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 September 23, 2014, 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. Rob Urish, Mr. Doug Block, Mr. Jim Endress, and Dr. Steve Jennings

The following members were absent: Ms. Whittney Zumdahl and Ms. McKenna Reed

Also present: Dr. Joe Kanosky, President and CEO; Mr. Tim Hood, 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. Pete Willging, Director, Marketing & Community Relations; Mr. Steve Mihina, Faculty (arrived 3:35 p.m.); Ms. Mary Lloyd, Manager of Accounting; Ms. Andria Cornelius, Coordinator of Accounting; and, Ms. Terri Grimes, Board Secretary

REVIEW OF FY’15 BUDGET

Ms. Janssen reviewed the FY’15 permanent budget that will be presented to trustees for approval during the regular meeting. She noted that the budget includes an estimated one percent decrease in equalized assessed valuations (EAVs) for tax year 2014, of which one-half of the decrease will be realized in FY’15. Every one percent decrease equates to approximately $35,000. Farmland comprises 28 percent of our district, while 56 percent is residential property. The EAVs for farmland are estimated to continue to increase by 10%. Our three sources of revenue include property taxes, tuition, and State funding. Property tax revenue accounts for 45 percent of our total funding with tuition at 36 percent, State funding at 13 percent, and other sources at six percent.

In FY’15, the College will receive approximately $130,000 less in funding from the State, which is mostly due to a decrease in the Equalization grant. Ms. Janssen is also expecting approximately $430,000 less in tuition this fiscal year than last fiscal year. She noted that about seven percent of our credit hours are not paid, which includes athletic and employee waivers and unfunded veteran’s grants. In addition, another 12% are for high school students, most of which are free or reduced tuition. Courses like High School Servant-Leadership, the Chronicle, and Chorus do not charge tuition. Overall, at least 20 percent of our credit hours do not generate tuition revenue.

The FY’15 budget includes funding for lifelong learning, new program development, and enhanced marketing. Overall budgeted expenses are $14.3 million, down $150,000 from FY’14,
resulting in a projected deficit of $508,000. The deficit will be covered by the fund balance, which will then be at approximately 20 percent of expenditures, which is on the low end of the ICCB recommended guidelines.

Ms. Janssen reviewed the changes that were made between the tentative budget approved in July and the permanent budget, which will be approved during the regular meeting. She noted that State funding is based on the income tax not expiring. The Auxiliary Fund is expected to reduce that fund balance to only $10,897.

The tax rate should stay at about where it has been the last few years. Two of the major challenges to the budget are that enrollment decreased by 11 percent last year and EAVs continue to decline. Mr. Hood noted that the College has several opportunities, including the new hospitality program and law enforcement or criminal justice with a pipeline from Freeport High School’s National Junior ROTC program. Another opportunity is to carefully rebrand programs such as wind technology.

Mr. Block noted that the College does get reimbursement from the State for dual credit students, and Ms. Janssen reported that it may be time to reanalyze free tuition and waivers. She noted that if the College is not paying the instructor, that does make a difference. Mr. Block stated that we cannot offer the program if it is a loss, but we need to recognize that there is a reimbursement from the State.

Ms. Janssen also stated that we will need to keep in mind that it may be okay to have one of the highest tuitions in the State if we are offering free tuition like dual credit, Top Scholars, and other programs such as these, and we are receiving one of the lowest State Equalization grants in the State. Mr. Block stated that if more of the Top Scholars program was funded, that would also be helpful.

Dr. Kanosky reminded trustees that we have lowered the percentage of remedial credit hours but it is still high. Ms. Gerber also reminded trustees that each college sets their own placement test scores.

**ADJOURNMENT**

Mr. Shockey and Dr. Jennings seconded the motion to adjourn the meeting. At 3:46 p.m., there being no further business, the Chairperson declared the motion carried and the meeting adjourned.

Respectfully submitted,

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