

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, June 9, 1993.

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, June 9, 1993 at 7:34 p.m. in the Board Room of the Administration Building, 1200 W. Algonquin Road, Palatine, Illinois.

ROLL CALL: Present: Members Barton, Born, Coste, Gillette (7:36 p.m.), Howard, Moats (7:36 p.m.) and Norwood

Absent: Student Member Norris

Also present: Paul Thompson, President; Ed Dolan, V.P. Academic Affairs; Bonnie Henry, V.P. Student Affairs; Vern Manke, V.P. Administrative Services; David McShane, V.P. of Information Systems; Susan Webb-Kmiec, Recording Secretary; Ted Agresta; D. Allen; Felice Avila; Larry Bielawa; Bob Brown; Harley Chapman; Tom Choice; George Dorner; Edward Gallagher; Robert Getz; Dominic Magno; Liz McKay; Scot Milford; Rosemary Murray; Susan Nowakowski; Elena Pokot; Glenn Reich; Hazel Rilki; Patty Roberts; Rich Seiler; Karen White; Norma Wiley; Laurie Wren; Joan Young - Harper College.

Chairman Norwood noted that there would be an executive session at the end of the meeting for the purpose of discussing collective bargaining matters and personnel items.

TREASURER'S  
FIDELITY BOND

Member Barton moved, Member Howard seconded, approval of the purchase of a Treasurer's Fidelity Bond in the amount of \$1,500,000 from the Hartford Insurance Company as outlined in Exhibit III (attached to the minutes in the Board of Trustees' Official Book of Minutes).

Upon roll call, the vote was as follows:

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

Nays: None

Motion carried. Members Gillette and Moats were absent for this vote.

Chairman Norwood reminded the Board Members that the Community College Long-Range Planning meeting will be held on June 16. Member Barton asked if the people whose names have been submitted are attending. President Thompson responded that some people have responded, but that Laurie Wren could give her more specific information.

Members Moats and Gillette entered the meeting at 7:36 p.m.

1993-94 BUDGET  
REVIEW

President Thompson noted that in regard to the Education Fund, which is the largest fund and the one which will cause the most interest and discussion, the administration anticipated some difficulty in terms of the revenue and expenditures. The administration and faculty were made aware of this and of the fact that cuts would have to be made. An advisory panel was assembled which gave several good recommendations regarding expenditure reductions and revenue enhancements. The Executive Council initiated a request that the 1993-94 expenditure budget be reduced by 3 percent over the previous year, which would amount to approximately \$720,000. This request excluded full-time positions from cuts and those which would adversely affect instructional capacity. As a result, over \$500,000 was cut from those sources other than capital outlay, and an additional \$233,000 was then cut from the capital equipment budget after further discussion with the Board. President Thompson stated that this was not his preference, but felt it was responsive to the Board's interest in coming closer to balancing the budget. This still leaves the College with a \$334,000 deficit in the Education Fund.

Vice President Manke gave a detailed review of the revenue and expenditures in the various funds for the 1993-94 fiscal year. There was considerable discussion on the items in these funds as they are the ones that affect the major portion of the operation of the institution. Mr. Manke explained that this portion of his review would cover both Exhibit IV and Exhibit VI (attached to the minutes in the Board of Trustees' Official Book of Minutes). In the Education Fund, it was noted that salaries and benefits have the most impact on the expenditures. Mr. Manke stated that the cuts in general materials and supplies as well as capital budget result in an increase in the percentage which goes to salaries and benefits.

Budget Review  
(cont'd)

Mr. Manke stated that the 1993-94 balance is a legal budget balance, not actual or adjusted to the current period of time. Because of the financial activity taking place at this time of the year, Mr. Manke felt that a true balance could not be obtained until further into the month. The balances for prior fiscal years are actual audited figures. In reference to rather in-depth questions, Mr. Manke offered to go over the detailed budget information with Board members at a later date to answer their specific questions.

In response to Member Gillette's comments about the effect of future salary contracts on budgets, Mr. Manke stated that both revenue and expenditures have been projected out to 1996. These projections show a deficit budget occurring in rather significant size, and Mr. Manke felt that the Board has to make a decision where they want to be regarding fund balances. The deficits will reduce fund balance, and the only way to significantly affect this will be reductions in the areas of staffing and benefits. The reduction in fund balance will in turn reduce revenue income by decreasing the amount of interest earned. Mr. Manke stated that these future budget problems can be dealt with through personnel attrition.

Member Barton questioned the increase in FTEs in various areas such as student aides and classified jobs, and felt that some people may have to increase their duties. She added that private industry is cutting back in some of these areas while the College has been increasing. Discussion ensued regarding this issue, and President Thompson stated that more time will be taken in analyzing this with the Board members. He added that some of the increase is due to significant growth in Continuing Education and Auxiliary Enterprises Fund and the pro/tech support needed for these programs.

Mr. Manke proceeded with an explanation of contractual services. The contract with TSI has been eliminated and is now reflected in some of the salaries of those hired to replace the TSI consultants. Other contractual services include maintenance agreements on computing equipment, copier maintenance and service, etc.

Contingency has been held at \$150,000. Mr. Manke stated that he is very uncomfortable with this level and would prefer that it was

Budget Review  
(cont'd)

\$400-\$500,000 for a budget of this size. Member Gillette asked for an example of the type of event that would necessitate having a contingency of that amount. Mr. Manke replied that increased activity in early retirements could amount to a significant amount of money, especially if they retire at the end of the fiscal year. This shortfall in contingency can be remedied with an amended budget, but requires a good deal of extra work. This can be avoided by increasing the contingency in the original budget.

The total Educational Fund budget is up \$1,610,577 or 4.49 percent. Mr. Manke emphasized that this includes the salaries for faculty and 3.5 percent for all other employees. If this is adjusted differently, the budget will need to change. This amount represents a \$334,292 budget deficit for this fiscal year.

In response to Member Born's request for clarification of the category of Institutional Support, Mr. Manke explained that this covers attorney fees, medical insurance and dental insurance. Anything that does not directly go to instruction, academic support departments, student services or general administration will fall under this category. Mr. Manke added that he is considering allocating insurance expenses back to the departments where they occur in 1994-95 budgets. This has not been done in the past because it builds in contingencies in each cost center which are sometimes not spent. This would be more of a cost center basis of accounting.

At Member Born's request, Mr. Manke briefly explained the expenditures by program and what each program covers. Instruction includes all academic programs. Academic Support would include the library. Student Services covers such things as health service, tutoring, career counseling and placement. Member Born questioned if these things were supposed to be self-supporting. Mr. Manke replied that there are things that are offered through Auxiliary Services that are paid for by the revenue that is generated, but this is not true in the Education Fund. Some revenue is generated for services provided, but this does not come close to supporting the programs.

Mr. Manke pointed out that in 1990-91, \$246,619 was being transferred to the Auxiliary Fund. There was concern voiced at

Budget Review  
(cont'd)

that time that with the fund balance in the Auxiliary Fund, that should not be continued. The transfer has since been reduced to \$4,200.

Member Gillette stated that he had personally observed some structural problems and flaws in the Northeast Center, and asked if it had been thoroughly checked over. Mr. Manke replied that the architects had examined the building and gave their recommendations. Additional work will have to be done as well to comply with ADA specifications.

Mr. Manke pointed out the increase in the amount budgeted for utilities, and voiced his concern with recent increases in that area. Natural gas costs are increasing, and there is also concern regarding the Clinton proposal for an energy tax.

Member Moats asked if there had been a report done on the savings generated by the energy management system. Mr. Manke responded that Honeywell had been in to evaluate what could be done to prepare a report that could provide that information. He added that since the sick building syndrome has been a factor in public buildings, more vents have been opened to bring in more outside air. This increases heating and cooling costs. The change to a weekend college has also increased energy costs. Honeywell tried to develop a formula which would take all of those things into account, but found it an almost impossible task. It was Mr. Manke's feeling that this is a good system that is still saving the College money, but acknowledged that this is difficult to prove on paper.

Mr. Manke proceeded with review of the revenue and expenditures in the funds which are explained in the exhibits.

In response to Member Gillette's comments about the need for more aggressive research into available federal and state grants, President Thompson stated that many of these grants pay only a portion of the actual costs, and the College must commit to funding the remainder after the grant runs out. Member Howard agreed, however, that more could be done to bring in government and private grant funds. There was further discussion regarding the decreasing state money available and the alternative revenue sources that may be available.

Budget Review  
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Mr. Manke briefly explained the Working Cash Fund. In terms of the transfers, \$1 million will be transferred for 1992-93, and will be on the June Board agenda. This was budgeted for last year. Interest income of \$750,000 is projected to be transferred for 1993-94. Principal can be borrowed from this fund, but not transferred. The interest earnings can be transferred, but only to the Education Fund and Operation and Maintenance Fund. There was discussion regarding the true deficit in the Education Fund as opposed to the deficit shown when the Working Cash transfer is included in the figures. Member Moats requested that a more accurate portrayal of this be considered in the future.

Mr. Manke showed a summary of operating and non-operating funds and pointed out that the expenditures for the operating funds are up about 7.31 percent. The biggest change in the non-operating funds are those resulting from new construction and renovation. Revenues will not keep up with expenditures in this category because of that, but should not be a cause for alarm.

Mr. Manke expressed his concern with the media coverage of the budget deficit, as they do not explain why there are significant increases. Approximately \$7-8 million of the \$10 million increase in the 1993-94 budget is due to construction, but this will probably not be apparent in the newspaper summary. Mr. Gillette suggested that a summary be done for the Board which shows recurring and non-recurring costs to better delineate what the true expenses are for the College.

Member Coste stated that he would like to see a total number for the legal budget. Mr. Manke noted that the only thing that is not in the legal budget would be the subtraction of the Working Cash, which will be done.

Member Moats stated that he would like to see a summary of the salaries in the Education Fund to see where the increases and decreases are in personnel. President Thompson said that this is being prepared.

Member Barton asked why there was only a 1.3 percent budget reduction when the goal was 3 percent. President Thompson responded that a 3 percent reduction was the original goal during budget preparation, but some of that 3 percent was reallocated in consideration of

Budget Review  
(cont'd)

high priority requests. Member Barton agreed with this approach, but felt that deeper cuts should be made by taking advantage of attrition. President Thompson stated that this was being looked at, but that those figures could not be projected in the budget until those people actually leave.

President Thompson stated that the numerous questions raised by the Board members would be responded to prior to the June 24 meeting so that the Board can give preliminary approval at that meeting.

Member Born expressed concern with the high cost of items in the capital outlay detailed budget. President Thompson responded that these figures have been put together carefully, but that significant savings are often realized in the bid process. Mr. Manke added that the information presented is list price and not bid price, but these are the best estimates available presently.

Members Moats and Barton requested information from a historical perspective of the five-year plan for the computer area. President Thompson responded that this information was faxed to Member Moats that afternoon, but he did not receive it.

BID REQUESTS AND  
PURCHASE ORDERS

Member Coste moved, Member Howard seconded, that the motion for approval of the bid requests and purchase orders as outlined in Exhibits VIII-A and VIII-B be untabled (attached to the minutes in the Board of Trustees' Official Book of Minutes).

In a voice vote, the motion carried.

Member Howard moved, Member Barton seconded, approval of Exhibits VIII-A1 and A2, and VIII-B1 and B2 (attached to the minutes in the Board of Trustees' Official Book of Minutes).

Member Barton asked if this was part of this year's plan in the five-year computer program. Vice President David McShane answered that it was, and that the equipment in the bid items VIII-A1 and A2 were budgeted for in this year's budget. Mr. McShane distributed a copy of the five-year plan. For Member Gillette's benefit, President Thompson explained the history of the planning for the informational system for Harper College which included the hiring of TSI.

Bid Requests/  
Purchase Orders  
(cont'd)

Member Howard pointed out for clarification that the purchase order in Exhibit VIII-B1 is authorization for a three-year period. This is all new money starting with next year's budget.

Mr. McShane showed the Board where these requests are in terms of the five-year plan. He explained that these are proposed ideas which require the new platform on which to install the software. This is actually coming in under budget by \$220,000. The first year was over budget because of the TSI contract.

The plan for 1992-93 is to acquire the equipment and the component pieces for the network along with training to get started. By combining the instructional computing with the administrative computing, the College was able to leverage the purchase and savings were realized of approximately \$30,000. There was also a reduction in training costs.

Member Moats asked how the system will help the education of students. Mr. McShane replied that it is not classroom equipment except for one particular piece of hardware. Rather, this is a tool to enable the administration to help the students through reports and tracking. Cost analysis will be accomplished more accurately so that dollars can be reallocated where they ought to go. Program review will be much more effective in terms of accurately portraying the costs and revenues associated with a program. Member Moats stated that it was his recollection that these same things would be accomplished with the recently purchased Focus software. Mr. McShane explained that the new system will not be fully operational for three years, and that the Focus software is an interim means to get to some of the necessary information without hiring outside consultants. The new system will enable teachers to do classroom research to see if some of their innovative ideas are working well. Dominic Magno explained how the Math Department is using the new system in terms of tracking results of new teaching methods. Member Barton asked how much of the \$1.5 million is for that purpose. Mr. McShane responded that the key to the information resources is to bring all the different systems together. As an example, Mr. McShane noted that the student on-line registration system has been in place since 1969. The data files are strictly a warehouse system with data being stored but not accessed. Focus has

Bid Requests/  
Purchase Orders  
(cont'd)

to attempt to read different file structures and bring it together. The new system will replace all of the old systems and integrate the information. The equipment being added in three pieces: the infrastructure components, the platform to put the software on, and the software. The resulting data retrieval and information system will be easily accessible by the College community with the proper clearance.

Member Gillette asked what is deliverable at the end of the first year. Mr. McShane answered that the financial system will be the first off the ground, and then the human resources system. The student management portion of the system will take more work and time by the vendor because of specific requirements and will not be in place until 1994-95. The vendor will make the changes to the base product so that changes will not have to be made by our personnel after the system is in place. Approximately 100 colleges use this type of system, and it has been on the market since 1978.

There was further discussion about the actual benefits of the new system to the students, and the issue of purchasing technology for the sake of technology versus helping the faculty and administration do their jobs more effectively. Member Moats agreed with the need for increased and enhanced computer literacy among the students, but questioned the need for the generation of more information. Vice President Bonnie Henry explained some of the applications as they relate to the area of student services, such as tracking the results of student testing and placement over time. Member Gillette felt that this type of statistical analysis could be done very easily and with the same results without the sophisticated computer program.

Member Howard stated that she was impressed with the information supplied by Academic Affairs, Student Affairs, Administrative Services and Information Systems as to how this integrated system is going to help their work. Member Howard felt that there has been considerable work and cooperation throughout the College in designing a system to meet their needs, and that the Board should have some confidence in the research and input that has been done by the people who are going to use the system on a daily basis.

Bid Requests/  
Purchase Orders  
(cont'd)

Member Coste asked what the effect would be on the purchase if it is determined in the future that there is not enough money to continue with the purchase. Mr. McShane noted that in year 3 the \$1,148,000 was a proposed plan by TSI, and that the actual outlay is now projected to be only \$570,000. Member Coste asked for clarification that if this purchase is approved, will it automatically bind the College to the entire three-year payments. This was confirmed by President Thompson and Mr. McShane. Mr. Manke stated that lease purchases are legal and approved by the auditor, and that the liability will be recorded when it occurs. The budget this year will be to take care of the payments, and the accruals will go against the future and will be reduced when the payments are made.

President Thompson noted that no matter what action is taken, there will be an existing system that will have to be maintained. Thus, money will still need to be expended. Member Moats stated that there is no question that we need an updated system, but that it is a question of scope, timing, and fiscal responsibility considering the deficit in the Education Fund.

Member Born called the question.

Upon roll call, the vote was as follows:

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

Nays: None

Motion carried.

On the motion to approve Exhibits VIII-A1 and A2 and VIII-B1 and B2, the vote was as follows:

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

Nays: Members Gillette and Moats

Motion carried.

Member Gillette noted that he was not voting no to the computer system per se. However, he felt that if the Board approves a deficit budget and then proceeds to spend more money to amplify that deficit, he did not know how in good conscience the Board can approve an

Bid Requests/  
Purchase Orders  
(cont'd)

item that will be adding something new and extra rather than finding innovative ways to accomplish the same thing. He also predicted that the cost of the software will eventually be twice the projected cost at this time.

Member Coste agreed with the questions and comments raised by Members Gillette and Moats, and stated that the Board needs to change their method of approaching the budget before the next fiscal year.

Member Barton asked if the Board could have a report from Mr. McShane that shows what was actually budgeted and spent on the computer system. That will be provided.

President Thompson reported that it was reported to him that day that a negotiated bond sale could be done which would result in a net savings of approximately \$181,113. This includes the cost for both issues except for the cost of the surety bonds. The costs, including bond counsel, amount to \$40,000. Mr. Manke felt that it is an outstanding proposal that the Board should consider, and that the window of opportunity changes fast in terms of the bond market.

OTHER BUSINESS  
Bond Sale

Member Gillette moved, Member Barton seconded, that the Board approve the bond sale (attached to the minutes in the Board of Trustees' Official Book of Minutes).

Upon roll call, the vote was as follows:

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

Nays: None

Motion carried.

EXECUTIVE SESSION

Member Born moved, Member Barton seconded, that the Board adjourn to Executive Session for the purpose of discussing collective bargaining matters and personnel.

Upon roll call, the vote was as follows:

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

Nays: None

Motion carried.

The Board adjourned into executive session at 10:25 p.m.

Following executive session, it was moved and seconded that the Board return to regular session. By a voice vote the motion carried, and the Board reconvened into regular session at 10:39 p.m.

ADJOURNMENT

Member Howard moved, Member Born seconded, that the meeting be adjourned. In a voice vote the motion carried, and the meeting adjourned at 10:40 p.m.

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Chairman

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Secretary