

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, April 11, 1990.

The Special Board Meeting was called to order at 7:38 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, Larry Moats, Susanna Orzech, and Student Member Darlene Ivarson.

Absent: Member Molly Norwood.

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; Chuck Harrington, Dean of Instruction; Liz McKay, Dean of Academic Enrichment and Language Studies; George Voegel, Dean of Curriculum Development; Larry Bielawa, Director of Personnel; Don DeBiase, Director of Physical Plant; Jeanne Pankanin, Director of Student Activities; Classified/Pro Tech: Leon Hussissian, Audio-Visual Technician.

President Thompson stated that the intention of this meeting was to discuss the expenditure budgets for the operating funds. In the Education Fund, the administration is presenting a balanced budget based upon anticipated revenue. In the Operations/Maintenance Fund, a deficit budget is presented, pursuant to previous discussions, to decrease the current fund balance and to address some needs that the College has identified. With that introduction, President Thompson asked the Board to discuss with the administration the budget as presented.

Member Coste asked if the projected 8 percent tax increase originally anticipated was still correct. Vice President Manke responded affirmatively and stated that the 1989 levy filed in November of 1989 resulted in an 8 percent increase. That money will come in partly in the 1989-1990 budget, and part will come in the 1990-1991 budget. He also pointed out that the 1990 levy which will be determined in November is predicated upon the estimation of a 5 percent levy increase and a 6 percent increase in assessed value. For 1989 the assessed value is estimated to go up 20 percent. However, the Board only levied for 8 percent which means the Board did not realize all of the revenues possible for the assessed value of this district. This was the Board's response to concern of taxpayers to keep taxes down. Member Howard asked if the extension would be more than 105 percent. Vice President Manke responded that it was based on 105 percent of the 1989 tax extension. Chairman Barton expressed concern that if the state mandates that the Board be restricted

to the levy rate in past years, it could hurt future funding. President Thompson stated that several different propositions have been introduced in the past two years on property tax limitation. This tax limitation was one of them. President Thompson stated that the other concern was that if there were property tax limitation and/or limitation on future income tax by which the state income would go down, the College might have to go back to the voters for an increase just to keep operating. Member Bakas asked what percentage of the operating revenue comes from state apportionment in this budget. Vice President Manke responded approximately 24 percent.

Member Orzech expressed concern about continuing to add to the personnel budget. She stated that in a report from the State of Illinois Board of Education concern was expressed regarding the increase of productivity of each employee. She stated that consolidation of job descriptions should be looked at within the year so that the number of employees remain the same. President Thompson stated that at the administrative retreat, a great deal of time was spent discussing this report and its implications for Harper. Some action plans were developed that each administrative unit was going to take. He presented the Board with his point of view regarding this issue. President Thompson stated that in the 1950s, in his graduating class, the upper 20-25 percent of students went on to college. Twenty years later, in the 1970s, about 50 percent of graduating seniors were going on to college. In the 1960s, the community college movement developed and many of the students in that growth period attended community colleges. Now in 1990, in the Harper district, 75-80 percent of graduating seniors are going to college. The change in the number of students attending college results in a wide diversity in student academic standing within the institution. That diversity requires different kinds of services at Harper, as opposed to an institution that admits only the top 10 percent of students. These differences in services represent costs. He stated that productivity and service costs must be weighted against providing services that will help ensure the success of the student population attending Harper. Member Howard stated that a fresh look must be taken at the ways things are done at Harper to increase productivity while maintaining the quality of education. Member Orzech stated it was her concern that personnel not be added who would have to be cut from the staff if future budget restrictions were experienced.

Member Orzech inquired about the liability protection budget line for the treasurer's bonds. Vice President Manke responded that there were several different treasurer's bonds. Every time there is a special bond issue, there must be a special treasurer's bond for the bond issue. There is one for the Working Cash Fund, one for the building bonds that were just sold, one which was for a previous building bond that was not yet quite expended. The balance is for the regular treasurer's bond which covers all of the other funds of the College.

Member Coste asked about the increase in salary and benefits for employees. Vice President Manke responded that the increase for

the Education Fund was about 8 percent and about 7 percent for the Operations/Maintenance Fund.

Member Orzech inquired about the Life/Safety budget. Vice President Manke stated that because the money is received in two different fiscal year budget, for 1990-1991, the administration indicated to the Board that projects would require levies of about \$1 million. The administration is budgeting for about four projects. This levy is included in the 8 percent increase. Vice President Manke stated that if the assessed value goes up 20 percent, the levy in the Education Fund is increased by 5 percent, the Life/Safety cut to \$1 million, and the new bonds that were sold are added, the tax rate will decrease by approximately 1.51 cents per \$100 of assessed value. If the assessed value goes up more than 20 percent, the tax rate will go down even further.

Member Coste stated that the contingency budget has not been used in the last few years and yet is being increased every year. President Thompson stated that there is a potential that the state cannot produce anticipated income. He stated that at one institution at which he served, significant reductions were required in the middle of a budget year. He believed it was good policy to preserve the contingency in the budget. Vice President Manke stated that another important reason to maintain the contingency was in case of a significant increase in enrollment. If that should occur, additional faculty would need to be added. A contingency can be used for these expenses rather than opening the budget process again.

Member Costs asked about the \$600,000 proposed deficit in the Operations/Maintenance budget. He was uncertain of the proposal to take this money from surpluses. Vice President Manke stated that this money was being earmarked for the projects which do not qualify for Life Safety funding. Also, President Thompson suggested that \$2 million of the current fund balance be designated for future building.

Member Orzech asked what the projected expenditures for the 1989-1990 budget were. Vice President Manke indicated that there would be approximately \$1,300,000 increase in the fund balance in the Education Fund. He also stated that he supported President Thompson's proposal that \$2 million from the Operations/Maintenance Fund be designated for building purposes. Member Orzech asked why this money would not be moved into a restricted purpose account. Vice President Manke responded that keeping this money in the Operations/Maintenance fund would retain flexibility. Chairman Barton asked for the consensus of the Board on this issue. Member Moats was concerned at taking liberty with the taxpayers' money in designating this amount for building purposes rather than using it for maintenance. Chairman Barton stated that some of the money in the balances resulted from interest received. Vice President Manke explained that when the working cash bonds were sold, it allowed the College to remove from the bond interest fund balance \$2 million to be transferred to the Operations/Maintenance Fund at that time because the fund balance was extremely low. It was not known at

that time how much the Life/Safety levy would cover relative to the renovations which were needed. As a result, the fund budget has grown substantially in terms of the interest that it earns, and most of the projects which have been done have not come out of this fund. As a result, there is \$2 million in the Operations/Maintenance fund which was transferred there in 1985 from the Bond and Interest Fund balance which had accumulated over the years from interest earnings. He believed that designating this money for building would be using the money as taxpayers had intended when the voters approved the bond issue in 1975-1976. It is a result of the interest that those funds earned while they were waiting in the fund balance for the payment on the bonds. Member Moats asked if the entire \$2 million was earned from the monies on the bond issue. Vice President Manke responded affirmatively, stating that the interest earnings were from the bond issue for the building of Buildings M, I and J and the purchase of the second site. Member Moats expressed concern over the number of funds designated for construction. President Thompson stated that the Board is in a good position because it has a number of choices. State resources may not be available. The Board would then have to look at what could be done with local resources. Member Orzech stated that there was nothing wrong with building cash balances and using the money prudently, which in fact was less burdensome on the taxpayer in the long run. She stated that she would support the designation of the \$2 million for construction purposes. Member Coste stated that he was inclined to agree with this as well. Member Bakas concurred.

Member Coste observed that there is an increase of approximately 6.55 percent in the Education Fund budget and that the cost of living increase was approximately 5.7 percent. He asked if the budget could be pared down one percent. President Thompson stated that until the budget is approved, it was possible. Member Coste also wanted to take a look at the \$600,000 deficit in the Operations/Maintenance Fund budget. Member Howard stated that the percentage of the increase in the budget should be looked at. She believed that tight funding times are foreseeable in the future and inquired about the possibility of reducing the increase to 5.5 percent. Member Bakas asked if this could be done by reducing the contingency. Vice President Manke noted that it would take \$313,000 to bring the budget down one percent. If the contingency is not spent, it would bring the budget down more than one percent, but he does not recommend not having a contingency. He stated that there should be a firm commitment not to spend the contingency. Vice President Manke stated that the actual expenditure figures for the current year budget are not in yet, and that the budget process must go budget to budget. There will be some accounts that will not be expended. Therefore, the percentage most likely will be higher when compared to the 1990-1991 budget. However, if we take out the \$500,000 for contingency, about 1.5 percent, we would be down to about a 5 percent increase in the overall budget for the Education Fund. Vice President Manke stated that he believed the proposed budget is a responsible budget which funds the programs that have been identified as programs the College wants to support. Member

Coste noted that in past years, actual expenditures have not met the budgeted figures. Vice President Manke stated that the budget could be cut, but this action would have an impact on programs. If that course of action were taken, he would recommend going back to the cost centers to have them make the decision where figures were to be cut. If the contingency is not used, and it is not anticipated to be used, the budget would be within the 5.5 CPI. Member Howard pointed out that in the years Member Coste noted that budget expenditures were under budgeted revenue, interest income was higher than anticipated, and this accounts in part for the under-expenditure. She believed a more realistic projection of interest income was now included in the budget. Vice President Manke noted that in past years, the College intentionally budgeted conservatively in order to build fund balances. Member Howard pointed out that this was one of the reasons for the surpluses. Member Coste stated that the figures he quoted were totally from the expenditure side of the budget. Member Orzech stated that she would not support returning the budget to the cost centers for review because it would not be a good use of time. She would support a review of the contingency as to whether to reduce those numbers. Member Bakas noted that another look could be taken at new personnel, excluding new faculty already acted upon, plus the capital requests. President Thompson asked the Board if it was the consensus of the Board to have a budget with a 5.5 increase. Member Orzech stated it would be up to the administration how to reduce the budget to get closer to the 5.5 percent figure. Member Bakas stated that in the current tax climate, it would be a good thing to do.

Member Coste asked about the minority counseling position and whether it had been filled. President Thompson responded that it was in the prior year's budget as well as the current year budget, but the position had not been requested from the Board. He stated that it is in the budget for their approval this year and will be filled with Board approval.

Member Moats stated that the credit hour cost has increased at a rate triple that of inflation over the last seven to eight years. He expressed concern that the costs cannot be defined as to where the increases have arisen, and that the money has not gone into the classroom. President Thompson stated that in the last three to four years a great deal of money has been spent on capital equipment, which is driving up costs and is going into the classroom. Member Moats expressed concern that the investment in computer equipment has not reduced expenditures. President Thompson stated that there may have been an overestimation of what the computer does in terms of reducing need for staff. There have been productivity gains, but they have not kept pace with the type of reporting that is being required. The Board often requests data which the College would like to have readily available on computer, and at present the College does not have this ability. Member Orzech stated that she realized that computers carry a lot of data which has to be dealt with by people. Member Howard stated that a large percentage of the increase of credit hour cost does deal with salaries and benefits. She stated that in the late 1970s the cost of inflation was approximately 15-18

percent and there was no way the College could keep up with the CPI in the salaries at that time. In the 1980s there was a period of catching up. Also, medical and liability insurances have gone up significantly. Member Moats stated that some services are supportive of education, but they are not classroom education, which the institution primarily exists for. President Thompson noted that some of those services make education effective. Member Moats was concerned if the quality of education has improved.

President Thompson stated that at a recent meeting he attended with the trustees, Mike Monaghan, who is a lobbyist with the Illinois Community College Trustees Association, told him that a bill has been introduced that would fund the community college capital projects as they were requested by the Illinois Board of Higher Education. Mr. Monaghan suggested that local legislators be written and encouraged to support the bill. It was also recommended to write to the governor. President Thompson distributed sample letters the Board might want to utilize in writing these representatives, as well as information he received from the Illinois Community College Trustees Association regarding the bill. However, he noted that some information on the handouts was incorrect. Member Orzech noted the inconsistencies and offered the corrections to the Board. Member Howard stated that the ICCTA should be confronted to present accurate information to retain credibility. President Thompson said he would pursue this with the ICCTA. Member Coste noted an upcoming ICCTA meeting. Discussion followed.

Chairman Barton noted that a May Committee of the Whole meeting may not be needed and will be decided at the April Board meeting.

Member Coste requested an executive session at the April Board meeting for the purpose of discussing the football program investigation.

With no further motion, Member Orzech moved and Member Howard seconded that the meeting be adjourned. Motion carried. The Special Meeting of the Board was adjourned at 9:18 p.m.

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BARBARA BARTON  
Chairman

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SUSANNA ORZECH  
Secretary