

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

CALL TO ORDER/ROLL CALL

The budget work session of the Board of Trustees of Illinois Community College District No. 519 was called to order by Mr. Jim Endress, Chairperson, at 3:04 p.m. on September 28, 2021, 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.

The following members were physically present: Mr. Doug Block, Mr. Jim Endress, Mr. Shawn Boldt (arrived 3:18 p.m.), Mr. James Rhyne Jr., and Mr. Craig Knaack

The following members attended virtually: None

The following members were absent: Ms. Pennie Groezinger, Ms. Sarah Kuhlemeier, and Ms. Hailey Johnson

Others physically present: Ms. Chris Kuberski, President; Mr. Pete Fink, Director of IT; and, Ms. Terri Grimes, Board Secretary

Others virtually present: Ms. Jill Janssen, Vice President/CFO, Administrative Services, Board Treasurer; Ms. Liz Gerber, Vice President/CSSO, Student Development & Support Services; Dr. David Naze, Vice President/CAO, Academic Services; Ms. Andria Cornelius, Coordinator, Accounting; Ms. Leslie Schmidt, Director, Marketing & Community Relations; and, Ms. Mary Lloyd, Manager, Accounting

Mr. Endress began the meeting by stating that an in-person meeting or a meeting conducted under the Open Meetings Act is not practical or prudent because of a disaster, which in this case is the pandemic.

PUBLIC COMMENTS

There were no public comments.

OVERVIEW AND DISCUSSION OF FY22 BUDGET

A budget work session was held in July before trustees approved the tentative budget, and the budget has been available for public inspection since that time. A public hearing will be held during the regular meeting today before trustees vote on the permanent budget. After the budget is approved, it will be submitted to the Illinois Community College Board. Ms. Janssen noted that the Higher Education Emergency Relief Funds federal audit guidelines have not yet been released, but she does not believe there will be changes. A draft of the audit will be presented to trustees at their October 26, 2021, regular Board meeting.

Ms. Janssen reviewed the budget building process, which is designed for maximum involvement from those who know the most about the resources needed for the various programs and activities of the College. About 30 budget managers complete budget request worksheets based on the needs of their departments.

Over 50 percent of the College's funding stream comes from property taxes, while tuition accounts for around 32 percent, and state at 10 percent. Revenue has declined over the last 10 years and continues to shift more toward property taxes. Operating Funds revenue is around \$130,000 lower than in the tentative budget. Stephenson County Equalized Assessed Valuation (EAV) increased 3.6 percent, while Ogle increased 6.2 percent, Carroll at 4.7 percent, and Jo Daviess at 2.6 percent, which equates to a 3.6 percent increase in EAV from tax year 2019 to 2020. For tax year 2020 to 2021, EAV is budgeted to increase by two percent. Each one percent of EAV equates to around \$32,000 for the College. Jo Daviess County makes up around 40 percent of EAV, while Stephenson is around 36 percent, Carroll at 15 percent, and Ogle at seven percent. Farm land accounts for 32 percent of Highland's EAV, with residential around 52 percent. The tax rate is estimated to stay in the .56 range for the sixth year.

Ms. Janssen reminded trustees that tuition has not been raised for the past three years. The College has experienced a reduction in credit hours annually for several years. Tuition revenue in the FY22 budget is based on 26,300 credit hours, which is a decrease of five percent from FY21. Every one percent of enrollment equals around \$40,000.

For FY22, expenses are projected to be \$13.8 million, which is a 10.2 percent increase. Salaries and benefits account for 87 percent of expenses. Expenses related to instruction account for 55 percent of the Operating Funds, while general administration accounts for 11 percent, student services at nine percent, academic support at seven percent, and public services, institutional support, and scholarships at eight percent. Expenses decreased by \$130,000 from the tentative budget to the permanent budget. The FY21 budget was balanced, largely due to federal relief funds, and the FY22 budget is also balanced due to these funds.

The College's fund balance as a percent of expenses is projected to be 42 percent in FY22 but this includes the federal relief funds, without which the fund balance would be around 23 percent. The Illinois Community College Board recommends a fund balance of between 20 and 25 percent, while the Governmental Finance Officers' Association recommends a fund balance of between five and 15 percent. Ms. Janssen noted that without the federal relief funds, the FY22 budget would have a deficit of \$989,000 and the fund balance would be 23 percent of expenses. She noted that the President's Direct Reports (PDR) are looking at the budget centers and options to increase revenues or decrease expenses.

Mr. Block asked why contractual services increased, and Ms. Janssen will check but she believes a part of the increase is due to an expected increase in truck driver training. It was also noted that the College was able to use federal relief funds for lost revenue, but also used a portion for student debt forgiveness. Around \$1.7 million will be distributed to students through the American Rescue Plan. Mr. Knaack inquired about travel, and Ms. Janssen explained that the

College uses zero-based budgeting for travel, and budget requests show exactly what the funds will be used for. This line item usually has funds remaining at the end of the fiscal year.

Ms. Janssen reviewed the other funds, and Mr. Endress inquired about the \$652,319 in gifts that were listed in the Restricted Purposes Fund. It was noted that, as Mr. Reinke continues to talk about the Legacy Campaign, there is around \$1 million in unrestricted dollars. Ms. Janssen and Ms. Kuberski met with Mr. Reinke, Mr. Dan Dick, and Ms. Pat Dunn to discuss the needs of the College. Mr. Block noted that the Top Scholars is significantly funded by the College and not the Foundation, and he asked that the program be reviewed annually to see if it is still a good program.

The College currently has two outstanding bonds, and Ms. Janssen will talk with the Board about bond issuances. She noted that the budget process is linked to the strategic plan and is a key component within the HLC criteria. Overall, the College has a \$33 million budget.

OLD BUSINESS

There was no old business.

NEW BUSINESS

There was no new business.


ADJOURNMENT

Mr. Block moved and Mr. Knaack seconded the motion to adjourn the meeting. The roll call on the motion was as follows:

AYES: Endress, Boldt, Rhyne, Knaack
NAYS: Block

At 3:44 p.m., the vote being four ayes and one nay and there being no further business, the Chairperson declared the meeting adjourned and the budget work session ended.

Respectfully submitted,



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