

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. Doug Block, Chairperson, at 3:02 p.m. on July 21, 2015, 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, Mr. David Shockey, Mr. Doug Block, Mr. Jim Endress (arrived 3:06 p.m.), Dr. Steve Jennings, Ms. Whittney Zumdahl, Mr. Blake Musser, and Ms. Alexa Buss

The following members were absent: None

Also present: Mr. Tim Hood, President; Ms. Chris Kuberski, Executive Vice President; Ms. Jill Janssen, Vice President, Administrative Services; Ms. Rose Ferguson, Associate Vice President, Human Resources; Ms. Liz Gerber, Associate Vice President, Student Services; Mr. Steve Mihina, Faculty; Mr. Pete Willging, Director, Marketing & Community Relations; and, Ms. Terri Grimes, Board Secretary.

FY'16 BUDGET

Ms. Janssen provided an overview of the FY16 tentative budget, noting that the permanent budget will go to trustees for approval at the September regular meeting. She provided a review of the budget process, explaining that the College uses zero-based budgeting for travel. This year, Ms. Janssen and Mr. Hood asked the budget managers to take a three-year approach to the budget.

Currently there is a \$500,000 projected deficit for FY16, however, at least \$95,000 in reductions have been identified by budget managers since the tentative budget was prepared. Enrollment is currently budgeted to decrease seven percent from where enrollment was estimated to be at the end of FY15, although enrollments are currently down only four percent. Ms. Janssen explained the formula for figuring Equalization funding, noting that it is based on full-time equivalent in-district students per equalized assessed valuation. The amount of funding the College receives has gone down because the community colleges in the Chicago area now qualify for Equalization funding.

Ms. Janssen explained that the Gifts line item includes the Foundation's portion of the debt certificates, an unrestricted gift, the regular withdrawal from the Matching Grant, and an additional \$500,000 withdrawal from the Matching Grant, which trustees would need to approve. Revenues are expected to increase by approximately \$60,000 or less than one percent.

Overall, there is a decline in equalized assessed valuations (EAVs) of one-tenth of one percent. It was noted that there may be changes in farm land assessments related to poor quality farm land being under-assessed, which would impact EAVs. If EAVs remain flat and we increase the Protection, Health, and Safety (PH&S) levy, it is possible that we might want to increase the PH&S rate by one and one-half to two cents.

In FY15, 45 percent of the budgeted revenue came from local sources, 35 percent from tuition, and 12 percent from the state. In FY16, 44 percent of the budgeted revenue is projected to come from local sources, 35 percent from tuition, and 10.5 percent from the state. FY16 projected expenses are currently estimated to be 2.6 percent more than FY15 projected expenses. Salaries and benefits make up 77 percent of the expenses in both FY15 and FY16. Ms. Janssen reported that the FY15 budget projected a deficit of \$508,000 but it may be closer to \$200,000. The fund balance should end at about 20 percent of expenses in FY15, with the fund balance projected to be about 18 percent of expenses in FY16 based on the current tentative budget.

Mr. Endress reported that the Illinois Community College Board is working to require that federal funding for veterans be accessed first by veterans, rather than State funding, which could result in the College needing to provide less funding for veterans.

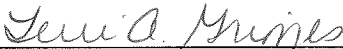
Ms. Janssen reviewed the other funds, reporting that Mr. Kurt Simpson, Director of Facilities and Safety, has suggested a PH&S project in FY16 to replace the heating and cooling system at a cost of approximately \$500,000. This would increase the PH&S levy by two cents. If the levy is not increased, there would only be \$125,000 available for a PH&S project. Ms. Janssen is currently projecting a deficit in the Auxiliary funds in FY16, which will deplete the fund.

Mr. Endress asked for additional information on the Gifts line item in the Operating fund, which Ms. Janssen will provide. He noted that the College needs to continue encouraging the Foundation and reinforce the importance of the College's dependency on the Foundation, since there are not many things left to tweak in the budget other than revenue. Ms. Janssen noted that the College could reduce the levy in the Tort fund to increase other funds but there is a risk if the State implements a property tax freeze. The College could also reduce the Tort levy for a year and increase PH&S to do the project, then reduce or increase between those two funds in future years.

ADJOURNMENT

Mr. Endress moved and Mr. Musser seconded the motion to adjourn the meeting. At 3:31 p.m., there being no further business, the Chairperson declared the budget work session ended.

Respectfully submitted,



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