Call to order: Mr. Duffy called the meeting to order at 2:00 pm.

Finance committee members present: Ms. McCreary, Mr. Duffy, and Mr. Weiss  
Trustees present: Mr. Duffy, Mr. Weiss, Dr. Ollayos, Dr. Redmer, Ms. Rakow, Ms. McCreary,  
Mr. Meyer and Student Trustee Ms. Flores.

ECC staff and others present: Ms. Konny, Dr. Heinrich, Ms. Scholl, Ms. Wons, Ms. Folden, Ms.  
Schopen, Ms. Flahaven, Dr. Thompson, Ms. Chahino, Ms. King, Mr. Martinez, and Ms. Miller.

Dr. Sam arrived at 2:41PM.

1. **Approval of Meeting Minutes of the Finance Committee of October 8, 2018**  
   Chair Duffy called for motion to approve the October 8, 2018 minutes.  
   **Motion:** Trustee Weiss moved to approve the October 8, 2018 minutes.  
   **Second:** Trustee McCreary seconded the motion.  
   **Voice Vote:** All aye by voice vote, motion carried.

2. **Internal Audit Report (Amy Folden)**  
   Ms. Folden presented two internal audit reports.

   **Corporate Training –**  
   - Condition 1- a majority of the revenue went to the spring tuition line. This has been corrected.  
   - Condition 2 - the director and administrative assistant salary split was a little off according to their workload. In 2018, it was 24%. This was adjusted to 30%.  
   - Additional commentary is that the corporate training department should consider using a predetermined overhead rate to assist with overhead costs and allocating them consistently. An internal discussion took place, and the department will implement this suggestion.

2018 Summer Title IV – 20% of students were selected, no conditions were found.

3. **Fiscal Year 2020 Budget (Heather Scholl)**  
   Ms. Scholl began her presentation with a review of a few of the budget highlights, encouraging members to stop her if they had any questions. Beginning with basis for revenue projections, she explained the property tax projection was arrived at by taking the CPI for levy year 2018 of 2.1% and an estimated increase of 1.5% for 2018 (allowed by PTELL). The assumptions made included reasonable growth in EAV and new property based on the past. She explained that for tuition rates and credit hour information she feels the projection would be level enrollment. If ECC meets Dr. Sam’s goal of 1% enrollment growth, we have the ability to adjust accordingly at that time. Regarding anticipated state funding, she stated we will examine different scenarios and
see what unfolds with our new governor. For now, we have projected level funding, but as we go through the next four months, a lot may happen with our estimates and we will make adjustments accordingly. Salaries and benefits will receive increases per contracts and we anticipate an increase in medical and dental benefits. Also included is our newly acquired College Insurance Plan and any anticipated changes to it. Ms. McCreary inquired if these projections include maintaining the current employee level. Ms. Scholl responded that it does. During the next few months, she will reach out to budget officers as this is the time of year when discussions take place for new full-time staff.

Ms. Scholl continued, drawing the committee’s attention to a report regarding tuition rate and credit hours. This report provided a bigger picture of tuition including FTE credit hours and head count, tuition and how it evolves. It indicates we are very close to meeting the headcount Dr. Sam talks about, but our credit hours have not maintained. Ms. McCreary asked if the other community colleges included fees as a part of their tuition and she questioned whether this is a violation of PELL grant funding. Ms. Konny stated she would discuss this with our auditor, Ray Krouse who will get back to us with an answer.

In regards to the revenue/expense portion, Ms. Scholl presented a comparison of our revenue sources from FY08 through FY18. The chart provided an overview of just how the revenue percentages have changed, noting the state’s portion is slowly narrowing and tuition and property taxes are picking up a larger burden. Mr. Duffy reported that the state cut over 50% of their funding over the last 10 years. A lengthy discussion ensued regarding questions about salaries, other revenues and other expenditures. Ms. Scholl will gather detailed information in order to provide a complete breakdown of these items for the committee and have it available in the very near future to provide a clearer understanding.

Ms. McCreary inquired about the continued deficit in the childcare center. Dr. Ollayos would like to see more data regarding the impact on our student community if the college eliminated the childcare center. Ms. McCreary asked if we are still subsidizing the employees who are using the services. Ms. Konny responded we have started charging employees a bit more than students, but not the full price. Mr. Weiss inquired what percentage of our child care revenue comes from students versus staff. The board received that information last year and he hopes they can obtain current information at the March meeting. Ms. Konny will make sure it is included in the Auxiliary Business Plans. Dr. Redmer was under the impression that our facility serves as one of a number of clinical sites for observation. As the discussion progressed, questions arose about the availability of internship positions; Ms. Konny responded that we do not have any presently. Dr. Heinrich is curious about regulatory concerns regarding internships in this department. Dr. Sam stated historically this issue is not unique to Elgin Community College. Excess revenue from the bookstore has funded the childcare center for years. The challenge is making up that money as the revenue sources decline to enable us to continue to subsidize the center. He is looking into the operations. There have been
course reductions and the hope is that there will be some better trends, although we may still see some deficits.

4. Property Tax Levy – Tax Levy 2018
Ms. Scholl shared that we have been discussing this levy for the last couple of months. She presented a chart reflecting the property tax trends for the years 2014 through 2023. The levy itself is asking for level funding, but as you know this is not what we will receive. We anticipate receipt of 90% of that amount, which will be $1,474,157. Chair Duffy called for a vote for a motion to recommend to the Board of Trustees the adoption of the attached Resolution to adopt the 2018 Tax Levy.

Motion: Trustee Weiss moved to approve the recommendation.
Second: Trustee McCreary seconded the motion.
Voice Vote: Ms. McCreary nay, Mr. Weiss aye, Mr. Duffy, aye; motion carried.

5. Annual Review of Investment Policy
Ms. Konny reported that the college’s investment policy mirrors the state statute, and there was a change last year. The change allows the college to invest in the obligations of U.S. corporations. The assets of these corporations must exceed $500,000,000, and there is a limit on the maturity of those obligations. Ms. Konny commented, even with this change, she doesn’t think we are eager to invest in corporate bonds. The college will continue working with our financial advisor, PMA and we will see what opportunities they present to us. Dr. Olayos would like to ensure that these corporations are engaged in businesses that we think are morally and ethically sound. Ms. McCreary inquired if we could change the length of investment from 3 years to 2 years; Ms. Konny responded that the length could be decreased to anything we would like it to be. The key words are, “a maturity longer than”; it does not mean we have to go to the three years. Mr. Meyer observed this is just about setting parameters. He supports these changes and feels it is OK to move forward.

Chair Duffy called for motion to adopt the Investment Policy

Motion: Trustee McCreary
Second: Trustee Weiss seconded the motion.
Voice Vote: All aye, motion carried.

6. Audience Wishing to Address the Committee
None

7. Old Business
None

8. New Business
Dr. Sam took this opportunity to inform the committee members that our tuition rate is still very good in comparison to the other institutions. We are remarkable.
Adjournment
Chair Duffy called for motion to adjourn:
Motion: Trustee McCreary
Second: Trustee. Weiss seconded the motion.
Voice Vote: All aye, motion carried.

The meeting adjourned at 3:16 pm.

John Duffy, Chair Finance Committee
Joline Smith, Recording Secretary