

Finance Committee Meeting of
March 9, 2020

1. Roll Call

Mr. Duffy called the meeting to order at 1:33 pm

Finance Committee

Members Present: Mr. Duffy, Mr. Nowak, and ex-officio and voting member of the committee in the absence of Dr. McCreary, Mr. Meyer

Trustees Present: Dr. Redmer, Ms. Rakow and Dr. Ollayos (arrived at 2:49 p.m.)

Trustees Absent: Dr. McCreary, Student Trustee Swick

ECC Staff and

Others Present: Dr. Sam, President; Dr. Heinrich, VP Teaching, Learning, and Student Development, Dr. Wagner, VP of Business and Finance, ECC Staff members and visitors.

2. Approval of Meeting Minutes of the Finance Committee of December 9, 2019

Mr. Nowak motioned and Mr. Meyer seconded to approve the minutes.

3. New Business

A. Internal Audit and Compliance Update

Ms. Folden explained the report format has been changed. This internal audit and compliance report addressed concerns regarding the Grant Accountability and Transparency Act (GATA) which was found to be out of compliance. It focused on annual training concerning ethics, fraud, waste, and abuse. The college has now instituted a whistleblower reporting system, and we are now in compliance. Dr. Redmer asked, who receives this whistleblower report. Dr. Wagner shared the report will be distributed to Mr. Ray, Mr. Vazquez and herself, the third party whistleblower company suggested an advocate from the Board of Trustees, and that is Mr. Meyer.

B. Fiscal Year 2019 Audit Management Letter with Responses

Dr. Wagner explained this is an update as of March 2020 based on our FY 19 audit.

- A deficiency was observed in the process regarding the Visual and Performing Arts Center deferred revenue account. As of March 2020, this has been corrected. The continued reconciliation of all the accounts including the deferred revenue accounts has been added to the process.
- Whistleblower and policy review. Ms. Folden reported, we have received the whistleblower software, and the procedure has been updated. Mr. Ray added this policy will be live by the end of the week and we will be in compliance.

C. Fiscal Year 2020 Budget to Actual Status

Ms. Scholl explained we have excess investment income, she anticipates we will receive \$1.4M over-budget in revenue. Additionally, several vacancies and two positions were not filled in FY20. Also, travel plans to spring conferences and professional development travel has been canceled. She shared our expenses are a little harder to annualize because they are not consistent. When we proposed this budget we discussed transferring any excess to the College Insurance Program (CIP) fund. Also, there may be an opportunity to transfer some money to the Capital Improvement Fund. We will continue to update you as we move to the end of the fiscal year.

Ms. Scholl shared we have formed a Capital Improvement Committee. This committee will assist with additional projects that budget officers request or when a need for work or items arise throughout the year.

D. Fiscal Year 2021 Budget Update

Ms. Scholl explained the budget books have been closed. The budget council is reviewing the requested expenses. We anticipate a 2% increase in enrollment going into 2021 and believe the changes in policy and fee structure will continue to result in higher enrollment.

- Our property tax CPI for 2019 is 1.9%, we used 2.1% as an estimate for 2020, but the actual is 2.3% that was recognized and published by the state.
- Ms. Scholl will continue to monitor the Sears EDA issue for changes and will be ready to must make necessary adjustments.
- We received notification from the state indicating increased funding that is contingent on the passage of the graduated income tax. Presently, we are looking at level funding.
- Dr. Wagner shared we continue to track our investment income, we continue to maintain our conservative budgeting practices based on zero-based budgeting and conservative expenditures.

Ms. Scholl explained we have several considerations as we budget our expenses. We require our budget officers to be aware of their budget. If we are unable to balance the budget, we rely on them to prioritize and tell us what they can do without.

- Dr. Wagner shared the Korn Ferry salary study continues to make progress. Mr. Ray added they have a meeting scheduled Wednesday to receive the final piece of data. He anticipates the finished product will be brought to the Board in April or May.
- Dr. Wagner shared the list for new positions for FY 21 started at \$1.9M, and it has been decreased to \$1.4M. The list has not been finalized, as she wants to consider the impact of the salary study before we make any final decisions. However, they have approved approximately \$800K of new positions which include the state-mandated wellness professionals, and the four full-time faculty that will begin the fall of 2020. Also the compliance based position such as the ADA for marketing and visual media.

- Dr. Wagner explained that when we receive the final Master Plan report, we will prioritize the recommended projects and make needed transfers to the capital project fund.
- Dr. Garber explained the data systems the college uses are not structured that allows for easy extraction of information for report building. He advises an overhaul of the architecture of how we store, retrieve and encode our data to allow effortless extraction. To accomplish this we will need to consider building a data warehouse. Dr. Garber will have more information to follow in the months ahead.
- Mr. Meyer stated he would like to bring up a few considerations:
 1. This may be is an advantageous time to take a look at repaving projects.
 2. He also inquired about our plans for the surplus in revenue. He observed it appears as though we are projecting \$1.4M excess in revenue. He would like to have a conversation to consider rebating a portion of this to the taxpayers. Dr. Sam explained we currently don't have enough money for all items that need funding, i.e. the regional training center, fitness center, shooting range and all the other projects that need attention. Mr. Meyer explained these items were all part of the conversation before this additional revenue was created.

E Auxiliary Business Plans

Dr. Wagner explained, the athletics department, the center for emergency services and student life submitted summary sheets as they are not considered business type departments.

- Arts Center –Mr. Meyer noted, in the comments section of their plan, they refer to an anticipated loss. However, in the projections, they indicate a break-even status. Ms. Hatch explained they are using reserves. Ms. Rakow asked about ticketing software. Mr. Druchrow answered they are negotiating a 3-year contract with an agency. Ms. Rakow questioned the reference to dated classroom space. Ms. Hatch explained they have outdated technology in classrooms. In some of the rooms, it takes up to 15 minutes for lights to warm up. Also having more flexible classrooms could be transformational for performances.
- Athletics - Mr. Meyer asked about remaining in D3 or considering moving back to D2. Dr. Sam will get back to him regarding this question. Mr. Meyer inquired about the financials. Dr. Wagner stated they will have this information for the committee at our May meeting.
- Emergency Services –
 - Mr. Fahy reported they have been recognized by the National Fire Academy and has received the Emergency Services Higher Education (FESHE) recognition. This allows students who attain an associate degree to transfer credits earned to any other FESHE recognized institution as a junior.
 - They are beginning non-credit advanced firefighter classes in May and are attempting to bring more criminal justice classes.

- Mr. Fahy also shared, any student in the public safety communications class that graduates with a “C” or better will receive additional points when they apply for a position as a tele communicator with the City of Elgin.
- They have an agreement with the College of DuPage for their police academy to rent the driving pad.
- Continuing Education – Dr. Heinrich shared they have a deficit in corporate training and continuing education. They have discussed enacting measurable benchmarks to be achieved by specific periods during the year. Which will be shared with the board quarterly. Dr. Wagner explained she understands the seriousness of this issue, she will keep this on the agenda for the finance committee for quarterly reporting for the measurable goals.
- Production Services - Dr. Redmer questioned, in the financial projects of this plan, it reflects a large improvement in net income from FY 19 to 20. Dr. Sam shared some of the savings is related to personnel, we had a long term individual retire.
- Retail Operations -
 - Bookstore - Mr. Meyer noted the value of transactions is decreasing. There is a list of things these departments doing in an attempt to ‘think outside the box”, and adjust to changes in the marketplace.
 - Child Care Services – Mr. Meyer observed and made a comment about a waitlist and inquired if we have reached capacity. Dr. Wagner explained they have three-hour blocks of time. There is a waitlist for specific time frames.
 - Facilities Rental – Ms. Rakow inquired about the purchase of the new software and if they are making progress. Ms. Strossner shared they are still looking, but what they have is getting the job done. Mr. Meyer requests periodic updates on this unit.
 - Food Service – No questions
 - Student Life – No questions

F. Architect Services statement of qualifications

Dr. Wagner shared this item is for future actions and is something she thinks is important in the future. The college will have more need for architectural services as some projects will need to have work done quickly. This is just a suggestion, and it would provide us with better efficiencies. The selected architects would be utilized for three years. Then we would have companies bid again for a new group.

G. Tax Objections

Ms. Scholl reported there are no new objections. We are working to settle current claims.

4. Audience Wishing to Address the Committee

None

5. Old Business

None

6. Adjournment

Mr. Duffy called for motion to adjourn.

Motion: Mr. Nowak

Second: Mr. Meyer

The meeting adjourned at 3:05 pm.