

**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 August 16, 2022, 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. Jim Endress, Mr. Shawn Boldt, Mr. James Rhyne Jr., and Mr. Craig Knaack

The following members attended virtually: Mr. Doug Block, and Ms. Chloe Smith

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

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; Mr. Jim Phillips, Interim Vice President/CAO, Academic Services; Ms. Mary Lloyd, Manager, Accounting; Ms. Andria Cornelius, Coordinator, Accounting; and, Ms. Jeniece Smith, Director, Marketing & Community Relations

Illinois continues to be under a disaster proclamation related to public health, and an in-person meeting is not practical or prudent due to the COVID-19 pandemic. This meeting was properly noticed and is accessible to the public over Zoom. Mr. Endress asked if trustees who were attending virtually were able to hear.

**PUBLIC COMMENTS**

There were no public comments.

**OVERVIEW AND DISCUSSION OF FY22 AND FY23 BUDGETS**

Ms. Janssen explained that the College's budget complies with various regulatory bodies and demonstrates the College's implementation of the Higher Learning Commission criterion. There is maximum involvement in the budget process from those who know the most about the budget. Budget managers complete budget worksheets in conjunction with their staff, which Ms. Janssen compiles. Adjustments are then made in conjunction with budget managers to bring the budget more in line before the budget is recommended to the Board for approval by the College President.

Ms. Janssen explained that revenue is broken down by source, while expenses are broken down by program or object. For FY23, revenue is expected to be \$14.9 million, which is about one percent higher than FY22. In FY22, local taxes were about five percent higher than budgeted, and Corporate Personal Property Replacement Tax (CPPRT) came in \$675,000 more than budgeted. The FY23 budget includes a five percent increase in equalized assessed valuation and level funding of CPPRT, although this will change based on recent information from the Illinois Community College Board (ICCB). ICCB unrestricted grants are about level from FY22, while tuition and fee revenue are currently projected to increase by 9.5 percent. The tentative budget assumes flat enrollment, the \$5 increase in tuition, tuition assigned to First-Year Experience Seminar (FYES), and increased enrollment in truck driving. Every one percent change in enrollment amounts to about \$40,000 in tuition revenue. Property tax revenue accounts for around 50 percent of overall revenue, while tuition and State account for 30 percent and 10 percent, respectively. Stephenson County property tax revenues increased by 4.8 percent, while Ogle County increased by 6.6 percent, Carroll County by 4.3 percent, and Jo Daviess County by six percent, resulting in an overall increase of 5.3 percent from 2021 to 2022. Currently, Ms. Janssen projects a five percent increase in equalized assessed valuations (EAVs) for FY23, with each one percent change equating to around \$32,000. Jo Daviess County accounts for 40 percent of the property tax revenue, while Stephenson County accounts for 36 percent, Carroll County for 15 percent, and Ogle County for seven percent. Farm land is about 32 percent of EAVs and residential property is about 52 percent. Tuition and fees are the second largest source of revenue and, at this point, Ms. Janssen is estimating unrestricted certified credit hours to remain flat but that may need to be adjusted. The credit hour grant is the largest source of State funding.

In FY22, expenses were under budget due to employee turnover, the ability to allocate some expenses to federal funding, and reduced conference and meeting expense. The FY23 tentative budget includes about a nine percent increase in expenses over FY22. Salaries and benefits continue to make up the majority of operating expenses at about 81 percent of the budget, and expenses directly related to students are also the majority of the budget. The FY22 budget was balanced and when the projection was done, it appeared that revenues would exceed expenses by about \$1 million due to the unexpected CPPRT, as well as salaries and benefits being under budget. The FY23 budget currently has a \$105,000 deficit, which is lower due to Ms. Janssen working with budget managers to reduce costs. The College uses a rule of thumb to determine the fund balance, looking at the fund balance as a percent of expenses for the fiscal year. ICCB recommends a fund balance of 20 – 25 percent, so the \$6.6 million ending fund balance does exceed the ICCB guideline, however, a deficit budget is not sustainable over the long term, and there are other funds that have deficits that will need to be addressed and supported by the Operating Fund. Ms. Janssen reviewed the other funds, noting that the Protection, Health, and Safety projects include replacement of the chiller in building H (Student/Conference Center) and safety improvements around building F (Ferguson Fine Arts Center). The total cost of the projects is around \$1 million, which will keep the tax rate steady. There will also be a Capital Development Board project to replace carpet, which includes a required 25 percent share.

## **OVERVIEW AND DISCUSSION OF 2023 BOND PROJECTS**

The College strives to maintain the tax rate each year, and we are currently at a point where we

could take on additional debt and keep the tax rate level. Using current interest rates and EAVs, the College anticipates proceeds estimated to be \$7.2 million. Of the total, \$1.7 million will be designated to information technology, with the remainder used for other projects. The amount of proceeds from the bonds will most likely change before the sale of the bonds in February 2023. The bond proceeds go in the Capital Fund. The tax is levied and the principle and interest on the bond go in the Bond and Interest Fund. A Bond Advisory work group, facilitated by Ms. Janssen with the assistance of Ms. Stacey Benkert, reviewed the 59 projects that were submitted. The work group is based on the Shared Governance draft and also included College Cabinet. Ms. Janssen reviewed allowable and nonallowable items for the bond sale, as well as the timeline for the bond projects. Each project has its own timeline. Ms. Janssen also reviewed the list of proposed projects, noting that 66 percent of the projects fell within the dollar amount that she believes will be available.

Ms. Janssen reviewed the Bond and Interest Fund, noting that we have two outstanding bonds, which will taper off over the next two years. The new bonds would begin at a point when the other bonds would end, which is estimated to be FY24, keeping the tax rate the same.

#### **OVERVIEW AND DISCUSSION OF FY22 AND FY23 BUDGETS (continued)**

Ms. Janssen reviewed the Auxiliary Fund, noting that it currently has a budgeted deficit of \$423,000. She explained that a campus work group looked at the Cafeteria, and Ms. Janssen anticipates there being another work group to look at the bookstore. She also reviewed the Restricted Purposes Fund and Liability, Protection, and Settlement Fund, noting that there is some State funding for other grants that will be included in the permanent budget. The budget work sheets that the budget managers complete have to link to the strategic themes, which helps us meet one of the key components of the Higher Learning Commission criterion. For example, under the Key Result of Enrollment, a strategic theme is An Exceptional Student Experience, which includes goals related to cocurricular and extracurricular involvement, retention, and completion. There is a budget allocation for a new Student Success Coach/Athletics Coach that will have retention responsibilities and will also be an athletics coach, which support the Retention and the Extracurricular Involvement themes. The bond issuance fits under the theme of a Bold Future, which falls under the Financial Health strategic theme. Ms. Janssen reviewed how the budget process positively impacts the College's Key Result of Budget Sustainability.

Next steps in the budget process include Ms. Janssen incorporating Trustees' thoughts into the budget and working with budget managers on further adjustments and updates. She will recommend the permanent budget to Ms. Kuberski before presenting it to Trustees for approval at the September 27, 2022, regular meeting. She realizes that we need to have a more systematic approach to budget stabilization for the upcoming years, and she will be looking at that. Mr. Boldt asked about the Student Success Coach position that was listed on the slide showing how the budget is linked to the Key Results and strategic themes, and Ms. Janssen explained that there is a Bridge grant from ICCB, which will fund most of the position. Ms. Kuberski explained that one of the new ways of engaging students and helping to support them is with success coaches, which is more one-on-one coaching and dealing with students particularly at high risk. There also continues to be a lot of turnover in coaching positions so the position will also have coaching responsibilities. Mr. Rhyne asked if this was a one-year grant, and

Ms. Kuberski believes at this point it is a one-year grant but there is speculation that it might continue. Also, if this is successful, the College could justify it being a full-time position funded out of operational dollars. There is also the potential to ask for a second position down the road. Ms. Gerber explained that one of the Success Coach positions on the agenda today includes athletics, while the other would be coordinating the peer mentoring and tutoring program. There have been a number of grants over the last several years that were issued as one-year grants, but almost all have been extended another year. Mr. Knaack asked if the 10<sup>th</sup> day enrollment numbers would be available before the permanent budget is adopted in September, and Ms. Janssen said the enrollment data and CPPRT will be incorporated in the permanent budget. Mr. Block noted that the 44 percent reserve is high, and he asked when Ms. Janssen anticipates the deficits from the other funds will be incorporated into the budget to show a more realistic number. Ms. Janssen stated that the Auxiliary Fund and the Technology Fee Fund also have a fund balance that she was planning to draw from rather than drawing from the Operating Fund. She suggested the College address this next year so that we do not draw down the fund balance. By FY24, it is possible to have something in place to address the deficits in order to make changes for FY24 or FY25. Mr. Endress noted that in the tentative budget, it was budgeted to draw \$325,000 from the Health Insurance Fund. It may come to the point where we do have to use it, but for the last three or four years, we have not had to do so. If and when the \$325,000 is gone, this would increase the deficit.

### OLD BUSINESS

There was no old business.

### NEW BUSINESS

There was no new business.

### ADJOURNMENT

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

AYES: Endress, Boldt, Rhyne, Knaack, Block, Smith  
NAYS: None

At 3:52 p.m., there being no further business, the Chairperson declared the motion carried and the budget work session ended.

Respectfully submitted,

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