

33506

APPROVED—BOARD OF TRUSTEES
COMMUNITY COLLEGE DISTRICT NO. 508
JULY 5, 2018

BOARD OF TRUSTEES OF COMMUNITY COLLEGE DISTRICT NO. 508 COUNTY OF COOK AND STATE OF ILLINOIS

MINUTES

FINANCE AND ADMINISTRATIVE SERVICES COMMITTEE MEETING THURSDAY, OCTOBER 19, 2017 DISTRICT OFFICE – 226 W. JACKSON BOULEVARD, ROOM 301

Pursuant to provisions of the Illinois Public Community College Act, as amended of the State of Illinois, County of Cook, an Academic Affairs and Student Services Committee meeting of the Board of Trustees of Community College District No. 508 was held on Thursday, October 19, 2017 at 9:00 a.m., District Office, 226 W. Jackson Boulevard, Room 301, Chicago, Illinois 60606.

ATTENDEES

TRUSTEES

Clarisol Duque, Committee Chair
Deborah Telman
Darrell Griffin
Elizabeth Swanson

OFFICERS OF THE DISTRICT

Joyce Carson – *Chief Financial Officer*
Diane Minor – *Vice Chancellor, Administrative Services and Procurement*
Kimberly Ross – *Chief Talent Officer*

CHIEF ADVISOR TO THE BOARD

Tracey B. Fleming

CHANCELLOR

Juan Salgado

PROVOST AND CHIEF ACADEMIC

OFFICER

Mark Potter

GENERAL COUNSEL

Eugene Munin

OTHER ATTENDEES

Daryl Okrzesik	CCC District Office
Joe Evans	RSM
Bob Robbins	CCC District Office
James Dempsey	CCC District Office
Lisa Lewis	CCC District Office
Jeffrey Slade	RSM
Roberto Concepcion	CCC District Office
John Gasiorowski	CCC District Office
Daryl Okrzesik	CCC District Office
Ralph Passarelli	CCC District Office

I. CALL TO ORDER

Committee Chair Duque called the October 19, 2017 Finance and Administrative Services Committee meeting to order at 9:00 a.m.

II. ROLL CALL

The Chief Advisor to the Board called roll:

Clarisol Duque	Present
Deborah Telman	Present (teleconference)
Elizabeth Swanson	Present
Darrell Griffin	Present

III. WELCOME

Committee Chair Duque thanked Trustees Telman, Griffin for their attendance and noted that Trustee Elizabeth Swanson would be arriving shortly. She shared about her experience at Tuesday's October 17, 2017 Academic and Student Affairs Committee Meeting.

IV. CHANCELLOR REMARKS

Chancellor Salgado gave a brief overview of the agenda items for the committee meeting. He also celebrated the increase in enrollment at a couple of the colleges, especially given the current climate of stagnant enrollment growth for other colleges. The Chancellor shared his positive outlook for the future of growing enrollment.

Chancellor Salgado also noted the decrease in bond rating over the years, with the work being done to increase it through leadership and fiscal responsibility, acknowledging it was a slow and

ongoing process. The Chancellor pointed out the increasing student debt and the difficulties encountered by students, noting that there was room for critical thinking to help reduce student debt without compromising on quality.

V. REVIEW OF AGENDA ITEMS

Speakers: Joyce Carson, Chief Financial officer; Diane Minor, Vice Chancellor, Administrative Services and Procurement; Joe Evans, RSM; Daryl Okrzesik, Associate Vice Chancellor of Finance; Robert Robbins, Associate Vice Chancellor of Student Financial Services

- **RSM Audit Review**

Mr. Evans began his presentation by giving a brief background on RSM's process and the audit standards utilized. He noted that it was RSM's first time being able to issue a report a month early, recognizing the work of CCC's internal audit staff in preparation. Mr. Evans went on to give an overview of the audit. He also noted the impact of the State on funding as well as the incomplete student payment plans. In regards to the accounting system, he noted there were no material weaknesses; however, Mr. Evans noticed the deficiencies in accounts payable.

Committee Chair Duque inquired about the students' accounts payable and the write-offs mentioned. CFO Carson explained the process of tuition increase in 2016 given the State budget. Committee Chair Duque asked about the payment plan for fiscal year 2018. CFO Carson shared about the steps being taken, and noted that the write-off after 365 days had been in place for at least the past five years.

Trustee Griffin asked for clarification regarding allowing students to enroll if they had an existing balance. CFO Carson said that it does not matter so long as there is a payment plan in place, because CCC has the pertinent financial information. Chancellor Salgado noted that this was a new plan, as prior to 2016, if there was an outstanding balance, the balances needed to be paid in full. The Chancellor noted that the ultimate goal was to help students avoid getting into debt in the first place.

Trustee Telman asked how CCC compares to other universities and community colleges in regards to accounts receivable/payable. Mr. Evans noted that it was an area to focus on due to the change. He also noted that this was an issue across the industry, especially in Illinois given the funding challenges. Mr. Evans pointed out that CCC was not alone in these struggles, and with the numbers getting larger, it was something to keep an eye on and address.

Committee Chair Duque noted that there should be some research into third party collection agencies and how much was collected in previous years. CFO Carson noted that revisiting the policy would necessitate looking into the context of the changes and other things happening at the same time. CFO Carson also noted that students defaulting on their loans as well as their degree completion rate as important factors to look into and address.

Committee Chair Duque paused the meeting to acknowledge Trustee Swanson's arrival and invited everyone in attendance to share their name and position by way of introduction.

- **Review of FY2017 audit findings and financial results**

CFO Carson gave an update on the end of FY17. She noted that if CCC had received State funding on time, break-even would have been achieved. Chancellor Salgado remarked on the need for leadership to be able to adapt to the financial environment and make adjustments when called for. Next, CFO Carson briefly outlined capital expenditures.

Committee Chair Duque asked for context regarding the students in bad debt, wanting to understand before any decisions are made. Chancellor Salgado noted that there has been some analysis done, acknowledging that there is a need to have different strategies depending on the situation, again alluding the need to help students avoid being in debt in the first place.

Next, Associate Vice Chancellor Okrzesik gave a more in depth overview of the audit on accounts payable. Provost Potter next spoke about reporting processes on student enrollment and class registration. Associate Vice Chancellor Robbins spoke about funding for work studies and utilization of those positions and funds. Committee Chair Duque noted that work studies seemed like a positive opportunity. The Chancellor affirmed this, noting the need for good managers.

CFO Carson spoke about the end of FY17 financial results, noting the 30 million dollar revenue shortfall due to tuition and State funding. She spoke about the key revenue streams, including property taxes and tuition revenue. CFO Carson shared that going into the fall the outlook for budget was very positive, with 40 million of the 100 million budget on track. The Chancellor noted the importance of enrollment on revenue, not just with new students but also retaining current students and addressing the debt piece. He also remarked the need for incremental changes.

- **FY2018 Financial Outlook**

CFO Carson noted there was no trending data yet since being three months in FY18. She did note that summer tuition was down, as well as a potential grant to capture. CFO Carson pointed out that expenses were tracking under budget currently, but it was early in the fiscal year and classes had just started.

- **Bond Sale Update**

CFO Carson shared that over the past couple of years the bond rating had been downgraded, mostly impacted by State revenue and tuition. Bond rating in 2015 was very strong, and then downgraded in 2016. She noted that CCC was put on credit watch, but then the triple B rating assessed as flat in August 2016. CFO Carson encouraged surplus on top of State appropriations to help bolster bond

rating. Chancellor Salgado again noted the ongoing slow process and steady incremental steps over time.

VI. REVIEW OF NOVEMBER BOARD REPORTS

Next, Committee Chair Duque initiated the review of the November 2017 board reports.

Chief Advisor to the Board Fleming reviewed Resolutions 1.00 and 1.01. CFO Carson reported on Resolution 1.02, 1.03, and 1.04. Next, General Counsel Munin reviewed Resolution 1.07. Vice Chancellor Minor reported on Agreement 4.00 and 4.01. Chief Talent Officer Ross reviewed Agreement 4.02. Director of Risk Management Passarelli reported on Agreement 4.03. General Counsel Munin concluded the review by reporting on the legal invoices.

Committee Chair Duque entertained a motion to include the reviewed reports and legal invoices on the Consent Agenda for the November 2, 2017 Regular Board meeting.

<Motion> Trustee Darrell Griffin
<Second> Trustee Elizabeth Swanson

Motion Carried.

VII. ADJOURNMENT

Confirming that there was no more business to come before the committee, Committee Chair Duque asked for a motion to adjourn.

<Motion> Trustee Darrell Griffin
<Second> Trustee Elizabeth Swanson

Motion Carried.

Meeting Adjourned 10:49 a.m.

**Clarisol Duque
Secretary
Board of Trustees**

Submitted by – Ashley Kang, Assistant Board Secretary