Laurie Wren
ADM SER

WILLIAM RAINEY HARPER COLLEGE
Algonquin & Roselle Roads
Palatine, Illinois

NOTICE OF EDUCATIONAL MEETING

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 an Educational Board Meeting of the Board of Trustees on Saturday, February 13, 1982 at the hour of 9:00 a.m., in the administration building of William Rainey Harper College, Palatine, Illinois, for the purpose of reviewing financial information.

DATED this 1st day of February, 1982, at Palatine, Illinois.

BRIAN M. BARCH, Chairman
Board of Trustees

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 Saturday, February 13, 1982

CALL TO ORDER: The special meeting of the Board of Trustees of Community College District No. 512 was called to order by Chairman Barch on Saturday, February 13, 1982, at 9:04 a.m., in the Board Room of the Administration Building, Algonquin and Roselle Roads.

Chairman Barch welcomed the members of the audience. He noted that there were a number of persons in attendance who had applied for the vacancy on the Board of Trustees. The applicants stated their names and the communities they represented, and members of the Board introduced themselves.

ROLL CALL:

Present: Members Brian Barch, Janet W. Bone, Kris Howard, Ray Mills, Don Torisky and Student Member John Malkowski
Absent: Member David Tomchek

Also present: James J. McGrath, President; Peter R. Bakas, V.P. Administrative Services; David Williams, V.P. Academic Affairs; Donn Stansbury, V.P. Student Affairs; Felice Avila, Executive Assistant to the President; Laurie Wren, recording secretary; Charles Harrington, Dean of Instruction; George Voegel, Dean of Educational Services; Larry Bielawa, Director of Personnel; Art Bowers, Director of Computer Services; Steve Catlin, Director of Admissions and Registrar; A. A. Dolejs, Director of Finance; John Lucas, Director of Planning and Institutional Research; Don Misic, Director of Physical Plant; and Elaine Stoermer, Director of College Relations. Faculty: Jim Patton. Guests: Rena Cohen, Paddock Publications; Marc Acheson, Warren Cox, Joe Gloyd, Howard Hoffman, Dane Hooper, Art Peekel, Jeanette Stec, and George Valaoras.

Chairman Barch stated that the purpose of the meeting was to review financial information. The meeting was turned over to Mr. Bakas.

FINANCIAL REVIEW: Mr. Bakas explained that the Financial Review report was prepared in order to analyze past historical data and to determine the future direction of the College. He commented briefly on each of the topics contained in the report.

In reference to Assessed Valuations (pg. 2), Mr. Bakas pointed out that these figures are used to determine the equalized assessed valuation (EAV) per full-time student (FTE). The College has experienced steady growth in FTE through the years. Substantial increases in the EAV have occurred during the quadrennial reassessment periods. In regard to the state comparison (pg. 3) of

Illinois Public Community Colleges, the Harper district ranks fourth in EAV.

In reference to Enrollments (pg. 6), Mr. Bakas noted that there have been steady increases since the College opened with the exception of a few years during which there were declines. In the future, the yearly growth rate is expected to show only a modest change. The reasons for the variations are primarily attributable to the economy, declines in the number of veterans and out-of-district students, and the lack of compulsory military service.

Mr. Bakas called attention to the Equalized Assessed Valuation per Full-Time Enrollment (pg. 9). Because there was only a freshman class in 1967-68, the figure was high, then gradually declined and levelled. Although there have been ups and downs, the EAV/FTE has increased in recent years. In comparison with the other 38 Illinois public community colleges, Harper ranks tenth.

Member Tomchek entered the meeting at 9:13 a.m.

Member Howard commented on the drop in enrollments during the period from 1976 to 1979. She asked if an analysis had been done to determine the reason for the decline. The President stated that it was not possible to check with persons who do not attend the College. He felt that the increases following the decline were due to the economy and the academic reputation of the College.

In reference to the assessed valuation, Member Bone commented on recent speculation in area newspapers regarding the manner in which the State computes these figures. She asked if the administration was monitoring this situation. Mr. Bakas replied that the College receives up-to-date information from the Illinois Community College Board and the Illinois Community College Trustees Association. In addition, the community colleges work together to protect their interests.

In reference to State Grants (pg. 12), Mr. Bakas advised that a major portion of College revenue is from state apportionment and grants. When the community college system was formed, it was intended that state support would be 50 percent of the average per capita cost; however, funding has never reached that level. Harper has received funds in the 30-35 percent range. This does not include contributions to the State Universities Retirement System. The figure would be fairly close to 50 percent if the contributions and other state grants were included. Due to the economic situation, future state support may decline.

In terms of enrollments and state grants, the President stated that he recently attended a meeting of the Council of Presidents and the Trustees Association with Member Mills. Some of the college Presidents and Trustees are uneasy with the formula presently being used. The President confirmed that Harper had been hurt by this funding formula which was based on the enrollment of two years before. He hoped that any change would allow Harper to receive the benefit of the higher enrollments and felt that the change would occur within the next five years or so.

In response to Member Bone, Mr. Bakas confirmed that the state is currently paying 100 percent of the established rate but it would not be unusual if the rate decreased next year. He stated that there have been significant changes in the rates over the years. Member Howard asked if the change in formula would result in payment for current enrollment. President McGrath felt that the change would eliminate the two-year lag in funding and allow for better planning on full-time enrollment.

In addition to state apportionment, Other State Grants (pg. 13) include funds received for the Division of Adult Vocational and Technical Education, Adult Basic Education and Corporate Personal Property Tax. In regard to the adult programs, Member Bone asked if the College was fully funded by the state or a subsidy was required. Dr. Williams stated that the ABE/ESL grants provide tuition costs to the students and the apportionment is based on the credit hours generated. Enrollments in some courses are high and no longer tuition-free. He informed the Board that the situation is monitored closely so that revenue is not lost due to increased enrollments.

In reference to the Tax Rates (pg. 14), Mr. Bakas stated that the legal maximum tax rates, 11¢ for the Educational Fund and 4¢ for the Building Fund, have never changed. The rates are among the lowest in the state for community colleges.

In regard to Tuition (pg. 17), the Board establishes tuition which is limited by law to one-third of the per capita cost. The College is presently at 31.7 percent of per capita cost and has the third highest tuition rate among community colleges in Illinois.

In reference to Chargeback Revenue (pg. 19), Mr. Bakas pointed out that Harper received substantial revenue with little expense at one time. However this trend has almost been reversed and the College now receives very little revenue and the expenditures have increased to the break-even point or beyond.

Mr. Stansbury noted that Harper attempts to develop cooperative agreements with other community colleges. He stated that these agreements serve to satisfy the needs of the Harper community by providing access to programs not offered by the College. On the negative side, the agreements can cause public relations problems. In addition, the chargeback rate at Harper is much smaller than at other community colleges. For example, the Oakton chargeback rate to Harper is $63.00 per hour versus a $21.00 rate to Oakton. He added that the amount of money received for chargebacks is lowered whenever Harper tuition is raised.

Dr. Williams explained that there are two types of cooperative agreements -- one which assures seats and applies chargeback rates, and another which waives the chargebacks. In order to correct the imbalance which exists, efforts are being made to secure agreements with waived chargebacks.

In response to Chairman Barch, Dr. Williams explained that seats in the Dental Hygiene program are requested by neighboring community colleges. Although not designed as a regional program, other colleges in the area have been denied the right to develop this program because of the costs involved. In addition, the Legal Technology and Materials Management programs at Harper generate interest from out-of-district students.

Chairman Barch questioned the programs offered by surrounding colleges which are not available at Harper. Dr. Williams acknowledged that automotive technology is the most popular program in this regard and, theoretically, could be offered by Harper. He felt it was better to pay the out-of-district rate for programs such as diesel tech and watchmaking because it would not be economical for Harper to offer these. Member Tomchek felt it was an outrage that persons who consistently have paid taxes and have been supportive of the College are inconvenienced for the sake of the budget. The President agreed that this was both a public relations and a budgetary problem and felt that the matter of tuition waivers and agreements should be discussed further. Member Tomchek questioned how the College could justify extending the fund balance year after year without consideration of the taxpayers. He felt that this was a corrupt practice used by most area schools and it was outrageous that Harper is following suit.

Member Bone suggested that the Board review all of the agreements to determine the implications to the College, particularly on the budget. Because of the current economy, Member Tomchek observed that Harper revenue will increase as more and more students attend the College. In addition to monitoring the financial condition of the College, he felt that the Board should set a policy which would address the educational concerns and be of benefit to the taxpayers.

Following further discussion, President McGrath advised that this subject could be included in the special Board meeting regarding curriculum to be held in the future.

In addition to chargeback revenue, Interest Income (pg. 20) is becoming more important to the College. Another potential source of income would be the second campus site, if it were sold. Mr. Bakas informed the Board that additional copies of the June 25, 1980 report on the second site are available upon request. Due to the record high interest rates, Member Torisky noted that interest income had increased substantially, but he advised that there is no guarantee on these rates for the future. In addition, long-term projections cannot be made. He felt that these were important considerations for the budgeting process.

In reference to Per Capita Cost (pg. 21), Mr. Bakas stated that these are operating costs per semester hour, computed on a formula required by the state and based on actual expenditures. He felt it was important to note that, on a percentage basis, the support from tuition (pg. 22) has increased from 14.5 percent in 1967-68 to 31.7 percent in 1981-82. While state support has fluctuated slightly, all other revenue, which is primarily local support, has declined.

Mr. Bakas explained that the Educational and Operations, Building, and Maintenance Funds are summarized on pages 23 through 28. Revenue in the Educational Fund has fluctuated over the years. Recent increases have been the result of rising enrollments and assessed valuations. The subject of expenditures was addressed by Dr. Williams. He explained that capital equipment expenditures have ranged from one to three percent of the budget each year. Library and media equipment materials have ranged from eight percent to less than one percent of the budget. In terms of instructional equipment, the dollar amounts are consistent with guidelines set by the American Library Association. Dr. Williams commented that equipment for high cost programs also needs to be replaced over a period of time. At present, there is a need to replace dental hygiene equipment, four units per year at $20,000 per unit. The tuition increase last year relieved many of the problems with replacement capital, but there will always be a need for this.

In addition, Dr. Williams stated that the single largest item in the Educational Fund budget was the cost for salaries. In terms of instructional costs, the significant factor is the balance between the utilization of full-time versus part-time instructors. He distributed material which indicated the percentage of total degree contact hours covered by full-time faculty as part of their regular load. This is the percentage of contact hours covered by the highest cost of instructional service. In 1977-78, 72 percent of the hours were covered by full-time faculty as part of the regular load; during the last three to four years, the figure has dropped and is now 43 percent. Full-time faculty also cover overloads. Another factor which affects total costs is section size. This is monitored closely and the College maintains an average section size of 26 students in the degree credit courses. Therefore, two factors affect financial data on the net salary costs for instruction -- class size and ratio between full-time/part-time faculty.

In regard to capital equipment, Mr. Stansbury pointed out that College furniture is now 13 years old and showing signs of wear. He felt that a replacement schedule should be established and money set aside each year. In response to a question from Member Torisky, President McGrath indicated that there was no depreciation schedule for equipment. Dr. Williams added that classroom typewriters are replaced on a regular basis. In addition to the original furniture which needs replacement, the President commented on the needs for Buildings I and J. Mr. Bakas called attention to the fact that there is a need to add to the support service equipment. Budget requests for 1982-83 total approximately $250,000. In order to maintain the buildings and grounds to an acceptable standard, some of this equipment, such as trucks, floor cleaning and polishing machines, tractors and other items, should be purchased.

Mr. Bakas commented on the Fund Balances for the Educational Fund and the Operations, Building and Maintenance Fund which have increased over the years. In regard to the Educational Fund, he felt that an adequate fund balance should be maintained because, with the current interest rates, this will help meet the need for revenue. In addition, an adequate fund balance aids cash flow. The College has never had to issue tax anticipation warrants or gone to a working cash fund as other community colleges have done.

In terms of the Building Fund, Mr. Bakas pointed out that it was necessary to set aside funds for major projects and deferred maintenance. In the 1981-82 budget, 2.1 million dollars has been budgeted for repairs and renovations. Therefore, an adequate fund balance is necessary for this particular fund.

Member Tomchek inquired if the College could establish a working cash fund without a referendum. This would be a "backdoor" type of referendum which would necessitate signed petitions to be brought up for a vote. In response to further questions, Mr. Bakas stated that he was uncertain of the amount that could be raised in the working cash fund but it might possibly be up to the extent of $.05. He would prefer to forego a rate for working cash in order to have it available for operating purposes. He confirmed that the College levies for insurance protection.

In reference to future projections, the President stated that the Apple computer is used by many departments at the College. In addition, he and Dr. Williams have observed the computer for possible instructional uses. The President noted that it would be possible to use the computer for preparing the 1982-83 budget projections of revenue and expenditures. He introduced Mr. James Patten, Assistant Professor of Accounting, who demonstrated the use of the computer in reference to financial projections.

Mr. Patten distributed copies of a report generated on the Apple II computer utilizing the "Visicalc" electronic worksheet. He felt that this was an overall planning tool which could be expanded upon and used by accountants and financial planners. Using various planning assumptions, Mr. Patten showed how instant changes can be made while working with financial data and projection materials. He explained that there are many types of software for administrative purposes.

The President felt that there were two strong uses for the computer. It can be used during the current fiscal year for program budget adjustments. In addition, it can be helpful in other College applications, such as enrollment projections, by providing instantaneous, up-to-date information. Mr. Patten pointed out that the Apple II is simple enough that anyone can learn to use it and it is the prime teaching tool in data processing. He felt that students could also be involved in its use. The President suggested that in-house seminars be held in the future for professional development of administrators in this regard.

Due to the current economy and recent action at state and local levels, Member Torisky felt it was important to have up-to-date information readily available. This tool would be a big improvement to one of the most impacting problems the College may face in the future.

Member Torisky stated that he preferred the conservative approach to figures and the budget. He felt that the Apple II would be an instrument toward better budgetary control and is a big step forward for the College.

The Board and the administration thanked Mr. Patten for the excellent presentation.

In response to Member Bone, Chairman Barch stated that the deadline for applications for the Board vacancy is Monday, February 15 at 5:00 p.m. Interviews will be scheduled and applicants will be advised.

The meeting adjourned at 11:04 a.m.

Brian M. Barch
Chairman

Janet W. Bone
Secretary