

**MINUTES OF FINANCE COMMITTEE**  
**May 8, 2023**

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

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

*Finance Committee members present:* Mr. Rodriguez, Ms. Arroyo, Mr. Nowak

*Finance Committee members absent:* none

*Other Trustees present:* Dr. Redmer, Ms. Rakow, Mr. Kolbusz

*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; Ed Martin, Internal Auditor; various other ECC employees

**2. Approval of Meeting Minutes of the Finance Committee of March 13, 2023**

*Motion:* Trustee Rodriguez moved to approve the March 13, 2023 meeting minutes.

*Second:* Trustee Arroyo seconded the motion.

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

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

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

**4. New Business**

**A. Internal Audit Report (Ed Martin)**

The Finance Committee welcomed Ed Martin as our new Internal Auditor. Mr. Martin thanked Dr. Wagner, Ms. Scholl, Ms. Loewe, and Mr. Adame for their time, insight, and knowledge, assuring a seamless introduction to his role at ECC

He then presented his findings on the review of the College Return to Title 4 Process and Calculation. Based on auditor judgment, it was determined that 20% of students, 33 individuals, who were Title IV fund or loan recipients and withdrew entirely from their classes

as of April 3, 2023, for the spring 2023 term, were selected for review. No exceptions were noted during testing.

The Finance Committee can expect a future presentation from Mr. Martin regarding his upcoming payroll audit.

**B. FY2024 Draft Budget (Heather Scholl)**

Ms. Scholl reminded the Committee of several federal budget regulations, including hosting a public hearing and posting said budget 30 days before its final adoption; furthermore, she noted the possibility of additional adjustments to the budget before the June adoption.

No increases to tuition or tax levies were reported in the budget. The state has increased its budget to allow for an addition to the community college system by 7%; however, monies have not yet been officially appropriated. We anticipate \$86.7M in revenue in FY24, down from the FY23 budget of \$88.3M in revenue earnings.

The most significant impact on the budget remains the expiration of COVID-19 funding on June 30<sup>th</sup>. 62% of the budget is funded by local government (property taxes), tuition and fees make up 28%, and finally, state government hovers at 8%. Ms. Scholl noted this make-up strays from the traditional budget plan of thirds from all contributions.

Expenses remain equivalent to revenue, with the largest source of expenditures directed to salary and benefits (73%), followed by contractual services (7.5%) and then general materials and supplies (7.5%). Although we have witnessed increases in enrollment, much of the rise has been in no-tuition-earned ESL courses or reduced-rate tuition programs, like dual credit. Finance remains conservative regarding investment income.

As new positions and programs are added, the budget continues to ebb and flow, with many COVID-19-funded projects becoming operationalized. Union agreements are currently under negotiation. A \$4.4M transfer to the capital projects fund has been preliminarily removed from the budget this year, with plans to fund the line with surpluses throughout the year; additionally, costs associated with the forthcoming manufacturing building have not been factored into the budget. A spend down on the fund balances of the Audit and the Liability, Protection, and Settlement lines is required to bring them to a level to prevent further tax objections.

**C. Capital Projects Funding and Timeline (Kimberly Wagner and Heather Scholl)**

Although no changes were made to the timeline, Ms. Scholl informed the Committee that a construction announcement would be presented at the Committee of the Whole meeting.

**D. College Insurance Program (CIP) Funding Plan (Kimberly Wagner)**

Dr. Wagner presented the Committee with the current CIP proposal. ECC's current plan has been in place since 2018; however, due to changing required accounting laws by the State, the college portion of the liability must be recorded in our financial statements. As of June 30<sup>th</sup>, 2022, the CIP liability was \$41,720,615.00.

Since then, our auditing team has been assisting in creating a funding plan through the Education Fund, with \$21,493,168.00 funded thus far. There remains \$19,777,440.40 to be financed. While Sikich previously recommended a 10-year plan, there is a movement toward a 6-year plan, with consideration for covered payroll and SURS contributions. Under current conditions, Dr. Wagner suggests paying out the \$3.2M this year, as funding for future years is indeterminate.

**E. Report on Tax-Exempt Bond Record-Keeping Policy (Kimberly Wagner)**

Dr. Wagner presented her official yearly report, noting the preservation of the college's tax-exempt status and the rebate liability to the US Treasury through properly maintained records. Additionally, all documents related to refunding the Rebuild America Bonds have been kept in good order; moreover, current practices described to these bonds will be maintained for three years.

**F. Fiscal Year 2024 Finance Committee Agenda Items (Kimberly Wagner)**

Proposals for items for upcoming meetings were discussed, including the anticipated change to the October date of the Finance Committee meeting. Dr. Wagner also noted that tuition-related discussions would start earlier, as those conversations remain critical during budget decisions.

**5. Old Business**

**A. PMA Analysis of CD Penalties**

At the March Finance Committee Meeting, an action related to analyzing the penalty fees on CDs was taken. PMA reviewed the CDS and determined three were available for renegotiation; however, only 2 were viable due to the inability to complete breakage in the middle of the health of maturity. Overall, PMA determined that the penalties associated with other CDs were less expensive than reinvesting them; therefore, they recommend continuing to monitor the market and make changes when it is financially sound.

**B. College Insurance Service Provider**

The College has been insured for many years by Lundstrom Insurance. In 2021, Lundstrom was purchased by Assured Partners, a larger firm that reviews market data to purchase our property, casual, and our general liability insurance packages.

The brokerage for community college insurance is encapsulated into three areas: Assured Partners, Gallagher, and the Illinois Community College Risk Management Consortium. The Consortium, developed in the late 80's as a cost-saving mechanism, comprises 14 colleges and has its own governing board. While Dr. Wagner favors monitoring our portfolio of insurance coverages, she noted the large amount of property ECC owns and increasing insurance rates. She also shared her excitement regarding a new renewal with Assured Partners, citing the College's diligence in completing requirements related to best practices in cybersecurity coverage.

**C. Health Clinic Funding**

Dr. Sam asked the Committee to be prepared to utilize reserve funds for the proposed ECC Health Clinic in an amount close to \$200K. More information will be prepared and presented to the Committee in future meetings.

**Adjournment**

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

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

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

Meeting adjourned at 2:51 p.m.

The next Board of Trustee Finance Committee is on Monday, October 16, 2023.