



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

May 19, 2025

**TO: RAILS Board of Directors**

**FROM: Monica Harris, Executive Director**

**SUBJECT: FY2026 Budget Planning**

**OVERVIEW:**

As budgetary planning for FY2026 is underway, we wanted to offer another update to the budget planning considerations we are considering for FY2026. Developed through a collaborative effort, it reflects the expertise of Finance Director Sharon Swanson, and valuable input from the Executive Team and staff.

On April 25, the Illinois State Library provided instructions for this year's grant application with a due date following our June board meeting. As we shared this last month, we are budgeting based on receiving level funding of \$11,871,714 from the System Area and Per Capita Grant. Grant revenues also now include a \$850,000 grant from the Cook County Digital Equity Fund to lead the design and implementation of a Digital Navigator Network for suburban Cook County libraries. Additional projected revenue consist chiefly of over \$2.6 million of reimbursement revenues from member library group purchases and e-rate, fees from services and materials of over \$1.4 million (including eRead Illinois Find More Illinois, and the ILDS contract) and investment income of approximately \$650,000.

At the last Federal Reserve meeting on May 7, interest rates once again remained level. We are budgeting anticipated average interest income of 2.9%, which was the lowest of the range of projections that were published following their March meeting.

In keeping with our process in previous years, what you see here is not a final budget. We will present a draft budget and budget commentary at the June board meeting to allow for any board feedback from the draft operational plan to be incorporated into both the plan and the budget. We are still finalizing the anticipated costs of inflation, salary increases and continued adjustments related to our FY2024 HR Source Benchmarking process, as well as any details related to proposed expansion of services. Tariffs are currently paused, and we are budgeting costs based on what we currently know.

What you will see below are some compiled highlights and considerations as we currently understand them.

## **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. We are budgeting for the continued additional personnel that have been added during FY2025 to support this operation as well as \$10,000 for a consultant to assess the new operation and give recommendations for efficiency.

Fuel is budgeted at \$4.25 per gallon, which is equal to the FY2025 anticipated cost. These costs have been consistently below budget during FY2025, but due to uncertainties around global tensions and anticipated decreased US production, we chose to keep them at the same level. After the replacement of over half of our delivery fleet over the past 18 months, we are anticipating an increase in fuel efficiency resulting in a 5,000 gallon per year savings.

Vehicle repair costs are expected to decline, but not as dramatically as expected due to repair cost increases for parts and labor as well as the frequency of repairs/replacements on the new vehicles.

Telecommunications costs have decreased due to the work of our e-rate consultant and our IT Manager Wesley Smith.

Commercial insurance costs are expected to increase 10%, which is equal to the FY2025 increase. Treasurer's bond costs decreased significantly due to statute changes to bring required coverage levels in line with other similar units of government.

To further combat check fraud, we are budgeting for the implementation of an EFT module in our accounting system which will allow us to convert more vendors over to ACH payments.

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 needed. These include updates to grid and drop panels around lighting, HVAC chiller 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 replacements are needed with 500 new bins budgeted for FY2026. Two delivery vans are scheduled for replacement at our Rockford location.

An organization wide laptop replacement is planned for FY2026 at a cost of \$100,000. The tariffs are paused, and these purchases were not included in the limited tariffs that were 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 increased costs related to cloud web hosting.

**PERSONNEL:**

The [Consumer Price Index \(CPI\)](#) for the Chicago-Naperville-Elgin area was released on May 13. Area prices were up 3.7% from a year ago for all items except for food and energy. We expect to present personnel projections for wages and benefits expenditures at a 4% COLA.

During FY2024, we worked with HR Source, a third 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, and an updated compensation structure reflecting this adjustment will be presented at the June board meeting.

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 received our preliminary employer rate from IMRF in May and we had an opportunity to attend one of the employer rate sessions offered by IMRF. Our preliminary rate equaled our current calendar year rate of .79%, and we have updated our placeholder based on this. Despite the fluctuations in the stock and bond markets during the first portion of this calendar year, IMRF has had growth in investment income with a large portion of their funds invested in longer-term investment vehicles to minimize short-term fluctuations. The employer rates are based on the previous five years to keep rates more predictable and stable for employers.

RAILS has implemented background checks for all new hires, and our workers compensation program has recommended physical examinations at point of hire for all positions that have physical requirements. The cost of these background checks and physical examinations are an increase from last year, but this may be offset by the potential cost of claims.



125 Tower Drive  
Burr Ridge, IL 60527  
630.734.5000  
[railslibraries.org](http://railslibraries.org)

**CONCLUSION:**

We look forward to a productive discussion of the draft operational plan with feedback from that incorporated in the FY2026 draft budget at the June meeting.