



125 Tower Drive  
Burr Ridge, IL 60527  
630.734.5000  
railslibraries.org

April 18, 2025

**TO: RAILS Board of Directors**

**FROM: Monica Harris, Executive Director**

**SUBJECT: FY2026 Budget Planning**

#### **OVERVIEW:**

Budgetary and operational planning for FY2026 is underway at RAILS. As of this writing, the Illinois State Library has not yet provided instructions for this year's operational plan submission, but they have instructed us to develop a budget based on level funding. FY2025 funding levels were at \$11,871,714 from the System Area and Per Capita Grant. This does not include additional projected revenue consisting chiefly of reimbursement revenue (including E-Rate), fees from services and materials (including eRead Illinois and the ILDS contract) and investment income of approximately \$650,00. We will include a draft operational plan in the May meeting packet after we have received instructions from the Illinois State Library.

In keeping with our process in previous years, what you see here is not a final budget. We will present a final proposed detailed budget at our May board meeting. We are still finalizing the anticipated costs of inflation, vehicles and fuel, salary increases and continued adjustments related to our FY2024 HR Source Benchmarking process, as well as any details related to proposed expansion of services.

The next Federal Reserve meeting is May 7. At that point, we will know more about the trajectory of interest rates, but until then we are anticipating interest income to be at 2.9%, which was the lowest of the range of projections that were published following their March meeting.

What you will see below are some compiled highlights and considerations as we currently understand them. More updates are expected in May.

#### **INCREASED EXPENSES:**

Due to changes in bringing our delivery sorting operation back in house, the additional lease for Suite D in Bolingbrook and the contract extension of our existing space at Bolingbrook (contract commenced in FY2025) is \$70,722 more than was budgeted in FY2025.

Commercial insurance costs are expected to increase 10%, which is equal to the FY2025 increase.

In consideration of the needs identified by the capital assessment at our Burr Ridge property as well as needs at other RAILS locations, some facilities upgrades are also needed. These include updates to grid and drop panels around lighting, asphalt replacement, server room reconfiguration, carpet and office furniture replacement, and electronic lock and fob systems for consistency across locations. Two commuter fleet vehicles are scheduled for replacement, replacing vehicles from 2006 and 2014.

Delivery also has some additional infrastructure needs. Blue bin replacement is needed. We will work with GeoMARC on another routing analysis to confirm opportunity for additional routing efficiencies across the service area. Two delivery vans are scheduled for replacement at our Rockford location.

An organization wide laptop replacement is planned for FY2026 at a cost of \$120,000. These purchases are not included in the current limited tariffs that are in force. We cannot predict if additional tariffs will be reinstated at the time of purchase. If tariffs are reinstated after our budget is finalized, our actual expenditure may vary from our budgeted amounts. Additional IT infrastructure changes are also needed, with additional wifi hotspots scheduled for purchase and increased costs related to cloud web hosting.

#### **PERSONNEL COST CATEGORIES:**

The most recent [Consumer Price Index \(CPI\)](#) available for Chicago-Naperville-Elgin area is from March. Area prices were up 3.7% from a year ago. The April 2025 numbers are scheduled to be released on May 13, 2025. Dependent on those April figures, we expect to present personnel projections for wages and benefits expenditures at a 4% COLA.

During FY2024, we worked with HR Source, a 3<sup>rd</sup> party HR solution, to conduct a full benchmarking of all positions at RAILS for the first time since 2020. Their findings showed that overall, RAILS has excellent pay equity towards the midpoint across all grades, but we are continuing to make some limited adjustments to the organizational structure to remain competitive. HR Source also recommended a 2.27% adjustment to all pay grades for FY2026, which is an increase from previous years.

Healthcare costs continue to increase, with an overall increase of roughly 11% for this year. There are also projected increases of 9% for dental insurance and 2% for vision.

We expect an increase in IMRF employer rates due to lower than anticipated investment earnings. The preliminary rates should be released later this month, but we have added a placeholder of a blended 1.4% until we hear more. This is increased from our current level of .79%.

RAILS has implemented background checks for all new hires, which will result in an increase. Our workers compensation program is also recommending a physical examination at point of hire for all positions that have physical requirements. The cost of examinations varies by location, but this would be an additional increase that may be offset by the potential cost of claims.

**CONCLUSION:**

We look forward to a productive discussion at the April Board meeting and a more comprehensive review of the draft operational plan and the FY2026 draft budget at the May meeting.