

<p><i>1. Call to Order and Roll Call</i></p>	<p>Chair Howland called the Committee of the Whole meeting to order at 5:30 pm.</p> <p>Trustees Present: Howland, Newsome, Shroka, Songer, Virgilio Trustees Not Present at Start of Meeting: Stanton, Tomei and Student Trustee Tuz</p> <p>Others Present: Dr. Suddick, President; Mr. Appleton, Vice President of Business Services and Finance; Ms. Fay, Executive Director of Human Resources; Dr. Harden, Vice President of Strategy Planning and Support; Ms. Hlavin, Vice President of Student Development; Dr. Jones, Vice President of Educational Affairs; Mr. Kozak, Chief Information Officer; Dr. O’Brien, Vice President of Community and Workforce Partnerships; Ms. Laba, Executive Assistant to the President & Recording Secretary; Ms. Locallo, Legal Counsel, Robbins Schwartz; and other guests.</p>
<p><i>2. Approval of the Agenda</i></p>	<p>Chair Howland announced a change to the agenda: no closed session.</p> <p>Chair Howland called for a motion to approve the agenda.</p> <p>It was moved by Trustee Newsome and seconded by Trustee Shroka for approval of the agenda as presented.</p> <p>Discussion: Noted that the link in the agenda for the Authorization to File and Publish FY2022 Audit did not work. It was confirmed that the document provided through the link was the same as the document provided hard copy at the meeting. It was also noted that the audit reports can be distributed to the Board via email after the meeting.</p> <p>Upon roll call, the vote was as follows: Student Advisory Vote: Ayes: Howland, Newsome, Shroka, Virgilio Abstain: Songer Nays: None The vote being (4) Ayes, (1) Abstain and (0) Nays, the motion carried.</p> <p>Trustee Tomei arrived at the meeting at 5:45 pm.</p>
<p><i>3. Public Participation</i></p>	<p>Chair Howland announced the public comment portion of the meeting. Requests to address the Board were accepted via email to president@clcollinois.edu by 3 pm. No requests were submitted to address the Board. Chair Howland asked if any individuals wished to address the Board; no public comment was requested.</p>
<p><i>4. Finance</i></p>	<p>Dr. Suddick welcomed Trustees to the Financial Planning Retreat.</p> <p>Objectives for this meeting:</p> <ul style="list-style-type: none"> • Report on the 2022 Audit due to the State on Feb 28, 2023: Bringing forward at this meeting because the due date is the same date as the next Board meeting. There will be action at this meeting on the Authorization to File and Publish FY2022 Audit. • Obtain guidance from the Board on the LancerNext - ERP funding plan • Review the FY2024 Board Policy Review Plan

- Review of FY2024 Budget Development

Vice President Kevin Appleton introduced RSM Audit team members John George and Kelly Kirkman to present the audit findings and review the audit process, including planning meetings and preliminary and final fieldwork.

Financial Audit Results

- All audit opinions were unmodified or “clean” audit opinions
 - Other Matters Paragraph for adoption of GASB No. 87, *Leases*
 - Emphasis of Matter Paragraph for grant program FS
- Audit services performed
 - Audit of the June 30, 2022 financial statements
 - Report on supplementary information in the financial statements
 - Single audit as of June 30, 2022
 - Audit and examination of ICCB grants received and schedules of enrollment data
- Separate audit also performed on CLC Foundation (included as a component unit within the College financial statements) – Clean opinion found during the Foundation audit

Financial Highlights

Positive change from 2021 to 2022 for the Operating Funds (Education and O&M)

Fund Balance as a Percentage of Expenditures and Transfers: 2022: 38.43%; 2021: 36.04%

Net change as a Percentage of Fund Balance: 2022: 5.78%; 2021: (4.81%)

Auxiliary funds such as food services have shown a slight decrease.

Net Position shows a positive result with an increase from 2021 to 2022.

GASB Updates

- Current GASB pronouncements extend through GASB Statement 101.
- GASB 87, *Leases*, was implemented in the current year, which required a restatement to the FY21 beginning net position/fund balance.
- GASB 96 is effective for the College for year-ending June 30, 2023 (18-month extension under GASB 95).
- This standard defines Subscription-Based Information Technology Arrangements (SBITA) with recognition of intangible asset and corresponding subscription liability and related note disclosures.

Required Communication to the Board

A letter was submitted to the Board outlining no significant issues encountered during audit with no audit adjustments needed, no material weakness identified, and no significant deficiencies. The communication indicated that monthly financial information provided to the Board by the Finance department is accurate.

Grant Compliance Reports (Federal and State Compliance)

- Unmodified opinions under GAS and Uniform Grant Guidance
- One federal grant program tested: Education Stabilization Fund
- No compliance or GAS findings noted

	<ul style="list-style-type: none"> • One prior year finding reported under <i>Government Auditing Standards</i> for Education Stabilization Funds revenue recognition. <p>Chair Howland asked for a motion to approve the Authorization to File and Publish FY2022 Audit.</p> <p>It was moved by Trustee Newsome and seconded by Trustee Shroka for approval of the authorization as presented.</p> <p>Upon roll call, the vote was as follows: Student Advisory Vote: None Ayes: Howland, Newsome, Shroka, Songer, Tomei, Virgilio Nays: None The vote being (6) Ayes and (0) Nays, the motion carried.</p>
<p>5. ERP Transition Funding (Discussion Only)</p>	<p>Mr. Appleton introduced CLC’s new Controller, Jean Stephan.</p> <p><u>FY2023 Budget Status – On Plan</u></p> <p>Revenue:</p> <ul style="list-style-type: none"> • Revenue in operating funds reflects 62.4% of budgeted revenues through December 2022 (in comparison to December 2021 at 56.2%). • As of December 31, 2022, the College had received revenues equal to \$42 million in FY2023 for local taxes. Local tax revenue is budgeted as \$77.4 million for FY2023. • As of December 31, 2022, student enrollment reflected 85% of the tuition revenue (in comparison to December 2021 at 73.5%). <p>Expenditures: Operating fund expenditures as of December 31, 2022, reflect 44% of budgeted expenditures for the year (in comparison to December 2021, the College had expended 43% of the amount budgeted).</p> <p>Discussion: Trustees asked for total of all expenses. Response: According to the most recent audit report, \$203,492,000 in revenue and \$201,445,000 in expenses. Employee salaries and benefits make up 77% of the operating budget.</p> <p>Fund Balance: The College has met and exceeded the requirements set in Board policy to maintain 30% of funds.</p> <p><u>FY2024 Budget Plan General Obligation (GO) Debt Services</u></p> <p>Total GO Debt Service \$6,760,237</p> <ul style="list-style-type: none"> • Series 2013A, 2017 \$5,1619,625 • Series 2012 A - \$1,140,612 <p>As the 2012 bond is paid down, there will be a decrease in debt service obligation. Bonds will mature and be paid off by 2041.</p> <p>College Revenue Source History includes three primary revenue sources: State funding, tuition and fees, and property taxes.</p>

State Funding – Base Operating Grant: The College has had increase over time in Total Base Operating Grant resources. Base operating grant from ICCB represents 7.8% of CLC’s total revenue.

Tuition and fees make up 25.3% of FY2023 budgeted operating revenue. Based on actual receipts, this has remained fairly steady

Tax Revenue – Levy was approved in December 2022 with an estimated revenue of \$80.7 million. Tax levies run in arrears, so amount is based on half of 2021 and half of 2022 taxes.

- Levy estimate is based upon estimated PTELL limits for 2022 levy capped at 5%.
 - Property equalized assessed value (EAV) growth projected at 6%
 - New construction for 2021 projected at \$174 million
 - Dissolving TIF district totaling \$58 million
 - Estimated amount to be raised for operating levy year 2022 at \$78,747,971; a 4.95% increase
 - Uncapped debt service levy based on schedule of bond payments
- Combined operating and special levy amount are estimated at \$80,760,546, an increase of 4.946%.
- The Lake County Clerk will determine the actual amount of property taxes to be extended on 2022 levy after applying the final December CPI tax cap rate.

LancerNext – Enterprise Resource Planning Software System

CLC’s reimagination of people, processes and tools connects to the ERP System. There are four major drivers:

1. Student Experience
2. Employee Experience
3. Culture of Inquiry and Evidence
4. PeopleSoft product will no longer be supported by Oracle and is approaching end of life.

Timeline

- RFP Responses received (November 2022)
- Vendor Demos (Weeks of 2/6/2023 and 2/13/2023)
- Vendor selection and Board approval (March/April 2023)
- HR/Finance implementation (January 2025)
- Student experience implementation (October 2026)

Areas included in budget estimates:

- Peoplesoft ongoing costs
- Cloud solution costs
- One-time implementation costs

There will be a transition period during which CLC will pay for both software systems. A funding plan has been designed to support the transition without impact to general operations.

	<p>Discussion: Trustees inquired if information from other colleges that have used the program could be gathered and leveraged. Response: CLC has consulted with peer colleges within and outside of Illinois and reviewed references provided by vendors as well as others.</p> <p>There is \$3 million in seed money that currently supports this phase of the project. Additional funds will be needed in 2024.</p> <p>Recommended ERP Transition Funding Plan</p> <ul style="list-style-type: none"> • Leverage a combination of available annual surplus and operational resources that will become available in 2025 with end of 2013A bond. • Annual surplus allocated would not exceed \$3 million to optimize resource to support other one-time needs • As needed, cover remaining need with short-term loan
<p>6. FY2024 Budget Development (Discussion Only)</p>	<p><u>External Impacts of FY2024 Budget and Planning</u></p> <p>Challenges to Enrollment</p> <ul style="list-style-type: none"> • Declining High School Graduation Rates • Low Unemployment • Workforce Scarcity <p>Every college, including CLC, is facing inflationary increases on costs to run college operations, including supplies and material, service contracts, wages, utilities, technology and equipment and travel and food. Despite the challenges, CLC weathered the pandemic well, operating on a conservative budget for the past 3 years, maintaining Aaa bond rating, 30% fund balance, and high-value employee benefits.</p> <p>Questions posed for Board discussion:</p> <ul style="list-style-type: none"> • Should CLC establish guidelines that can be routinely applied during the budget development process to determine tuition and fee setting that balances the commitment to student affordability while recognizing the reality of external economic conditions on college operations? • Should a formula be established that aligns to December CPI, similar to the method used in establishing across-the-board salary increases to create consistent decision-making each year? <p>Based on early assumptions, the projected budget gap for FY2024 = \$3,049,184 (with the recommended tuition and fee increase)</p> <p>Four scenarios reviewed:</p> <p>Tuition increase of 0%: budget gap of approximately \$4.7 million Tuition increase of 6%: budget gap of approximately \$3.3 million Tuition increase of 7%: budget gap of approximately \$3.05 million Tuition increase of 8%: budget gap of approximately \$2.8 million Administration is recommending a tuition increase of 7%</p> <p>Trustee Tomei left the meeting at 7:11 pm.</p>

FY2024 Proposed In-District Tuition and Comprehensive Fees

Increases in technology fee, student support and capital fee – facilities.

Capital Fee – Facilities

FY2023 Capital Fee Utilization – available funding \$639,029

Unmet Facility’s needs – excluding surplus funding \$2,585,000

Technology Fee

- Current fee: \$5.00
- FY23 revenue: \$1,083,110
- FY23 expenses: \$1,190,903.50
- Additional student technology costs not covered by fee resource: \$1,830,654, including:
 - Classroom A/V equipment (24 of 241): \$1,161,000
 - Classroom desktops (320 of 1500): \$272,625
 - Classroom laptops (320 of 1300): \$192,382
 - Various Student Development systems: \$101,051
 - Various Educational Affairs systems: \$103,595.80

Technology fee only addresses fees that help to support student software specifically used by students.

Student Support Fee

- Increased need for funding for student employment
- Reinstatement of student emergency scholarships.
- Tutoring remained flat from FY2023 – anticipated need for FY2024 is \$654,000.

Current student support fee is \$2.00, a 7% increase is \$2.55.

Tuition changes – Impact to student bill

For a part-time student taking 6 credit hours, tuition increase would be \$63.00. For a full-time student taking 15 credit hours, tuition increase would be \$157.50.

Discussion: Clarification provided on trustee inquiry on impact of 7% increase to cost for students of \$11 per credit hour.

Impact on Students with Financial Need

Federal Pell grants have steadily increased each aid year.

Illinois MAP grants are now being awarded to all eligible applicants at 2021/22 tuition and fee rates.

Part-time students’ net cost of highest need \$2.8 million, mid-range need \$781.00 and lowest need

Full time student’s net cost of highest need \$5.2 million, mid-range \$890.00 and lowest need

Discussion: Trustees inquired about students with highest and mid-range needs, do they actually get the funds? Response: Yes, provided they provide proper documentation. Trustees asked if students must pay back funds they receive. Response: Students are entitled to these funds without paying it back. Based on registering for classes and filling out FAFSA, students can qualify for Pell and MAP grants. Trustees suggested considering dropping the 30% to 25% due to concerns that this is not a good time to increase tuition with CPI still high. Response: All parts of CLC are faced with the challenge of high CPI.

	<p>Guidance needed: Does the Board support the recommended 7% tuition increase for FY2024 and does the Board support the recommended fee increase for student support, technology and facilities for FY2024? Trustees asked for time to consider and agreed to put a 7% tuition increase on the February Board meeting agenda for a decision at that time.</p>
<p>7. FY2024 Proposed Board Policy Review Plan (Discussion Only)</p>	<p><u>Policy Evaluation Plan Objectives</u> Modify policies to remove barriers to:</p> <ul style="list-style-type: none"> • Employee recruitment, retention and success • Align practice with Total Rewards Philosophy and Employee Success Framework aspiration • Ensure long-term fiscal viability <p>Policy 939 Non-Bargaining Unit Employees’ Employment Compensation and Benefits</p> <ul style="list-style-type: none"> • Review and benchmark benefits, recommend possible changes and remove outdated language. <p>Policy 940 Recruitment, Promotion and Transfer</p> <ul style="list-style-type: none"> • Review policy standards and recommend ways to support increased flexibility and streamlined hiring, promotion, and transfer opportunities <p>Policy 941 Department/Interdepartmental Reorganizations</p> <ul style="list-style-type: none"> • Review policy standards and recommend ways to support increased scope of reorganizations <p>Policy 942 Stipends for Temporary Assignments</p> <ul style="list-style-type: none"> • Review policy standards and recommend ways to support appropriate stipends for temporary assignments <p>Policy 960 Reimbursement for Travel, Meal and Lodging Expenses</p> <ul style="list-style-type: none"> • Align policy to general standards of practice in the field, update language to align with internal procedures and efforts in Board meeting efficiency
<p>8. Adjournment</p>	<p>Chair Howland called for a motion to adjourn. <u>It was moved</u> by Trustee Newsome, seconded by Trustee Shroka and unanimously carried that the meeting be adjourned.</p> <p>Upon roll call, the vote was as follows: Student Advisory Vote: None Ayes: Howland, Newsome, Shroka, Songer, Virgilio Nays: None The vote being (5) Ayes and (0) Nays, the motion carried.</p>

 Amanda Howland, Chair

 Torrie Newsome, Secretary