



MEMO TO: IHLS Executive Committee
 FROM: Leslie Bednar
 DATE: October 16, 2015
 RE: State Budget Crisis and Impact on IHLS

The auditors provided us with preliminary June 30, 2015 ending balances as part of the annual report process. This rather dependable data allows us to begin forecasting as the first step in managing the crisis.

In finance there is a difference between a balance including fixed assets and one that is a cash balance only. Our projections (below) are based on the cash balances. I have included the balances including fixed assets as a reference.

Preliminary June 30, 2015 fund balances including fixed assets (includes fixed assets and liabilities):

- General Fund \$5,206,964
- SHARE Fund \$1,974,881
- Capital Projects Fund \$1,439,683

Preliminary June 30, 2015 cash balances:

- General Fund \$5,096,070
- SHARE Fund \$1,132,216 – includes operating funds of \$616,769 and SHARE Computer Development Funds of \$515,447
- Capital Projects Fund \$1,750,541

Based on these figures from the end of FY2015 and our internal projections, IHLS can operate based on FY2015 budgeted amounts for 12 months (June 2016) and possibly 14 months in the General Fund. This assumes no new appropriations from the state for the System Area & Per Capita Grant (SAPG), *and* the General Fund carrying some special revenue funds for that period at these rates:

- IMSA (Talking Books) at 100% for FY2016
- OCLC Billing at 100% for FY2016
- CMC (Cataloging Maintenance Center) at 60% for FY2016

IMSA and the OCLC Billing project currently do not have FY2016 grant contracts with the state. We are operating these projects on good faith. The Dream Grant and CMC are two-year grants that include FY2016. We have received 100% funding for the Dream Grant for the entire grant

period. To date, we have received 40% funding for the CMC in FY2016.

SHARE at June 30, 2015 had not yet received member fees for FY2016, so based on the cash balance and assuming no additional funds or receipt of member fees the project can operate based on FY2015 budgeted amounts for 9 months (March 2016). The cash balance includes operating funds and the computer development fund which was created to purchase a new platform in several years. At this point, we are not concerned about the majority of invoiced SHARE member fees. We are, though, aware that some SHARE members pay their fees with Per Capita Grant funds which have not yet been appropriated by the state.

A major roadblock in the forecasting is what will happen at 12 months if there are no additional monies added to the General Fund. If a state budget is approved and includes an appropriation for FY2016 for the SAPG, (even at a reduced rate) the actual receipt of the funds becomes rather crucial at some point. We will not be able to withstand the usual long delays between payments if we exhaust the General Fund cash reserves while we operate without a state budget.

IHLS has initiated an awareness campaign with members to be sure they are cognizant of the state budget crisis. We reach out to members directly at membership gatherings and via our newsletters, web site, and announce listserv. The Illinois Library Association continues to promote its advocacy efforts as well and will undoubtedly address this theme at the Library State of Mind conference next week in Peoria.

Internally we are looking for methods of shrinking our rather conservative expenditures while preserving the high quality of member services. Our prudent business practices over the last four years have allowed us to build the general fund reserve we are now relying upon. I believe we need a crisis management plan developed and put into place to safeguard the current services our members rely on. It will require some investigation and decision making at the executive and board level, and could be achieved in a relatively short period of time.

Thank you for your consideration.