

MINUTES  
FINANCE COMMITTEE MEETING  
OF McHENRY COUNTY COLLEGE

A Meeting of the Finance Committee of the Board of Trustees of McHenry County College was held on Monday, March 21, 2011 in the Board Room, Room A217, in Building A on the Campus. Chair Walters called the meeting to order at 5:30 p.m. When Ms. Larson called the roll, the following were present:

Mr. Lowe  
Ms. Walters  
Mr. Adams  
Mr. Sheriff  
Ms. Larson

Dr. DeWitt was absent. Mr. Parrish was absent at roll call and arrived at 6:22 p.m.

ACCEPTANCE OF AGENDA

The agenda was accepted as presented, without objection.

ACCEPTANCE OF MINUTES

The minutes of the February 21, 2011 Finance Committee meeting were accepted as presented.

OPEN FOR RECOGNITION OF VISITORS AND PRESENTATIONS

No one signed in to address the Committee.

FY 2012 BUDGET DISCUSSION

Dr. Smith announced that the senior staff has been working diligently over the last month to get numbers closer to what they will be when the budget is finalized. She stated that some assumptions have changed. Revenues and expenditures variance has come down from \$1.6 million to \$1.1 million. Tax revenue of about \$1.5 million may actually have extensions from the county. At the last meeting, state funding was reported as flat; it is not sure that the state can fund at the same level as last year. If legislation does not pass to hold funding at the same level, the assumption will be 10% less in state funding. The assumption for student tuition and fees was revised from 95% to 97%.

Ms. Walters inquired about the current status of state payments. Dr. Smith responded that the state has paid five of eight months. The state assumes that all of FY 11 will be paid by December, 2011, and assumes the same process for FY 12. Ms. Walters also questioned the local tax revenue increase

assumption of 1%. Dr. Smith and Mr. West responded that this estimate was received from the county; an updated estimate from the county is expected shortly. It was noted that revenues assume no increase in tuition; discussion followed regarding the state funding formula and state reimbursement. Discussion followed on expenditures, including salaries and an increase in cost of health insurance. It was noted that steps have been taken to control utility costs; natural gas costs are flat and it is hoped that the cost of electricity can be reduced for the next three years. The assumption is made that \$2.5 million will be transferred from the Operations and Maintenance Fund, Unrestricted to the Operations and Maintenance Fund, Restricted. Using these assumptions, revenue will fall \$1.1 million and expenditures will rise \$1.7 million, next year over this year.

Mr. West then spoke about revenues and expenditures for FY 12. Mr. West noted that all of the fund balance is not cash. Dr. Smith spoke about controlling costs, tuition and fees, and the transfer of funds from the unrestricted to restricted Operations and Maintenance fund. In addition, a critical look is being taken to determine whether positions are necessary. Discussion followed on switching to a more efficient type of light bulb; a proposed matching grant opportunity to replace bulbs in a limited area was discussed. Discussion followed on proposed legislation to require local governments to match employee contributions to the State University Retirement System. Final discussion under this item centered on current cost savings in the following areas: utilities, contractual services, academic reorganization, emergency notification system, summer work schedule and contractual services. Discussion followed regarding a pilot desktop virtualization program that could provide a significant savings.

#### TUITION & FEES

Dr. Smith stated that during previous discussion about the role tuition and fees should play in the institution; the Board spoke about the original division of funding – one third each from the state, real estate taxes and student tuition. She added that a third of the per capita cost for this year would equal \$105.50 per credit hour in tuition and fees. The Board indicated a preference that McHenry County College tuition should fall in the middle range of all Illinois community colleges. Discussion followed

regarding tuition at Illinois community colleges; the average tuition falls at \$102.54 per credit hour.

Discussion regarding a possible increase in tuition followed.

Dr. Smith stated that the Board must think about how to move the College forward in terms of new programming and quality education. She suggested that the Board might increase tuition or decide not to transfer \$2.5 million from the Operations and Maintenance Unrestricted fund to the Restricted fund. Mr. Lowe, sharing historical perspective, stated that the Board cut back a \$3.00 tuition increases to \$2.00 rather than increasing by \$3.00 each year. Dr. Smith noted that fees were not increased in view of the larger tuition increase. Child care costs were discussed; if the majority of those using child care services are employees, the fees could be raised.

Ms. Walters suggested that there be a workshop on this topic and asked about other areas that can be cut or downsized. Dr. Smith noted that enrollment grew by 30% two years ago, which was maintained; she added there is a limit to how much costs can be controlled with that type of increase in enrollment. Mr. Sheriff asked whether programs would be cut without a tuition increase; Dr. Smith responded that the number of class sections would probably be cut. Ms. Walters spoke about efforts with the Foundation to provide tuition assistance. Mr. Parrish asked whether a list of identified cost reductions was available and asked for a formal cost improvement program.

#### DISCUSSION ON PUBLICATION OF W2s AND TOTAL COMPENSATION

It was decided that the Finance Committee will meet on Thursday, March 24, 2011 at 6:00 p.m. and that this item will be placed on the meeting agenda.

#### SUMMARY COMMENTS BY BOARD MEMBERS

There were no comments.

#### CLOSED SESSION

There was no Closed Session.

#### FUTURE AGENDA ITEMS

No future agenda items were proposed.

ADJOURNMENT

Hearing no further business, Chair Walters adjourned the meeting at 6:56 p.m.

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Patricia Kriegermeier, Recording Secretary