Struggling to Strategize in Illinois?

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

Geo-Spatial Analytics

Business Intelligence

Data With a Future

Social Collaboration
“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”

- Analysis – “Data mining”
- Projection – “Forecasting”
- Scenario Management – “What if”

Historical G/L
“Old” - Existing Account Code Detail

Projected G/L
“New” – Existing Code w/ added Detail/Dimensions

## Decision/Analysis Bands

<table>
<thead>
<tr>
<th>Historical Performance (Prior Years)</th>
<th>Budgetary Level Accuracy (Current Year, Years 1 &amp; 2)</th>
<th>Early Warning (Year 3)</th>
<th>Directional (Years 4 &amp; 5)</th>
</tr>
</thead>
</table>

### Measurement

- Best – Educated Estimates for Key Revenue Streams
- Decision Band Approach – Establish Ranges for “What if” scenarios
- Organizational Vision Statement/Position – “Where we want to go”

**Financial Gap Analysis** – “We need $___ to support the visionary level of programming and services; Communication Tool for Stakeholders; potential infrastructure/staffing requirements

### Strategic Forecasting for Advocacy

**360° View:**

- National/State/Other
- College Trustees

**Presidency**
- Benefit - Students
- Cost

**Department Chair**
- Instructors
- Supporting Services
- Policy/Legal
- Staffing
- Timing

**Exercise to broaden the view of impact and analysis**
360° View: Making the Budget Fit

- Resources
  - Tuition and Fees
  - Scholarships and Investment Income
  - Property Taxes
  - State Support

- Expenditures
  - Benefits
  - Salary and staffing needs
  - Contracted Services
  - Retirement Incentives

- Supporting Services
  - Upgrade system Information Technology

- Staffing
  - Administrative reductions and needs
  - Supportive services – regulatory requirements
  - New Programs

- Policy/Legal
  - Wage and Hours changes
  - Higher Learning Commission
  - Federal and State Grant requirements
  - Donor’s compliance

- Impacts
  - Enrollment declines
  - Economic conditions
  - Employee compensations
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
### Fiscal Year Revenues by Account 2016–2022

<table>
<thead>
<tr>
<th>Account</th>
<th>2016 % Chg</th>
<th>2017 % Chg</th>
<th>2018 % Chg</th>
<th>2019 % Chg</th>
<th>2020 % Chg</th>
<th>2021 % Chg</th>
<th>2022 % Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Taxes</td>
<td>1.3%</td>
<td>8.1%</td>
<td>11.7%</td>
<td>11.9%</td>
<td>1.9%</td>
<td>1.9%</td>
<td>1.9%</td>
</tr>
<tr>
<td>ICCB</td>
<td>70.6%</td>
<td>69.6%</td>
<td>111.4%</td>
<td>250,000</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>DOE Admin</td>
<td>92.8%</td>
<td>24.2%</td>
<td>25,000</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Tuition</td>
<td>10.9%</td>
<td>2.1%</td>
<td>21.2%</td>
<td>1,705,454</td>
<td>6.2%</td>
<td>16,317,700</td>
<td>3.3%</td>
</tr>
<tr>
<td>Non-Tuition</td>
<td>7.4%</td>
<td>15.1%</td>
<td>3,207,800</td>
<td>0.6%</td>
<td>2,322,243</td>
<td>0.6%</td>
<td>2,351,564</td>
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<tr>
<td>Rental</td>
<td>18.9%</td>
<td>0.0%</td>
<td>50,000</td>
<td>0.0%</td>
<td>50,000</td>
<td>0.0%</td>
<td>50,000</td>
</tr>
<tr>
<td>Interest</td>
<td>1.0%</td>
<td>25.6%</td>
<td>25,697</td>
<td>0.6%</td>
<td>7,385,355</td>
<td>0.6%</td>
<td>3,582,257</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>-100.0%</td>
<td>-100.0%</td>
<td>25,000</td>
<td>0.0%</td>
<td>25,000</td>
<td>0.0%</td>
<td>25,000</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>30,000</td>
<td>5.1%</td>
<td>35,263,488</td>
<td>8.6%</td>
<td>32,614,721</td>
<td>7.9%</td>
<td>32,596,350</td>
</tr>
</tbody>
</table>

### Fiscal Year Expenditures by Account 2016–2022

<table>
<thead>
<tr>
<th>Account</th>
<th>2016 % Chg</th>
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<th>2018 % Chg</th>
<th>2019 % Chg</th>
<th>2020 % Chg</th>
<th>2021 % Chg</th>
<th>2022 % Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular Salaries</td>
<td>1.0%</td>
<td>1.5%</td>
<td>15.5%</td>
<td>15.9%</td>
<td>1.5%</td>
<td>1.5%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Benefits</td>
<td>2.0%</td>
<td>1.5%</td>
<td>10.4%</td>
<td>10.8%</td>
<td>0.5%</td>
<td>0.5%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Contract Services</td>
<td>10.0%</td>
<td>1.0%</td>
<td>27,282</td>
<td>1.0%</td>
<td>7,385,355</td>
<td>0.6%</td>
<td>3,582,257</td>
</tr>
<tr>
<td>Materials</td>
<td>26.0%</td>
<td>17.2%</td>
<td>382,189</td>
<td>1.5%</td>
<td>1,025,101</td>
<td>1.5%</td>
<td>1,025,101</td>
</tr>
<tr>
<td>Travel</td>
<td>40.1%</td>
<td>46.2%</td>
<td>363,948</td>
<td>0.0%</td>
<td>363,948</td>
<td>0.0%</td>
<td>363,948</td>
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<tr>
<td>Fixed Charges</td>
<td>4.9%</td>
<td>88.0%</td>
<td>1,070,239</td>
<td>2.6%</td>
<td>1,172,239</td>
<td>9.5%</td>
<td>1,170,839</td>
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<tr>
<td>Utilities</td>
<td>2.1%</td>
<td>21.7%</td>
<td>1,004,870</td>
<td>1.0%</td>
<td>1,014,911</td>
<td>1.0%</td>
<td>1,014,911</td>
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<tr>
<td>Capital Outlay</td>
<td>0.0%</td>
<td>0.0%</td>
<td>250,000</td>
<td>0.0%</td>
<td>100,000</td>
<td>0.0%</td>
<td>60,000</td>
</tr>
<tr>
<td>Scholarships &amp; Waivers</td>
<td>15.9%</td>
<td>13.4%</td>
<td>3,582,257</td>
<td>2.4%</td>
<td>3,792,213</td>
<td>3.4%</td>
<td>3,792,213</td>
</tr>
<tr>
<td>Contingency</td>
<td>-</td>
<td>-</td>
<td>250,000</td>
<td>0.0%</td>
<td>350,000</td>
<td>0.0%</td>
<td>350,000</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>32,351,579</td>
<td>5.4%</td>
<td>32,604,418</td>
<td>0.8%</td>
<td>32,388,109</td>
<td>2.1%</td>
<td>33,184,098</td>
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</table>

### Surplus/Deficit

<table>
<thead>
<tr>
<th>Account</th>
<th>2016 % Chg</th>
<th>2017 % Chg</th>
<th>2018 % Chg</th>
<th>2019 % Chg</th>
<th>2020 % Chg</th>
<th>2021 % Chg</th>
<th>2022 % Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus/Deficit</td>
<td>1.4%</td>
<td>5.1%</td>
<td>1.5%</td>
<td>1.5%</td>
<td>1.5%</td>
<td>1.5%</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

### End Fund Balance

<table>
<thead>
<tr>
<th>Account</th>
<th>2016 % Chg</th>
<th>2017 % Chg</th>
<th>2018 % Chg</th>
<th>2019 % Chg</th>
<th>2020 % Chg</th>
<th>2021 % Chg</th>
<th>2022 % Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>End Fund Balance</td>
<td>18.4%</td>
<td>17.9%</td>
<td>26.1%</td>
<td>25.3%</td>
<td>22.2%</td>
<td>22.3%</td>
<td>22.1%</td>
</tr>
</tbody>
</table>

### Operating Funds - Revenues vs. Expenditures

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Operating Funds - FY2017 Expenditures By Function

<table>
<thead>
<tr>
<th>Account</th>
<th>2016 % Chg</th>
<th>2017 % Chg</th>
<th>2018 % Chg</th>
<th>2019 % Chg</th>
<th>2020 % Chg</th>
<th>2021 % Chg</th>
<th>2022 % Chg</th>
</tr>
</thead>
</table>
Operating Funds - Revenues vs. Expenditures

- Revenues
- Expenditures
- Fund Balance

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues</th>
<th>Expenditures</th>
<th>Fund Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$30M</td>
<td>$30M</td>
<td>$2.5M</td>
</tr>
<tr>
<td>2017</td>
<td>$30M</td>
<td>$30M</td>
<td>$2.5M</td>
</tr>
<tr>
<td>2018</td>
<td>$30M</td>
<td>$30M</td>
<td>$2.5M</td>
</tr>
<tr>
<td>2019</td>
<td>$30M</td>
<td>$30M</td>
<td>$2.5M</td>
</tr>
<tr>
<td>2020</td>
<td>$30M</td>
<td>$30M</td>
<td>$2.5M</td>
</tr>
<tr>
<td>2021</td>
<td>$30M</td>
<td>$30M</td>
<td>$2.5M</td>
</tr>
<tr>
<td>2022</td>
<td>$30M</td>
<td>$30M</td>
<td>$2.5M</td>
</tr>
</tbody>
</table>

**STATE FUNDING:**
- $2.5M in each year from 2016 to 2022.
Operating Funds - Revenues vs. Expenditures

- Revenues
- Expenditures
- Fund Balance

STATE FUNDING:
- 2016: $0.0M
- 2017: $0.0M
- 2018: $2.5M
- 2019: $2.5M
- 2020: $2.5M
- 2021: $2.5M
- 2022: $2.5M

PPT: All Funds Summary (2)
Operating Funds - Revenues vs. Expenditures

Revenues | Expenditures | Fund Balance
---|---|---
2016 | $1.25M | $1.25M | $1.25M
2017 | $1.25M | $1.25M | $1.25M
2018 | $1.25M | $1.25M | $1.25M
2019 | $1.25M | $1.25M | $1.25M
2020 | $1.25M | $1.25M | $1.25M
2021 | $1.25M | $1.25M | $1.25M
2022 | $1.25M | $1.25M | $1.25M

STATE FUNDING: $1.25M
Operating Funds - Revenues vs. Expenditures

- Revenues
- Expenditures
- Fund Balance

State Funding: $0.0M, $0.0M, $0.0M, $0.0M, $0.0M, $0.0M, $0.0M, $0.0M
**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

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

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David Torres, Senior Product Manager, dtorres@forecast5analytics.com