

WILLIAM RAINEY HARPER COLLEGE
BOARD OF TRUSTEES OF COMMUNITY COLLEGE DISTRICT # 512
COUNTIES OF COOK, KANE, LAKE AND MCHENRY, STATE OF ILLINOIS

Minutes of the Committee of the Whole meeting of Wednesday, March 14, 1990.

The Committee of the Whole meeting was called to order at 7:35 p.m. in the Board Room of the Administration Building, 1200 West Algonquin Road, Palatine, Illinois.

Present: Chairman Barbara Barton, Members Peter Bakas, John Coste, Kris Howard and Susanna Orzech.

Absent: Members Larry Moats, Molly Norwood, and Student Member Darlene Ivarson.

Also present: Paul Thompson, President; Bonnie Henry, V.P. Student Affairs; Vern Manke, V.P. Administrative Services; Dave Williams, V.P. Academic Affairs; Felice Avila, Executive Assistant to the President; Pam Toomey, Recording Secretary; Vic Berner, Dean of Business Services and Finance; Pat Bourke, Dean of Life Science and Human Services; Al Dunikoski, Dean of Learning Resources Center; John Gelch, Dean of Physical Education, Athletics and Recreation; Chuck Harrington, Dean of Instruction; Bill Howard, Dean of Continuing Education and Program Services; Tom Johnson, Dean of Business and Social Science; Joan Kindle, Dean of Student Development; Liz McKay, Dean of Academic Enrichment and Language Studies; Martin J. Ryan, Dean of Liberal Arts; George Voegel, Dean of Curriculum Development; Larry Bielawa, Director of Personnel; Jeanne Pankanin, Director of Student Activities; Classified/Pro Tech: Myriam Hegy, Administrative Secretary, and Leon Hussissian, Audio-Visual Technician; Guest: Bingxun Xu.

President Paul Thompson stated that the Board would have a presentation of revenue projections for the upcoming fiscal year. He said that there were a few basic assumptions to be addressed: there would be no tuition increase, state grants anticipated would not be increased, local taxes based upon the 1989 levy have already been set by the Board, an increase of 8 percent, total dollar increase of \$1.5 million is anticipated for the Education Fund and the Operations/Maintenance Fund. Also, he stated that fund balances have been carried forward and are anticipated to increase to a total of approximately 6 million in the Education Fund and \$5.4 million in the Operations/Maintenance Fund. President Thompson stated that the Operations/Maintenance Fund balance is higher than the target set by the Board and alternatives will be addressed in the budget process. Finally, he stated that the interest income in the Education Fund would total about \$461,000, a considerable increase over what was budgeted last year. President Thompson introduced Vice President Vern Manke, to make a presentation on the history of College revenue, a picture of the long range forecast, and some detail in the budget revenues for 1990-1991.

Before the presentation, President Thompson asked if there were any questions from the Board. Member Howard stated that although interest income amounted to almost \$900,000, interest income will go down with expenditures and the use of fund balances in the cost of new construction, etc., and cannot be counted on in the future as a constant income stream. Member Bakas asked what the estimated increase in assessed valuation was. Vice President Manke responded that the projection for the 1990-1991 budget was approximately 20 percent. He stated that this would be gone over in more detail. Vice President Manke stated that the Cook County Assessor's office did not have firm figures available at this time and that he would inform the Board as soon as those figures become available. President Thompson said that information on the expenditure budget would be discussed at the April Committee of the Whole meeting and he would like to hold further discussion at that time. It was the consensus of the Board that they would address these matters at the April meeting.

Vice President Manke stated that the Board had a booklet with the information he would present. He began with a history of equalized assessed value and noted that the latest information available was for 1988 which was \$6,817,240,244. The 1989 assessed value is expected to go up at least 20 percent. The exact figure was not known yet. Member Bakas noted that a 20 percent increase would represent an increase to approximately \$8 billion. Vice President Manke noted that the equalized assessed value has made a significant increase since 1965 through 1988 and that he believed it would be a bigger increase in 1989. He stated that there are three major portions of a revenue budget: local taxes, tuition, and state apportionment.

Vice President Manke first addressed the tax rates. Starting in 1965, the Education Fund tax rate was at 7 cents and went to 11 cents until 1984. The Maintenance Fund started at 2 cents and fluctuated to 4 cents. In 1985, reporting was more detailed based on state requirements for tort liability insurance and audit levies. The Life/Safety levy was also started. That caused three additional levies to be made for the institution. This was also the same time the district passed a rate referendum and increased the Education Fund to 17.25 cents per hundred dollars assessed valuation and 7.5 cents for the Maintenance Fund. The remaining funds are based on what the levy needs to be; however, the Life/Safety and audit levies have a limit of 5 cents. At present, all restricted levies are under the 5 cent limit. Vice President Manke stated that the Life/Safety Fund is starting to stabilize because much of the major work has been done. He anticipated a need for levies of about \$1 million levy in this fund for the next three to four years.

Vice President Manke stated that another major source of revenue for the College is tuition. He displayed a chart which gave a history of the tuition rate for the district since 1967-1968. Member Howard asked for figures indicating increase in overhead over the years, to see what the increase in tuition reflected in relation to the cost of living. Vice President Manke stated he

would get this information for the Board. He stated that there was an exhibit in the Board packet which showed expenditures in relation to revenue which would be helpful. In 1987, 1988 and 1989 revenues exceeded expenditures by design because the Board and administration were working to re-establish fund balances for the institution. In 1985-1986 the institution was at a fund balance of \$159,289 which was a result of change in accounting principles which required some accruals for retirement benefits. However, from 1981-1982 the fund balance was at \$6 million, which dropped to \$3 million due to a change in accounting principles for real estate tax accruals, and then from 1985-1986, the fund balance began increasing. He stated that the current fund balances have occurred by plan.

Vice President Manke displayed a graph indicating revenue projections for the next five years in terms of the Education Fund. For the 1989 levy, a 20 percent increase was projected. He pointed out that the Board did not levy the maximum rate available in response to concern in the community regarding increased taxes. The total local tax revenue projected for 1989 is \$12,579,000. The 1990 assessed value is projected at a 6 percent increase. An increase in the 1990 levy of 5 percent would raise the local tax revenue to \$13,779,000, whereas the maximum available was \$15,175,177.

The next significant portion Vice President Manke focused on was state apportionment. He projected that in 1990-1991, an increase of only 1.5 percent is projected. Tuition revenue reduction in 1989-1990 is due to a change in refund policy and is taken into account in that budget. Investment income changed in 1988-1989, it was \$848,000 as compared to the 1989-1990 interest revenue of \$360,000. This was due to a change in the way the Working Cash Fund operated. The Educational Fund was loaned money from the Working Cash Fund in prior years, where it earned interest income. In 1990-1991, \$725,000 is projected in investment income but could be changed to \$750-775,000. Interest rates might escalate beyond what is projected.

In the Operations/Maintenance Fund, the same equalized assessed value and assumptions are used. The maximum levy rate available for 1989-1990 would yield \$6,135,516, while the 1989 levy rate adopted will yield \$5,624,223. The 1991 levy could be \$6,503,000 but if kept at a 5 percent increase, it would be \$5,905,000. The major portion of the Operations/Maintenance revenue comes from investment income. In 1988-1989, the investment income was \$994,000, which was partially a result of a loan made to this fund from the Building Fund (Restricted) to generate interest. At the end of each year the loan would be transferred back. In 1989-1990, the fund balance was large enough so that this loan was not necessary. However, when the fund balance is reduced, the investment income will be reduced and will cut down the total revenue substantially. Also, Vice President Manke pointed out that \$100,000 was transferred from the Working Cash Fund to the Operations/Maintenance Fund.

Vice President Manke continued with the revenue anticipated for the Education Fund. Local government sources provide approximately 43.5 percent, corporate personal property tax 1 percent, other revenue 5 percent, state government sources 22.8 percent, interest on investments 1.5 percent, tuition and fees 26.2 percent. When the Community College Act was passed, state government sources were intended to be 50 percent of the institution's Educational Fund budget. This is not the case.

Vice President Manke presented a graph of the Maintenance Fund. Local government sources provide 84.6 percent, parking fees 1.2 percent, other revenue 1.9 percent, interest on investments 6.3 percent, corporate personal property replacement tax 2 percent, and state government sources 4 percent.

Vice President Manke concluded his visual presentation and answered some questions from the Board. He stated that there would be adjustments to the figures presented as new information becomes available.

President Thompson reviewed new personnel requests. Six resignations from faculty are in process. Five new faculty positions are recommended, three of which are new positions in the areas of English, math and biology. The nursing and library positions would be replacements, and another position would be a replacement for a faculty member on leave for a semester only.

President Thompson relayed that new personnel requests represent an increase of \$134,448. He reported that many requests for new personnel were made and the administration was very careful in selecting their recommendations. Member Howard noted support personnel are important and cost effective so that higher paid personnel are not spending their time on tasks that could be fulfilled by support personnel. President Thompson noted that the amount of paperwork required by the state and federal governments is increasing and additional support staff are required to fulfill this task. Member Orzech stated that efficiency in the performance of tasks is important to cut down on costs. Member Howard observed that student services have increased. Member Bakas stated that some of this work is currently being done by temporary employees and current permanent employees working overtime.

President Thompson noted that in the area of Student Affairs, \$41,200 is requested for new personnel. It is hoped that one of the positions would be partially paid by a grant. Chairman Barton asked about the intercultural position. Vice President Henry responded that this person would be working with parents, students and community groups primarily promoting education for minority students. There would also be staff development programs. Chairman Barton inquired about the drug and alcohol program. Vice President Henry reported that over the past two

years the College received a grant and has developed an extensive program in this area. The grant will end this year, but the College would like to maintain this program. She reported that the use of the drug and alcohol awareness program services was greater than anticipated.

President Thompson reported on the new requests in the Administrative Services budget. Two new positions are recommended, and two represented an increase in hours. One position, that of internal auditor, was questioned by Member Orzech. Vice President Manke responded that more grants are being sought and more reporting is being required in the areas of financial aid and reconciliation of financial aid programs. As finances grow, a strain is being put upon current staff. Vice President Manke stated that there is a need for this position to maintain accurate financial records.

President Thompson reviewed capital outlay expenditures and stated that the administration is trying to maintain an expenditure for capital outlay to approximately \$1 million each year. The largest portion of capital outlay is for the Academic Affairs area for needs in the classroom and labs. After reviewing the requests, the Board shifted to the review of the capital outlay for the Operations/Maintenance area. Vice President Manke pointed out that the administration is now moving to a preventative program replacement schedule so that large dollar requests are not being made. President Thompson stated that the College is looking to replace furniture for students throughout the campus. The administration would like to get a portion of the purchase from the current year budget so that the fund balance would not be as great. This purchase could go out for bid but whether the furniture could be received on campus in time for the deadline was not certain. He asked the Board for their direction. It was the consensus of the Board to go ahead with this purchasing procedure.

President Thompson directed the Board's attention to remodeling requests. Member Coste asked about the status of the Northeast Center. President Thompson responded that a lease/purchase agreement is being discussed. Some difficulties in the acquisition of this building would be compliance with accessibility. Also, up until two years ago, the College had access to a building in the southeast area of the College district. This is also being pursued by the administration, but is still in negotiation. There has been only one meeting and discussion has been only preliminary. Returning to the Northeast Center, Vice President Williams reported that the Northeast Center was being utilized fully in the evening and that space was available during the day hours. He also said that support services such as the library, cafeteria, are not available at that facility so that students do find the main campus more desirable.

President Thompson reported that the administration will be presenting a deficit budget in the Operations/Maintenance Fund. This is part of the expenditure budget plan.

President Thompson requested the Board's recommendation regarding new faculty positions. Member Howard moved and Member Orzech seconded that the new and replacement faculty positions as presented be approved. Upon roll call, the vote was as follows:

Ayes: Chairman Barton, Members Bakas, Coste, Howard and Orzech

Nays: None

Motion carried.

With no further business, Member Howard moved and Member Orzech seconded that the meeting be adjourned. Motion carried. The Committee of the Whole meeting was adjourned at 9:25 p.m.

BARBARA BARTON
Chairman

SUSANNAH ORZECH
Secretary