Highland Community College  
Board Retreat  
June 4, 2014  
Highland Community College Student/Conference Center  
Room H-206  
Freeport, Illinois

CALL TO ORDER/ROLL CALL

Mr. Doug Block, Board Chair, called the meeting to order at 7:42 a.m.

Members Present:  Mrs. Diane Gallagher, Mr. David Shockey, Mr. Rob Urish, Mr. Doug Block,  
Mr. Jim Endress, Dr. Steve Jennings, Ms. Whitney Zumdahl (departed  
2:48 p.m.), and Ms. McKenna Reed (departed 2:48 p.m.)

Members Absent:  None

Guests Present:  Ms. Jane Mueller, Cottingham & Butler (arrived 8:55 a.m.; departed  
10:20 a.m.); Ms. Nicole Pfeiffer, Cottingham & Butler (arrived 8:55 a.m.;  
departed 10:20 a.m.)

Also Present:  Dr. Joe Kanosky, President (departed 10:43 a.m.); Mr. Tim Hood, Vice  
President, Academic Services (departed 10:45 a.m.; returned 2:32 p.m.);  
Ms. Jill Janssen, Vice President, Administrative Services (departed  
10:45 a.m.; returned 1:50 p.m.; departed 2:28 p.m.); Ms. Rose Ferguson,  
Associate Vice President, Human Resources (departed 10:42 a.m.;  
returned 12:57 p.m.; departed 1:50 p.m.); Ms. Liz Gerber, Associate Vice  
President, Student Services (departed 10:45 a.m.; returned 11:29 a.m.;  
departed 12:16 p.m.); and, Ms. Terri Grimes, Board Secretary

MOMENT OF SILENCE FOR NURSING INSTRUCTOR MARY KATE SHORE

Mr. Block asked for a moment of silence for Nursing Instructor Mary Kate Shore, who passed away  
suddenly yesterday afternoon.

PUBLIC COMMENTS

There were no public comments.

OPENING COMMENTS

Dr. Kanosky reviewed the schedule of Board meetings today, including the public signing of the  
Linkages agreement between Western Illinois University and Highland Community College later  
this afternoon, followed by the Audit Committee meeting.
ADMINISTRATIVE UPDATES

Enrollment Opportunities
Ms. Gerber led a discussion on enrollment opportunities. She reported that an increase in credit hours of two percent equates to 1,040 credit hours or 86 full-time students. She reviewed recruitment and retention-related items, including barriers to increasing enrollments. Many concerns exist around scheduling, and Mr. Scott Anderson, Dean of Business & Technology, has been asked to chair an alternative scheduling committee with recommendations being presented to the Leadership Team in August. Other concerns center on policies, student aid and funding, retention services, recruitment and marketing, and programs. Dr. Kanosky noted the need to be able to help developmental students. He also reminded trustees that the Highland district is now served by two Workforce Investment Boards, which may be impacting our enrollments. It appears that we are not serving people in our area that we did previously when Partners for Employment had an office on campus and our district was served by only one Workforce Investment Board. Currently, Best from the LaSalle-Peru area serves Jo Daviess, Ogle, Carroll, Whiteside and Lee Counties, while the Northern Illinois Workforce Alliance serves Stephenson, Winnebago, and Boone Counties.

Mr. Block expressed the need to do everything possible to increase enrollments and to look at what we can do with placement test cutoff scores, noting that he believes we should set them here and not set them by the State standard. Ms. Gerber noted that sometimes ideas for growing enrollments are interpreted by some as only caring about enrollments, and we must balance the ideas for increasing enrollments with providing quality instruction.

Ms. Gerber will present additional information to trustees at the June regular meeting. Trustees were encouraged to contact her with questions prior to the meeting.

FY'15 Budget
Ms. Janssen presented an overview of the FY'14 budget, stating that she believes the FY'14 budget will come in at 99 percent of the budgeted revenues or $14.4 million due to lower equalized assessed valuations and less tuition revenue. Expenses are projected to come in at 98 percent of budget due in part to many positions being open during the year, which impacts salaries and benefits. At this point she projects a deficit of between $200,000 and $250,000 in the Operating Funds, while the permanent budget projected a deficit of $291,000. The Health Insurance Fund was budgeted to decrease by $120,000, but the College has experienced some good months, which may lead to the fund breaking even or increasing the fund balance a little.

Ms. Janssen reported that she has not heard anything about community colleges being required to pick up more of the pension costs or the cost of the College Insurance Plan (CIP), and she believes the State budget is awaiting the Governor's signature. At this point, the Illinois Community College Board (ICCB) has been told to project flat funding, which for Highland would equate to $130,000 less than last year. This is due to the fact that the suburban community colleges are now eligible for Equalization funding. It was also noted that 19 Illinois community colleges are
receiving veterans’ grants, but Highland is not one of them. Ms. Janssen reported that if tuition and enrollments were level for all of FY’15, the College would receive $100,000 more in tuition revenue than in FY’14. At this point she is also projecting a two percent decline in EAVs.

Ms. Janssen currently anticipates a budget deficit of $550,000 in FY’15, not including additional requests from budget managers of $120,000. Ms. Janssen reported that she, Dr. Kanosky, Mr. Hood, and Ms. Gerber are responsible for the College’s main departmental areas. They were asked to meet with their departments and were given a set amount per functional area that was a target to aim for in making cuts in order to balance the budget. They were asked to provide the impact of the cuts, if the cuts were implemented. The proposed cuts and impacts will be compiled and shared with the Leadership Team before a decision is made. Mr. Block stated that the “driver” for the College is education and raised the question that, if we break down by percentage what we spend in each area, shouldn’t education be cut less than other areas because we need to educate students and we need to increase enrollments? He expressed his preference that the College make cuts in areas other than education. Ms. Janssen relayed that there have been cuts in other nonacademic areas, as well. Ms. Ferguson reported that there have also been staffing requests that have not been approved. Ms. Janssen stated that everything is looked at and verified to look at the impact. She noted that the Bookstore is also not as profitable as it has been in the past.

Mr. Block asked if we could cut administration if we have fewer students. For example, if enrollments are down by 25 percent, could we cut administration by 25 percent? Dr. Kanosky also noted that in the past we had more part-time instructors.

Dr. Kanosky reported that he has asked that some of the Clock money be used for an endowed chair in the Business & Technology division. He also stated that he spoke with Mr. Mike Sanders, CEO of the Monroe Clinic, and Mr. Sanders is very happy that the Monroe Clinic is now included in our health insurance network. He is very supportive of Highland.

Ms. Janssen concluded the budget discussion by reminding trustees that a budget work session will be held prior to the July regular Board meeting.

Funding Bonds
Ms. Janssen reported that the process for seeking projects for potential funding bond items has been inclusive. The projects were funneled through College Council. Council members used the iClickers to vote on the projects, and then Ms. Janssen compiled a weighted average of the scores. She stated that the College could issue funding bonds and not increase the tax rate. Originally she thought there would be $1.6 million available in bonds, with Information Technology (IT) needing $1.4 million for the technology infrastructure that is not funded through the Operating Funds. Ms. Janssen reminded trustees that the costs for technology are generated out of the IT department but serve the entire College. Included in the IT proposal are items such as computer and server replacements, disaster recovery and backup network, network infrastructure, and an update of the wireless infrastructure.
There were 27 projects that were proposed for funding through the bonds, including an AV project of $170,000 that was not included in the IT proposal. Ms. Janssen reviewed the list of projects, noting that the vast majority are related to instruction. These 27 projects totaled $1.7 million, not including the IT projects. Selling $1.6 million in bonds would give us the same tax rate over a four-year time frame because some bond would be paid off, or we could sell $3 million in bonds over a six-year time frame. The $3 million option might increase the tax rate one-half cent or less in one of the six years but there would be an additional two years in length. Mr. Block questioned whether the $1.4 in IT projects has been peer reviewed by other colleges to see what they are doing, and Ms. Janssen responded that it has. Mrs. Gallagher expressed a concern that there is nothing in the bond proposal to improve ag programming.

Mr. Endress requested better information on the chemistry lab and bathroom projects, and Mrs. Gallagher stated that it is difficult to imagine the need for additional computer labs if enrollments are down. Many students have their own tablets or personal devices. Dr. Jennings noted that it is the perception on campus that IT takes up all the money from the bonds.

Ms. Janssen will resend the IT information to the Board, along with a list of bond projects for discussion. The next step would be to bring a recommendation on selling the bonds to the Board in July to levy for next year. Mr. Block stated that if we do not meet this year’s deadline for the bond sale, it could be done next year because he does not want the Board to make a hasty decision. The Board will discuss funding bonds at its June regular Board meeting.

**Health Insurance**

Ms. Nicole Pfeiffer and Ms. Jane Mueller of Cottingham and Butler joined the meeting to provide a financial overview of the health insurance plan. Fifty-two employees have single coverage, while 92 have family coverage. The total gross cost per employee is $18,094, which makes our plan 11% "richer" than the average plan. This is considered a platinum or "Cadillac" plan. The Cadillac tax goes into effect in 2018 and is a 40 percent tax on insurance benefits that exceed certain thresholds. If no changes are made to the plan, the College may hit the Cadillac threshold. Ms. Mueller discussed ideas to modify the plan to minimize the risk of a Cadillac tax. Ms. Ferguson also noted that many employers pay the single premium for employees, but the employee must pay a percentage of the family plan.

The PPO was changed to Alliance on January 1, 2014, and we now receive a larger discount under Alliance. Trustees were reminded that the Northern Illinois Health Plan (NIHP) disbanded its PPO and the College had no choice but to change. This has been a very good switch for the College, with discounts exceeding what was expected. Alliance was selected due to the number of providers employees utilized and the discounts. Mayo Clinic, all Rockford hospitals, University of Wisconsin – Madison, and Monroe Clinic are all included in the plan.

Ms. Mueller reviewed the College’s wellness program, noting that employees have been completing a health risk assessment and biometric screen for about seven years. This is an outcome-based program where employees must get a particular score or improve by a set number of
points in order to keep their wellness benefit. Those who do not obtain the discount are able to follow an alternative plan to track their activity and nutrition over a set length of time. If they follow through with the program, they are eligible for the incentive. The wellness program is set to help people before they become a catastrophic claim and to encourage people to seek preventive care. Of those participating in the wellness program, 23 have improved their score, 34 have remained neutral, and six have had negative results. The average participant’s score in 2008 was 77.53 and as of 2013 it was 82.25.

Ms. Mueller reported that, based on the laws in the Affordable Care Act, employers may now charge nicotine users more for their health insurance premiums.

Ms. Janssen stated that, based on current projections, she will recommend increasing the health insurance rates by 10 percent effective July 1. She also reminded trustees that the employee will begin paying 18 percent of the premium July 1. For an employee with single coverage, this equates to $548 per year, while employees with family coverage will pay just over $1,300 additional per year.

Ms. Janssen concluded the discussion by stating that if the Health Insurance Fund balance runs short, the money would need to come out of the Operating Fund. Mr. Block expressed a concern that if money is taken out of the Operating Fund to cover the shortfall in the Health Insurance Fund and the money is not put back, the College is paying more than 82 percent of the premium.

At 10:25 a.m., the Chairperson declared a recess; the meeting resumed at 10:38 a.m.

CLOSED SESSION

Mr. Endress moved and Mr. Urish seconded the motion to move into Closed Session for the purposes of discussing the appointment, employment, compensation, discipline, performance, or dismissal of specific employees; and, collective negotiating matters between the public body and its employees or their representatives, or deliberations concerning salary schedules for one or more classes of employees, pursuant to the Open Meetings Act, and to return to Open Session for possible action. The roll call on the motion was as follows:

AYES: Shockey, Urish, Block, Endress, Jennings, Zumdahl, Gallagher, Reed
NAYS: None

At 10:40 a.m., the Chairperson declared the motion carried and the meeting in Closed Session.

At 12:16 p.m., the Chairperson declared a recess; the meeting resumed at 12:57 p.m.

At 2:48 p.m., the Chairperson declared a recess; the meeting resumed at 3:35 p.m.
Mrs. Gallagher moved and Mr. Shockey seconded the motion to end the Closed Session. The roll call on the motion was as follows:

AYES: Urish, Block, Endress, Jennings, Gallagher, Shockey
NAYS: None

At 4:02 p.m., the Chairperson declared the motion carried and the Closed Session ended.

**ACTION, IF NECESSARY**

No action was necessary following the Closed Session.

**BOARD UPDATES**

There were no Board updates.

**OLD BUSINESS**

There was no old business.

**NEW BUSINESS**

A special meeting of the Board will be scheduled, and Ms. Grimes will work with trustees to find the best date.

**ADJOURNMENT**

Mr. Endress moved and Mr. Urish seconded the motion to adjourn the meeting. At 4:08 p.m., there being no further business, the Chairperson declared the motion carried and the meeting adjourned.

Respectfully submitted,

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Terri A. Grimes, Board Secretary
Illinois Community College District No. 519