JOLIET JUNIOR COLLEGE
ILLINOIS COMMUNITY COLLEGE DISTRICT 525
1215 HOUBOLT ROAD
JOLIET, IL
BOARD ROOM
VIRTUAL BOARD OF TRUSTEES WORKSHOP MEETING
SUMMARY NOTES
April 29, 2020

Chairman Wunderlich called the meeting to order at 5:46 p.m. This meeting is being conducted pursuant to and in compliance with Governor Pritzker's Executive Order 2020-18.

Board of Trustees Present Virtually:	Maureen Broderick Nancy Garcia Guillen Jake Mahalik Alicia Morales Dan O'Connell Betty Washington
Present On-Site:	Bob Wunderlich
Student Trustee Absent:	Shalma Marin (Student Trustee)

Chairman Wunderlich welcomed everyone to the workshop meeting.

<u>Review of Summary Notes</u>
The workshop notes were reviewed with no comments made.

2.1 <u>Enrollment Report</u>

Dean Morris presented on the spring 2020 enrollment report. There are obvious changes since the Fall 2020 report based on circumstances. Dean Morris talked about where we landed in the spring and the challenges and opportunities as we move forward toward the summer & fall. The college can be very proud of some success in spring enrollment. We did experience slight increases again over last year, in head counts & fte's/ credit hours. We trended up in the fall and continued up in the spring. Dual credit had an outstanding semester, we had an 11% increase. Keep in mind this is pre-COVID-19. Challenges & opportunities from enrollment perspective, limited opportunities – missed normal opportunism, discover JJC, high school visits, host tours on campus. converted to a virtual campus, creating challenges. We have come very far, miles & miles from mid-March. Looking ahead, post COVID-19 readiness as a college and from a student body, not all students are prepared for online learning, learning styles & preferences – challenges & opportunities.

Taking a dive into spring, one of the things that stood out, especially in demographics, female-male ratio stayed pretty much the same. Female 56% fall, 57% in the spring. We definitely need to keep our eyes on the full time to part time ratio, 66% in the fall, 74% in the spring. This is nationwide, students are working full-time, opportunities are there for them, taking more of a part-time schedule. In terms of our race & ethnicity, pretty much the same fall to spring. Head count shows a slight increase, 10th day census numbers: we have late start classes and late enrollment to capitalize upon. In terms of fte's, we experienced a bit of a decline at 10th day, but we have come a long way due to the late starts. Last spring enrollment report end of last week, increase in tuition credit hours, speaks to the effectiveness of late start classes and how the staff is shifting recruiting & enrolling, understanding different needs from a scheduling perspective. Offering additional enrollment opportunities, can certainly benefit the college. In terms of where our students are coming from, they stayed pretty much the same from fall to spring. 20% Joliet, 16% from Plainfield, nothing concerning here. Sister institutions are similar to what we saw in the fall, some down, some up, and we are pleased where JJC landed. Looking ahead to summer & fall enrollment, we are focusing on shifting how we are building summer & fall enrollments. Know that students right now are slow to enroll, they are not working, focused on paychecks and unemployment. There were several students that were attending four-year schools and had to drop classes due to COVID-19, universities were not able to shift to online classes as quickly as we were. We call these students guest students because they are enrolled as degree seeking at other institutions. We feel that our online offering for summer can help us serve a broader audience. We have been looking closely at this population, removing barriers for these students. In terms of our students, this is an opportunity to pick up a class they had to drop in the summer. While it continues to be slow for summer enrollment, Dean Morris does believe we will continue to make up ground in enrollment as we have in the past few weeks. Fall is another interesting time to look at. Dean Morris has read some articles that indicate fall enrollment will be down and other articles indicate fall enrollment will be up. For example, CNBC produced an article this week that stated because of the lower cost associated with attending a junior college, a lot of parents are going to want to keep their students local and pay less tuition dollars during this uncertain time. This can play to our advantage as we are an accessible and affordable institution. We have been working closely in Enrollment Management with Dr. Farmer and Marketing & Communications, making sure that we are crafting the right messaging and making students aware that we do offer a low cost, accessible opportunity for them where they do not have to put their education on hold. They can continue to press on with us. We are all on a level playing field, not all institutions are as prepared as we are. Some institutions, such as DePaul, are afraid, due to their high tuition, that students will not choose them in the fall. That is where we have an opportunity to look at our enrollment and make some positive gains. The other thing is that in surveys done, article in the Chronicle of Higher Education, indicates that up to 35% of students may take a gap year. This is a problem and an opportunity for us. JJC is here for you to take a few classes and keep progressing. We can get you the classes and opportunities to move forward, highly transferable and we are a local campus. There is so much unknown, but with every barrier comes an opportunity, with every challenge comes a new idea. Dr. Farmer is leading a group that is looking at the situation daily, shifting and making sure our message is right and this is a great opportunity to have JJC shine where other institutions are struggling. This concludes the report. Chairman Wunderlich commended Dean Morris on the fine job he did representing JJC on WJOL.

2.2 Budget Update

Mr. Rob Galick, Vice President of Administrative Services presented on the upcoming FY21 budget. The agenda involves budget projections, including revenues & expenditures and other budget highlights. First two bullets represent regular budget updates, third bullet is to discuss

COVID-19 economic considerations. The budget itself will be presented to you in two weeks at the board meeting and was prepared before the pandemic and many of the assumptions remain intact before COVID-19. To deviate from the assumptions at this point, would be mainly taking a guess at where we will wind up during the next year. Just today a possible new vaccine was announced, Remdesivir. On the positive side of the spectrum, this may be behind us in a short period of time, on the negative side of spectrum, there is a possible reoccurrence of the pandemic this fall or winter. For budget purposes, we are going to be projecting assumptions pre-pandemic. The last part of the presentation will spend time on contingency planning that Dr. Mitchell and her Cabinet are in the midst of to prepare for possible economic negative implications. Revenue projections, as you know, property taxes are based on the percentage of growth in the CPI and new property growth, projecting a 1.5% increase in operating fund property taxes and a 1.9% increase in the property taxes levied for debt service. On the tuition & fee side, projecting no enrollment growth and no increase in tuition and fees going into next fiscal year. State reimbursement, we are projecting flat funding will be based on the operating grant and the CTE grant, flat funding that was actually provided from FY20. When you add all the various revenue categories, we will be at a $99.5 million-dollar budget for FY21. Our budget is driven primarily by property taxes. Next year, property tax revenue is 56%, tuition & fees at 33%, combined for 89% of our operating budget, state funding only 9% of our budget. On the expenditure side, Collective Bargaining Agreements are intact for all but two unions, budget is based on a pay increases to what is fixed in those agreements. Where there are no Collective Bargaining Agreements at this point, also nonunion employees and a projection of 0.4% increase in personnel costs. It was a wonderful year in our health benefit plan, as a result, we are not requiring an increase in the cost of health insurance to the employees or the college. Other expense categories, materials, supplies, contractual services, essentially flat funded with the exception of long-term contracts where a budgetary increase is necessary because the contract has an escalated clause for a new fiscal year. In terms of capital outlay, a relatively small capital outlay in budgeted amounts this year: furniture replacement and slight room remodeling, roads and grounds improvements, equaling $348,000. We have a Capital Improvement Program for recurring & preventative maintenance for the entire facility, various types of categories for different projects totaling $4,163,000. As indicated in the footnote, this is budgeted in the O&M restricted fund, which is not part of the college's operating budget, nonetheless, an expenditure incurred by the college. There are seven full-time positions and one part-time position that are included in the budget numbers. As we head into the new fiscal year with all of the uncertainty, all of these positions will remain on hold with the exception of the new Executive Director, Diversity, Equity, Inclusion & Compliance, and the search process is currently under way. Nothing else will move forward until we receive more clarity on COVID-19. On the expenditure side, $99.5 million dollars in total, as you know, the lion's share of our expenditures show up in salary and benefits. The pie chart reflecting that, salary & benefits combined equals 78% of our total operating budget. So, when you add this all together, our revenues & expenses in next year's budget, equal $99.5 million dollars, resulting in a break even or balanced budget for FY21, which reflects the 48th consecutive year of a balanced operating budget for Joliet Junior College. The overall budget reflects a 1.6% increase in FY20 budget. What is left to pass the budget? At the May 13 Board meeting we will be asking the board to adopt a preliminary budget, at that point, the budget will be placed on public display for inspection and public given an opportunity to comment on the budget at the June Board meeting. Following public commentary, we will be asking the Board to approve a legal budget. Mr. Galick paused here for any questions prior to moving on to COVID-19 considerations. Chairman Wunderlich asked if anyone had questions. First slide is a question mark on economic considerations. These times are unprecedented, the predications and prognostications in this presentation is best guess in April 2020. Mr. Galick indicated he has been doing this for 30 years and has never experienced anything like this pandemic. Colleagues from across the state, various vice-presidents, are collaborating to try and come up with a clear view of what the future looks like. Mr. Galick indicated that he would like to point out that the administration is planning for a wide spectrum of contingencies this fall. First let's talk about the COVID-19 revenue considerations. As you know, the federal government passed the $2.2 trillion-dollar stimulus package called the CARES Act. This includes $5,497,625 that has been allocated to Joliet Junior College. The guidelines in terms of how this money is to be spent is in flux. The guidelines change literally on a daily basis. What I tell you now is what we know today, but just be warned that we are still getting guidance on what will and will not be an allowable expenditure under this stimulus money. The $5.5 million is split into two caps, first 50% is to be emergency assistance to students, distribute requests for assistance from students via an application process. The remaining 50% is for institutional use. The intent is to reimburse the college for costs associated with the COVID-19 virus, an example is costs associated with converting many classes to online, those types of costs. We are still trying to reach clarity on what other types of costs might be included. We have been accumulating and tracking the impact of COVID-19 to the college thus far, and as of April 25, the financial impact of COVID-19 is $1.2 million. In a COVID-19 situation, how does property tax revenue look. As I mentioned earlier, the budget assumes a 3.5% growth factor. The CPI portion, or 2.3% of this growth is certain, that's in the book at this point because the CPI calculator is based on growth in FY2019 CPI. The other 1.2% growth is new construction during FY2020. A lot of new projects were in the pipeline prior to the pandemic and certain amount of momentum that has continued throughout in terms of new construction, we expect to receive some of this growth but maybe not all. We used a plus or minus half of 1% factor as a possible risk associated with property tax revenue, which would be 3% rather than 3.5% that would result in a reduction in revenue of approximately $300,000. Tuition revenue enrollment as it looks for next fiscal year: as Bob Morris said there are opportunities, huge opportunities. Generally when we are in a recession, we see our enrollment grow and as Mr. Morris said, many university students are planning to delay the start of their freshmen year so these are opportunities that might point towards a favorable enrollment picture. At the same time there are threats, there is a potential downside due to public fear. Are people going to want to congregate in classrooms and large buildings as the pandemic ends, obviously there is a fear of a second possible wave of COVID-19. State funding is the biggest concern at this point, timing & stability of state funding is very much in doubt at this point. Administration is currently preparing for a scenario whereby there could be a possible 25% reduction in state funding which equates to $2.1 million of revenue to the college. CARES Act, one possible mitigation, an insurance policy of sorts, should the state reduce their funding by that much, it is possible, although not certain that we could use some of the CARES Act money, $2.75 million institutional piece towards making us whole as it relates to lost revenue from the state. No clarity from the federal government as to what would be an eligible expenditure. In next fiscal year there is a possible 10% drop in enrollment. On the revenue side, should enrollment drop by 10%, that would cost the college $2,810,000 in revenue. How would we cover the lost revenue – if we are teaching 10% less students then that significantly reduces our need for faculty costs. There are less sections, less need for adjunct faculty. Historically, when a drop in enrollment, when you lose revenue, it reduces the faculty cost by about 60% of lost revenue, which equates to $1,681,000. We talked earlier about delaying the hire of new positions, already built into the budget, should we not hire positions for the entire fiscal year, that would equate to $515,000. We would reduce travel by at least 30% going into next year, possibly longer. Reduction in travel would lead to a $225,000 reduction in costs. We would have the need to utilize a small portion of the contingency, to the tune of about $370,000. Should enrollment drop by 10%, we would have the ability to cover lost revenue built in based on these four factors. 25% reduction in state funding, $2.1 million reduced enrollment, for every 1% drop in cost, we would lose $113,000 net revenue, equates to $281,000 of lost revenue offset by $168,000 for reduced expenditures from faculty. Halt of new construction, possible property reduction. Total revenue risk is $3.5 million for next year, that's per year. We can weather worst case scenario for one year. We have the ability thru adjustments made earlier, CARES Act and federal stimulus money. We can absorb that type of a hit for one year, beyond the first year would require significant cost reductions to ensure the financial stability of college in the long term. The recommendations that Dr. Mitchell and administration are making this evening, delaying construction on three large capital projects, new bridge that connects J to T, police station renovation and City Center Campus site work. This was not to be out of the operating budget, but is a large cash flow. In light of this situation, we feel it is prudent to hold on to this cash right now. Architectural design work will continue, architects have been selected and we will be bringing contracts to the Board very soon. The other recommendation is delaying the hire of new positions already built into the FY21 budget. Cabinet is preparing many contingency cost reduction plans, we are discussing the possibility of larger state funding drops, longer term state funding drops. Key decision points: we should have a good idea in August on fall enrollment and the state allocation in June or later when the state budget is passed. This concludes the report. Trustee Morales asked if we can revisit the CARES Act 50/50, and would like to see 80% to students and 20% to the college. Mr. Galick indicated guidance as to how the college can use the money is becoming more & more restrictive. Mr. Galick indicated that the DACA students per DOE are not eligible. Reduces our population for funding to half, under guidelines are not eligible for funding. Mr. Galick fears we might not be able to give away this much money to students that are not eligible. Dr. Farmer indicated the DOE guidelines continue to change daily and would like to stress that although we have the CARES Act, we are looking at all opportunities. JJC wants to be inclusive, CARES Act may be an option, but we are looking at all options, as all students need some type of support. Trustee Morales indicated she was referring to all students, as is JJC per Dr. Farmer and Rob Galick. Trustee Broderick inquired when we are looking at the costs being talked about, what is the dollar amount? Mr. Galick indicated the total grant from CARES Act to the college is $5.5 million so a minimum of half is to be spent on students, the remainder from the CARES Act is spent for institutional costs. Trustee Morales indicated this information is in our packets. Trustee Broderick indicated she is asking so it is public. If we are looking at $2.5 million, how much are we at right now, to date? Mr. Galick indicated the $1.2 million is the economic impact to the college, and we want to be totally transparent on this. This reflects $800,000 of wages that we spent in the two weeks we were closed, spring break week, and the following week, faculty were trying to get classes on line and staff was figuring out how to do business virtually. Many employees were asked to do nothing at this time, as during this time they did not have a role. These wages were budgeted, and were not per say a budget impact, but does reflect lost productivity. Trustee Broderick asked Mr. Galick what is the dollar amount for one year? Mr. Galick stated that worst case scenario, equates to a possible risk of $3.5 million in one-year. Trustee Broderick inquired if this $3.5

million is worse case without consideration of any new taxation on any new construction or new real estate. Mr. Galick indicated that we have an assumption of new construction that is going to be built over FY2020 built into our property tax revenue number. In terms of the economic impact, we may see a slight increase this calendar year, and if things get really bad we may see a slight increase going into FY2021. Trustee Broderick inquired if this $3.5 million does not include taxation concerns yet, not estimated into this? This is what we currently have built into the budget, no improvements. Mr. Galick indicated no improvements included in this. Trustee Broderick inquired if this is worse case without any real estate taxes being budgeted in for the following year. Mr. Galick indicated this already assumes 3.5% growth in property taxes. Because we are limited to tax caps, our growth is limited to maximum growth of 5% per year, typically limited to CPI unless there is new legislation on how this is all calculated. Trustee Broderick inquired if we have heard anything new coming out on legislative assistance, as she knows there is a lot of discussion with ICCTA. Mr. Galick indicated we are reporting our losses on a weekly basis to the state. Dr. Mitchell is more involved on what is happening at the state level in this area. Dr. Mitchell indicated the presidents continue to talk with Dr. Brian Durham, ICCB; some of the funding is for financial support for the personal protective equipment that we are going to be required to have beginning June 1; also looking for a stimulus package at the state level to support community colleges. $18 million will be divided amongst higher education, K-12, and four year. ICCB continues to work with legislators to ensure that community colleges receive their fair share of the stimulus package. With the upcoming budget, we want to make sure we don't lose any ground. Last year we received a 5% increase. Presidents are questioning if the flat budget doesn't incorporate potential stimulus money, what would we receive in order to help us get thru summer and potentially fall. Speaking to the CARES Act, Trustee Morales referenced the 50% for the students, the presidents are coordinating a conference call with the DOE to share our concerns as we are unable to help the majority of our students. With the regulations, continuing to change daily & weekly, it is making it more difficult for community colleges to distribute the funds to the students and the potential auditing impact going forward is causing a great deal of concern. Trustee Garcia Guillen inquired as to what the process is for a student requesting emergency funding thru the CARES Act. Dr. Farmer indicated the committee is meeting on Friday on how to move forward with the application process. Dr. Farmer has identified a few departments that will be responsible for overseeing the CARES Act. Dr. Farmer has put together a plan, but dynamics continue to change, and we have to revisit the plan. We hope to finalize by Friday, share with college community within the next two weeks or so. Dr. Mitchell indicated she will continue to include the board on all communications to the campus community. Trustee Garcia Guillen indicated we know that thru the CARES Act, DACA and undocumented students do not qualify and inquired as to what are we doing for the students who do not qualify. Dr. Farmer indicated that the Foundation has been included because we knew when this information was received it would eliminate so many of our students and is a challenge for the institution. We are looking at additional options and will have a little more information after the meeting on Friday. Looking at every option available. Trustee Garcia Guillen thanked Dr. Farmer and requested to be updated on the information.

Trustee Wunderlich requested a motion to adjourn. Trustee Broderick moved seconded by Trustee Garcia Guillen that the meeting adjourn at 6:33 p.m. A voice vote was taken and carried unanimously.