

**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. Jim Endress, Chairperson, at 3:04 p.m. on September 24, 2019, 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: Mr. David Shockey, Mr. Doug Block, Mr. Jim Endress, Mr. Blake Musser, and Mr. Shawn Boldt (arrived 3:09 p.m.)

The following members were absent: Dr. Steve Jennings, Ms. Pennie Groezinger, and Ms. Payton DeMichele

Also present: Mr. Tim Hood, President; Ms. Chris Kuberski, Executive Vice President; Ms. Jill Janssen, Vice President, Administrative Services; Ms. Liz Gerber, Vice President, Student Development & Support Services; Ms. Carol Wilhelms, Faculty; and, Ms. Terri Grimes, Board Secretary.

**FY20 BUDGET** (Handout #1)

Ms. Janssen reminded trustees that the FY20 tentative budget has been available for public inspection since it was approved in July. A Public Hearing on the budget will be held following the budget work session, and once the permanent budget is approved, it will be forwarded to the Illinois Community College Board (ICCB), as required. The FY20 permanent budget includes revenue of \$14,132,894, which is about \$645,246 less than FY19 budgeted, \$205,000 less than FY19 actual, and \$81,000 less than FY18 actual. Tuition and fees revenue was less than budgeted due mainly to the International Preservation Studies Center. Gifts were also significantly less due to not needing to draw down the additional money from the Matching Grant that had been approved. Overall, the budgeted revenue for FY20 is about one percent lower than the average revenue level for the past 10 fiscal years. Corporate Personal Property Replacement Tax (CPPRT) is expected to increase by \$110,000. In addition, tuition was adjusted based on enrollment levels. Revenue from the Foundation to cover the debt certificates has been removed from the budget due to the conversion of the debt certificates to bonds. Overall property taxes account for 48 percent of revenue, while tuition and fees are 36 percent, State funding is 10 percent, and Foundation funding is four percent.

Equalized assessed valuations (EAVs) increased 2.8 percent from tax year 2017 to 2018 and are estimated to increase 2.5 percent from tax year 2018 to 2019. Jo Daviess County makes up 41 percent of the total EAV, with Stephenson County making up 36 percent, and Carroll County and Ogle County making up 15.5 percent and 7.5 percent respectively. The tax rate of 0.570 is estimated to stay within the same range. Ms. Janssen reported that if a person's property is valued at \$50,000, the portion of their property tax bill that belongs to Highland is about \$95.

Tuition revenue is estimated at \$5,050,000. This number assumes 29,000 unrestricted certified credit hours and tuition at \$146 per credit hour. Lifelong Learning is budgeted at \$38,000, Business Institute at \$241,540, and International Preservation Studies Center at \$25,000. State funding includes the Equalization grant at \$50,000, Credit Hour grant at \$1,249,988, Performance funding at \$15,000, and Career and Technical Education at \$127,930. Ms. Janssen explained that the Equalization grant is based on the EAV divided by in-district full-time equivalent (FTE) students. In FY19, if the rate calculated for a college was \$4,947 or higher, the grant was zero, and if it was between \$3,842 and \$4,946, the grant was \$50,000. A formula determined the Equalization grant for those below \$3,842. For Highland, the EAV per in-district FTE equals \$4,273, so our Equalization grant is \$50,000. In comparison, Sauk Valley's EAV per in-district FTE is \$3,659 so their Equalization grant is \$239,310. At this point, ICCB has not released appropriations on the Bridge programs and Student Support Services grant, transitional math and English grant, or the deferred maintenance grant. Ms. Kuberski reported that hopefully the transitional grant will help fund services the College is providing for those students. At this point, the expenses for transitional students are unknown.

Ms. Janssen provided a comparison of State revenue since FY11, noting that in FY19 and FY20, the State has had a budget and is paying on time. She also provided a comparison of Foundation funding, noting that in FY19, the College received \$897,844, including \$440,232 for the debt certificates; \$279,000 draw down from the Matching Grant; \$152,613, which is five percent of the unrestricted dollars; and \$26,000 in other funding. In comparison, Foundation funding for FY20 includes a drawdown of \$275,000 from the Matching Grant, and \$237,750 restricted to particular programs. Ms. Janssen reported that at the end of each fiscal year, she and Ms. Pat Dunn, Foundation Director of Operations, meet and go over the funds provided to the College.

In FY19, local sources accounted for 46 percent of the budget, tuition at 36 percent, while State, gifts, and other accounted for nine percent, seven percent, and two percent, respectively. In FY20, local sources account for 48 percent, tuition at 36 percent, State funding at 10 percent, and gifts and other at four percent and two percent, respectively.

For FY20, budgeted expenses are projected to be \$14,132,894, which is \$136,000 more than actual expenses in FY19, and \$110,000 less than FY18 actual. FY19 end-of-year expenses were \$735,839 less than FY19 budgeted, while FY20 expenses are \$136,341 more than FY19 actual. Ms. Janssen reported that much of the variance between budgeted and actual is due to salaries coming in under budget in FY19. For FY20, many of the vacant positions are filled. An additional Nursing instructor has been included in the budget, the compensation study recommendations are fully implemented, and the part-time Lifelong Learning Coordinator position has been combined into a full-time position with the International Preservation Studies Center Coordinator. The FY20 budget also includes a slight increase in contractual services, while materials and supplies are down from the FY19 budget. In FY19, salaries and benefits accounted for 79 percent of the budget, compared to 82 percent in FY20. Overall, the operating expenses have been fairly level over the past 10 years. Mr. Endress stated that he would be interested in having a comparison for the operating expenses by program. From the time of the tentative budget to now, expenses have decreased by \$649,000, in large part due to the reduction in the payment of the debt certificates, and the budget is balanced.

Ms. Janssen noted that over half (52 percent) of the Operating Funds budget is allocated to instruction; 10 percent is budgeted for institutional support; eight percent for student services; 11 percent for operations and maintenance; nine percent for general administration; four percent for public services; three percent for transfers; two percent for scholarships, grants, and waivers; and one percent for other. She reported that the FY20 permanent budget includes a projected ending fund balance equal to about 30 percent of expenses; however, the deficit would be \$838,000 if not for Foundation funds and the transfer from the Health Insurance fund, resulting in a fund balance equal to about 23 percent of expenses. Ms. Janssen reviewed a chart showing the Operating Funds fund balance levels beginning in FY11 to present.

Changes between the FY20 tentative budget and permanent budget were reviewed. Ms. Janssen noted that overall, the College anticipates reducing the fund balances by over \$2,600,000 or 13 percent during FY20 in the various funds other than the Operating Fund, and the College is at a point where we need to begin addressing the Audit, Auxiliary, and Liability, Protection, and Settlement funds.

The FY20 budget is linked to the strategic plan, and this will be used as evidence for further Higher Learning Commission visits. Ms. Janssen will provide a similar presentation to all faculty and staff in October.

Trustees discussed the fund balance being strong at 30 percent, since it had been in the 20 percent range previously, although removing the debt certificates from the Operating Funds does inflate that number a little bit. It was noted that some Illinois community colleges have a fund balance of 100 percent, while the rule of thumb from the Illinois Community College Board is 20 to 25 percent for years when State funding is unsure. Mr. Shockey asked if the salary number is a projection, and Ms. Janssen reported that an estimate is included for any position currently being advertised. The budget also includes a salary increase of 1.5 to two percent, and, for budgeting purposes, assumes that employees that are hired to fill vacant positions take family insurance.

### ADJOURNMENT

Mr. Musser moved and Mr. Block seconded the motion to adjourn the meeting. At 3:40 p.m., there being no further business, the Chairperson declared the meeting adjourned and the budget work session ended.

Respectfully submitted,



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