



From: Mitch White  
 To: Governing Board of Directors  
 c: Kari Lovell, Matt Underwood  
 In re: 2015-2016 Budget

Date: May 16, 2015

As you know, we have revised the FY 2016 budget since the draft I showed you at the April Board meeting. Kari and Matt have taken a close look at every line item and made adjustments on our most current information. I have highlighted the largest changes below:

	ANCS	ANCS	
	Proposed Budget	Proposed Budget	
	FY16	FY16	
	5/19/15	4/21/15	Difference
APS Allocation	\$7,400,577	\$7,135,914	\$264,663
FY 15 .5% Admin fee refund	\$34,000	\$0	\$34,000
CREATE Grant	\$110,000	\$85,000	\$25,000
Sartain Lanier Grant	\$20,000	\$0	\$20,000
3 Smaller Changes (<\$20k change each)	\$253,000	\$226,118	\$26,882
All other categories	\$767,008	\$767,008	\$0
<b>Total Income</b>	<b>\$8,584,585</b>	<b>\$8,214,040</b>	<b>\$370,545</b>
Total Salaries and Benefits	\$7,047,007	\$6,794,238	\$252,769
Health insurance premium contingency	\$80,000	\$0	\$80,000
Lunch Program Purchases	\$130,000	\$160,000	-\$30,000
19 smaller items (<\$15k change each)	\$419,016	\$413,898	\$5,118
All other categories	\$855,742	\$855,342	\$0
<b>Total Expense</b>	<b>\$8,531,765</b>	<b>\$8,223,478</b>	<b>\$308,287</b>
<b>Operating Income</b>	<b>\$52,820</b>	<b>-\$9,438</b>	<b>\$62,258</b>

We **increased our income** by \$370,545 since last month:

**APS Allocation and Admin Fee.** We have included the items we highlighted last month that weren't in the budget yet, based on APS' budget adoption since our April meeting and our best estimate of our APS allocation for next year. The incremental \$264,663 includes approximately \$154,000 for two years of the Beltline payments (FY 15 and FY 16), approximately \$34,000 for the ongoing reduction of the APS administrative fee (the FY 15 payment was broken out on a separate line), approximately \$50,000 in increased QBE funding we discussed last month, and about \$26,000 in higher than expected local tax revenues. There are potentially two places where our actual allocation could be higher than planned: 1) we believe that there are still mistakes to our disadvantage in the Training & Experience calculations we received; 2) until we receive our actual QBE worksheets in late July, we won't know the state portion of our allocation with certainty. For this reason, we believe the budget is conservative, and we would know whether we are right by the first FY 16 Board meeting in August.

**Grants and smaller changes.** We have identified an additional \$25,000 of budgeted expenses that are reimbursable under the CREATE grant, and we added the \$20,000 Sartain Lanier Grant. We also made three smaller changes that totalled an incremental \$36,882.

We also **added \$308,287 to our anticipated expenses:**

**Salaries and Benefits.** We "trued up" our actual FY 16 based on recent hires, and also created an error for the TRS contribution in the spreadsheet. These adjustments added \$252,769 to our expenses.

**Healthcare.** We added \$80,000 in anticipated higher health insurance costs, based on our quote last year and preliminary discussions with our broker.

**Lunch program purchases.** We reduced our expected lunch program purchases by \$30,000, as we had non-repeatable startup expenses last year, and are running favorably on a monthly basis.

**Smaller adjustments.** We made 19 smaller adjustments, some up and some down (none larger than \$15,000) which netted out to \$5,118 in higher expenses.

These changes brought us to a planned operating income of \$52,820. As you know, we would like to include a contingency this year for unanticipated expenses, which the \$52,820 would be earmarked for. We will move that planned operating income into a "contingency" category when we vote on the budget in June.

## **Salary Increases**

This budget doesn't include any planned salary increases or bonuses. We don't believe the current budget can support this expense. (Each 1% increase is about \$53,000.) We do, however, believe that there is a good chance that our actual QBE funding will come in higher than planned (see above) and we will know substantially more about the actual QBE funding in July. Our recommendation is to approve the budget as presented at the June meeting, and revisit the issue of faculty raises at the August Board meeting.