

**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 3:02 p.m. on July 16, 2024, 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, Ms. Mary Kaufman, and Mr. Daeshon Verner

The following members attended virtually: None

The following members were absent: Ms. Pennie Groezinger, Mr. James Rhyne Jr., and Ms. Sarah Kuhlemeier

Others physically present: Ms. Chris Kuberski, President; Ms. Jill Janssen, Vice President/CFO, Administrative Services, Board Treasurer; Mr. Pete Fink, Director of IT; and, Ms. Terri Grimes, Board Secretary

Others virtually present: Ms. Liz Gerber, Vice President/CSSO, Student Development & Support Services; Mr. Jim Phillips, Vice President/CAO, Academic Services and Dean, Humanities, Social Sciences, and Fine Arts; and, Dr. Andy Dvorak, Retired Faculty

**APPROVAL OF TRUSTEE(S) ATTENDING MEETING VIA ELECTRONIC MEANS**

There were no trustees who requested to attend the meeting virtually.

**PUBLIC COMMENTS**

There were no public comments.

**OVERVIEW AND DISCUSSION OF FY24 AND FY25 BUDGETS**

Ms. Janssen provided background information on the budget, noting that there will be a lot of changes between now and the permanent budget in September, when we will know about Fall enrollment and the grants. The College has many federal, state, and local stakeholders and regulatory bodies, and the budget needs to demonstrate our implementation of the Higher Learning Commission criterion for accreditation. Ms. Janssen reviewed the budget building process. Revenue is broken down by source, while expenses are broken down by program or by object. Operating fund revenue is expected to be about \$17.6 million in FY25, which is about 5.1 percent more than FY24. Local tax revenue includes property taxes and Corporate Personal Property Replacement Tax (CPPRT). Equalized assessed valuations (EAVs) rose 13 percent, which is a big part of why local tax revenue is higher. Illinois Community College Board

(ICCB) grants were about level with the prior year. Overall, the community college system received a two percent increase in funding, but due to the way the funding formulas work, the College's allocation was basically flat. Local revenue makes up over 50 percent of the funding stream, while tuition is about 30 percent, and State is 9 percent. EAV is budgeted to increase by 6 percent from tax year 2023 to 2024 based on early indicators, but Ms. Janssen will contact the county assessors regarding EAV prior to the final budget. Jo Daviess County makes up about 41 percent of local property tax revenue, while Stephenson County is about 35 percent, Carroll County at 16 percent, and Ogle County at about 8 percent. Farm land makes up about 32 percent of the College's EAV, with residential at about 54 percent. Commercial, industrial/mineral, and state/local railroad make up the remaining EAV. The College's overall tax rate is estimated to stay in the .54 range, which is similar to last year. For the estimated 2024 tax year, if a person's property has an EAV of \$50,000 (approximately \$150,000 market value), the portion of their property tax bill that belongs to Highland is about \$275. Ms. Janssen reported that unrestricted certified credit hours are estimated to increase about six percent from 27,000 to 28,600. Between FY21 and FY23, the College saw a decline in unrestricted certified credit hours, but more recently, the numbers have increased. Ms. Janssen explained that the State funding allocation is determined by several formulas. There are six instructional categories, and each credit hour type is given a reimbursement rate based on the average unit cost per hour, as reported by all of the colleges each year, minus tuition and local taxes. She shared a chart showing the College's credit hours by instructional type for FY23 through FY25. The College also receives a small college grant of \$24,927, which is a flat amount for colleges with 2,500 or less FTEs.

Ms. Janssen led trustees through an interactive exercise using "golden budget cards" as a way to visualize the makeup of the budget. Each trustee was given a different number of cards, with each card representing \$1 million and correlating to an area of the budget. For example, the trustee who had the "golden budget cards" representing salaries and benefits had 14 cards (\$14 million), which they put on the tray in front of them. Salaries and benefits make up the majority of the budget at 77 percent.

The FY24 budget was balanced and, at the time the end-of-year projection was created, it appeared that revenues would exceed expenses by about \$356,000. The FY25 tentative budget includes a deficit of \$540,000, but Ms. Janssen explained that the deficit may decrease as further budget adjustments are made. The rule of thumb for the College's fund balance is to review the fund balance as a percent of expenses for the fiscal year. The Government Finance Officers Association recommends a fund balance of between 5 and 15 percent, while ICCB recommends a fund balance of 20 to 25 percent. While the College's FY25 fund balance is within these guidelines, a deficit budget is not sustainable over the long term. The College has made some strategic decisions in this year's budget to support recruitment, grow enrollment, and strengthen retention. As part of the budget process, budget requests are required to be linked to the strategic goals, which is a key component within the Higher Learning Commission criteria.

A shared governance process is used to determine Protection, Health, and Safety projects, and anyone can submit projects for consideration. This year's projects include remodeling N-107, which is the tiered lecture hall, remodeling H-127 and the Columbia College office and bringing the Testing Center over to the Student/Conference Center, and changing the handicapped ramp and parking outside of the Natural Science Center.

Ms. Janssen expects that there will be adjustments to the budget between now and when the permanent budget is approved at the September 24, 2024, regular meeting. The required notice of a public hearing on the budget must be made at least 30 days prior to the regular Board meeting, so the notice would need to be made by August 19. Ms. Janssen explained that if the September Board meeting would need to be rescheduled for any reason, she would need to know that before August 19. Mr. Boldt cautioned that, in spending down the fund balance, it is like taking it out of a savings account and when it's gone, it is gone, and it is not sustainable. Mr. Endress noted that Ms. Janssen's budget is always well done, and the College tends to also save money unintentionally when positions are vacant. Long term, the Board cannot approve a budget with a \$500,000 deficit. Ms. Kuberski reiterated that when thinking about new positions, the President's Direct Reports (PDR) strategically thought about how the new positions would impact the return on investment. A rubric was used and there were many discussions. PDR was conscientious about where the deficit threshold would be and where the College would land long term. If some of the positions do not pay off as PDR thinks they will, the College can pull back on the position.

### **OVERVIEW AND DISCUSSION OF 2025 CAPITAL PROJECTS**

Ms. Janssen included this information in her budget presentation above.

### **OLD BUSINESS**

There was no old business.

### **NEW BUSINESS**

There was no new business.

### **ADJOURNMENT**

Ms. Kaufman moved and Mr. Block seconded the motion to adjourn the meeting. At 3:46 p.m., the vote being unanimous and there being no further business, the Chairperson declared the motion carried and the meeting adjourned.

Respectfully submitted,



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