

WILLIAM RAINEY HARPER COLLEGE  
Algonquin & Roselle Roads  
Palatine, Illinois

COMMITTEE MEETING NOTICE

TO: Members of the Board of Trustees of Community College District  
No. 512, Counties of Cook, Kane, Lake, and McHenry and State  
of Illinois

NOTICE IS HEREBY GIVEN that there will be a committee of the  
whole meeting of the Board of Trustees of Harper College on Thursday,  
April 23, 1981, at the conclusion of the regular Board meeting. The  
purpose of this meeting is to discuss the first round of the 1981-82  
budget.

DATED this 13th day of April, 1981, at Palatine, Illinois.



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BRIAN M. BARCH, Chairman  
Board of Trustees

Round I Budget Hearing

April 23, 1981

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 Committee of the Whole Meeting of Thursday, April 23, 1981

CALL TO ORDER: The Committee of the Whole meeting of the Board of Trustees of Community College District No. 512 was called to order by Chairman Barch on Thursday, April 23, 1981 at 8:37 p.m. in the Board Room of the Administration Building, Algonquin & Roselle Roads.

Chairman Barch stated that the purpose of the meeting was to discuss the Round I materials of the 1981-82 budget.

J. McGrath: The way I would like to proceed with this is to give you an overview of the budget, particularly the operating budget of the College. You also have the proposed student activity budget. Both of these are Round I budgets. We will come back for approval of these budgets in July. For the first time in probably five years, we are preparing for growth in certain areas of the College. We are adding people -- the six faculty are in the Business area, mostly accounting, management, data processing and the technical areas of ABE, GED and ESL. At this point, they are all parttimers except for the administrator. It is a growing program and growing in terms of funding. We have lost three people in the philosophy department over the last three years and we are adding one back. There is one administrative position which is being requested which the Board approved sometime ago for the Human Performance Lab in Building M and this is in the budget. There are a number of important personnel that are being requested in the budget, approximately eight full time staff for areas such as Media Services, a job skill coordinator which is in the area of continuing education, where we are trying to work with industry in the area to build and strengthen that relationship. Other areas where we are weak at the present time such as print shop, Public Safety, buildings and grounds, and admissions and records. These are the personnel increases that we feel are bare bones necessities at this point. In addition, I am pleased to report a significant increase in library holdings for the first time in a number of years. This is an 8% overall increase in the library area and if we can hold at the 8%, I think we'll be able to maintain a fine community college library. Those are the major additions.

The rest of the additions are in terms of utilities and inflationary costs that come into play. The way it shapes out at Round I is in terms of the revenue projections which we submitted is that our revenue projections total \$17,576,000 and the expenditures total \$20,865,000 leaving a deficit of \$3,289,000. In this \$3.2 figure is the \$2.1 million that the Board approved for building repairs, particularly the roofs, perimeter roads and parking lots. This brings the deficit down to \$1,189,000 and that's where we are at the moment in terms of a real dollar deficit. Approximately \$680,000 of that deficit is due to the fact that the State apportionment for next year will be based on 6837 FTD. We are budgeting conservatively for 7710 FTE, a difference of 873 FTD. Taking 873 X 30 credits and a reimbursement of \$26, that comes to \$680,000 that we are not being funded for this year, but we will be funded for in the future.

G. Dasher: We should accrue that and not consider that a deficit.

J. McGrath: Right. And of course, what happened last year was that we had taken the excess revenue and, rather than putting that into the fund balance, we plugged that in as part of revenue during this particular year. We will not expend that \$927,000. So what I am recommending in this budget would be that we take from that \$927,000 that we didn't use this year and use \$680,000 to close part of the budget gap.

G. Dasher: We're running a deficit this year. We budgeted a deficit of about \$1 million and ended up with 1000 more students. We expended about \$½ million in order to take care of the faculty for the additional students. So we're really about \$500,000 in deficit. I don't see where the \$900,000 ...

- J. McGrath: We're not going to touch that, George.
- G. Dasher: On a year to year basis, we should have reduced our surplus by about \$500,000.
- J. McGrath: We will not.
- G. Dasher: Why? We spent more than we took in.
- J. McGrath: We will not expend all of the additional monies that are coming in.
- G. Dasher: Again we're involved in trying to understand accrual. On a simple, straightforward basis, we expended last year \$500,000 more than we took in and it looks like this is the way it's going to come out for fiscal 80-81 because the State doesn't fund properly. We're funding for two years ago since we didn't get the payment for students we had this year. We had to educate them and bring in temporary faculty and the expenses rose. Ultimately we get that back. I'm perfectly happy to treat that as a long-term accrual when we look at a budget deficit. Although it wasn't a deficit in one sense, it still is as far as our fund balance is concerned until we get that money, which we won't get until a year from now when we get the money for last year. Basically, we got out of our trouble last year because we had 1,000 more FTE than projected. So we budgeted \$1 million deficit. We really didn't end up with a deficit, on a cash basis, \$500,000 -- but it doesn't matter because we will get it later. For us to come in now and say \$1.1 million deficit again -- we're saying that part of it we'll get back and part we won't get back.
- J. McGrath: Right, we'll get back \$689,000.
- G. Dasher: But that means \$500,000 that we aren't getting back. This means that we must cut the budget or increase the revenue. I went through the budget and it's a good job, but I see no intelligent way to cut that budget. Therefore, revenue has to be increased. If there is no increase in revenue, then there must be an increase in tuition. It's the only thing to do.
- D. Tomchek: How much money can we get by raising tuition?
- G. Dasher: A 10% increase will give us \$500,000. From \$19 to \$21. I would feel more comfortable with \$22 which would give us a little certainty that we will be all right.
- D. Tomchek: How conservative are the estimates for additional money coming in through taxes?
- J. McGrath: We are conservative, but it's much safer to be conservative in that area.
- G. Dasher: One other point. Today, State's Attorney Daley filed a suit to force all of the local taxing bodies to return to the taxpayers the money that they got in excess of what they should have gotten from the corporate personal property tax. It's obviously unpopular, but if it goes through, every taxing body will have to return the excess funds which, in our case, is a substantial amount of money if you look at our budget. This is something that we can't count on because it may have to be returned.

- B. Barch: As I understand it, we agree with what you're saying -- that the Round I budget is showing a deficit. And that if we take the accrual and say that it will come back to us if the States doesn't change the rules two years from now, we will still have a deficit. Now we have to decide what to do with it. The only alternatives that we have are to raise tuition or cut the budget.
- J. Bone: The tax thing has so many variables is is so up for grabs.
- B. Barch: I personally don't think the budget has nearly enough money in it for capital expenditures to replace equipment. We've allocated \$2.1 million but there is nothing in the budget that says we can replace of the the bad equipment around the campus. Although we keep deferring money for equipment, we're going to have to spend the money at some point in time.
- G. Dasher: Until we get into doing the intelligent thing of funding depreciation which we should be doing.
- B. Barch: Although the budget is said to be conservative, I don't believe so because there are some thing in it that should be considered.
- J. McGrath: If we had \$927,000 that we did not expend, my secondary recommendation after the \$600,000 to balance the budget, plus a tuition increase, would be the recommendation to use the other overage which amounts to about \$250,000 and add to what we have budgeted at the moment which is \$130,000, and come up with \$330,000 for capital replacement.
- G. Dasher: Fine. We're going to have to do those things otherwise we're not running an ongoing operation.
- J. McGrath: Today Dave Williams and I went over the history of capital replacement in terms of the education programs, division by division, and it is really just a "holding" operation at best. If we can appropriate \$600,000 plus a tuition increase plus the \$300,000 for capital improvement instruction and the \$130,000 that we already have budgeted, it would go a long way toward bringing the College up to snuff educationally. We are looking for direction at this point -- it is Round I and no decisions until July.
- G. Dasher: Shouldn't it be done in June. The fiscal year starts July 1 and it seems to me that any kind of budget should be done before you start the fiscal year.
- J. McGrath: We can do it.
- J. Malkowski: I was new at this position last year and I don't remember hearing about a \$500,000 deficit in which a tuition increase would cover it up.
- G. Dasher: We would have had a bigger budget deficit if there had not been a tuition increase. Expenses over income, we had a budget deficit of \$1.1 million last year.
- J. McGrath: Which would have been \$1.3.

- G. Dasher: It would have been more but we had 1000 more students.
- J. Malkowski: With what little was mentioned about a possible tuition increase, would the right amount of increase alleviate the problem forever?
- G. Dasher: No, it won't. Every State college and university has raised tuition between 12-15% at this point. The State is not coming through; therefore the people who want to go to school are going to have to pay for it.
- S. Munson: I have some questions I would like clarified. With regard to the Round I budget as it now stands, this is a full budget with regard to any proposed plan. We're not going into anything new; we're not going into any large capital investment or purchase orders. This is just a "hold" budget.
- J. McGrath: No, I wouldn't say that. There is the person for the Human Performance lab and there are other new things. But the major ones would be the new position which allow for growth.
- S. Munson: Does this include the increased number of people in Buildings & Grounds?
- J. McGrath: Yes, they're included in Round I. The larger increases this year are in the educational area. The other area that concerns me is the library, and then the capital replacement. That's why I'm making the pitch to balance the budget with the accrual that George and I had talked about -- with the increased tuition, and then to use the \$250,000 extra that is not in Round I for capital replacement. And at this point, I feel that capital replacement for the Health Division, Engineering and Science area is more important than opening a new program.
- D. Tomchek: As desirable as it might be to have this completed by July 1, it seems rather unlikely that we can do so as long as we're in negotiations with the faculty and classified staff.
- G. Dasher: I don't see any reason why not -- the year starts July 1.
- J. McGrath: We've always approved the budget in July.
- J. Bone: How far ahead do we have to post the budget?
- J. McGrath: 30 Days.
- J. Bone: If you shoot for July 1, the budget would have to be posted by June 1 -- that may or may not be feasible in your time schedule.
- J. McGrath: I don't see why it can't be done if we get the appropriate direction this evening.
- J. Klussmann: Each year in the past we seem to have tightened this up a bit, and I feel this is good. I am all for the Board having as much opportunity as they possibly can to give their input and to ask question. Round I this year seems tightened up more this year than ever before. If there are Rounds II and II, do you think that you could still cut that much off and still maintain the quality of education.
- J. McGrath: No.

- J. Klussmann: Do you want the direction of the Board -- from your vantagepoint, this is not just preliminary, but almost a final budget?
- J. McGrath: Well, I think the final answer is yes. But what we try to do as an administration, rather than come to the Board six times, was to have the pre-rounds, all of those that you usually receive, internally. That is the amount of documents that you have tonight. Really, what I would like is the direction of the Board this evening and then proceed to tighten up. And if I get the go-ahead on the recommendations that you have made -- that we go ahead and tighten up in terms of making certain that everything in the Round I is correct; factor in the things we've talked about tonight; come back with a list of about \$250,000 additional for capital replacement, educational and to balance the budget. And I would see that Round II would be coming back with those lists and the final budget with it balanced because of a tuition increase and because of using the accrual.
- G. Dasher: Is there any reason why we can't act on tuition increase tonight and no bother to come back on Monday?
- J. Bone: It was not on the agenda. What's the official ...
- D. Tomchek: If there's a consensus, I don't see why you couldn't do it now. Why do it at the next meeting?
- G. Dasher: If we get four of us here on Monday, we can act.
- D. Williams: Registration starts Tuesday morning.
- G. Dasher: I will move for a consensus and then we can have the meeting officially.
- J. McGrath: Yes.
- G. Dasher: I move, I suggest that we increase the tuition \$3.00 per credit hour which would cover a deficit plus gives us extra money for capital replacement which I think we have to do.
- B. Barch: George is asking for consensus which we don't have to vote on, but we can discuss.
- S. Munson: Question: Would this have been your proposal on Monday?
- J. McGrath: My proposal would have been \$2.00, but certainly what we're discussing right now is the educational program and the capital replacement which we don't have. At this point, all I can do with \$2.00 is balance the budget.
- G. Dasher: We need \$3.00 to be able to do the capital replacement.
- S. Munson: I would like to take this one step further. When we go to the projected income and expense to the five-year projection -- the last two years we've been sitting here biting our nails; next year what are we going to do? I think we have to keep in mind that we will soon get to the point where we won't be able to go to the students for a tuition increase and will have to go to the voters and possibly ask for a tax increase. People should be aware of the fact that we want quality education for Harper and that Board members



- S. Munson  
(cont.) and the administration are working hard to maintain a good school. Possibly a tax increase will be necessary to continue this way.
- G. Dasher: Shirley, our tax revenues have increased faster than the annual average of the Consumer Price Index over the last ten years. And they continue to do so because we are still growing. As long as taxpayers are paying enough to keep up with inflation, there is no way you can even remotely expect to go back to them and get a tax increase. So you shouldn't even plan on it -- it won't pass.
- S. Munson: Eventually this might have to take place.
- J. Bone: A question for J. McGrath. The previous discussions that you and I have had -- has been more of a \$1 versus \$2 type of tuition increase. Tonight we're talking about \$3. To what extent has the student body and student senators been made aware that a tuition increase of some amount is probably in the works?
- J. McGrath: Very little at this point. They're on vacation. The Round I budget was completed about the same time they went on spring break.
- J. Bone: Have you made any attempt to discuss with student leaders the tuition increase or even Round I of the budgeting?
- J. McGrath: No. They're aware.
- J. Bone: Yes. They presumably get notices before meetings and should they wish to come, they would be here. Is there a chance on Monday if the vote will be Monday night, would it be advisable from a public relations point of view to make the student senate leaders aware of the discussion.
- B. Barch: There is a place at the end of the table for the President of the Student Senate.
- J. McGrath: Another reason for not adjourning the meeting for an hour tonight is so that we can have some time on Friday and Monday to make the students aware.
- B. Barch: What about a student's standpoint?
- J. Malkowski: If I'm correct, a \$2 increase would balance the budget; a \$3 increase would allow us to update the equipment in various departments. In reference to equipment, I have heard from people in the Math Tech area that some of the equipment is almost ten years old and becoming outdated. As a Board member, I feel that this will hurt the future graduates of Harper College three years from now.
- J. McGrath: And in three years, it will be twice as expensive to replace.
- J. Malkowski: As hard as it is for me to swallow as a student, Dr. Dasher's \$3. recommendation is well worth the investment to update the equipment on campus from a student's standpoint although I am only one of 18,000 students.

- G. Dasher: Over the past ten years, the pattern of the Board has not been to look at this from a businesslike standpoint. They have ignored depreciation. In the last two years, we have been trying to do this. In order to bring the campus up, it costs \$2.1 to do it, but this is critical for education and is something that we try to do. And now we have to do it. It's getting to the point where we are going to upgrade those areas and hope to bring in more students because we are up to date. The equipment has got to be there so I see no choice but to do this.
- J. Klussmann: If the tuition increase were \$2 as opposed to \$3.00, would you still be able to make the same maintenance or equipment changes and purchases by using some of the fund balance for it?
- J. McGrath: Only if we go into the fund balance and don't have a balanced budget.
- B. Barch: Is it also fair to say that if we spend the 2.1 million that we have allocated from Site & Construction, the fund balance is not untouchable?
- J. McGrath: Taking all those things into consideration, it comes down from about \$6 million to about \$4.7 million. Then you have to take from that. It depends on the Board. Two years ago at a similar meeting, it was balance the budget in terms of expenditures and revenues.
- G. Dasher: We've never done that though. But one year we had a surplus.
- J. McGrath: Let me take issue with that, George. What happened was we have never done it in the program budget, at year end if you look, it balances. And the year-end is what counts.
- S. Munson: You don't feel that going to the fund balance for replacement is the way to do it?
- J. Bone: It could be done -- it's a Board policy decision.
- G. Dasher: It's dangerous to do it at this point.
- J. McGrath: It's a policy decision as to whether you want to raise tuition or use the fund balance.
- S. Munson: Let's look at option of using \$2 rather than \$3 and dipping into the fund balance for approximately \$250,000. This is about an extra \$50 per student when they come back. And I would just like to have it considered that when we do this replacement that we could look at the options rather than jumping the full \$3. Also considering the fact that this is being done without too much fanfare to the students and the parents.
- G. Dasher: Every other college in the State is raising tuition by approximately 15%. \$3.00 is about 15%. If you want to go to college in Illinois, it means that it will cost you a little more. It's still a good bargain.
- J. Klussmann: What about other community colleges?

- J. McGrath: Joan, the answer to that is no. Other community Colleges have higher tax bases and higher tax rates.
- S. Munson: Just one other caution if every one does opt to go to \$3.00 -- we should be aware of the fact that even though we want a balanced budget per se and not have our expenses exceed our income, it's a good healthy thing to maintain a nice fund balance of \$4 million, but people might question why we aren't using part of the fund balance. This consideration should also be made.
- G. Dasher: Very few people understand cash logs. We have at least 2½ million dollars to keep from borrowing money on short-term loans.
- B. Barch: We are taking \$2 million out of the fund balance. We're going to spend that anyway. Even if we raise tuition \$3 per credit hour, we are still going to take money out of the fund balance in order to balance the budget. Last year, even though the costs of running the college went up well over 10%, we raised tuition 5%.
- J. Bone: In reference to depreciation of capital equipment, past history in the general budget has been that we have not allocated adequately for it all along.
- J. McGrath: Yes.
- B. Barch.: In a public institution, you don't depreciate your capital equipment. In private industry, you would. When you see our balanced budget, there is nothing in there for capital equipment.
- G. Dasher: A balance budget is actually nonsense -- it looks good, but we should always have a surplus.
- J. McGrath: I just have to know what the Board wants -- it's a policy matter.
- D. Tomchek: Our fund balance has been growing. I don't think we should compete with the underlying districts to see who can develop the fattest fund balance. With no opposition from the students, I'll support the \$3.00. The only reason that I have been non-supportive in the past is that they have been wailing. The only trustees they've got says go ahead.
- J. Bone: As far as going to \$3.00, if we did that on Monday night, could we still plug into the computers and be ready for registration on Tuesday. Will this hold for summer term?
- D. Williams: One number has to be entered into the system.
- J. Klussmann: I cannot vote for \$3.00. I can probably go \$2.00. I think you have to balance student needs and the school's finances, both current and future. And I am well aware of what we need for cash flow. But the fund balance we have does exceed by quite a bit the amount that is needed for cash flow. I think \$3 is a lot to go up at one time in a community college.

B. Barch: What is the consensus?

Consensus: \$3.00 - Barch, Bone, Dasher, Mills, Tomchek, and Malkowski  
\$2.00 - Klussmann, Munson

(Note: David Tomchek left the meeting.)

J. Bone: For students in need, we have the short-ter loan policy.

R. Mills: Most private schools raise financial aids practically the same percentage as the tuition raise. I have read that many of them are going up substantially -- the financial aid. I think that we might very well look into that possibility. Our Trustees scholarship and other scholarship aid should also go up.

S. Munson: I assume this consensus gives you guidance to present material at the Monday meeting.

J. McGrath: Yes. I cannot do anything until you vote. We are discussing the pros and cons.

B. Barch: If there are any questions or items that the administration can address on Monday, please comment now so that a decision can be reached inasmuch as Tuesday is the deadline.

S. Munson: I would like to have the figures set up with \$2 and \$3.

J. Klussmann: I would like to go on recoard that I do not favor a referendum.

G. Dasher: I would like to say that the Board appreciates the way the budget was presented this year. It was very well done.

B. Barch: Given the length to discuss this on Monday night and then one more round, given Jim McGrath's presentation, does everybody agree that what he has asked for is a direction that we want to go in presenting Round II of the budget? Are there any comments on that?

J. Bone: In reference to the educational fund subsidy to the student service grants if tuition goes up, should we consider raising the fees?

J. McGrath: The answer to that that we got today in discussion with Jeanne Pankanin is that they won't go up. We'll just give less of them. Whatever is in there is already budgeted in. It's about 45% of the total with the students picking up 55%. The amount will remain the same, but will be given to fewer people.

J. Bone: As it now stands, that could be a policy matter for discussion.

J. Klussmann: In regard to Ex. VII-C, one of the items eliminated was the request to remodel and relocate the cashier's station. What that one of the items that Peat Marwick suggested that we do in order to make more money or save money. Does the fact that we are eliminating it mean that we feel we would expend more to do it than we would save?

J. McGrath: The reason that we can do away with it is because we have opened up the snack bar on the second floor. We assume that this will draw off from the cafeteria and we won't need the other station.

ADJOURNMENT: 9:27 p.m.