

**MINUTES OF FINANCE COMMITTEE  
OCTOBER 10, 2022**

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

Mr. Nowak called the meeting to order at 2:00 p.m. and asked the recorder to call the roll.

*Finance Committee members present:* Dr. McCreary, Mr. Nowak, Mr. Rodriguez

*Finance Committee members absent:* none

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

*Others present:* Dr. Sam, President; Ms. Loewe, Recorder; Dr. Heinrich, VP Teaching, Learning & Student Development; Dr. Wagner, VP Business & Finance; Ms. Scholl, Asst VP, Business & Finance; Dr. Phil Garber, VP, PIE; Respicio Vasquez, General Counsel; Ray Krouse, Sikich; Anthony Cervini, Sikich; Annamarie Schopen, Asst VP, TLSD; various other ECC employees

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

A complete recording of this meeting can be viewed here:

[\*\*BOT Finance Committee Meeting December 10, 2022\*\*](#)

**2. Approval of Meeting Minutes of the Finance Committee of March 7, 2022**

**Motion:** Trustee Nowak moved to approve the May 9, 2022, meeting minutes.

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

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

Nay, 0

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

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

**4. New Business**

**A. FY2022 Sikich Audit Draft Reports (Ray Krouse, Anthony Cervini) (2:45)**

Mr. Cervini presented a preliminary and tentative status of the 2022 Audit. The following reports are to be issued:

- Annual Comprehensive Financial Report, including ICCB Grants and State CYFER

- Communication with Those Charged with Governance
- Single Audit Report

Additionally, the following Audit Opinions are anticipated to be issued:

- Unmodified opinion on the College's basic financial statements, in-relation-to-coverage on Uniform Financial Statements, supplementary financial information
- Unmodified opinion on Compliance with State Grants
- Unmodified opinion on Enrollment Data and Other Bases Upon Which Claims are Filed and Supporting Reconciliation of Semester Credit Hours
- Unmodified opinion on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
- Unmodified opinion on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance with Uniform Guidance

It was also noted that several items of concern from the previous year's audit related to property tax recognition, purchasing policy compliance, and Information Technology have been addressed, and successful strategies implemented. It was also shared that the Pell maximum increased from \$6,345 to \$6,495 from FY21 to FY22. Additionally, due to COVID and the resulting decrease in students on campus, \$108K of Federal Work Study was transferred to SEOG for FY22.

Mr. Cervini reported that the College's overall financial health is good, and we remain well-positioned. Mr. Krouse noted the strength of the College's audit team, with an appreciation for the detailed financial reporting. From an overall audit standpoint, nothing has been elevated as a significant concern. However, the State of Illinois remains challenged from a fiscal perspective, despite a sizeable one-time influx of emergency funding. Mr. Cervini warned that while the state's financial health has improved, the markets remain unpredictable.

#### **B. College Insurance Plan Overview (Ray Krouse, Anthony Cervini) (16:48)**

Mr. Cervini reported that the proportionate share of the College's State University Retirement System (SURS) liability would be approximately \$344M. This amount reflects the proportionate share of the total liability under SURS, the state, and all participating entities; however, under applicable legal guidance, this amount is not reflected in the College's financial statements.

The College Insurance Plan (CIP) is presented under a different set of parameters and is treated differently due to missing language related to special funding situations under Illinois compiled statutes. As such, the College's financial statements reflect a total of

\$41.7M, representing a proportionate share of the net other post-employment benefits liability. Additionally, the state of Illinois reports a corresponding \$41.7M on their financials related to their portion of the liability.

Dr. McCreary voiced her concern with the recommendation of the possibility of transferring one-half of any surplus into the CIP debt, instead suggesting the College remain on the 10-year, \$3.1M plan and stay in the positive every year. Mr. Nowak agreed with the suggestion.

**C. Internal Audit Update (Kimberly Wagner) (21:58)**

While the position remains vacant, a pool of potential applicants is currently under review, with hopes to fill the role shortly. Although empty, audit work continues with critical federal compliance checks, especially in Financial Aid and all grant programs.

**D. Review of the Fiscal Year 2023 Budget to Actual (Heather Scholl) (24:55)**

Ms. Scholl provided a schedule of fiscal projections, beginning in 2018 through the current year. She highlighted the fiscal year 2020 and its significant impact on the budget due to the pandemic and the many challenges associated with the emergency. She also explained that credit hours and tuition rates peaked in 2016 and had been showing a steady decline in recent years, but they began trending upward in 2020. The tuition and fee revenues for 2022 were projected at \$20M, down from \$25M in 2020, with grant monies utilized to recover lost revenue. However, Ms. Scholl warned that grant funding would eventually run out, and we would no longer have a such monetary defense.

By all accounts, 2023 is expected to return to normal, as grant monies will continue to protect any lost tuition and fees revenue. Additionally, state funding increased by \$30K, and the College remains in good standing with its investments. Ms. Scholl remains hopeful that Spring registration will continue to provide for increased enrollment and is optimistic that expenditures will remain at an average level with careful spending and budgetary adjustments as needed. Ms. Scholl also briefly explained various transfer activities related to Student Life, Athletics, deferred maintenance, the CIP, and the forthcoming Regional Manufacturing Center.

**E. Capital Projects Priority and Funding List (Kimberly Wagner, Heather Scholl) (33:56)**

Ms. Scholl shared an updated project and funding list, with particular attention paid to projects for which the College requests state fiscal assistance. While funding has yet to be guaranteed for these projects, meetings have been scheduled to discuss such matters. The list includes several smaller deferred maintenance projects around campus, including the Culinary Arts addition and Spartan Terrace renewal project.

Dr. McCreary requested that, in the future, the final costs of completed projects are shared with Board. Dr. Wagner agreed that such a tool would be useful and will plan to incorporate these requested figures in the next series of funding lists.

**F. FY24 Lab, Course, and Instructional Fees (Heather Scholl, Annamarie Schopen) (38:20)**

Ms. Scholl presented the annual supplement of various course, lab, and instructional fees. The color-coded guide illustrates new, changed, and withdrawn fees in addition to those newly proposed. She also noted that lab and course fees differed by course modality, a change brought forward last year that continued in the current presentation.

Dr. McCreary questioned a \$5 fee assessed for several courses, which Ms. Schopen clarified as printing fees for students wishing to utilize printers for various assignments and essays. She explained that the price helps offset the cost of paper used in such a scenario. While the department cannot absorb the cost of the paper use, there have been efforts to reduce the fee from \$15 to \$5. Ms. Schopen also clarified the assessment of course fees in several Health Profession courses.

The Board requested Ms. Schopen reorganize the supplement to show fees as they are utilized, not proposed. Additionally, they asked for Ms. Schopen to prepare several scenarios reducing the printing and paper fee for the November Committee of the Whole meeting; furthermore, they asked to see a plan in which the fee was reduced altogether.

**G. Preliminary Fiscal Year 2024 Tuition Recommendation (Kimberly Wagner) (45:19)**

Dr. Wagner presented the Board with the draft of the tuition recommendation for approval in December, if not sooner. The recommendation for a flat tuition increase (meaning no increase) would take effect at the start of the summer term in 2023 and includes in-district, out-of-district, state, and international tuition rates.

Dr. Wagner also noted that ECC remains an anomaly in the local area as one of the only institutions to stay at a zero increase for tuition.

**H. Service Fees for Fiscal Year 2024 (Kimberly Wagner) (48:13)**

Dr. Wagner presented a proposal for no increase in service fees for FY24, which include dues related to payment plans, enrollment, and return payment fees. There would also be no cost increase associated with balance collection, late plan payments, and late enrollment fees. She also shared that with the assistance of HEERF funds, many student balances have been paid off entirely, negating the need for many of the associated fee collections.

**I. Property Tax Levy Discussion – Tax Year 2022 Discussion (Heather Scholl) (49:38)**

A comparison schedule was provided to the Board explaining various property tax scenarios. Ms. Scholl reminded the Board that the College is limited to the lesser of the CPI

or five percent under the property tax extension limitation law and that in the last several years, no property tax increases have been issued. Property taxes have been captured on new construction; however, the current CPI is more than five percent.

The first of the scenarios involved no increase, but the collection of taxes on new construction, resulting in approximately \$400K in revenue. The remaining plans all involved a one percent increase, equivalent to roughly \$500K in collected taxes per percentage increase. For comparison purposes, a \$1 increase in tuition results in approximately \$150K in collected revenue. While no formal plans have been made for a tax increase, with several new construction projects on the horizon and a proposed zero increase on tuition, Ms. Scholl hoped to provide a thoughtful trend analysis to the Board should it be suggested.

**J. Fiscal Year 2024 Budget Discussion (Kimberly Wagner, Heather Scholl) (57:34)**

Ms. Scholl and Dr. Wagner shared many system-wide changes made to the budget related to projections, emphasizing the yearly fund balance analysis. Dr. Wagner explained that before an official fund balance policy can be finalized, it remains critical that all systems are logistically secure. She also noted that while the Gantt chart illustrates several of the larger O&M projects, it does not include many of the smaller maintenance projects on campus. She expressed interest in developing a projections binder for the Board to help provide a more holistic view of these projects and their associated expenses; furthermore, it would ensure needed resources are available to complete such projects. Dr. Wagner also further explained the downturn in costs related to salaries and benefits as vacancies remain plentiful. She suspects that as positions are filled, expenses will rise.

Ms. Scholl also announced the pending rollout of the newly purchased campus-wide budgeting software, Questica, and the many modules offered with the software.

**5. Old Business (1:03:22)**

Dr. McCreary expressed her dissatisfaction with the Chair of the Board related to a proposed speaker, noting there was ample time for the presentation. She also voiced her concern that the decision to eliminate the speaker was not approved by the Chair of the Finance Committee, as outlined in the committee position description.

**Adjournment**

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

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

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

Meeting adjourned at 3:06 p.m.

The next Board of Trustee Finance Committee is on Monday, December 13, 2022.