

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 Special Board Meeting of Wednesday, May 13, 1992.

CALL TO ORDER:

The special meeting of the Board of Trustees of Community College District No. 512 was called to order by Vice Chairman Bakas in the absence of Chairman Norwood on Wednesday, May 13, 1992 at 7:30 p.m. in the Board Room of the Administration Building, 1200 W. Algonquin Road, Palatine, Illinois.

ROLL CALL:

In the absence of Member Moats, Vice Chairman Bakas requested Member Coste to act as Secretary pro tem.

Present: Members Bakas, Born, Coste, Howard, and Moats (8:05 p.m.); Student Member Sprake-Jones (8:05 p.m.).

Absent: Members Barton and Norwood.

Also present: Paul Thompson, President; Vern Manke, V.P. Administrative Services; Bonnie Henry, V.P. Student Affairs; Susan Webb-Kmiec, Recording Secretary; Ted Agresta; Felice Avila; Mary Azaur; Vic Berner; Larry Bielawa; Jean Chapman; Marilyn Comer; B. Diane Davis; George Dorner; Steve Dudek; Rich Geary; J. Harley Chapman; Bonnie Henry; Bill Howard; Tom Johnson; Thea Keshavarzi; Liz McKay; Ray Moehrlin; Sheila Quirk; Patty Roberts; George Voegel; Laurie Wren; Joan Young, Harper College. Technology Services, Inc: Dan Mooney, Barry Poulson. Trish Lichtenstein, Paddock Publications.

BUDGET REVIEW

Vice Chairman Bakas turned the meeting over to President Thompson for the purpose of review and discussion of the 1992-93 budget. President Thompson related that the College had complied with Governor Edgar's request of a 3 percent recessionary allowance; however, it has been learned that there will be a 7 percent reduction in state funding compared to last year. This action will necessitate a reduction in the Contingency Fund to \$150,000 and a deficit budget. A significant portion of the expenditures is the result of a strong move to employ additional full-time faculty, whereas hiring of employees in other categories may be delayed pending summer and fall enrollment figures. At this date there is a 30 percent increase in summer enrollment and a 20 percent increase in full-time student enrollment for fall. An attempt has been made to maintain capital funding.

Budget Review  
(cont'd)

The Operation and Maintenance Fund and the Auxiliary Fund have also been established with a deficit budget. However, it is anticipated that the deficits will be somewhat offset by the fund balances.

President Thompson directed attention to Item IV, Budget Comparison Data (attached to the minutes in the Board of Trustees' Official Book of Minutes).

Member Howard asked if there were more details available regarding the delays in hiring. President Thompson responded that the details have not been worked out at this date.

EXHIBIT IV

Vice President Manke gave an overview of the Budget Comparison. He noted that the 1991-92 Adjusted Budget reflects modifications based on projections of anticipated events and changes made when that budget was adopted.

Education Fund  
Revenue

The projected local tax revenue indicates a 6.51 percent increase over the adjusted budget rather than the 5 percent increase in levy that was adopted because of the two-year levy collection period. In addition, the county adds a percentage for loss of collections. The decrease in state sources represents the funding reduction referred to by President Thompson as well as reductions in other state grants. The increase in tuition and fees is due in part to the \$3.00 tuition increase. An 18 percent reduction is projected in the interest income because of anticipated poor interest rates for next year. Other revenue represents charge-backs to departments for copying, etc. Transfers refers to a projected transfer that will be needed from the Working Cash Fund, and is interest income that the Working Cash Fund earns rather than principal.

Member Coste asked for an explanation of the difference between the 5.16 percent increase for this fund and the 6.63 percent increase for revenue on page 1. Mr. Manke explained that the 6.63 percent increase in operating funds is the average of several funds, whereas the 5.16 percent relates only to the Education Fund. Member Bakas asked if the increase in Tuition and Fees was a result of increased enrollment as well as the tuition increase. Mr. Manke replied that it is.

Education Fund  
Expenditures  
(By Object)

The 7.28 percent in Salaries includes the new budgeted positions, projected actual salaries for faculty and Pro-Tech, and a 5 percent

Education Fund  
Expenditures  
(cont'd)

estimated increase for Classified, Supervisory, Confidential and Administrators. The majority of the decrease in Contractual Services occurs in the OIS budget as a result of the revamping of contractual services by TSI. Fixed Charges relates to leases for equipment, software, etc. The increase in Capital Outlay is in keeping with the plan to improve equipment on campus that was neglected for many years.

Although the exhibit shows Contingency to be 0 for last year, the actual Legal Budget had a contingency amount of \$350,000. It is not anticipated that the contingency will be used this year, so it has been reduced to 0. The amount of \$150,000 represents a \$200,000 reduction in contingency. Mr. Manke stated his concern with cutting the contingency back to that level in the event that a significant increase in enrollment necessitates hiring additional adjunct faculty. This could be increased by doing an amended budget which will require another hearing and repeating the budget process. Member Howard asked if additional money could be taken out of the Contingency Fund, or Fund Balance. Mr. Manke again stated that that would require an amended budget. Member Bakas asked if the Legal Budget contingency could be increased without an amended budget. Mr. Manke replied that it could be accomplished in that way, and added that this would be his preferred option in order to avoid an amended budget.

Member Coste stated that the impression has been left that if there is an overrun in the contingency line item, another budget will be required, and disagreed with this in light of the fact that both of these funds have had million dollar surpluses for the last two years. Mr. Manke replied that some of the surplus is generated by increased revenues, and that an amended budget is only necessary if the expenditure total is overrun. He explained that when the budgets are made, the information is gathered from the Divisions. This information is their best estimate of anticipated expenses for the year. It was Mr. Manke's feeling that it is not appropriate for his office to question those submitted expenses, and noted that for the period Mr. Coste referred to, the expenses have come in consistently less than estimated. He commended the Divisions for this, but realized that it makes the budgeting process look deficient in its integrity. This inequity has

Education Fund  
Expenditures  
(cont'd)

also been affected by increased revenues from both good interest rates and increased tuition.

In reference to the Budget Comparison document, Mr. Coste noted that there is \$150,000 in Contingency line items, where as page 3 of the Legal Budget for 1993 shows the amount to be 0. Mr. Manke explained that the \$150,000 is included in the budget expenditures, and it was determined that the Provision for Contingency amount under the Education Fund is an error and should be changed to \$150,000.

Expenditures  
(By Program)

Member Born asked if the deficits could be explained. Mr. Manke stated that the 39 percent deficit in Public Service is a result of the reorganization of the Adult Continuing Ed Department, resulting in moving some of those programs to other divisions. The reduction in transfers shows a deficit because no transfers to other funds out of the Education Fund are planned, as was done in the past.

Member Howard expressed her concern with the category of "Other". Although the amount is not a considerable increase, Member Howard was uncomfortable with lumping undefined expenses together, and cautioned that those expenses should be carefully looked at.

Operations &  
Maintenance Fund  
Revenue

The increase in State Sources is the corporate personal property replacement tax that Harper gets quarterly. In addition, Harper no longer funds any of the state apportionment monies to this account. Tuition and fees represents parking fees, which is driven by enrollment and could increase. The Other category is miscellaneous income derived from recycling, building rental, etc. The reduction in that category is caused by the fact that it is not proposed to transfer any money from the Working Cash Fund as in the past.

Expenditures  
(By Object)

Member Moats and Student Member Sprake-Jones entered the meeting at this point (8:05 p.m.). Member Moats questioned the Capital Outlay expenditure for software in terms of what it will do for the College that is not being accomplished now.

Dan Mooney responded that the current main frame based student and financial systems are being replaced as they are currently out of date and difficult to maintain. This will improve access to student and financial information by the administrative offices.

Operations &  
Maintenance Fund  
Expenditures  
(cont'd)

Member Moats asked if the monies approved at the last regular Board meeting were for that same purpose. Mr. Mooney explained that that was for a query tool to access the information, not the systems used to manage the data bases. This product will work with both the current system and any new system acquired in the future. Departmental budgeting and fiscal management will be made easier with this system.

In relation to Salaries, there is only a 3.65 percent increase instead of 5 percent because some positions vacated through attrition will not be filled at this time. The small increase in Employee Benefits also relates to the reduction in positions as well as compensating for an overestimation in the amount needed for last fiscal year. In addition, a high turnover rate in this area leaves some positions unfilled for a number of months and benefits are not paid for that time. There is a nominal increase in Utilities because excess money was budgeted last year in addition to a mild winter. Also, the staff is fine-tuning the utility systems. Member Moats asked why there was an approximately 13 percent increase in 1991-92 utilities from 1990-91. Mr. Manke answered that some of that money will not be spent, but part of the increase is attributed to the fact that the campus is now being run on a 7 day a week basis. As enrollment increases, however, there is a point where there is a positive return.

Member Moats asked about the savings realized with the energy management systems. Mr. Manke answered that many people feel that it is doing what it should do. However, there is a problem in proving it because of many variables such as the Weekend College and the increase in utility costs. Member Moats felt that the system should be able to generate a fairly detailed analysis of the savings realized. Mr. Manke related that because of the "sick building syndrome", in the past two years since the system was revamped, 10 to 20 percent more outside air has been brought in to help facilitate the improvement of air quality in the buildings. This outside air must be heated (or cooled), and must be taken into account in the utility costs. Member Howard added that it would be interesting to see comparison figures of increasing utility rates at other institutions. It was Mr. Manke's feeling that the system is delivering

as promised, but Member Moats felt that that opinion should be supported with solid data. Member Bakas noted that the company that installed the equipment should be able to provide such data. Mr. Manke stated that the information can be generated, but there are many variables which must be factored in and will influence the results.

In terms of Contingency, \$200,000 has been budgeted in this fund, giving a total of \$350,000 in Contingency for the operating funds. This is below the budget guidelines advocated by the Board. Mr. Coste felt that these were not reasonable guidelines. He felt that this is a very good and realistic budget in today's economy, but was bothered by the contingency amount. Mr. Manke stated that the \$200,000 increase is due to the fact that this money is not going to be used for 1991-92, even though it was in the budget. Member Coste questioned the accounting rationale, noting that for any of these line items, if it is not being used, it doesn't count. Mr. Manke replied that questions would arise if it was put into the budget and not used, so that the money was taken out if it is not going to be used, resulting in the Adjusted Budget. Member Coste stated that if this is done, then the variance is skewed.

Auxiliary Fund  
Revenue

Tuition and Fees shows an anticipated increase of 19.97 percent from Adult Continuing Education (non-credit) courses. Sales and Service Fees are fees for courses that the College does not charge tuition for, in addition to revenue from the Book Store and Food Service.

Auxiliary Fund  
Expenditures  
By Object

The 17 percent increase in Salaries is due to increased projections for enrollment and number of courses offered. General Materials and Supplies accounts for textbooks and various items sold in the Book Store, which is offset by Sales and Service Fees. The Transfers relate to transfers made to other funds for services provided from those funds, and is all offset in the other budgets. Much of the increase in this budget is due to increased sales in the Book Store, Food Service, and additional classes anticipated. Mr. Manke reminded the Board that this is a deficit budget.

Member Moats asked how much of the excess revenue is generated by the Book Store. Mr. Manke gave that figure as \$300,000 to

Auxiliary Fund  
Expenditures  
(cont'd)

\$400,000. He added that the \$243,000 in Transfers represents the transfers to the Bond and Interest Fund to pay for the bonds which were sold to pay the 1992-93 principal and interest payment for the alternate revenue bonds.

Restricted  
Purposes Fund  
Revenue

The Restricted Purposes Fund deals mostly with grants received and is basically an in/out budget. Mr. Manke explained that a particular grant may at times overlap from one fiscal year to another, resulting in a discrepancy of the revenue and expenses.

The Tuition and Fees relate to those courses that are grant funded. Member Howard asked if these grants are then audited and balanced. Mr. Manke replied that in theory they are, but at times the College is notified of a grant cut after a program has already started. This may necessitate requests for a transfer of funds. Some programs are being carried with a receivable, anticipating that the State would fund the shortages, but this many times does not materialize. These funds are now being analyzed to determine where transfers will be needed.

Expenditures

There are some utilities budgeted for under this fund if the grants allow charges for utilities. It is difficult to compare the total expenditures with those of last year, as the grants received this year may be different from those received last year.

This concluded Mr. Manke's overview of the budget comparison. Member Coste asked if, commencing with July 31, a righthand column could be added to this document entitled "To Date". Mr. Coste would like this report every month with the other financial reports. Mr. Manke stated that this could be done. He added that this information must be added in manually at this time, but some of the software that has been requested will enable his department to accomplish this task.

Member Moats again questioned the expenditures for the computer system. Mr. Manke replied that tremendous strides have been made in providing the automated type of information that has been requested by the Board. President Thompson stated that the five-year plan that has been presented and endorsed is reasonable, and will help Board members, staff and faculty with information that will ultimately help the students.

EXHIBIT V  
Legal Budget  
Review

Mr. Manke stated that the Legal Budget is a state requirement. This has the same basic information in a different format. For the benefit of Member Moats and Student Member Sprake-Jones, President Thompson pointed out the error on Page 3 that was previously noted by Member Coste. Under the Education Fund column, the Provision for Contingency should be \$150,000 rather than 0. Member Bakas noted that this Legal Budget will be presented to the Board in June for adoption, and then will be on public display for at least 30 days with the final adoption in August.

Member Born asked why \$88,000 is being spent for counseling services when our community has a multitude of counseling services available. This is budgeted under the Auxiliary Enterprise Fund as the Community Counseling program. Bonnie Henry responded that the Auxiliary Account generates income to recover those expenditures, and that this program is self-sustaining. Member Born also felt that the amount of money spent on the fashion show recently held seemed excessive. Harley Chapman responded that this is seen as an educational expense. Harper College has a very successful fashion design program with international winners. Member Born asked what percent of revenue covers expenditures. Mr. Chapman stated that he does not have those figures available at this time, but he will be able to get them.

Member Moats asked if there is a more detailed breakdown of programs that fund themselves, especially in the Auxiliary Fund. President Thompson responded that this was only a small piece of the picture, but that the information could be obtained.

Member Coste asked if a printout to date of the Board of Trustees fund could be obtained. President Thompson replied that it could. Member Coste also questioned the amount of \$400 for Publication and Dues on Page 341 of the Education Fund budget, as the Board is paying approximately \$25,000 in dues. Mr. Manke replied that this is a general institutional expense and is funded under the 192 Account, Page 344, Item #19, \$20,000. Member Coste asked if Item 12, ACCT, for \$1,775 included a real estate transaction entered into by ACCT. President Thompson responded that he thinks that billing is included in this. Discussion ensued relating to this real estate transaction, and Member Coste voiced



Legal Budget  
Review (cont'd)

his disapproval of the entire deal. Member Moats asked if the Board should go on record as not supporting this transaction. It was Member Coste's feeling that the organization should hold the governing board more accountable.

EXHIBIT VI  
Unit Cost  
Study Review

Member Moats stated that in looking at this information, a historical perspective is needed for it to have meaning. President Thompson responded that this report was requested by a Board trustee, and that the overall unit cost review would be studied at a later date.

Member Coste stated that he had requested the study, and noted that it was significant in that relatively it has not changed. He questioned the reasons, such as having students who require additional remedial education, and questioned if other community colleges have these problems. The significance of the report is not the final numbers but how our figures relate to other local community colleges. Member Coste asked how this relates to the \$58 that was the basis of the tuition increase. Mr. Manke responded that this was the per capita cost, which comes from the audit report.

OTHER BUSINESS

President Thompson and Members Barton, Born and Norwood had an opportunity on May 13 to visit in Springfield with our legislators and emphasized Harper College's funding needs. A representative group of trustees and presidents met with Governor Edgar and discussed his interest in the community colleges as being a key factor in Illinois' economic recovery. One issue is a dispute between the ISB and ICCB regarding which administrative unit should govern adult education. Both Governor Edgar and Bob Leininger, the head of ISB, have said that they would prefer the responsibility be handled by ICCB.

Member Howard stated that a report from the Admissions office shows a trend in the increase of minority enrollment, and complimented the efforts of those involved. She also noted that two of the community colleges that received funding from the State of Illinois received the funding for the replacement of roofs. Member Howard questioned why those colleges are not using their Life Safety funding powers to finance those improvements, as Harper College has done. Mr. Manke responded that requests were submitted for the state to put a new metal roof on Building D,

Other Business  
(cont'd)

which was approved. Harper is getting about \$140,000 from the Build Illinois money. Harper representatives met on May 12 with the Capital Development Board, which is running the project, and the roof should be completed before winter. This does not show on the new budget because the grant was approved in 1991-92.

Member Moats asked if Harper College is receiving a fair share of money from the state in respect to construction projections. President Thompson replied that we are not. The Board discussed the money that various colleges are receiving and the reasons for that, including the political make-up of the present state government and the ramifications of that.

EXECUTIVE SESSION

Member Moats moved, Member Howard seconded, that the Board adjourn into executive session for the purpose of discussing the appointment, employment and dismissal of personnel.

Upon roll call, the vote was as follows:

Ayes: Bakas, Born, Coste, Howard, and Moats.  
Nays: None

Motion carried. Student Member Sprake-Jones voted aye and the Board adjourned into executive session at 9:10 p.m.

Following executive session, it was moved and seconded that the Board return to regular session. In a voice vote, motion carried and the Board returned to regular session at 9:25 p.m.

ADJOURNMENT

Member Howard moved, Member Born seconded, that the meeting be adjourned.

In a voice vote the motion carried, and the meeting adjourned at 9:26 p.m.

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Chairman

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Secretary