February 18, 2021

TO: **RAILS BOARD OF DIRECTORS**

FROM: **DEIRDRE BRENNAN**

SUBJECT: **DEFERRED EXPENDITURES IN FY 2021 BUDGET**

In our budget presentation made to the Board at its May 2020 meeting, we noted that the budget and plan of service were based on level funding, but that the pandemic had created a situation in which that could well not be a valid assumption, as the State had not yet been able to adopt a FY2021 budget and it faced substantial revenue shortfalls. The budget we then presented included all of the services that RAILS believed we should be providing to our members. It did not, however, include cost of living raises for staff.

We further stated that RAILS would begin to prepare for budget cuts given the likelihood they would happen. We planned to economize and delay expenditures by taking a number of actions, in particular not buying vehicles, instituting a hiring freeze, delaying major purchases such as new laptops, deferring expenditures and re-examining our marketing and travel budgets.

To this point, we have executed that plan. Our General Fund expenditures through January are $734,420 below budget due to lower expenditures in nearly all major cost categories.

The Illinois State Library, at our January Board meeting, indicated that they did not expect to reduce RAILS' FY 2021 Area and Per Capita Grant from the amount awarded, and that the outlook for FY 2022 was also for no reductions in the award.

Given this clarification of our anticipated revenues, we would like to implement cost of living increases for our employees and carry out some deferred budgeted purchases, notably those for laptop computer replacements.

Granting a 3% across the board increase, retroactive to July 1, 2020, the beginning of our fiscal year, would increase annual wage and salary costs by approximately $128,000 and other compensation related costs by additional $14,000. A 2% increase would increase these costs approximately $87,000 and $9,000, respectively. A 1.4% increase, the Consumer Price Index amount for 2020, would increase these costs approximately $63,000 and $6,000, respectively. Granting these increases retroactive to January 1, 2021, would reduce these increases by 50%.

Illinois Heartland Library System budgeted for and implemented a 3% across the board increase, effective at the beginning of FY 2021. Most other libraries that we have surveyed also granted cost of living increases.

We also deferred the budgeted ($125,000) replacement of staff laptop computers. These are nearing the end of their useful lives and should be replaced. We would like to go ahead with these acquisitions.

We also did not budget for any vehicle purchases and will continue to try to defer these, but we may need to make such purchases should any vehicles become not usable.

By implementing the 3% cost of living increase and purchasing the laptop computers, we would add about $267,000 to annual expenditures. For the year, we should still be able to stay below our budget from savings in our other categories, particularly those travel and meeting related, as well as most other categories.

RAILS
REACHING ACROSS ILLINOIS LIBRARY SYSTEM

19 February 2021

TO: RAILS Board of Directors

FROM: Deirdre Brennan

SUBJECT: Laptop purchase

We would like to move forward with our planned purchase of replacement laptops for all RAILS staff, for which we have budgeted $125,000. We purchased the current laptops in late 2016 and deployed them to staff very early in 2017. During this time, they have stood up to heavy use and movement, and are now showing their age with a growing occurrence of various hardware and operating system issues. They went out of warranty in 2019, so we are working with whatever extra machines we have in reserve when we experience hardware failures that can't be repaired.

Replacing all the staff laptops at once allows for a significant economy of scale for the small RAILS IT department, as it greatly simplifies the logistics and expense of managing, supporting, and repairing any issues when they are not having to control for variations in equipment age, operating system, etc.