MINUTES
SPECIAL OPEN SESSION
Budget Workshop
May 4, 2012
TPC Deere Run

Black Hawk College

BOARD OF TRUSTEES

You are hereby notified of a special open session of the Board of Trustee of Community College District #503 on **Friday, May 4 at 7:30 a.m.** The meeting will be held at the **TPC Deere Run, 3100 Heather Knoll, Silvis, IL 61282.**

CALL TO ORDER

The meeting was called to order at 7:59 a.m. by Vice Chair Sonia Berg.

I. ROLL CALL

Present: Trustees John T. Ahern, Dorothy W. Beck, Mike Boland, Donna M. Frye, David L. Emerick, Jr., Student Trustee Kylee Fox
Absent: Trustee Evelyn Phillips
Others Present: Vice Presidents Leslie Anderson, Chanda R. Dowell, Dr. Richard Vallandingham; Dr. Rivera, Karen Boyd, Gloria Nelson, Executive Assistant to the President Karen Mowers

Dr. Baynum started the meeting with some opening remarks and instructions. This is an open meeting for the purpose of looking at the budget. Ms. Anderson will go over it in more detail. The budget is changing as the numbers change from the state, federal, and even local monies. This is an outcomes based budget. This process has included department leaders, PC, and finally the VP of Finance and her staff. The Board's handout is dated 4/18 and there have been changes since then.

There have been some big changes this year to make sure that the expenditures are coming from the proper place. Student activity and technology fees have been realigned to properly show the items that are coming from these funds and there have also been some departmental shifts.

Ms. Anderson started the power point presentation and explained what was shown on each slide and answered questions.

The first slide was an overview of the process timeline. May 11 is the critical time for comments to be made in order for the budget to meet the deadline. The finance department does get good comments during the public comment and review period.

- **<u>41 Local Source Revenue</u>** – 41xxx Local Source Revenue
  - Property Taxes
    - Expected to be $258,862 less than presented on 4/18 handout
    - Certified EAV unknown until beginning of May
  - Corporate Personal Property Replacement Tax (CPPRT)
    - Budget of $1.2 million
    - FY12 running about $175,000 below FY11
    - FY11 total $1,432,215 (tax amnesty program)
  - Interest on Taxes (back taxes)

A question was asked about the cost of farmland being sold in the area and if that was affecting BHC. Ms. Anderson answered that yes, it does have an effect. Henry County is up more this year because of the wind turbines in the area.

The TIF districts and the tax abatements for companies that we are trying to attract are also affecting BHC. There is discussion around the state about educational institutions being exempt from this. Ms. Anderson represents BHC in discussion for TIF exemptions. It is how the TIF's are established that determines if we get money or not. Ms. Anderson shared she thought it would be good for the board to take a formal stance on TIF's and then she could represent the board as well as the college in any action. Trustee Emerick said that the other taxing bodies are there as well and are affected. They need to band together on their decisions and it would make a bigger impact.

- **<u>42 State Sources of Revenue</u>** – 42xxx State Sources
  - Career & Technical Ed Allocation $265,000
    - No change from prior year
  - Base Operating Grant $3,923,273
    - 84% Ed Fund
    - 16% Operations & Maintenance Fund
    - Assumes flat funding from FY12
  - Equalization Grant $3,027,814
    - 100% Ed Fund

Assumes 5% decrease from FY12 amount
BHC did build in some increase and Dr. Baynum did get some new information at the President's Council meeting. There may be decreases in base funding and equalization and we had planned for 5%.

- **<u>43 – Federal Source of Revenue</u>** – 43xxx Federal Source
  - Indirect Cost or Administrative Cost Allowances on Federal Grants
  - Grant Managers Training Program will emphasize
  - Looking to maximize this revenue source

This reflects the administrative costs on grants.

- **<u>44 –Tuition & Fees -</u>** 44xxx Tuition & Fees
  - Includes $6 per credit hour approved increase
    - 6.7% increase in per credit hour tuition rate
  - Assumes 1.5% growth
  - New program development
  - Retention & persistence
  - Unit Plan alignment
  - Course fee review

The 1.5% is across the board and is just one piece of the retention project. Everyone has a goal and a target number that they will be working on.

BHC is doing much more aggressive marketing to get more students and everything that comes in from that will be over and above the 1.5%. This 1.5% can be made up by adding new classes or programs or just adding a few students taking a few more hours. The other piece that is conservative is an accounting in the budget for Fund 5 (student fees). It is the first time it has appeared on these sheets. We did not increase fund 5 this year but we do expect it to increase as we gain more students.

- **<u>45 – Sales & Service Revenue</u>** – 45xxx Sales & Service
  - 5% increase over FY12

The increase is not significant in the big scheme of the budget. Most of this income came from PaCE and they don't expend unless they bring it in.

- **<u>46 – Rental Revenue</u>** – 46xxx Rental Revenue
  - 46% decrease from FY12

This is a decrease from FY12 because of facilities leases. It partially off sets the loss in property taxes.

- **<u>47 Interest Revenue</u>** – 47xxx Interest Revenue
  - 17% decrease from FY12

Ms. Anderson reported that this budget area reflects that interest rates have dropped lower.

- **<u>48 – Non Governmental Revenue (grants)</u>** - 48xxx Non Governmental Revenue

Ms. Anderson said this is always zero because grants have restrictions and therefore go into the restricted fund.

- **<u>49 - Other Revenue</u>** – 49xxx Other Revenue
  - Assumes no change
  - $650,000 is contingency

This is a contingency to allow for budget changes so we don't have to come back to the board for approval if needed. This is unique to Illinois.

- **<u>51 – Expenditures - Salaries</u>** – 51xxx Salaries +5.5%
    - Full Time Position Control 04/18/12
    - Contractual increases ~ 3%
    - Instructional salaries +2.5%
    - Academic Support salaries +6.3%
    - Student Services salaries +1.3%
    - Public Service salaries +28.3%
    - Institutional salaries +20.1%
    - Facilities salaries flat

Ms. Anderson said the primary expense for the college is for salary and benefits. 3% was the contractual amount of raises and that is reflected in the Board Report trustees will see in May for the non-rep group. Dr. Baynum shared that because BHC has many long time employees retiring this year, the budget will show some decrease. The finance department is now looking at salary savings and how it is figured and how it is being used.

Dr. Baynum shared that we have restructured the duties of the Executive Vice President because those duties can be absorbed with the current President and the IT portion will move to the Vice President of Administration. There is still a huge component of IT in education but a majority of it is in facilities. This department will be coming back under the direction of Mike Phillips as it is in his job description.

- **<u>52 - Benefits</u>**– 52xxx Benefits +3.11%
    - New positions assume full benefit load ~ $20k
    - Includes approximately $125k for SURS
    - Staff/Family tuition waivers
    - VEBA payments
    - Employee cell phone allowances
    - Benefit allocation process under review

Ms. Anderson shared that benefits correlate to employee positions. BHC has been informed that there will be a cut coming to Adult Ed and the state is running behind right now. We are trying to make sure the budget process matches what is happening. Trustee Ahern said he would like to see progressive quarterly reports on the growth. Dr. Baynum said BHC is drilling down on everything in the budget as it comes up.

- **<u>53 – Contractual Services -</u>** 53xxx Contractual Services +35.0%
    - New program development
    - Tech Fee reallocations

This line item is associated with growth. Dollars are there to support new programs and it is only spent if we have it. This is not a cushion but a contractual account.

- **<u>54 - Supplies & Materials</u>**– 54xxx Supplies & Materials +7.6%
    - Tech Fee reallocations

- Marketing & Recruitment increases

This covers advertising and marketing initiatives. These are specific project by project amounts. Institutional memberships also come from here. These memberships are all under review. We will look at the financial procedure manual for guidance.

- **55 – Conference & Meetings -** 55xxx Conferences & Meetings +7.1%
  - Tech Fee reallocations

This line item has increased because of training for IT.

- **56 - Fixed costs** – 56xxx Fixed Costs -82.5%
  - IWNC Rent Expense originally omitted

- **57 – Utilities -** 57xxx Utilities -10.6%
  - Bandwidth will be charged to Tech Fee

This line is down because additional bandwidth is paid for from the tech fees.

- **58 – Captial** 58xxx Capital no change

- **59 – Other Expense -** 59xxx Other Expense +30.4%
  - Primarily student waivers
  - Working to reduce credit card fee expense

The primary expense in this line item is waivers. Our waivers are charged at their residence rates. There was a discussion about waivers at the college. There was also a discussion about the credit card expenses.

Closing comments and questions:

The other funds that will be presented are fund 12 of $2.7 million but it does not have any interest revenue. The budget is submitted as balanced and any surpluses roll over. We have had surpluses for several years so we are looking at reducing them for the EC science building this year. It should be noted that the audit fund can only be used to pay the auditors.

Ms. Anderson asked the trustees for input on the audit. The auditor RFP is due next year and we have extended it in the past and we can look at extending it again.

There was a discussion about a few questions on individual line items. Dr. Baynum passed out a calendar of potential board meeting dates for 2012-2013 for review and asked trustees to respond to him their feelings about it.

Trustee Emerick thanked Ms. Anderson for the detailed overview of the budget and the time she has spent preparing it.

Motion to adjourn – Trustee Emerick moved, Trustee Ahern second.

Evelyn L. Phillips, Chair Board of Trustees	David L. Emerick, Jr., Secretary Board of Trustees