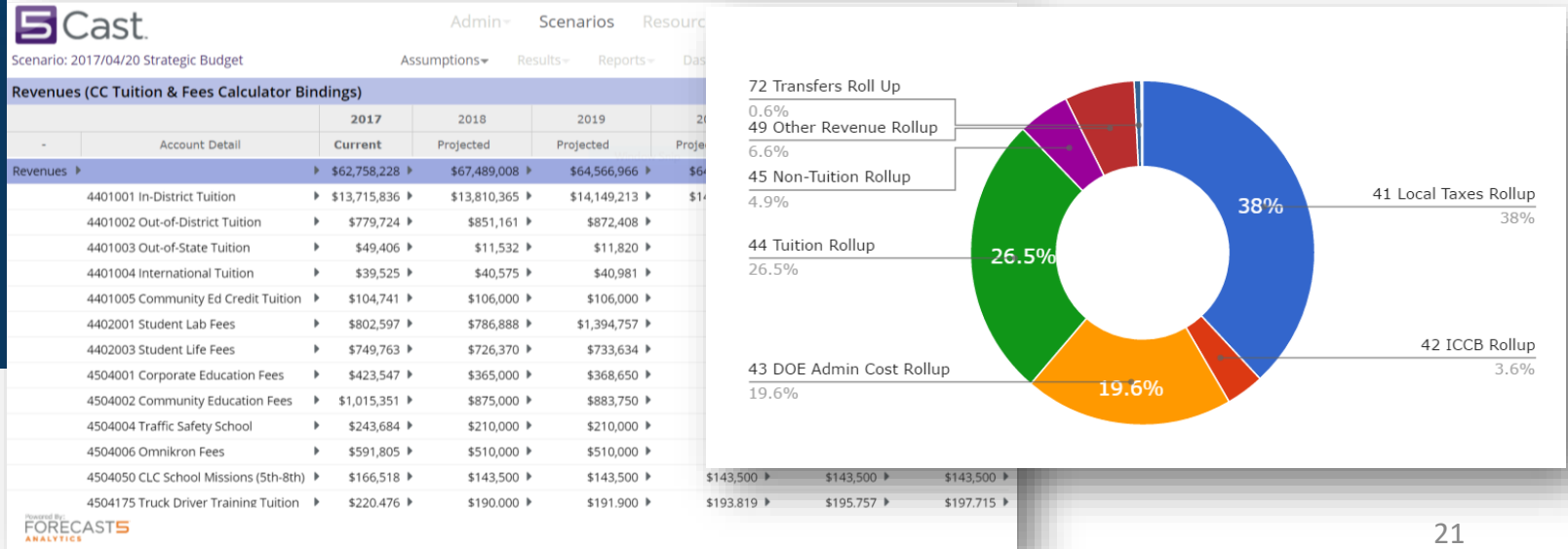
**STATE FUNDING:**      \$0.0M      \$0.0M      \$0.0M      \$0.0M      \$0.0M



Strategic  
Projections –  
Communications  
Tool

# Projection Assumptions

- Should be guided by principles-based approach.
  - Consistent with each other
  - Disclosure is a key element for the reader in order to ascertain the overall strength of the entity and viability of any future plans
  - Best managed entities understand and calculate the impact of potential variances in key assumptions
- Top-down or bottom-up assumptions. Incorporate assumptions at any level of accounting detail. Gain insight by utilizing historical data for forward looking assumptions
- Propagate assumptions with line item control



# Data visualization and reporting



Strategic  
Projections –  
Communications  
Tool

- Charting to visualize assumptions
- Charting results/analysis and send graphics to report builder
- Tabular results with ad-hoc table builder and export to Excel

**5 Cast.**  
Scenario: 2017/04/20 Strategic Budget

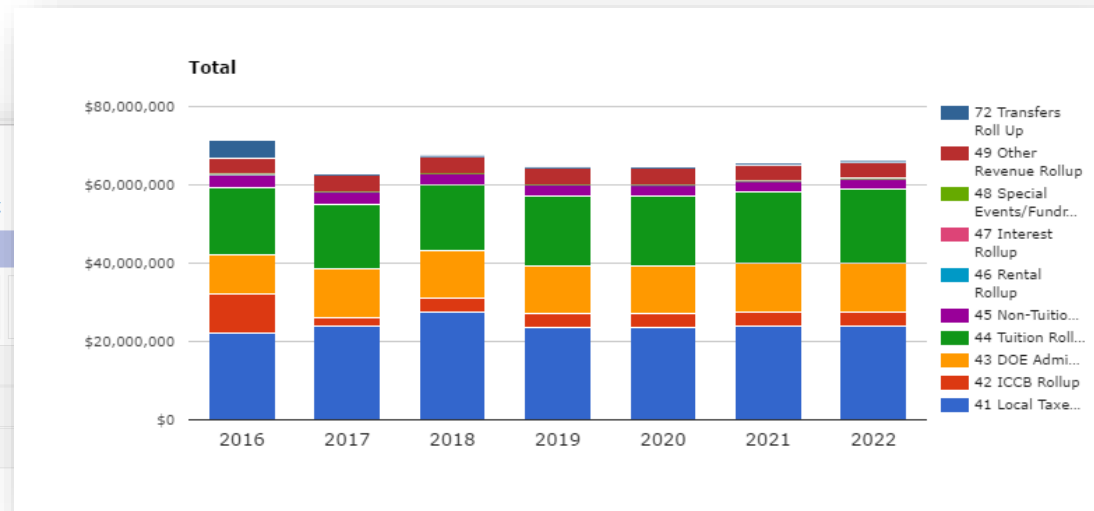
**Revenues**

Open Run Auto Save

Columns ▶ Period ▼

Rows ▶ Account ▼

Filters ▶



Account	2016	2017	2018	2019	2020	2021	2022
<b>Total</b>	\$71,463,904	\$62,758,228	\$67,489,008	\$64,566,966	\$64,508,757	\$65,525,088	\$66,161,166
41 Local Taxes Rollup	\$22,183,168	\$23,878,622	\$27,366,139	\$23,449,723	\$23,591,037	\$24,026,803	\$24,066,396
42 ICCB Rollup	\$10,112,580	\$2,241,359	\$3,558,644	\$3,558,644	\$3,558,644	\$3,558,644	\$3,558,644
43 DOE Admin Cost Rollup	\$9,921,617	\$12,312,849	\$12,312,849	\$12,312,849	\$12,312,849	\$12,312,849	\$12,312,849
44 Tuition Rollup	\$16,925,575	\$16,639,600	\$16,933,459	\$17,913,533	\$17,699,567	\$18,265,545	\$18,847,296
45 Non-Tuition Rollup	\$3,443,098	\$3,053,931	\$2,686,050	\$2,700,350	\$2,714,793	\$2,729,380	\$2,744,114

## Contact Info.



*Doug Minter, VP of Business Services, [Doug.Minter@heartland.edu](mailto:Doug.Minter@heartland.edu)*

*David Torres, Senior Product Manager, [dtorres@forecast5analytics.com](mailto:dtorres@forecast5analytics.com)*

**FORECAST<sup>5</sup>**  
**ANALYTICS**