Minutes of Finance Committee Meeting of  
March 11, 2019

**Call to Order:** Chair Duffy called the meeting to order at 2:00 pm.

*Finance committee members present:* Dr. McCreary, Mr. Duffy, and Mr. Weiss

*Trustees Present:* Dr. Redmer, Ms. Rakow, Mr. Weiss, Mr. Duffy, Mr. Meyer, Dr. McCreary and student trustee Ms. Flores,

*Trustees Absent:* Dr. Ollayos.

*ECC staff and others present:* Dr. Sam, President; Dr. Heinrich, VP TLSD; Ms. Konny, VP Business and Finance/Interim CHRO; ECC Staff members and visitors.

1. **Approval of Meeting Minutes of the Finance Committee of December 10, 2018**
   
   *Motion:* Trustee McCreary motioned to approve the minutes of the December 10, 2018 as presented.
   
   *Second:* Trustee Weiss seconded the motion.
   
   The motion carried by voice vote.

2. **FY20 Budget**
   
   Ms. Scholl distributed historic financial information as requested by the Board. Administration proposed that tuition remain flat. Trustee Weiss asked about the $5.7M in actual state revenue for FY18. This was a catch-up from the reduced funding in FY17. Trustee McCreary asked about excess salaries for the FY20 projections compared to FY19 budget and FY19 and FY 18 actual. Ms. Scholl explained this is due to adjunct faculty and vacancies. Trustee McCreary does not consider the budget as being conservative. Ms. Konny stated that the vacation accrual appears at the end of the fiscal year. Every position is included in the budget, which does not account for vacancies. The college budgets for about 20% above the minimum for new positions since there is no way to know where they will come in.

3. **College Insurance Program**
   
   In 2018, administration took the first step towards funding the CIP liability by transferring 9.5 million to fund the liability. Two other community colleges that we know of are funding the liability from surpluses. ECC has been very frugal since FY16. Caution has led us to cut back on travel, conferences, etc. Ms. Scholl thinks this may be a good time to make another transfer but she is interested in hearing the Board’s thoughts. The total liability is $41.3M. The transfers are set aside in a restricted account. Trustee Redmer recommends an increase in the reserve fund. She would like to see a four or five year plan, whatever we can afford reasonably well without cheating something else. Trustee Meyer agrees that we should be proactive and set aside funds to cover this liability. He continues to object to taking money
from the taxpayers year after year and would like some of the excess returned to the taxpayers. Trustee McCreary suggested a seven-year payment period. ECC could abate, as done previously, and use the remainder towards the liability.

The college does not know when billing for this liability will begin. There is currently about $10M set aside. The board would like a recommendation from Sikich. Administration will have a conversation with Sikich and bring information back to the board.

4. Tuition
Ms. Konny reported that the governor is proposing a 5% increase to community colleges although we may or may not receive it. Her recommendation is to keep tuition flat. Trustee McCreary asked for the number of international students on campus. Dr. Sam thinks it is less than 50. She proposes that the international students pay out-of-district rates. Trustee Meyer stated that the international students do not have families paying property taxes here. They are not paying sales taxes here, etc. Funding for the college comes from property and sales taxes, and they are not contributing to either of these.

Ms. Scholl talked about the certificate of chargeback. This is included in our audit to show the out-of-district tuition. This is the rate used to establish international student tuition as well. State statute directs the international tuition. This cost is determined using per capita cost based on the cost per credit hour to run the institution. Trustee Redmer thinks the college is charging too much, she thinks ECC’s is the second highest in the state. Dr. Sam met with Dr. Nehlsen and Dr. Heinrich this morning followed by a meeting with the Chair and Vice Chair. He will bring more information forth regarding this subject for the board’s input. NIU is now charging flat tuition to all students. The recommendation to the board is that tuition remain flat for the coming year.

Motion: Trustee Weiss
Second: Committee Chair Duffy.
The motion carried.

5. Auxiliary Business Plans
Athletics
The board will receive an updated budget. The projections on page 14 are incorrect. Trustee Redmer stated that our fitness facility needs updating. Dr. Sam agreed and said that knocking down a wall would allow for expansion of the facility. This is an example of what the college could accomplish with surplus funding. The baseball and soccer fields need work. These things were set aside due to the lack of state funding. Trustee Redmer would like to see track added to our list of intercollegiate athletics.

Center for Emergency Services
Trustee McCreary commented about the 35-year old fire truck and asked about the possibility of borrowing equipment from district fire departments for training purposes. Mr. Fahy responded that the departments must always have access to their equipment to respond to emergencies. Technology on fire engines has changed greatly in the last 35 years. The cost for a new truck is about $600,000. Mr. Fahy recommends the purchase of a commercial unit for about $300,000.

Dr. Sam reported that an important element missing from this facility is a long-range rifle range. This was included in our original plan and approved by the village. The police are not using the facility to its’ fullest because of this missing element. A needs assessment will be performed by local law enforcement prior to a recommendation coming forward to the board.

The trustees had several questions:
- Trustee Rakow asked why U-46 was not included in the dual-credit. U-46 made this decision.
- Trustee Weiss asked about getting to break-even. According to the operating plan, we break-even by 2020 but Dr. Sam does not believe we will get there.
- Trustee Redmer asked about safety training for K-12 safety officers. Mr. Fahy explained that we hold three Crisis Intervention Training sessions. He is not sure if the police chiefs send school resource officers or not. He will reach out to them.

Continuing Education
Trustee McCreary asked why ECC continues offering continuing education courses if the program has to be subsidized. Dr. Sam explained that this is part of our mission. In order for the college to compete with park districts and libraries, we have find things that are attractive to individuals but this comes with a cost. Mr. Philips said that it takes about 1-1/2 years (3 semesters) to get traction and cover our costs. Trustee Redmer referred to page 4 of the plan, girls STEM. She is wondering if we could host this in Burlington. Ms. Hauca will look into this.

Early Childhood Lab School
Trustee Weiss brought up last year’s minutes and the difference charged between employees and students. Trustee McCreary thinks that prices should be much higher for employees. Trustee Redmer reported that the cost was increased but the philosophy was that the employees using the center are the younger employees making the lesser salaries. Trustee Duffy added this is a very good recruiting tool. Trustee McCreary asked if our childcare curriculum uses the center for internships. Dr. Munson said that every class participates in internships for observation. There are two internship courses for students. The early childhood lab school is an absolute necessity for students and young employees trying to make ends meet. Trustee Meyer added this does not mean that we should ignore the disparity between what we charge and what the public centers are charging. Employees who are able to pay market rate should. ECC should not be competing with the public market.

Production Services
Trustee McCreary asked if we offer services to the students. She feels that anything offered to staff should be available to students as well. Administration will get answers for the board. Students should know more about the services available.
VPAC
Trustee Meyer raved about the programs offered. Trustee Redmer agrees, and asked if it is possible to use high school auditoriums during the renovations as a revenue source. Mr. Duchrow believes that it is best to focus on the renovation rather than spend time trying to run programs elsewhere. He also raised the liability issues attached to renting space.

Retail Operations
Bookstore
Trustee Weiss brought up the recent retail apocalypse. It seems there is less print these days and more online accessibility. The students still want books in certain areas (nursing), but we must offer other options as well. Students are going elsewhere for their books. Trustee McCreary offered that some schools are including books in the cost of tuition. Columbia College, located on our campus, offers books free.

Trustee Meyer stated that the takeaway is that we cannot look to the bookstore to support other functions. We have to find other ways for these functions to become self-reliant. Trustee Duffy brought up the open educational resources available to our students. Trustee McCreary has noticed that many students do not buy their books. She has seen libraries with complete set of required books for every class. Students can check them out to work in the library only. She stated that students without access to textbooks generally fail. Trustee Rakow asked if faculty embraces this OER (open-education resources), Ms. Perrin responded that it is not as comprehensive as we would like it to be.

Trustee Redmer asked about the uncollected revenue and asked if there a reason that financial aid does not pay this up front. Ms. Perrin explained that students could go into the bookstore and charge against their financial aid prior to the beginning of the semester. If financial aid paid up front, the college could not collect for books if students drop classes.

Facilities Rental
Trustee McCreary asked if we rent to anybody who is willing to pay our fees. Ms. Croft responded that we do not rent for personal events.

Food Service – Retail Operations
Trustee Meyer discussed the improvements made and congratulated the department.

Student Life
Ms. Flores reported that student government held their candidate meeting today. They only have two candidates, and nobody for the student trustee position. They are trying to garner more interest. Trustee Redmer took Senator Duckworth’s people through student life and the food pantry. They were very impressed.

Trustee McCreary asked why the college charges student clubs for use of the vans. Trustee Meyer explained that this guarantees that the costs of running the vans is covered. The clubs and departments cover this cost, not the individual students.

6. Tax Objections
Ms. Scholl discussed the tax objections regarding excess accumulations in O & M funds. These objections were dismissed. A list of objections was included in the packet. There is an on-going
objection about social security and Medicare. Typically these are settled. Her recommendation is that we start transferring these funds to the education fund. We just received a couple of other excess objections from a different objector. We will provide them with the same information that we provided for the other objector that resulted in a dismissal.

Trustee Meyer thanked Ms. Scholl for supplying the information in a way that was easy to understand. He reminded staff that any time that there is litigation filed the board must be notified.

7. **Audience Wishing to Address the Committee**
   None

8. **Old Business**
   None

9. **New Business**
   None

Chair Duffy adjourned at 3:40 pm

John Duffy, Chair Finance Committee

Juline Smith, Recording Secretary