

2011 System Budget Notes

Income

1. Ad valorem property tax and all other system taxes are estimated to remain unchanged from 2010, if the system tax levy remains at its current rate. It is early for any firm estimate about tax assessment rates. It is known that there will be some small reductions in the system taxing district in 2011.
2. State Aid is estimated at a \$90,000. That is a \$10,000 decrease over 2009, and a \$40,800 decrease since 2008.
3. Fee and reimbursables income, as well as grant income, are increased due to fee income for the statewide courier service. However, that income is dedicated to courier service operations and is not available generally for system budget expenses. Fee income for all other services is substantially reduced due to changes in the Kanguard and KLOW program, and replacement of the KanREN Intranet service with the Kan-ed 2.0 Internet service. We may receive some grant funding for the continued migration of libraries to the NExpress catalog, but that possible grant funding is not included in the budget.
4. The net result of these factors is that an apparent increase of approximately \$150,000 in system income is actually a substantial reduction of funding if courier funding is excluded. However, the courier service management contract will pay for some NEKLS costs that would otherwise have been allocated to other purposes.
5. In order to avoid a projected deficit of approximately \$25,000, it is expected that a slight increase in the system tax levy rate, and payment of all employee insurance from the employee benefits fund, will be required. Alternatives would be a reduction of system services or operating expenses, or a transfer of funds from the capital improvement fund.

Expenses

1. No increases in system staff are planned at this time.
2. Employee benefits costs will increase due to anticipated increases in health insurance premiums and in employer rates for unemployment insurance.
3. Internet services have been reduced by 80% due to the elimination of KanREN Intranet service and movement of the KLOW and Kanguard services to Internet "cloud" based service. Those savings are partly offset by loss of e-rate funds.
4. Major expenditure increases include contractual services and management costs related to the NExpress and courier services, and computer replacements for the training lab.
5. Courier subsidy costs for the statewide courier service are maintained at approximately \$80,000, slightly less than the cost of the regional courier service previously operated by NEKLS.