

**MINUTES OF FINANCE COMMITTEE  
MAY 10, 2021**

**1. Call to Order and Roll Call**

Mr. Nowak called the meeting to order at 2:03 p.m. and asked the recorder to call roll.

*Finance Committee members present (in person):* Dr. McCreary, Mr. Meyer, Mr. Nowak

*Finance Committee members present (virtually):* none

*Other Trustees present:* Chair Rakow, Mr. Duffy, Dr. Ollayos, Dr. Redmer

*Others present (in person):* Dr. Sam, President; Ms. Loewe, Recorder; Ms. Kerruish; Dr. Heinrich, VP Teaching, Learning & Student Development; Dr. Wagner, VP Business & Finance; Ms. Scholl, Asst VP, Business & Finance; Dr. Phil Garber, VP, PIE; Mr. DJ Ullman, Internal Auditor; various other ECC employees

*Others present (virtually):* Various other ECC employees

**2. Preliminary Matters**

**Statement from Mr. Nowak regarding COVID-19 Disaster**

*On March 5, 2021 Governor J B Pritzker extended by 30 days through April 3, 2021, the disaster proclamation relating to COVID-19 (Executive Order 2021-05). **With the current mitigation status, this meeting will be conducted in-person. Since attendance at this meeting location is not feasible due to mitigation restrictions and limited seating due to social distancing requirements because of the COVID-19 disaster, members of the public may virtually attend this meeting.***

*On June 12, 2020, the Governor signed Public Act 101-0640 into law. This new law amends the Open Meetings Act to authorize public bodies to meet remotely without the otherwise required quorum present at the meeting place.*

- 1. This authorization is only effective when the Governor has issued a disaster declaration that covers the jurisdiction of the public body.*
- 2. The head of the public body must make a determination that an in-person meeting is not practical or prudent due to a disaster. Our agenda states that there is a virtual component to this meeting as we adhere to the restrictions of the Phase 4 Recovery Plan.*
- 3. Roll Call will determine whether a trustee is attending in-person or virtually and confirm that all are able to hear each other during the meeting.*
- 4. Members of the public are welcome to attend in-person or virtually.*
- 5. One member of the public body or the chief administrative officer or the chief legal officer must be present at the meeting place. Dr. Sam is present.*
- 6. All votes must be by roll call.*
- 7. Notification has been provided in accordance with the Open Meetings Act.*
- 8. Both Open and Closed sessions of a virtual meeting of the public body must be recorded.*

### **3. Approval of Meeting Minutes of the Finance Committee of March 8, 2021.**

**Motion:** Trustee McCreary moved to approve the minutes of the March 8, 2021 meeting.

**Second:** Trustee Meyer seconded the motion.

**Roll Call Vote:** Aye, 3: Nowak, McCreary, Meyer  
Nay, 0

### **4. New Business**

#### **A. Review of the Fiscal Year 2021 Budget to Actual (Heather Scholl)**

Ms. Scholl presented the current year budget to actual totals, highlighting steady revenue sources, consistent property tax adjustments in relation to the budget, and comparable, albeit lower than anticipated, tuition and fee totals. We have remained underspent in many categories, and have consistently maintained successful revenue sources throughout the year. State and local sources of funding remain current, and will continue as expected. Ms. Scholl reported that despite two full months of expenditures remaining, she does not foresee spending down the remainder of the budget, leaving a \$1.5M surplus.

#### **B. FY2022 Budget**

Ms. Scholl highlighted the operating budget for the Education Fund and Operations and Maintenance Fund, clarifying that the property tax revenue for these funds is comprised of half of the 2020 tax levy and half from the 2021 tax levy. We are waiting for the settlement of the SEARS EDA and are working closely with Res Vazquez to learn more about the details as this legal matter unfolds. The retirement of the EDA has the potential to have a significant impact on a future tax levy and the College's ability to capture additional revenue. The ICCB operating grant remains current from the state, and fall tuition and fees continues to mirror spring tuition and fees, with limitation in class sizes impacting enrollment. Tax property revenue is funding a total of 63.6% of our operations, our tuition covering 27.9%, and the state funds another 7.8%. Ms. Scholl pointed out that salaries and benefits continue to take up the largest portion of the operating expenditures at 72.8%.

Anticipated revenues in the education fund are to account for a total of \$71.3M. Expenditures currently portray a \$2.9M loss; however, with appropriate financial mitigation measures, Ms. Scholl believes the gap will close. Efforts continue to align funding with the operating plan and predetermined objectives; additionally, conversations with budget officers are ongoing to ensure such goals are accomplished within appropriate timeframes. Ms. School also pointed out that despite these efforts, there were projects that remained incomplete, and as such, would ultimately end up in the following year budget lines. The budget also does not reflect indirect costs of the CARES Act and CRSSA fund, which will help close the aforementioned gap. The budget included various other items, such as the impact of the Korn Ferry study, athletic scholarships, and additional transfers to the auxiliary fund to cover salaries and benefits.

Trustee McCreary questioned the future of hybrid class sizes, and ECC's ability to quickly transition to in-person instruction if restrictions ease. Furthermore, she questioned impact on the budget if we are able to increase class size in our face-to-face classes. Although Dr. Sam remains confident in our ability to transition if needed, there is no indication as of yet that social distancing restrictions will be adjusted. More traditional, on-campus classes will

be added to the schedule in anticipation of a more normal Fall term; furthermore, if more students select in-person instruction, fewer hybrid classes will be offered. Impact on the budget in these scenarios would most likely be mixed, depending on faculty availability and the type of courses added, which thusly, creates a challenge to future budgetary planning.

Trustee Meyer commented that although preliminary data is helpful, during the early planning stages of the budget process, he would like a list of items that remain “on the bubble.” Doing so would better assist the Board in prioritizing projects to help close budget deficits and further allow the Board to provide guidance and observations on such financial matters. Furthermore, Trustee Meyer would like the Board to have a larger role during the beginning stages of the budget planning process.

### **C. Capital Projects Priority List and Funding Information**

A transfer of \$16.4M from the Education fund has been completed to help cover associated costs with capital and deferred maintenance projects. Unfortunately, there are still several outstanding expenditures that we have been unable to move forward on, given the pandemic circumstances. Ultimately, these unfinished expenditures will land in the FY2022 budget for funding, in addition to other newly-submitted projects. Although these projects are timeline specific, depending on completion rates, the current fund may be exhausted by the end of the year, requiring alternative sources of funding.

Strategic funding continues within Auxiliary Enterprises, and as operations shift, so too will the associated capital. Additionally, calculated spending within the Liability, Protection, and Settlement fund continues to help underwrite other expenditures lines, while simultaneously balancing monies within the fund. The Adult Education fund has been particularly challenged this year, despite significant financial support from multiple internal and state sources.

### **D. Review of COVID-19 Federal and State Funding**

Dr. Wagner provided an overview of the path of distribution of the funds from Congress to ECC, as well as the disbursement plan of funds already used and those yet to be spent. In March 2020, Congress signed the CARES Act, providing the Higher Education Emergency Relief Fund with \$14B; of that, ECC received \$4.9M, with a little over \$300K of additional monies allocated to us as a Hispanic Serving Institution (HSI). Half of the total allocation was required to be used as direct student payments to students under Title IV eligibility and with a current FAFSA on file. Under the direction of Ms. Amy Perrin and her staff in Student Accounts and Financial Aid, students have been awarded over \$2.4M in direct relief through the Spring and Fall 2020 semester. The remaining \$2.4M of the allocation was directed to the institution to help cover direct expenses related to the pandemic, which included instructional salaries, technology costs related to remote instruction and work, and campus safety equipment and supplies. Additionally, these funds were used to assist students who may have faced hardships related directly to the pandemic. All funds from this act were exhausted.

The CRSSA Act was signed into law in December 2020, with allocations dispensed in January 2021. ECC received an allocation of a little more than \$10.4M; additionally, more than \$500K was allocated to our programs protected under the HSI status. The student portion of the CRSSA currently fund stands at \$3M. Thus far, 2,071 students who meet FAFSA eligibility requirements, have received a \$1000 grant for use in Spring 2021. The

intuitional portion of the allocation is over \$7.6M, with directives for spending to be related to areas of need related to the pandemic, with a focus on helping our population return to the campus. Eligible uses for this funding include student support and lost revenue, as well as technology and instructional costs related to the pandemic. Specifically, a portion of this funding will help support Student Success Coaches, including a focus on assisting single mothers and their educational journeys. Additionally, funding will continue to support lost revenue within our Auxiliary units, with a concentration on the Child Care Center.

The third and final portion of federal funding ECC will receive is under the American Rescue Plan. At this point, we have not received notification of its award. Early predictions estimate an allocation of approximately \$18.5M to ECC, in addition to another estimated \$1M in HSI funds. As with similar funding channels, fifty percent of the total allocation must go to students, through direct payments and other measures that assist in classroom and campus return.

The Governors Emergency Education Relief (GEER) package allotted over \$297K to ECC during the Summer 2020 term. There were no additional funds released related to our status as an HSI. Funds from this allotment were dedicated to the purchase of Chromebooks for students, PPE, virtual campus tours for admissions, online training for faculty, and additional direct student financial assistance. Although ICCB has not indicated additional GEAR funds to be released, Dr. Wagner is hopeful more financial assistance is on the way.

Trustee Meyer engaged in dialogue with Dr. Sam, Dr. Wagner, and Trustee Duffy regarding his disappointment that the Board was not included in the decision-making process of the disbursement in many of the funding packages. He reminded the administration that policies are in place to ensure the Board receives proper notification of such funding, has the appropriate time to review, and enact on such financial policies. Furthermore, he would like the Board to review the parameters of the impending ARP funds, and ensure he and the trustees have discretion on any proposed disbursement plans.

#### **E. College Insurance Program Funding Plan**

The former plan, presented to the Board in FY2018 included the option to transfer funds to from the Education Fund to the Internal Service Fund in the event of a surplus at the end of the fiscal year. In FY18, an initial transfer of \$9.5M was completed; additionally, a transfer of \$6.2M

was completed in FY20. Our auditors have recommended, based upon a ten-year plan for FY21, a transfer of \$6.1M. Trustees voted on the approval of reserving the auditor-recommended \$3,110,792.00 prior to the end of the fiscal year. Vote is as follows:

**Motion:** Trustee Meyer moved the motion.

**Second:** Trustee McCreary seconded the motion.

**Roll Call Vote:** Aye, 3: Nowak, McCreary, Meyer

Nay, 0

#### **F. Consortium and Cooperative Purchasing**

Dr. Wagner shared information regarding ECC's current consortium memberships, reminding the Board of its adherence to strict purchasing guidelines as required by the state and ICCB. Information regarding consortiums are pertinent to several upcoming Board actions.

**G. Internal Audit Update**

Dale (DJ) Ullman was welcomed as the new Internal Auditor. Mr. Ullman reported his first task would be to review the findings related to the recent comments of the IT department, made by our external auditors.

**H. Report on Tax-Exempt Bond Record-Keeping Policy**

Although the College has paid off its Build America Bond, we are required to continue to certify good record keeping policies as a part of the terms of the bond. We remain in good standing in relation to our record keeping processes.

**I. Fiscal Year Finance Committee Agenda Items**

Dr. Wagner presented a tentative list of agenda items for upcoming Finance Committee meetings, with hopes the Board would provide input. She also spoke of the various challenges in planning a budget during a pandemic. However, she recognized the importance of strategizing with a focus on pressing priorities, with continued effort to exhaust available financial resources. Dr. Wagner also plans to work with Dr. Garber's office in an effort to continue to manage goal-setting with the budgetary planning process.

**J. Tax Objections**

Ms. Scholl reported no new tax objections and explained that all efforts have been made to rectify previous tax objections. Ms. Scholl also clarified the relationship of tax allocations between ECC and the Sears EDA, explaining that currently, all associated tax revenues remain in the EDA; however, in the event of a complete closure of the EDA, ECC would receive any related tax revenue allocations as part of the settlements.

**5. Audience Wishing to Address the Committee**

Ms. Loewe reported to Mr. Nowak that there were no requests.

**6. Old Business**

No items were presented for discussion.

**Adjournment**

**Motion:** Trustee McCreary moved to adjourn the meeting.

**Second:** Trustee Meyer seconded the motion.

**Roll Call Vote:** Aye, 3: Nowak, McCreary, Meyer

Nay, 0; meeting adjourned at 3:31 p.m.

The next Board of Trustee Finance Committee is on Monday, October 18, 2021.

