

MINUTES OF FINANCE COMMITTEE

May 11, 2026

1. Call to Order and Roll Call

Trustee Parks called the meeting to order at 2:02 p.m. and asked the recorder to call the roll.

Finance Committee members present: Trustee Parks, Trustee Allen, Trustee Barbosa-Guzman

Finance Committee members absent: none

Other Trustees present: Trustee Rakow, Trustee Rodriguez, Trustee Redmer

Others present: Dr. Peggy Heinrich, President; Ms. Loewe, Recorder; 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 on March 9, 2026

Motion: Trustee Parks moved to approve the March 9, 2026, meeting minutes.

Second: Trustee Barbosa-Guzman seconded the motion.

Roll Call Vote: Aye, 3: Parks, Allen, Barbosa-Guzman

Nay, 0

Absent, 0

3. Audience Wishing to Address the Committee

Ms. Loewe reported to Mr. Parks that no one requested to speak.

4. New Business

A. Internal Audit Update (Ed Martin)

a. Return to Title IV:

178 calculations were reviewed (18% increase from prior semester). Seven exceptions involved students who attended during the first 10 days but ceased attendance thereafter, delaying withdrawal reporting.

b. Revenue Recognition – Corporate Training:

All revenue was recognized, though not always in accordance with GAAP timelines.

c. Workforce Development Process Review:

Manual, multi-step registration processes create risks for incomplete paperwork, delayed revenue recognition, and automatic student drops when grant sponsorship is not applied the same day. Mr. Martin recommended creating grant-specific subsections to allow section-level sponsorship and immediate revenue recognition.

d. Operational Updates:

Fixed asset inventory review is underway. The financial statement audit is in progress and expected to be substantially complete by the next meeting. SAS 99 fraud-related inquiries will be conducted by external auditors.

B. Fiscal Year 2027 Draft Budget (Heather Scholl and Lierin Friedmann)

a. Budget Development Process:

Cabinet reviewed all new projects over \$10,000 and approved two new positions tied to Building S. Detailed line-by-line meetings with budget officers reduced contingency padding and corrected historical over-budgeting. Budget Council met to recommend right-sizing strategies. The draft budget will be displayed publicly for 30 days. Final approval is scheduled for June.

b. Major FY27 Impacts:

The PATH grant is expected to be lost, returning two director and two faculty positions to the Education Fund. *“We’re expecting to lose the PATH grant this year... those are returning to the Education Fund.”* Professional development budgets were reduced based on historical underspending.

c. Revenue / Expenditure Assumptions and Trends

Revenue: Tuition increased by \$10 per credit hour. A conservative 1% enrollment increase was included. Property tax revenue reflects CPI of 2.9% (2025 levy) and 2.7% (2026 levy). State operating revenue is budgeted at \$7.75 million (2% increase).

Expenditures: Salaries and benefits comprise 71.7% of the operating budget. Benefits include a preliminary 5% increase, though early indications suggest the final rate may be higher.

Revenue & Expenditure Trends:

Ten-year analysis shows property tax revenue up 36%, state funding up 48%, and tuition/fees up 13%. Benefits costs increased 61% over ten years.

d. Grant Funding Overview

Adult Education is funded by state (\$1.1M), federal (\$700K), and Education Fund (\$1.9M). *“If our federal funding... were to be reduced or eliminated, it’s \$700,000 out of the \$3.7 million.”* TRIO, Perkins, WIOA, and CRSS grants were highlighted as operationally significant.

C. Capital Projects Priority & Funding (Kimberly Wagner and Heather Scholl)

FY27 includes funding for the truck driving facility, Building S, the Manufacturing & Technology Center, and the state-supported Building F renovation. The Spartan Auditorium AV upgrade now has defined timelines; however, items like the plaza rail system and the Culinary Arts building remain on the watch list.

The total capital project list exceeds \$200 million. Reserve levels will be updated after the fiscal year audit. Leadership emphasized avoiding repeated use of alternate revenue bonds due to credit rating impacts. State-funded (CDB) project awards have been based on each institution's highest-priority deferred maintenance item, yet RAMP capital requests remain unfunded statewide.

The College continues to prioritize the \$4M annual transfer from the Education Fund, but finance leadership warns delays may occur if the transfer falls short.

D. College Insurance Program Funding Plan (Kimberly Wagner)

The actuarial liability of the College Retiree health insurance funding plan previously exceeded \$40M. The College has funded over \$25M to the liability, with no additional action recommended. The College will maintain the existing funding plan.

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

Dr. Wagner presented the annual compliance update related to the Qualified Build America Bonds (2010) and Alternate Revenue Bonds (2024). No arbitrage rebate liability has been identified to date. A final calculation will be completed with FY26 year-end statements. Some liability is probable.

F. Fiscal Year 2027 Finance Committee Items (Kimberly Wagner)

The planned schedule and topics for FY27 Finance Committee meetings were presented, with special attention paid to the finalizing of the audit in October and the audit presentation in November. The annual tax levy and hearing will occur in December, and the 2028 budget will be presented and approved in June.

5. Old Business

No old business was brought forward for discussion.

Adjournment

Motion: Trustee Parks moved to adjourn the meeting.

Second: Trustee Allen seconded the motion.

Roll Call Vote: Aye, 3: Parks, Allen, Barbosa-Guzman

Nay, 0

Absent, 0

Meeting adjourned at 3:00 p.m.

The next Finance Committee Meeting will be held on Monday, October 12.