

WILLIAM RAINEY HARPER COLLEGE
1200 West Algonquin Road
Palatine, Illinois

6:00 p.m.

Presentation: **Collaborative Negotiations**
by Michele Levine and Gibby Monokoski

SPECIAL BOARD MEETING
Wednesday, April 8, 1992

AGENDA

7:30 p.m.

- I. Call to Order
- II. Roll Call
- III. RECOMMENDATION: Tuition Increase, 1992-93 Exhibit III
- IV. 1992-93 Budget Review (Funds) Exhibit IV
 - A. Operation and Maintenance Fund (Restricted)
 1. New Construction
 2. Life Safety Renovation
 - B. Bond and Interest Fund
 - C. Working Cash Fund
 - D. Building Bond Proceeds Fund
 - E. Audit Fund
 - F. Liability, Protection and Settlement Fund
- V. 1992-93 Capital Outlay Exhibit V
 - Equipment
- VI. Adjournment

WILLIAM RAINEY HARPER COLLEGE
BOARD OF TRUSTEES OF COMMUNITY COLLEGE DISTRICT #512
COUNTIES OF COOK, KANE, LAKE AND McHENRY, STATE OF ILLINOIS

Minutes of the Special Board Meeting of Wednesday, April 8, 1992.

CALL TO ORDER: The special meeting of the Board of Trustees of Community College District No. 512 was called to order by Chairman Norwood on Wednesday, April 8, 1992 at 7:35 p.m. in the Board Room of the Administration Building, 1200 W. Algonquin Road, Palatine, Illinois.

ROLL CALL: Present: Members Bakas, Barton, Born, Coste, Howard, Moats, Norwood, and Student Member Smith.

Absent: None

Also present: Paul Thompson, President; Dennis Conners, V.P. Academic Affairs; Vern Manke, V.P. Administrative Services; Bonnie Henry, V.P. Student Affairs; Susan Webb-Kmiec, Recording Secretary; Felice Avila, Frank Azeke, Vic Berner, Larry Bielawa, Pat Bourke, Steve Catlin, Dave Dluger, Al Dunikoski, G. Domer, Richard Geary, Liz McKay, Roger Mussell, Elena Pokot, Mary Polniaszek, Sheila Quirk, Patty Roberts, George Voegel, Laurie Wren, and Joan Young, Harper College. Dan Mooney, Barry Poulson, Technology Services, Inc.

Chairman Norwood called for a motion to include an executive session after discussion of capital outlay for the purpose of discussing the appointment, employment and dismissal of personnel.

Member Barton moved, Member Howard seconded, that an executive session be added to the Agenda as Item VI.

Upon roll call, the vote was as follows:

Ayes: Members Bakas, Barton, Born,
Coste, Howard, Moats, Norwood
Nays: None

Motion carried. Student Member Smith voted aye.

EXHIBIT III
Tuition Increase

Member Bakas moved, Member Howard seconded, that the Board approve the tuition increase for the 1992-93 academic year.

In response to information requested by Member Coste, President Thompson gave background information regarding the determination of the \$882,000 projected revenue in the budget. The amount was based upon the expected credit hours multiplied by the \$3.00 tuition increase. This tuition increase falls within the guidelines established by the Board of 18 to 22 per cent of instructional cost. It was President Thompson's feeling that this tuition increase is reasonable in light of the limited state resources now available to community colleges.

Member Coste questioned the calculations involved in arriving at the \$9.7 million proposed for the 1992-93 budget. Vice President Manke responded that the 1992-93 figure takes into consideration both the tuition increase and an increase in credit hours, outlined in the Long Range Fiscal Projection distributed at the February 12 budget meeting. Member Coste replied that he was getting his figures from the Short Range Fiscal Projection, the 1991-92 Legal Budget and the proposed 1992-93 Budget. Mr. Manke explained that in the current 1991-92 budget, there is a projection of \$8,185,000. The 1992-93 budget shows an anticipated net credit hour tuition of \$9,629,113, which takes into account both the tuition increase to \$33 per hour and the projected increase in total credit hours, as well as the deduction for tuition refunds.

Member Moats asked if Member Coste's concern was with the total amount of increased revenue derived from tuition. Member Coste replied that his concern was the budget for 1992-93 for tuition. Mr. Manke explained that Member Coste was also looking at the non-degree tuition, which is not reflected in the projected figures. This amounts to \$183,794.

Member Coste questioned the necessity of the tuition increase in light of the \$40 million surplus in the budget. Member Moats asked how

much the Education Fund budget is increasing over the anticipated expenditures for the current year, looking at budget to actual. Mr. Manke answered that budget to budget figures are approximately 6.1 per cent, or slightly more than \$2 million. In addition, the anticipated ending of fiscal year compared to the proposed budget would probably result in about 1 per cent, with a total of 7 per cent. Mr. Manke anticipates a surplus in the expenditure budget of approximately \$300,000 to \$500,000, depending on expenditures incurred between now and the end of the year. Member Moats asked of the approximate \$2 million increase, how much reflects the tuition increase. Mr. Manke answered that the tuition increase would be about \$800,000. He added that a decrease in revenue from interest on investments is anticipated because of the current economic climate, and current interest rates. A 4.5 per cent basis is being used, which reflects a considerable difference from 91-92 and 92-93. In addition, state apportionment is cut back compared to what was budgeted for this year, so that local taxes and tuition are the only sources available to make up that difference.

Member Howard noted that as we spend down some of the fund balances with construction, that will impact the total fund balances. Mr. Manke stated that a report will be forthcoming towards the end of the budget process showing fund balances in total, and will show those balances spending down significantly because of the new building program, but that the Education Fund is not impacted by the building program.

Member Born asked what would happen if the tuition was not increased. Mr. Manke replied that there are two choices based on the expenditures now built into the budget, with approximately 80% of the budget for the Education Fund being salary and benefits. Either expenditures would have to be reduced or a deficit budget would result, using up the fund balance. Mr. Manke felt that based on future expectations of a potential tax cap and low interest rates, and moderate increases in cost of operation consumer price index

increases of approximately 3 to 4 per cent a year, if tuition is not increased this year, there could be financial problems one or two years in the future. Supply costs can not be cut much more than they are now, and the remainder of the budget is in salary and benefits, which also can not be cut. Mr. Manke added that the tuition increase is a sound financial move and is within the guidelines previously set by the Board for tuition.

Member Bakas asked how the increased tuition would compare with the state average. Mr. Manke responded that Harper College is still in the middle, with other community colleges raising their rates by as much as \$6. Member Coste asked what kind of surpluses those colleges have compared to Harper College. Mr. Manke answered that DuPage and Oakton probably have larger surpluses than Harper, with others having somewhat less. Member Barton noted that most institutions of higher learning in this area are increasing their tuition to respond to escalating operating costs. Student Member Smith added that Triton College raised and then lowered their tuition, and raised it again to \$36.

Member Coste asked again if the money from the tuition increase is needed. President Thompson responded that the college could get by this year without the increase, but in terms of the future of Harper College, it is a wise move. Member Coste stated that Harper College is not in financial difficulty, as there are fund balances of \$40 million. President Thompson noted that although fund balances are accumulating, those will be reduced considerably in the next three years because of the building program. Member Coste responded that rather than being short of funds in the future, the college is making capital improvements out of operating funds, referring to the \$2.6 million that was taken out of the Operation and Maintenance Fund. President Thompson replied that that was an action taken by the Board. Member Barton noted that because the state is giving less in funds, the Board needs to be fiscally responsible and be careful when raising

tuition, but still protect the fund balances on hand.

Member Moats asked of the \$2 million increase on the expense side of the budget, with \$800,000 coming from tuition, how much comes from community taxes. Mr. Manke answered that in the Education Fund, taxes are projected to increase from \$15,792,000 to \$16,537,000, approximately \$745,000. Member Moats then asked how much of a surplus is anticipated for the present fiscal year in the Education Fund. Member Coste stated that the issue of tuition increase should be deferred until the actual surplus is known. Mr. Manke replied that it is only a guess, but on the revenue side, there have been increases in tuition that were not built into the budget because enrollment was higher, but revenue for interest income is expected to be less than what was projected. Taxes should come in as budgeted. If interest income and student tuition balance each other, the revenue will be close to what was projected and not exceed by much. It is anticipated that there will be \$300,000 to \$400,000 on the expenditure side not spent. The net result may be approximately \$500,000 surplus.

Member Moats felt that the tuition increase is reasonable based on the number of years Harper has gone without an increase and the concept that students should pay a certain percentage of operating costs, as developed in the guidelines. He was still concerned, however, that care should be taken in other areas where revenue is raised in the budget process. Member Moats noted that the tuition increase needed to be passed now to put it into motion for the next semester. President Thompson replied that if it is delayed until after students start registering, then the college will have to go back to the students for additional payment. Member Coste asked Member Moats if it was reasonable to delay the action until the fund surpluses are known. Member Moats answered that those figures will not be known for some time.

Student Member Smith asked what the financial difference would be with starting the increase in the fall versus a January tuition increase

if the Board does wait until July to find out the surplus amounts. President Thompson replied that the anticipated revenue would be cut in half, assuming that enrollments would be about equal in fall and spring. Student Member Smith asked how drastically losing that half would affect the college. President Thompson answered that there would be a \$400,000+ differential between expected and actual revenue. Student Member Smith did not see a problem with instituting a tuition increase in the spring rather than the fall if the Board wanted to wait to take action.

Chairman Norwood noted that approximately every three years the college institutes a \$2 increase, and wondered if a \$3 increase would fund us adequately so that there would not have to be another increase for at least three years. She asked that if no tuition increase is passed this year, would there have to be an even greater increase next year. President Thompson responded that it won't be known until the legislature finishes its session whether there will be a property tax cap. If that passes, there will be a limitation on the tax revenue generated for quite some time, and there may have to be more frequent tuition increases just to keep the revenue at a balance level. Member Bakas noted that much time is spent in looking at the budget and establishing guidelines, and felt that the Board should abide by those guidelines. Member Born asked Member Bakas to reiterate his statement. Member Bakas explained that in the last year the Board has been working on budget guidelines in respect to tuition, fund balance, state apportionment, etc. During those discussions, it was decided that tuition ought to range from 18 to 22 per cent of per capita costs. Member Coste stated that these guidelines were set by committee, not by the entire Board. Member Bakas noted that even if it was not officially adopted by the Board, the consensus would be that this is a reasonable range based on what the student contribution should be. Member Bakas added that it is hoped that the state and local governments should contribute a certain per cent, but that regardless, this is fair and equitable, being between 18 and 22 per cent.

This recommended increase of \$3 is still only at 17 per cent, and thus seems to be reasonable. If the tuition increase exceeds those guidelines, it would not be fair to the students. However, if not enough tuition is charged, it would not be fair to the taxpayer. Member Howard noted that this increase is in line with what other community colleges do and in line with the philosophy that students should participate in the costs of the college courses, and also in line with what proportion is reasonable to ask of the students.

Member Coste asked how the range of 18 to 22 per cent was arrived at. Member Bakas responded that it was a matter of discussion and was agreed on. Member Moats noted that he is inclined to support the tuition increase because it is well within the bounds of inflation. It was his feeling that passing the increase does not dismiss the issues raised by Member Coste in terms of revenue and expenses, and that they need to be discussed further. However, at this time it is time for the students to pay an additional share of the costs. Member Coste stated that his question again is do we need the money. Member Barton responded that if the building was complete and Harper College could handle the number of people attending, and there was still a surplus, then the question of surplus would be a valid one. However, with the capital development coming up and the decrease in state apportionment, much of that \$40 million surplus will be used. Member Coste questioned if the capital development is the appropriate thing to do, noting that it is said that the college is going broke because of the operating situation. He added that two years ago he questioned where the funds would come from to equip and furnish these buildings, which has not been built into this budget, and that maintenance and other costs would be increasing. Member Barton replied that it is not in this budget because it will not be completed in this budget year. Member Coste noted that those costs are not programmed into the budget process.

Member Howard called the question.

Upon roll call, the vote was as follows:

Ayes: Members Bakas, Barton, Born,
Howard, Moats, and Norwood

Nays: Member Coste

Motion carried. Student Member Smith voted nay.

A vote was called on the motion.

Upon roll call, the vote was as follows:

Ayes: Members Bakas, Barton, Born,
Howard, Moats, and Norwood

Nays: Member Coste

Motion carried. Student Member Smith voted nay.

EXHIBIT IV
1992-93 Budget
Review

Chairman Norwood proceeded to Exhibit IV, A-F, the 1992-93 Budget Review (Funds) (attached to the minutes in the Board of Trustees' Official Book of Minutes). President Thompson turned to Mr. Manke for explanation of the exhibits.

Operation and
Maintenance Fund
(Restricted)

Mr. Manke proceeded with an overview of the Operation and Maintenance Fund, with revenue of \$1,400,000 and expenditures of \$5,725,753. This is a combination of the monies needed out of this fund which have been programmed to pay for part of the construction of the new facility, and to fund the life safety projects. One project is a sprinkler system for M-Building. In addition, an electrical power distribution system needs to be put in to bring it into compliance with the Fire Department code. There is also a need to install a larger water main from Euclid Avenue to furnish water for the sprinkler system and for the new building, instead of putting a pumping system in the new building. Member Howard asked for the reasons behind the power distribution in M-building. Mr. Manke explained that the exhibits and shows held in that building require a massive amount of cables and this will eliminate the need to run cables on the floor.

Mr. Manke explained that the roofs for the life safety projects were approved last year but are budgeted for this year because the taxes for last year's levy will not be received until after July 1. The other projected expenditures are based on projections from the architect as to what will be needed to pay for this portion of the construction of the new Liberal Arts classroom building. The balance for next year will be shown in the Building Restricted Fund. The total amount of the cost for the construction of the print shop will also come out of this fund.

Member Coste asked if there was money here for the bookstore. Mr. Manke replied that the money for the architectural services will come out of this fund, not the construction.

Bond and
Interest Fund

Mr. Manke explained that this is the fund from which we pay the principal and interest for the bonds which have been issued previously. Projected revenue is \$2,153,115 and anticipated expenditures will be \$1,987,349. There is a discrepancy because the county will add a percentage to this fund for loss and cost of collection, resulting in somewhat more revenue than expenditures. The bookstore alternate revenue bond is shown as an expense, but there is a levy abatement of \$235,000 which will come from the Auxiliary Fund of the bookstore account, resulting in a wash. Member Howard asked what the financial charges were for. Mr. Manke answered that those are paid to the paying agent when the bonds come due.

Working Cash
Fund

This is a fund established in 1986. Projected revenue from interest income is approximately \$450,000 based on an investment of \$10 million at 4-1/2 per cent per year. Member Coste asked if that was the only revenue into that fund. Mr. Manke replied that it is. Member Coste asked if the \$450,000 figure was somewhat conservative. Mr. Manke responded that it is a judgement call, but it was not his feeling that the college would realize any more than 4-1/2 per cent on its investments for next year. A discussion ensued as to

whether an anticipated 4-1/2 per cent investment return was in fact too conservative. Member Moats asked if these investments would be maturing in the current fiscal year. Mr. Manke replied that it is the practice now to stay short in that it does not provide much advantage to make long-term investments. Vic Berner responded that the high earnings in the current year reflect the higher interest rate investments coming due this year, whereas next year the rates will be much lower. In answer to Member Moats' question, approximately \$8 million of the \$10 million will mature in the current fiscal year.

Member Coste stated that it is his feeling that this is one of the underlying reasons for the fund surpluses every year. Member Barton noted that she would rather end up with a surplus than a deficit, and added that no one has the ability to be totally accurate. Mr. Manke said that he intentionally budgets and plans on the conservative side, and added that if it is the Board's decision to raise this figure, he will go along with that decision. He agreed that this conservative planning has caused some of the dilemma with the fund balances, but added that with the types of economic times ahead, the college will be grateful to have those fund balances.

Bond Proceeds
Fund

Mr. Manke explained that the fund comes from the sale of the various bond issues over the last three years. Interest income is projected at \$25,000 because this fund will have to be expended first before going to the Operation and Building Maintenance Fund (Restricted), and must be spent or at least contracted to spend by December 30, 1992. As soon as contracts are signed and the contractor gets equipment and materials on site, they usually start drawing down their payments. Member Barton asked if this was the fund being used for architecture fees. Mr. Manke replied that it was.

Audit Fund

Projected revenue and expenditures are equal, representing a balanced fund. Member Coste asked if the contract for auditor was coming up next year. Mr. Manke replied that it was.

Member Bakas noted that the \$40,000 price for performing all audits was very reasonable.

Liability,
Protection and
Settlement Fund

This is strictly funded through taxes and interest on investments. The expenditures fund Medicare payments for employees hired after 1989, various insurance, Workman's Compensation and Unemployment Insurance. Member Barton asked what the difference is between athletic insurance and athletic catastrophic insurance. Mr. Manke answered that the difference was in the severity of the accident, such as with a broken neck, involving several years of care-taking of that individual. Member Born asked why the college needed a Liquor and Dram Shop coverage since liquor is not served on campus. Mr. Manke replied that on occasion the Board could approve serving alcohol at a function, and in instances when the Board sponsors functions off campus. Member Moats asked if the trustee liability insurance has always been this high. Mr. Manke explained that four or five years ago the price for this insurance went up considerably because of an increased number of suits for wrongful termination.

EXHIBIT V
1992-93 Capital
Outlay

Chairman Norwood directed attention to Exhibit V (attached to the minutes in the Board of Trustees' Official Book of Minutes). Student Member Smith asked when the items on the capital outlay budget are actually purchased. President Thompson replied that those purchases are made throughout the year, however, people are encouraged to make purchases early in the year so that budget status is known. Student Member Smith asked if an item is not purchased in the year it is budgeted, if it needs to be requested again. President Thompson confirmed this.

President Thompson noted that these exhibits are for the Board to examine, and that there will be a resolution on the agenda for the special Board meeting in May. Member Moats asked if these are only requests, not the actual budget. President Thompson replied that it has been pared down to be within budget parameters. Mr. Manke explained that the Education Fund has increased in capital spending, but the Operation and Maintenance

Fund has decreased.

Member Coste noted that there is \$11 million being spent on new equipment and \$500,000 on replacement equipment. Mr. Manke explained that \$9 million of that \$11 is represented by new building. This also includes \$1 million for Life Safety projects. Mr. Manke added that there is equipment in this budget for the print shop, which will be on-line in 1992-93.

Member Bakas questioned a request for \$340,000 on Page 16 of the Education Fund requests, the office equipment for information systems, Item 36. President Thompson replied that that figure relates to a software package and programming system being purchased.

Member Born asked if each department is given a certain amount of money per year to spend for capital equipment. President Thompson answered that they are not. The requests are on an as-needed basis. Mr. Manke added that many items are deferred until a later date, so that only items that are really needed are requested. Member Born asked if there are ever years when the total amount of money spent is less than the previous year. Mr. Manke responded that the 1982-84 years were very lean and equipment was allowed to deteriorate, so that now the college is in a position of catching up on needed replacement of equipment.

Mr. Manke pointed out that the new format is in response to Member Coste's request to identify new and replacement. Mr. Manke thanked the Data Processing Department for formatting and summarizing the information.

Student Member Smith asked if student activity fees were reflected in the Operation and Maintenance Fund. Mr. Manke replied that they were not. Relating to the Roads and Grounds Department purchase of trees and shrubs, Student Member Smith asked if that would be coordinated with the Horticulture Department. Mr. Manke said yes. She also noted that on Page 25, there is a notation under Fashion Design, three computer work stations, a

reference to the Nordic track and hurdles. Mr. Manke replied that it was a late request and was added out of sequence.

EXECUTIVE SESSION

Member Bakas moved, Member Barton seconded, that the Board adjourn into executive session for the purpose of discussing the appointment, employment and dismissal of personnel.

Upon roll call, the vote was as follows:

Ayes: Members Bakas, Barton, Born, Coste, Howard, Moats and Norwood

Nays: None

Motion carried. Student Member Smith voted aye and the Board adjourned into executive session at 8:52 p.m.

Following executive session, it was moved and seconded that the Board return to regular session. In a voice vote, the motion carried at 9:06 p.m.

NEW BUSINESS:

Resignation -
Dr. Dennis
Connors, V.P.

Member Barton moved, Member Born seconded, that the Board accept with regret the resignation of Dr. Dennis Connors effective June 30, 1992.

Upon roll call, the vote was as follows:

Ayes: Members Bakas, Barton, Born, Coste, Howard, Moats and Norwood

Nays: None

Motion carried. Student Member Smith voted aye.

ADJOURNMENT

Member Barton moved, Member Howard seconded, that the meeting be adjourned. In a voice vote, the motion carried and the meeting adjourned at 9:20 p.m.

Chairman

Secretary