

Fiscal Year 2018 Budget Marklund

Executive Summary

In FY 2013, management embarked upon a program tagged “Creating the Future” or CTF with the main focus of diversifying Marklund’s revenue sources. Before the initiation of this program, the organization’s dependency on Illinois Department of Public Aid (IDPA) and Department of Human Services (DHS) was around 80% of total revenue; now, the FY 2018 budget reflects a reduction in this dependency to approximately 68%. The school has grown from 24 students in FY 2013 to an expected student enrollment of 72 in FY 2018. Additionally, the Development department has consistently provided the needed revenues to offset the shortfall in the state’s reimbursements.

As FY 2018 budget is the first full year following the acquisition last November of the Center for Exceptional Care – Little Angels, the budget reflects a marked increase in the number of clients and students served. Total residential clients served increased from 117 to 174 and the Developmental Training jumped from 121 to 168. Additionally, we are currently constructing two new classrooms that will eventually accommodate up to 18 students at the new Marklund Wasmond Center in Elgin. This increase in the number of clients and students served has accounted for an increase of 40% or \$8M in our total annual budget. Our employee base has grown from 266 full and part time employees to approximately 400. In FY 2018, total staffing spends (salaries and benefits) accounts for approximately 74% of our total budget.

As part of our overall measure to remain competitive, this budget incorporates an average merit increase of 3% to eligible employees. We are also proposing an increase of 1% in employer’s match to our retirement savings plan; the current employer contribution is 3%. Although we had a slight premium increase in our dental plan premium (less than \$10K), management is not recommending any increase in employee contribution. Blue Cross/Blue Shield, our health insurance carrier held our rate static.

Marklund is projecting a GAAP operating loss of \$3.3M or \$1.3M after adding back non-cash items of depreciation and bad debts allowances; the Development Department is expected to add a net income of \$1.7M, resulting in a consolidated net revenue of \$400K.

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Marklund Expenses Allocation Method of Indirect Expenses

Administration Dept. (Mgt and Gen'l):

Include such expenses as salaries and benefits, information systems, mileage, occupancy (rent, utilities, telephone...), furniture, equipment and depreciation. These expenses are incurred solely to support Marklund programs and sites. Therefore, administrative expenses are recorded and tracked in one cost center and allocated among various programs and sites as part of the level of care provided to our clients. Management has decided that the targeted level of administrative expenses to be allocated is 10% of direct expense of each individual program and/or site with the exception of REST.

Transportation:

Include such expenses as repairs, fuel, insurance, depreciation and outside service fees; allocated expenses in this area are based on expected actual usage by each program and site.

Advertising- Help Wanted:

This expense is incurred to advertise for open positions throughout the organization. We have found the most representative allocation method for advertising is to spread expenses based on salary costs. As a result, advertising budget for open positions will be based on each program's and/or sites' percentage of total salary expenses.