

**MINUTES OF THE FINANCE COMMITTEE MEETING
OF THE HEARTLAND COMMUNITY COLLEGE BOARD OF TRUSTEES
April 25, 2017**

Members present: Jeff Flessner, Janet Hood, Doug Minter, Sharon McDonald

Others present: Barbara Leathers, Heather Chapman, Kim McHale

The meeting was called to order by Mr. Jeff Flessner at 5:08 pm at Heartland Community College.

FINANCE COMMITTEE MINUTES

Mr. Doug Minter moved to approve the minutes from March 21, 2017; Mr. Jeff Flessner seconded and the motion was approved.

FINANCE REPORT

Mr. Minter gave an overview of the March Bills, Investment Report, and Revenues and Expenditures Summaries. The year is 75% complete as reflected in the statements. Approximately \$1 million in revenue was reclassified to Student Tuition and Fees from Sales and Service Fees. This correction was necessary due to an automatic posting process that was incorrectly classifying Adult Education tuition. The Committee reviewed the March Wire Transfer and Travel Expenditure logs.

SAFETY AND SECURITY SERVICES

Mr. Minter explained the current Safety and Security Services contract with U.S. Security Associates. In April 2014, the Board approved a three-year contract. At that time, the Board action also authorized staff to award two successive option years. With the base contract period coming to a close, staff now plans to exercise the first option year.

STRATEGIC BUDGET FORECAST

Mr. Minter walked through the Strategic Budget Forecast presentation prepared for the full Board. The presentation included some background topics on baseline terminology, strategic and operational planning, risk management, and numerous historical financial trends, including both the index used by the Higher Learning Commission to monitor institutional financial performance and Standard & Poor's reaffirmations of the College's AA+ credit rating. He also emphasized that the strategic budget forecast timeframe covers five years and includes the Education and the Operations & Maintenance funds (funds 01 and 02), which collectively comprise the Operating Budget. Staff will bring a tentative budget to the board for the Fiscal Year 2018 time period in June, but the focus of this presentation is on the longer term.

He went on to emphasize that decision-making has been very difficult due to the State budget impasse and ongoing uncertainty. He illustrated an Adult Education example where approximately \$30,000 had to be returned to the State. This occurred because some grant stipulations could not be satisfied when funding was not appropriated until after programming decisions had already been made and programs had completed.

Mr. Minter also provided an update on the Multi-Year Plan approved by the Board in April 2016.

He then explained four forecast scenarios and their underlying assumptions. The anticipated loss of equity tax revenue in Fiscal Year 2019 (approximately \$3 million) was included in all four forecasts and each scenario included different levels of anticipated State funding. In comparing these scenarios, he emphasized that operating fund reserves were sufficiently strong to mitigate State support uncertainties in each of the forecasts.

Throughout nearly two years of State budget uncertainty and a climate of enrollment decline in the higher education sector, Mr. Minter noted several indicators of success for Heartland. In particular, Heartland's enrollments are strong when compared to an average statewide community college loss of 17.4%. Further, National Benchmark Project data has shown that Heartland student performance for degree completion exceeds several national averages.

He concluded the presentation by noting plans to seek Board support to leverage operating fund reserves, if needed, as an intentional strategic approach. This will allow staff to manage the uncertainty associated with the State of Illinois budget impasse and continue to deliver high quality education and services to students.

INSURANCE REVIEW TEAM

Ms. Barb Leathers, Executive Director of Human Resources, reviewed the insurance renewals for FY2018. Heartland has a good experience rating for Fiscal Year 2017, running at about 80% for medical costs. Renewal costs for medical and dental insurance are both down for FY2018. All other rates are fixed for next year.

Ms. Leathers also provided highlights from an employee survey, which included 162 responses. The survey indicated that employees are satisfied with Blue Cross Blue Shield insurance. A second survey is in process on employee pharmacy usage and preferences, as some additional cost savings benefits are available with a change to pharmacy benefits. The Insurance Review Team will formulate a recommendation for the Board of Trustees' approval in May. Heartland's insurance renewal date is July 1.

ADJOURNMENT

Mr. Doug Minter moved to adjourn the meeting; Mr. Jeff Flessner seconded and the motion was approved.

The meeting was adjourned at 6:00 pm.

Jeff Flessner, Chair Board Finance Committee

Janet Hood, Member Board Finance Committee