BUDGET WORK SESSION
BOARD OF ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 519
Counties of Stephenson, Ogle, Jo Daviess and Carroll

CALL TO ORDER

The budget work session of the Board of Illinois Community College District No. 519 was called to order by Mr. David D. Shockey, Chairperson, at 3:01 p.m. on July 17, 2012 in the Robert J. Rimington Board Room (room H-228) in the Highland Community College Student/Conference Center, 2998 West Pearl City Road, Freeport, Illinois in said district.

ROLL CALL

The following members were present: Mrs. Diane Gallagher (arrived 3:02 p.m.), Mr. David Shockey, Mr. Rob Urish, Mr. Doug Block, Mr. Jim Endress, Dr. Steve Jennings, and Ms. JennyMarie Farmer.

The following members were absent: Ms. Whittney Zumdahl

Also present: Dr. Joe Kanosky, President; Mr. Tim Hood, Vice President, Academic Services; Ms. Jill Janssen, Vice President, Administrative Services; Ms. Rose Ferguson, Associate Vice President, Human Resources; Ms. Liz Gerber, Associate Vice President, Student Services (arrived 3:20 p.m.); Mr. Jim Phillips, Faculty; Ms. Mary Lloyd, Manager, Accounting; Ms. Lynn Pacey, Accounting Specialist; Mr. Alan Wenzel, Faculty; and Ms. Terri Grimes, Board Secretary.

FY’13 TENTATIVE BUDGET

Ms. Janssen announced that a public hearing on the FY’13 permanent budget will be held during the September 18, 2012 regular meeting. The meeting will be preceded by a budget work session at 3:00 p.m.

For FY’13, the College is seeing reduced State funding, a decline in property values, an increase in insurance premiums, and a return to more “normal” enrollments. Initially, Ms. Janssen had projected a deficit of over $1 million for FY’13, but the budget managers, Leadership Team, and accounting staff have worked hard to reduce the projected deficit. Ms. Janssen will meet with budget managers this Thursday morning to review the tentative budget, and campus-wide meetings will be held within the next week.

On the revenue side, the FY’12 taxes are coming in lower than anticipated. Initially, Ms. Janssen had projected a one percent decrease in tax revenue, but the actual decrease was 3.4 percent. She had budgeted for a 12% decrease in enrollments, when the actual decrease was seven percent. There were also unexpected funds that were received from the Foundation for athletics and nursing.
In FY’13, Ms. Janssen is anticipating $14.3 million in revenue. Taxes are projected to decrease $123,000 from FY’12 to FY’13. In addition, Equalization was cut by $260,000, and at the State level, community college funding was cut by six percent. The formula for determining Equalization funding is full-time equivalent in-district students divided by equalized assessed valuation. Spoon River is the only other community college that received less Equalization funding than Highland. In FY’13, 12 percent of revenue is from State governmental sources.

Enrollments are projected to decrease by seven percent. A recommendation to increase course fees and to implement a $15 fee per semester for registration and orientation will be brought forward for consideration at a future Board meeting. This would generate about $69,000. Overall, revenue in the Operating Funds is expected to decrease by 3.4 percent or $513,000. Revenue decreased by 1.7 percent from FY’11 to FY’12.

Jo Daviess County contributes 43% of the assessed valuation that the College receives, with each one percent equating to $32,000. Overall, 25% of the assessed valuation we receive is from farm land and 60 percent is residential. Farm land values are up three percent, while residential values are down seven percent. The abatement on wind farms will expire in tax year 2012. In FY’12, local sources made up 46 percent of the College’s revenue, while tuition and fees accounted for 36 percent and State funding accounted for 13 percent. In FY’13, local sources are anticipated to account for 45 percent of the revenue generated, tuition and fees at 35 percent, and State funding at 12 percent.

FY’12 Salaries and Benefits came in below budget, and Contractual was slightly higher due to an increase in enrollment and corresponding part-time and overload costs, while Materials & Supplies and Conferences & Meetings came in below budget. Overall, it looks like expenses will end up being approximately $360,000 less than budgeted.

The FY’13 budget includes negotiated pay increases for union employees, salary increases for nonunion classified, professional and administrative staff, hiring for open positions being put on hold, which saves approximately $200,000, and a change in pay structure for full-time non-faculty teaching overload. Overall, salaries were reduced by $161,000 from the FY’12 budgeted amount to the FY’13 tentative budget.

Overall, several line items were reduced, including Materials & Supplies by $88,000 from FY’12 to FY’13, Conferences & Meetings by $43,000, Utilities by $21,000, and Capital Outlay by 50 percent. In FY’13, the College will need to absorb the cost of serving veterans, as State reimbursement for veterans has been eliminated. This amounts to approximately $80,000. Ms. Janssen also noted that she is looking into issuing $2 million in working cash bonds in FY’13.

Mr. Endress requested a breakdown of the cost of tuition waivers, Top Scholars, and employee waivers, and Ms. Janssen will gather the information and provide it to trustees. Mr. Urish suggested that the budget presentation be good for the Foundation Board to hear, and
Dr. Kanosky suggested that Mr. Berberet could attend one of the all staff budget meetings, which will occur within the next week. Dr. Kanosky stated that, with the bad budget year, the tricky part this upcoming academic year will be to keep people positive and moving forward. While there are a lot of challenges, other colleges are experiencing similar budget issues. Mrs. Gallagher commended the budget managers, who have been able to make cuts to their budgets. Mr. Block also expressed a need to look at the insurance situation.

ADJOURNMENT

At 3:59 p.m., there being no further business, the Chair declared the budget work session adjourned.

Respectfully submitted,

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