



Committee of the Whole Financial Planning Retreat

Board of Trustees
February 3, 2026



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- Purpose
- Integrity
- Compassion
- Unity
- Inclusion



FY2027 Financial Planning Retreat Topics

Policy 119

Financial Reports & Fiscal Accountability

- Mid-Year Fiscal Accountability & Investment Report

FY2027

Budget Development

- Process, Framework, Context
- Preliminary Revenue & Expense Forecast
- Tuition & Fee Proposal

Master Plan 2020

Capital Projects & Deferred Maintenance

- Overview of Current Projects & Funding Proposal
- Overview of Emerging Needs
- Discuss Lighting GLC Sports Complex

Biannual Review

Total Rewards Philosophy

- Align Philosophy with Board Policy & 2030 Strategic Plan

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FY2026 Mid-Year Fiscal Accountability and Investment Report

Policy 119 Financial Reports & Fiscal Accountability

FY2026 Mid-Year Investment Report



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Mid-Year Investment Report

Current Market Themes

For the Quarter Ended December 31, 2025

Market Update



- ❑ U.S. economy remains resilient but government shutdown obscures data
 - ❑ Inflation print likely biased lower due to data collection gaps and technical adjustments
 - ❑ Unemployment rate trends higher with net new job creation near zero
 - ❑ Strong consumer and business spending, along with steadier trade dynamics, support growth



- ❑ The Fed lowered the target rate by 50 basis points in the fourth quarter to 3.50-3.75%
 - ❑ Fed Chair Powell acknowledged ongoing challenges in achieving the Fed's dual mandate of maximum employment and price stability
 - ❑ The Fed's December "dot plot" indicates 25 bps of cuts in both 2026 and 2027, but the wide dispersion in underlying projections highlights differing views on path forward
 - ❑ Markets view policy is skewed towards additional easing assuming a more dovish Chair takes office in mid-2026



- ❑ Treasury yield curve continues to steepen but remains inverted inside 2 years
 - ❑ Front end Treasury yields moved lower during the fourth quarter on Fed rate cut expectations
 - ❑ Yields were range bound as volatility waned into year end
 - ❑ Credit spreads widened marginally but remain near historically narrow levels

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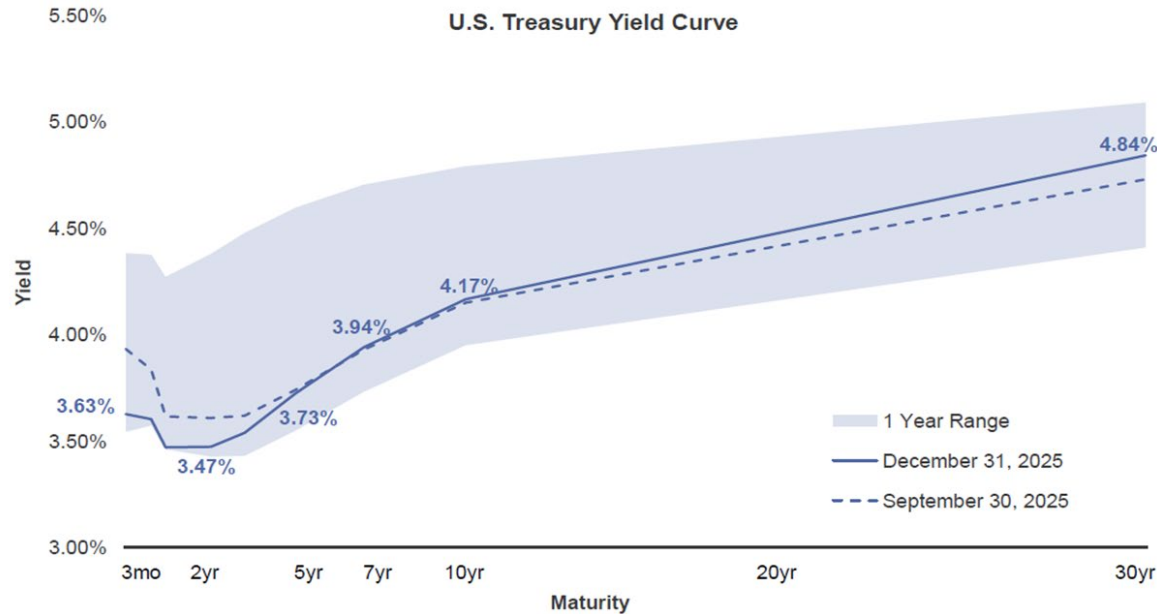
Mid-Year Investment Report

For the Quarter Ended December 31, 2025

Market Update

Treasury Yield Curve Nears Dis-inversion

U.S. Treasury Yield Curve



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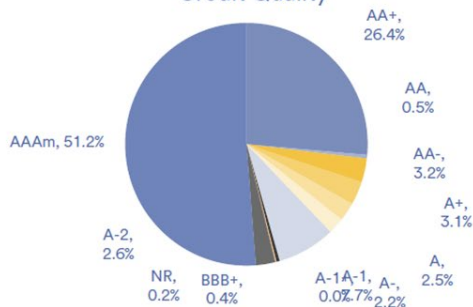
Total Aggregate Portfolio Overview

College of Lake County

Portfolio Statistics

	\$ Amount	Yield at Cost	Yield at Market	Duration	WAM	Accrual Earnings
Total Aggregate	\$99,042,194	4.17%	3.85%	0.71	289	\$361,330
Bond Proceeds	\$16,716,446	3.84%	3.84%	0.00	1	\$54,303
Short-Term	\$43,981,820	4.27%	4.04%	0.05	19	\$165,247
Long-Term	\$38,343,929	4.20%	3.63%	1.78	724	\$141,781

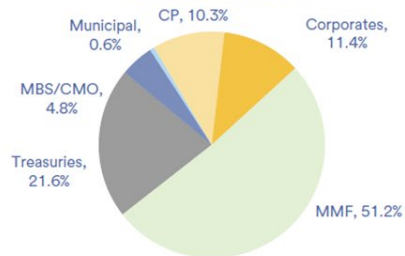
Credit Quality



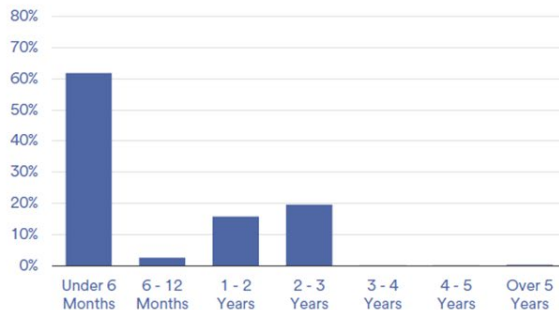
For the Quarter Ended December 31, 2025

Market Update

Sector Allocation



Maturity Distribution



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Mid-Year Investment Review – Short Term

College of Lake County

For the Quarter Ended December 31, 2025

Market Update

Portfolio Performance



Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	Since Inception ¹
Interest Earned ²	\$386,656	\$993,079	\$3,638,139	\$4,574,506	\$5,895,319
Change in Market Value	\$164,315	\$805,633	\$3,473,150	\$3,408,685	\$4,286,248
Total Dollar Return	\$550,971	\$1,798,712	\$7,111,289	\$7,983,191	\$10,181,567
Total Return³					
Portfolio	1.07%	4.42%	5.08%	3.33%	2.75%
Benchmark ⁴	0.97%	4.18%	4.81%	3.17%	2.58%
Basis Point Fee	0.02%	0.09%	0.09%	0.08%	0.08%
Net of Fee Return	1.05%	4.33%	4.99%	3.24%	2.66%

1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is December 31, 2017.

2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

3. Returns for periods one year or less are presented on a periodic basis. Returns for periods greater than one year are presented on an annualized basis.

4. The portfolio's benchmark is the ICE BofA 3 Month U.S. Treasury Index. Source: Bloomberg Financial LP.

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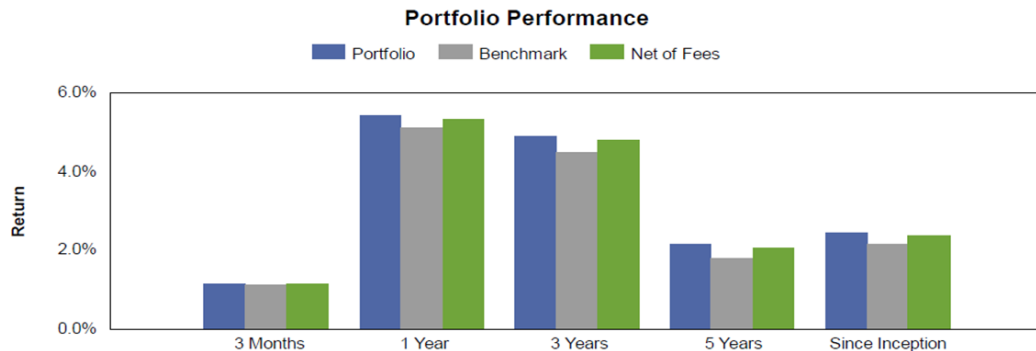
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Mid-Year Investment Review – Long Term

College of Lake County

For the Quarter Ended December 31, 2025

Market Update



Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	Since Inception ¹
Interest Earned ²	\$374,280	\$1,507,113	\$3,805,519	\$4,630,340	\$7,132,022
Change in Market Value	\$67,094	\$489,803	\$1,366,251	(\$712,662)	\$511,344
Total Dollar Return	\$441,374	\$1,996,916	\$5,171,770	\$3,917,678	\$7,643,366
Total Return³					
Portfolio	1.15%	5.42%	4.89%	2.16%	2.46%
Benchmark ⁴	1.12%	5.09%	4.48%	1.79%	2.14%
Basis Point Fee	0.02%	0.09%	0.09%	0.09%	0.09%
Net of Fee Return	1.13%	5.34%	4.81%	2.07%	2.37%

1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is December 31, 2017.

2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

3. Returns for periods one year or less are presented on a periodic basis. Returns for periods greater than one year are presented on an annualized basis.

4. The portfolio's benchmark is the ICE BofA 1-3 Year U.S. Treasury Index. Source: Bloomberg Financial LP.

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Certificate of Compliance

December 31, 2025

During the reporting period ended December 31, 2025, the account(s) managed by PFM Asset Management ("PFMAM") were in compliance with the applicable investment policy and guidelines as furnished to PFMAM.

Acknowledged : *PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc.*



pfm asset
management

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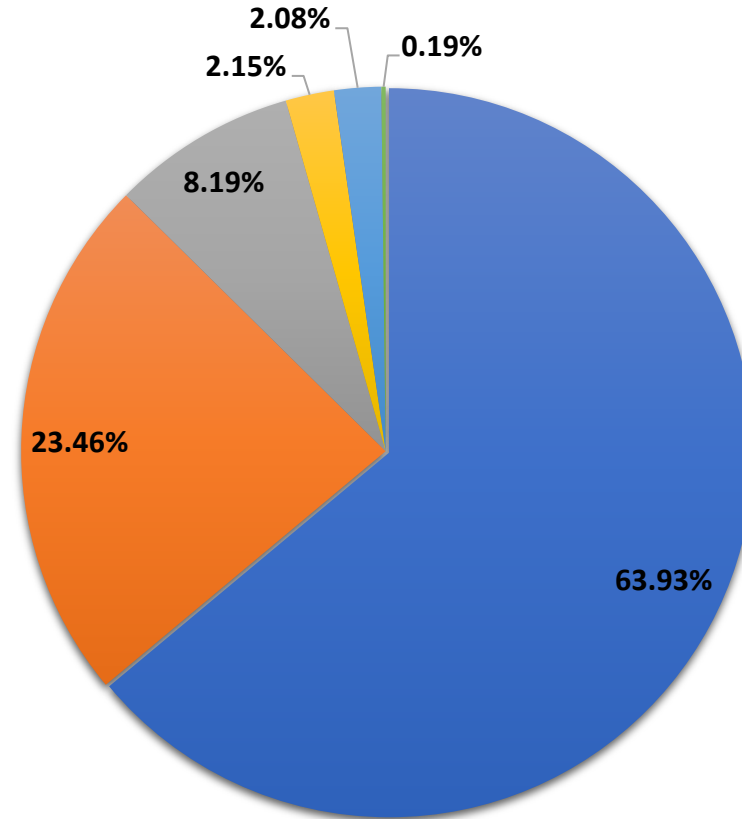


FY2026 Mid-Year Fiscal Accountability Report

College Performance within FY2026 Budget Plan

FY2026 Budget Operating Fund Revenue \$134.0M

- Local Tax Revenue, 63.93%
- Student Tuition and Fees, 23.46%
- ICCB Grants, 8.19%
- All Other Revenue, 2.15%
- All Other Local Revenue, 2.08%
- Transfers, 0.19%



General Fund (Operating): Education (01) and Operations & Maintenance Fund (02)



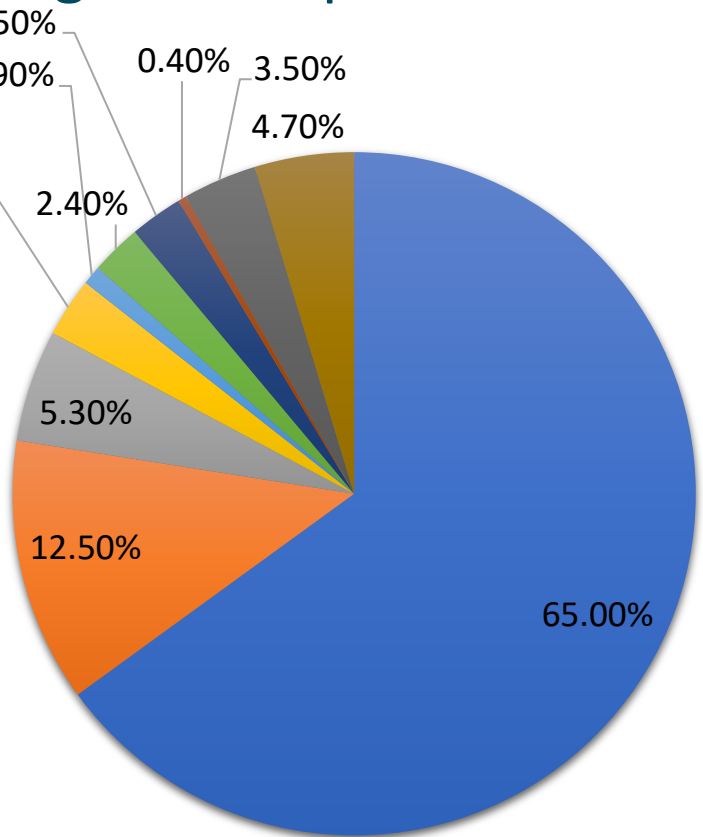
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FY2026 Budget Operating Fund Expenditures

\$134.0M
↑

- ↑ Salaries (65.0%)
- ↑ Employee Benefits (12.5%)
- ↓ Contractual Services (5.3%)
- ↓ Materials & Supplies (2.8%)
- ↓ Conference & Meeting (0.9%)
- ↓ Fixed Charges (2.4%)
- Utilities (2.5%)
- Capital Outlay (0.4%)



General Fund (Operating): Education (01) and Operations & Maintenance Fund (02)

Operating budget: 3.0% increase (\$130,090,152 to \$134,047,610)

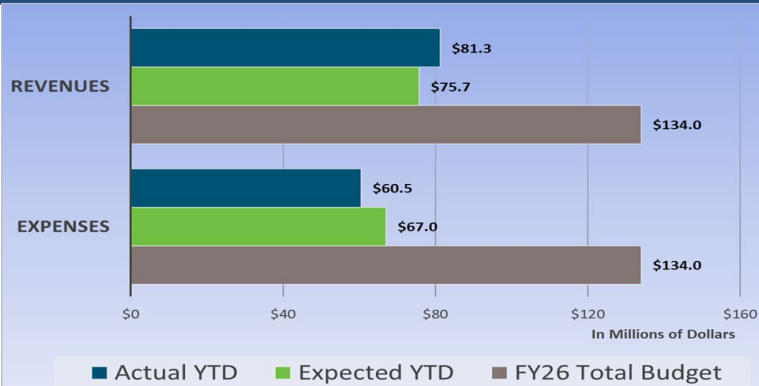
4.1% increase personnel expenditures (\$99,720,552 to \$103,828,123)

10.1% increase health insurance & employee benefits expenditures (\$15,229,177 to \$16,762,757)

1.7% decrease non-personnel expenditures (\$30,121,150 to \$29,617,129)



FY2026 Budget Status - On Plan



Operating Fund EXPENDITURES as of December 31, 2025:

- Reflect 45.1% of budgeted expenditures.
- As of December 31, 2024, the College had expended 50.3% of the amount budgeted.

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Operating Fund REVENUES as of December 31, 2025:

- Reflect 60.7% of budgeted revenues. As of December 31, 2024, the College had received 60.8% of the amount budgeted.
- Equal to \$42.4M in FY26 for local taxes. Local tax revenue is budgeted at \$85.9M for FY26.
- Reflect 98.6% of the tuition revenue. As of December 31, 2024, the College had received 83.4 % of the amount budgeted.

Operating Revenue by Source

FY26 as of 12/31/25

Revenues	FY26 Expected YTD	FY26 Actual YTD	FY26 Variance
Tuition and Fees	\$28.5M	\$31.5M	\$3.0M
ICCB Credit Hour Grant	\$5.0M	\$5.0M	\$0.0M
Property Tax	\$41.8M	\$42.4M	\$0.6M
Replacement Tax	\$0.5M	\$0.5M	\$0.0
Miscellaneous	\$1.5M	\$1.9M	\$0.4M
Total	\$77.3M	\$81.3M	\$4.0M

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Operating Expenditures by Source

FY26 as of 12/31/25

Expense Category	FY26 Expected YTD	FY26 Actual YTD	FY26 Variance
Salaries	\$43.9M	\$42.3M	\$1.6M
Health Insurance	\$8.9M	\$8.7M	\$0.2M
Contractual Services	\$3.6M	\$3.2M	\$0.4M
Materials & Supplies	\$1.9M	\$1.5M	\$0.4M
Travel	\$0.6M	\$0.3M	\$0.3M
Utilities	\$1.6M	\$1.5M	\$0.1M
Fixed and Capital	\$1.2M	\$0.9M	\$0.3M
Other/Transfers	\$5.3M	\$2.1M	\$3.2M
Total	\$67.0M	\$60.5M	\$6.5M

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FY2027 Budget Development

Process, Framework and Context



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FY2027 Budget & Planning Process Timeline

Priority Setting & Input

- Approval Budget & Plan Calendar
- Analysis of progress on strategic goals & critical needs
- College-wide collaborative input facilitated through units and shared governance
- Early priority setting
- CLT Draft Budget & Plan Framework
- Finalize Guidelines
- Budget tool training
- Property Tax Levy

October -
December

Dec. Board Input Draft Framework

Budget Request Process

- Early Revenue & Expense Assumptions
- Finalize Budget & Plan Framework
- Budget request entry
- Communicate Guidelines & Process document with Framework
- Facilitate Budget Request Process (Adaptive)
- Tuition Model Proposal
- Capital Financing Strategy

January -
February

Feb. Board Financial Planning

Budget & Plan Development

- Unit-level prioritization of requests
- College-level prioritization, reorganization proposals
- Draft Budget Proposal leveraging Framework
- Draft college plan goals, unit plans and president's priorities
- Draft budget book
- Communication via unit meetings & shared governance

March - May

May - Budget Proposal

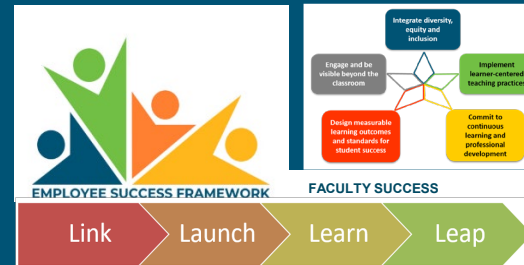
Budget & Plan Implementation

- Budget Approval
- Finalize College & Unit Plans
- Finalize President's Priorities
- Finalize Capital & Facilities Project Plan
- Finalize Hiring Plan
- Finalize funding priorities Grants and Foundation
- Quarterly Reporting & Project Tracking

June - July 1

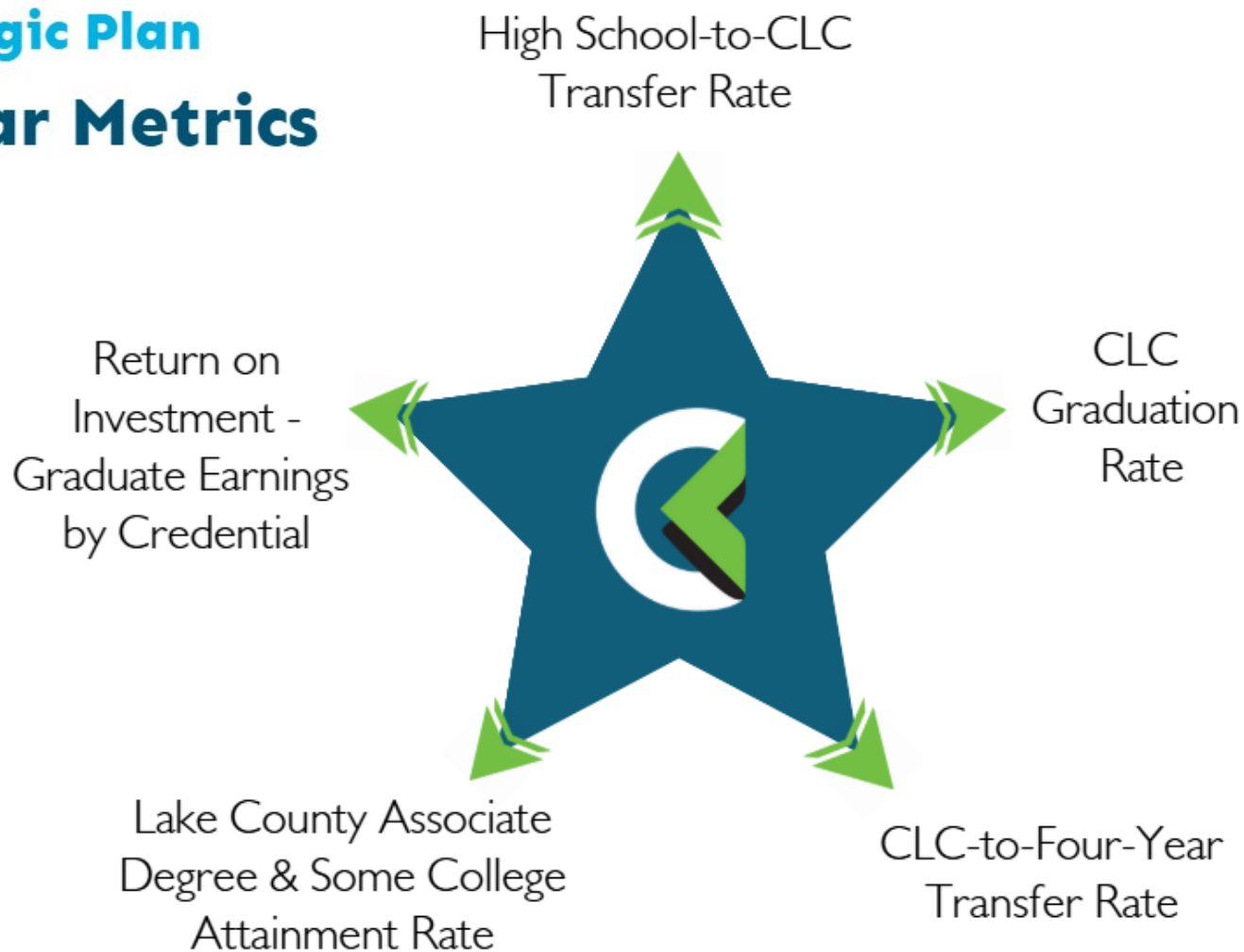


2030 Strategic Plan



2030 Strategic Plan

North Star Metrics



Framework

Uphold financial Board policies

Prioritize strategic investments to advance outcomes of the **2030 Strategic Plan** and FY2027 Resource Allocation Priorities

Ensure adequate financial and people resources to achieve successful implementation of planned **LancerNext Student Platform** and projects

Prioritize efficiency of existing resources, compliance & contractual obligations

Resource Allocation Priorities

Advance equity in student access, retention & success outcomes

Advance faculty and staff retention and success outcomes

Complete Phase 0 of Master Plan & funded major capital projects

Levers

Accounts Analysis

Cost Avoidance & Control

Reallocation & Reduction

Auxiliary Funds Review

Reserves Strategy

Risk Management

Alternative Revenue Resources/Revenue Adjustments

Budgeted Contingency Planning

Framework

Uphold financial Board policies

Prioritize strategic investments to advance outcomes of the **2030 Strategic Plan** and FY2027 Resource Allocation Priorities

Ensure adequate financial and people resources to achieve successful implementation of planned **LancerNext Student Platform** and projects

Prioritize efficiency of existing resources, compliance & contractual obligations

Resource Allocation Priorities

Complete Phase 0 of Master Plan & funded major capital projects

2027 Known Required Investments:

- LancerNEXT Student Platform (\$5.0M)
- Door Lock Final Payment (\$0.5M)
- Pending Deferred Maintenance Projects (MP2020)
- Current Master Plan Capital Projects:
 - Urban Farm Center (\$21.25M)
 - Sports Complex (\$17.0M)

FY2027 Working Strategy

- Adequately resource existing critical priorities
- Design flexibility and safeguards to navigate the unexpected
- Be mindful and planful in strategic and capital projects to ensure adequate capacity of people and teams
- Build agile budget leveraging existing resources, avoids new debt and positions for future strategic investments for growth and progress on priorities



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FY2027 Budget Development

Preliminary Revenue & Expense Assumptions

FY2027 Budget Preliminary Expense Assumptions

- Salary
 - Bargaining staff/faculty per union contract obligations
 - Non-bargaining staff December CPIU 2.7% (per Board guidance)
- Benefits renewal cost increases preliminary projection: 17%
- Contractual Services, Materials, Supplies, Travel: 2.7%

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FY2027 Budget Preliminary Revenue Assumptions

- **Property tax estimated** – Board Approved ($\frac{1}{2}$ 2024 Levy & $\frac{1}{2}$ 2025 Levy)
 - PTELL limits capped at lesser of 5% or CPIU (2.7% for 2025 tax year)
 - Property equalized assessed value (EAV) growth projected at 7.8%
 - New construction (2025) projected at \$173M; Dissolving TIF district totaling \$55M
 - Estimated 2.7% increase for operating levy – tax year 2025
- **College-level Credit Hour Enrollment – 228,900**
 - *5.3% increase over FY2026 target (217,336) – exceeded by 102% as of January 2026*
 - *2.3% increase above forecasted FY2026 year-end 223,788*
- **Tuition** - \$2.81 increase or 2% (recommendation)
- **Comprehensive Fees** – \$0.19 increase (recommendation)
- **ICCB State Revenue** – flat
- **Interest earnings** – projection to reflect changed interest rate environment
- **Corporate Personal Property Replacement Tax** - flat

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FY2027 Budget Preliminary Financial Projection

Based on:

- Early revenue and expense assumptions
- Tuition and comprehensive fee proposal
- Early enrollment target

Work ahead:

Current projected gap between revenues and expenses to achieve balanced budget = \$579,933



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FY2027 Budget Development

Tuition & Comprehensive Fee Recommendation

Tuition and Comprehensive Fee - Proposal Development

Tuition and Comprehensive Fees:

- 23.9% of FY26 Budgeted Revenue
- Does not include Course Fees - material and supplies for instructional delivery
- Revenue is allocated to Units where the expenses are managed and incurred (IT, EA, CWP, SD, BSF)

METHOD:

- Since February 2023, December CPIU used as predictable structure for College and to avoid significant fluctuations for students. December CPIU 2.7%
 - Evaluation of current environment and trends:
 - **Tuition: 2.7% equals a \$3.83/credit hour increase**
 - Administration advises a slight tuition increase is necessary given operational increases to the College AND to maintain affordability for students, any increase is prudently applied
 - **Comprehensive Fees: 2.7% equals a \$0.89/credit hour increase**
 - Administration has been streamlining fees over the past several years. Objective was continued streamlining and increase only to fees with direct impact on student experience (resources, learning environment, experiences).
- Note:** FY26 budget had zero increase to fees

PROPOSAL:

- **Tuition: \$2.81/credit hour tuition increase (2%)**
- **Comprehensive Fees: \$0.19/credit hour increase (0.58%)**
 - Fee adjustments: eliminate operational fee (\$0.40), hold flat bond fee (\$3.00) and 2% increase on all other fees meaningful to student experience for total increase (\$0.19)
- **Total impact: \$3/credit hour (1.71% tuition and comprehensive fee increase)**

FY2027 Proposed In-District Tuition & Comprehensive Fees Based on 228,900 College-level Credit Hours

	In-District	Fund	FY2026	Change	FY2027	FY27 Budget
1	Tuition/Credit Hour		\$141.96	2.0%	\$144.77	\$32,680,725.00
2	Technology	Designated	\$13.55	2.0%	\$13.82	3,163,398.00
3	Instructional Equip	Designated	\$3.50	2.0%	\$3.57	817,173.00
4	Lumber Center	O & M Restricted	\$0.50	2.0%	\$0.51	116,739.00
5	Student Senate	Designated	\$3.65	2.0%	\$3.72	851,508.00
6	Student Support	Restricted Purpose	\$2.55	2.0%	\$2.60	595,140.00
7	Capital Fee-Facilities	O & M Restricted	\$3.39	2.0%	\$3.46	791,994.00
8	Capital fee- Bond Payment	Debt Service	\$3.00	0.0%	\$3.00	686,700.00
9	Student Academic Success	Education	\$2.50	2.0%	\$2.55	583,695.00
10	Operating	Education	\$0.40	Eliminate	\$0.00	0.00
	Total Comprehensive Fees		\$33.04	\$0.19	\$33.23	7,606,347.00
	Tuition and Fees - Ed Fund		\$175.00	\$3.00 1.71%	\$178.00	\$33,264,420.00

Tuition/Credit Hour Recommendation

CURRENT	RECOMMENDED
In District	
\$141.96	\$144.77 (\$2.81)
Out of District	
\$365.44	\$372.75 (\$7.31)
Out of State	
\$495.20	\$505.10 (\$9.90)

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In accordance with Board Policy 420 residency requirements and 110 ILCS 805/6

Impact to Student Bill/Semester

	<u>Recommended</u>
Tuition Rate Change per credit hour	\$ 3.00
Fee Rate Change per credit hour	\$ -

(Part-Time 6 hours)

	<u>Current</u>	<u>Recommended</u>	<u>% Change</u>
Average Student Tuition	\$ 851.76	\$ 868.80	2.0%
Average Student Tuition & Fees	\$ 1,050.00	\$ 1,067.85	1.7%
Total \$ increase from current		\$ 17.85	

(Full-time 12 hours)

	<u>Current</u>	<u>Recommended</u>	<u>% Change</u>
Average Student Tuition	\$ 1,703.52	\$ 1,737.59	2.0%
Average Student Tuition & Fees	\$ 2,100.00	\$ 2,135.70	1.7%
Total \$ increase from current		\$ 35.70	

Annual Impact (Student Bill)

\$ 35.70

\$ 71.40

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Board Discussion

What clarifications are needed?

Does the Board support the tuition and comprehensive fee recommendation?

Includes:

- 1.71% increase to tuition and comprehensive fees (\$3/credit hour)
- the elimination of the operations fee
- and maintains flat bond fee

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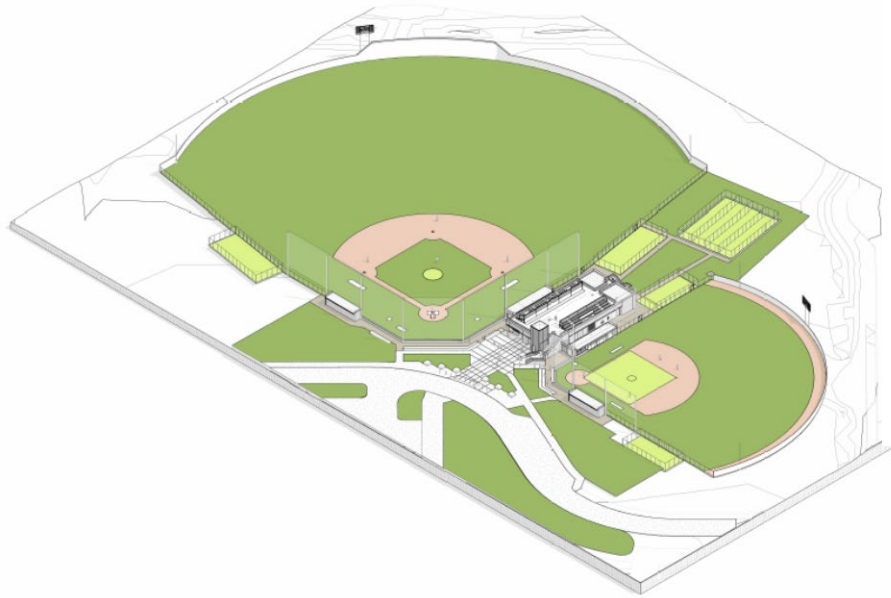
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Capital Construction and Deferred Maintenance Planning

Resources and Options for
Funding Capital Projects

Current Project Needs



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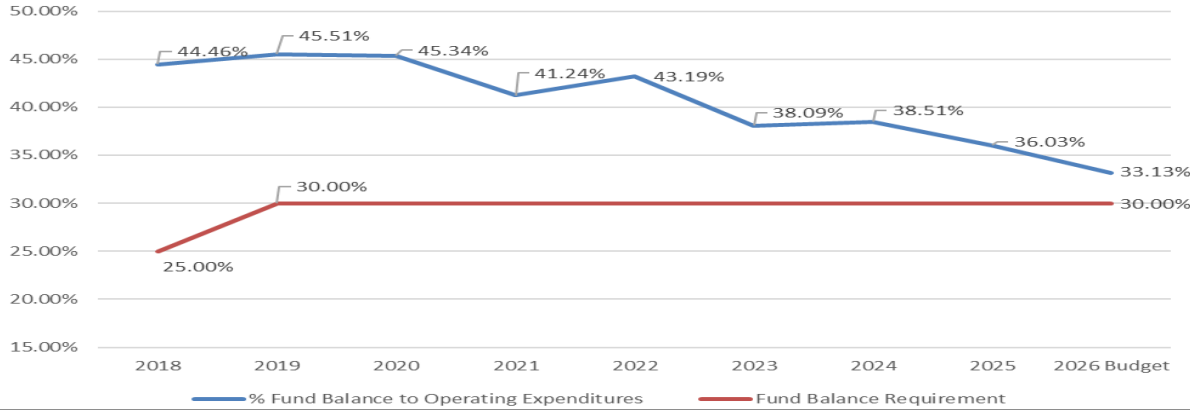
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Active Projects – Requiring New Funding FY2027

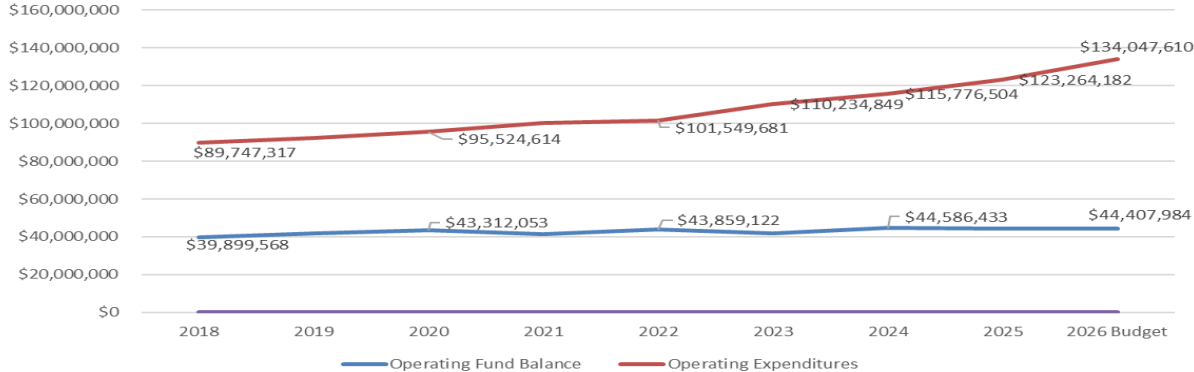
Description	Original Estimate	Original & Current Funding	Current Project	Funding Need	Recommended Funding Source
GLC Sports Complex	\$9,500,000	2021 Bond	\$17,000,000 including contingency	\$7,500,000	Modification of Policy 704 from 30% to 25% requirement
LSC Urban Farm Center	\$15,000,000	Foundation \$13.5M CLC Campaign Commitment \$1.5M Legislative Appropriation \$2.5M RFSI Grant \$1.2M	\$21,250,000 including contingency	\$2,550,000	Modification of Policy 704 from 30% to 25% requirement
				\$10,050,000	

Fund Balance Trend – Policy 704

Percent Fund Balance to Fund Balance Requirement (Policy 704)



Fund Balance to Operating Expenditures (\$)



2018 Surplus Transfer	\$8,393,941	
2019 Surplus Transfer	\$9,717,106	
2020 Surplus Transfer	\$10,048,212	
2021 Surplus Transfer	\$6,946,863	\$3M LancerNEXT
2022 Surplus Transfer	\$6,921,521	
2023 Surplus Transfer	\$6,413,910	\$4M LancerNEXT
2024 Surplus Transfer	\$7,498,976	\$4M LancerNEXT
2025 Surplus Transfer	\$6,504,508	\$6.1M LancerNEXT
2026 Surplus Transfer	TBD	\$5M LancerNEXT

Moody's Investor Services Rating Methodology

Moody's Fund Balance / Operating Reserve Thresholds for public finance and school district methodologies:

Rating Category	Available Fund Balance / Operating Revenue
Aaa	≥ 25%–30% of operating revenue (very strong)
Aa	~17.5%–25% of operating revenue (strong)
A	~10%–17.5% of operating revenue (moderate)
Baa and below	significantly lower than ~10% (weaker)

- **Aaa Rating** (Highest credit quality) — Reserves generally at or above ~25%–30% of operating revenues, reflecting strong cushion and financial flexibility.
- **Aa Rating** (Very strong) — Reserves roughly ~17.5%–25% of operating revenues.
- **A Rating** (Upper-medium grade) — Reserves roughly ~10%–17.5% of operating revenues.

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Potential Capital Project Funding Strategies



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Option 1

Utilize funds in Working Cash Fund 7

3-33.6 Monies in the working cash fund may be used for any and all community college purposes and may be transferred in whole or in part from the working cash fund to the educational fund or operations and maintenance fund only upon the authority of the board, which shall by resolution direct the community college treasurer to make such transfers. A transfer requires the College to maintain a working cash fund balance of at least 0.05% of the district's current taxable property value, per Section 3-33.6a.

District EAV	\$34,722,390,208
Minimum Requirement	0.05%
Minimum Threshold	\$17,361,195

Enter: Working Cash Fund 7 Balance \$16,996,435

Enter % to be transferred to: 3.0%

Adjusted Working Cash Fund 7 Balance	\$16,486,542
*Capital Projects Ops & Maint Fund 3	\$509,893

*reflect funds available for Capital Project expenditures

Least Favorable Option: This option is least optimal because a transfer requires the College to maintain a working cash fund balance of at least 0.05% of the district's current taxable property value, per Section 3-33.6. In this case, that means keeping \$17.4M on hand.

Option 2

Utilize funds in Working Cash Fund 7

3-33.6 Monies in the working cash fund may be used for any and all community college purposes and may be transferred in whole or in part from the working cash fund to the educational fund or operations and maintenance fund only upon the authority of the board, which shall by resolution direct the community college treasurer to make such transfers. A transfer requires the College to maintain a working cash fund balance of at least 0.05% of the district's current taxable property value, per Section 3-33.6a.

District EAV	\$34,722,390,208
Minimum Requirement	0.05%
Minimum Threshold	\$17,361,195

Enter: Working Cash Fund 7 Balance \$16,996,435

Enter % to be transferred to: 3.0%

Adjusted Working Cash Fund 7 Balance	\$16,486,542
*Capital Projects Ops & Maint Fund 3	\$509,893

*reflect funds available for Capital Project expenditures

Decent Option: This approach is strong, as it accomplishes two primary objectives: it utilizes two well-funded cash sources to complete the remaining CLC capital projects, and it reduces short-term pressure on Operations by drawing from the robust Working Cash Fund. Fund 7 would be replenished in the following fiscal year each time this strategy is implemented. Adjusting Policy 704 from 30% to 25% helps maintain the College's financial profile. The strategy yields approximately \$21M across the two fiscal years; approximately \$10M in year one and \$11M in year two. The available cash in year one is lower due to the replenishment requirement back up to .05% of EAV by fiscal year end (requires repayment of initial

Lower Policy 704 Fund Balance Requirement

Policy 704 Fund Balance: CLC shall seek to maintain an end-of-fiscal-year unrestricted fund balance in the operating fund equal to or greater than 30 percent of budgeted operating fund expenditures. From time to time and as unrestricted balance exceeds 30 percent of budgeted operating fund expenditures, the Board may assign a portion of fund balance for an intended purpose such as capital improvements

FY26 Operating Budget	\$134,047,610
30% Policy Threshold Requirement	30.0%
Minimum Threshold	\$40,214,283

Enter: Operating Funds (current balance) \$44,586,433

Enter new potential Policy 704 threshold %: 25.0%

New Policy Threshold Requirement	25%	\$33,511,903
*New Operating Funds available for CapEx		\$11,074,531

*reflect funds available for Capital Project expenditures

Option 3

Lower Policy 704 Fund Balance Requirement

Policy 704 Fund Balance: CLC shall seek to maintain an end-of-fiscal-year unrestricted fund balance in the operating fund equal to or greater than 30 percent of budgeted operating fund expenditures. From time to time and as unrestricted balance exceeds 30 percent of budgeted operating fund expenditures, the Board may assign a portion of fund balance for an intended purpose such as capital improvements

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*New Operating Funds available for CapEx		\$11,074,531

*reflect funds available for Capital Project expenditures

Recommended Option: Strong and likely most favorable option, however, it does place a heavier burden on operations as it becomes the sole financier of remaining capital project cost expenditures. This option does not require impacting the Working Cash Fund. The strategy can be utilized temporarily based on need.

Recommended Capital Project Funding Strategy



Option 3

Lower Policy 704 Fund Balance Requirement

Policy 704 Fund Balance: CLC shall seek to maintain an end-of-fiscal-year unrestricted fund balance in the operating fund equal to or greater than 30 percent of budgeted operating fund expenditures. From time to time and as unrestricted balance exceeds 30 percent of budgeted operating fund expenditures, the Board may assign a portion of fund balance for an intended purpose such as capital improvements

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*New Operating Funds available for CapEx		\$11,074,531

**reflect funds available for Capital Project expenditures*

Recommendation: Option 3

Major benefits include:

- Preserves a strong unrestricted fund balance
- Avoids the need to incur additional debt
- Eliminates the need to draw upon the Working Cash Fund
- Provides clear transparency and oversight for the Leadership Team and Board as projects are prioritized annually
- Allows for flexibility, enabling the strategy to be used temporarily or adjusted based on institutional need
- Maintains the College's strong capital position and credit
- **Aligns financial decision-making with strategic priorities while preserving long-term fiscal sustainability**

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Overview of Current and Emerging Projects Capital/Deferred Maintenance:

To be prioritized, obtain estimates and evaluate/establish funding resources

Existing Master Plan & Approved Projects	Emerging Critical Projects	Things for Consideration
GLC Library Concrete Spandrel Repair 2021 Bond \$150,000 (pre-pandemic estimate)	Parking Lots (GLC/SLC) GLC parking lots near Science building/JLC; SLC full lot	LSC Demolition of Vacant Building - not functional inhabitable building. A vacant eye sore and safety concern.
SLC Atrium Façade Improvements 2021 Bond \$400,000 (pre-pandemic estimate)	Athletics: Soccer Field Renovation (stands, shelter, parking), E- Sports Lab relocation/expansion, Building Envelope, Locker Room Renovation,	LSC IL Bell Building Renovation to support programs and activities
Informacast (emergency communications system) FY24 Surplus \$100,000 remaining budget FY26: \$79,000	GLC Lancer Lane (portion not included in Roundabout project)	Lights for GLC Sports Complex
<u>Mid to Long-Term Master Plan Projects/RAMP:</u> ATC Phase 2: (ARM, EET, PMT, HVAC programming and life safety) Wellness & Health Sciences Center Grayslake Student Center Conference Center Fine & Performing Arts Expansion Automotive Technology Expansion	LSC Deferred maintenance 33N -Restroom and Plumbing Upgrades External Signage UFC Prairie @ Brae Water Mitigation Building F HVAC System	

NOTE: list does not include FY2027 college-wide budget requests

BOARD DISCUSSION/GUIDANCE:

Does Board support modifying Policy 704 Fund Balance from a 30% to a 25% fund balance requirement to provide resource to fund current project needs and emerging project needs (following prioritization and Board approval), while maintaining a reserve that exceeds the requirement specified in the Aaa bond rating standard as follows:

- FY2026 Board Resolution authorizing transfer of unrestricted funds (difference between 30% and 25%) estimated at \$ 11,100,000
- FY2027 and FY2028
- Re-evaluate February 2029 for FY2029 budget development



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Board Discussion on Sports Complex Field Lighting



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Key decision points for not including lights in project:

- \$17M project
- Daytime game schedule and length of season did not warrant \$1.5M investment
- Added energy use, expense, and maintenance costs
- Other significant athletics projects on the list
- Not perceived as favorable for Washington Street neighbors

Supplemental Information:

- Sports Complex Overview document
- Data regarding other community colleges

Next Steps

February agenda items Tuition and Comprehensive Fees, Course Fees, Total Rewards Philosophy first reading	February
Integrate Board guidance into budget development	February/March
Complete Phase 3 of budget process and bring revenues and expenses into alignment	March - May
Prepare for Board guidance on compensation and benefits	March/April
Draft balanced budget proposal	May 2026

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Supplemental Information

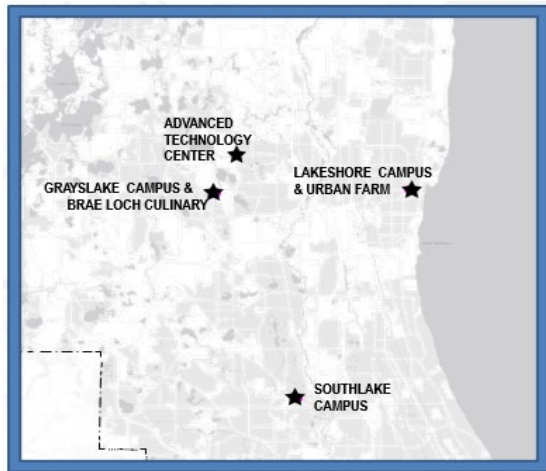


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College of Lake County



College Team

- 221 full-time faculty
 - 941 part-time faculty
 - 641 staff
 - 6 bargaining units
-
- 700,000 residents in Lake County
 - 20,000 unduplicated headcount annually
 - 8,686 FTE in FY24



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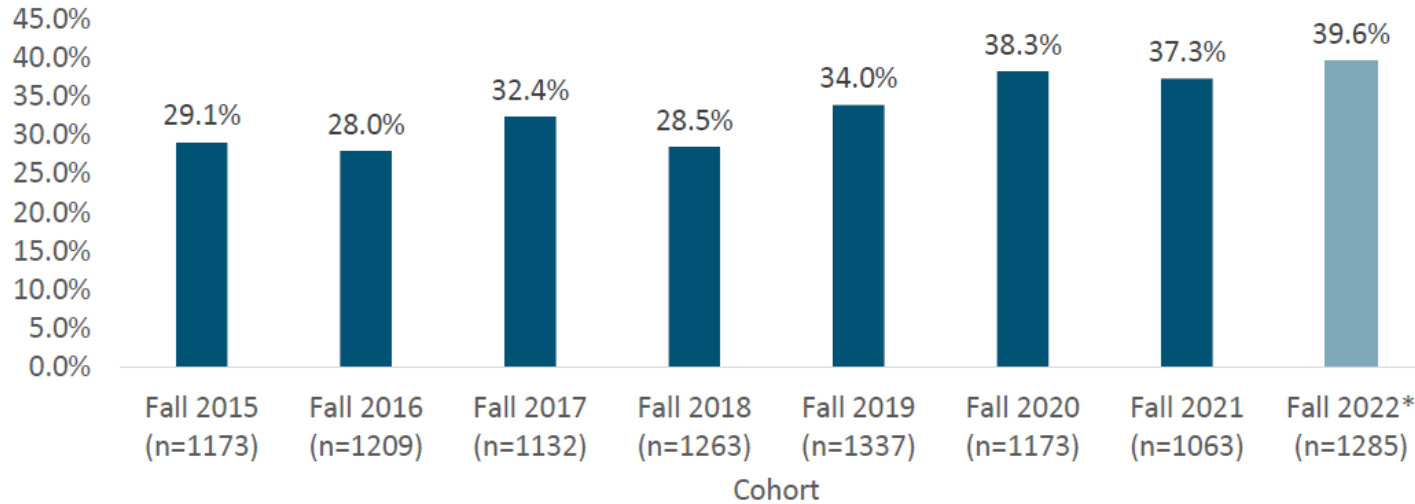


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3-Year Graduation Rate of First-time, Full-time, Credential-Seeking Students





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CAPITAL AND MASTER PLAN 2020 PROJECT HISTORY



Background – Master Plan 2020 (pp. 16-19)

Completed Current and Near-Term Deferred Maintenance

2021 Bond & Surplus Resources

Grayslake Deferred Maintenance

- Greenhouse
- E Building Renovation
- Loading Dock Repair
- Roof Replacements
- Parking Lot Resurfacing
- Elevator Upgrades
- Lighting Upgrades
- Ventilation Ceramics Lab
- Doors and Hardware
- Building Systems

Lakeshore & Southlake Deferred Maintenance

- **Lakeshore**
- Roof Replacements
- Building Façade
- Lighting
- Garage Repair
- Elevator Upgrades
- **Southlake**
- Building Systems

Pending

- GLC Library Spandrel Repair
- SLC Atrium Façade



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Background – Master Plan 2020 (pp. 16-19)

Completed Current and Near-Term Projects

2021 Bond & Surplus Resources

Grayslake Campus

- Prairie Restaurant @ Brae Loch
- Culinary Labs
- SHARE Market
- Conference Center (A013)
- Rooftop Solar
- Solar Field

Lakeshore Campus

- Student Center
- Playground
- Bookstore
- Conference Room
- **Underway:** Urban Farm Center; Planning Phase 2 Renovation

Gurnee Location

- Advanced Technology Center: purchase, Phase 1 construction, signage, parking lot
- **Underway:** façade



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GENERAL CAPITAL FUNDING INFORMATION





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What are Capital Funds?

- Monies set aside for major, long-term investment projects and initiatives
- Separate and distinct from recurring operational costs (payroll, supplies, utilities, etc.)
- Used for high-impact projects that provide long-term institutional benefit

Government

- State & Federal:
**Grants, Earmarks,
Allocations**

Philanthropy

- **Donations, Grants,
Campaigns**

College Funds

- **One-time Surplus,
Reserves, Working
Cash, Contingency**

Debt Financing

- **Bonds, Lease, Loans**

College Student
**Comprehensive
Fee Structure**

*Traditional methods used
by College noted in **red***

Common Uses of Capital Funds?

- Construction of new academic, residential, athletic, and support facilities
- Renovation and upgrading of existing buildings and instructional spaces
- Purchase of major equipment (technology, labs, vehicles, machinery)
- Large-scale technology and systems upgrades
- Major improvements to utilities and infrastructure systems



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Primary Capital Funding Sources



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Government Allocations (State, CDB)

- Funding from state and federal government (appropriations, grants and investments)
- Includes capital grants, bond measures, and higher education facility funding
- Most often designated for specific facilities or development activities

Philanthropic Funds (Individual, Foundation, Company)

- Private gifts from alumni, corporations, foundations, and other donors
- May fully or partially fund major capital projects
- Critical to supplement public and institutional funding sources

Institutional Funds (Operating, Surplus, Reserves, Working Cash)

- Use of operating surpluses, reserves, and investment payouts
- Funds allocated into capital reserve accounts
- Provides internal flexibility for project financing

Debt Financing (Bonds, Leases, Loans)

- Allows acceleration of high-priority capital projects
- Costs repaid over extended periods (often 20–30 years)
- Includes bonds, construction loans, and equipment leases

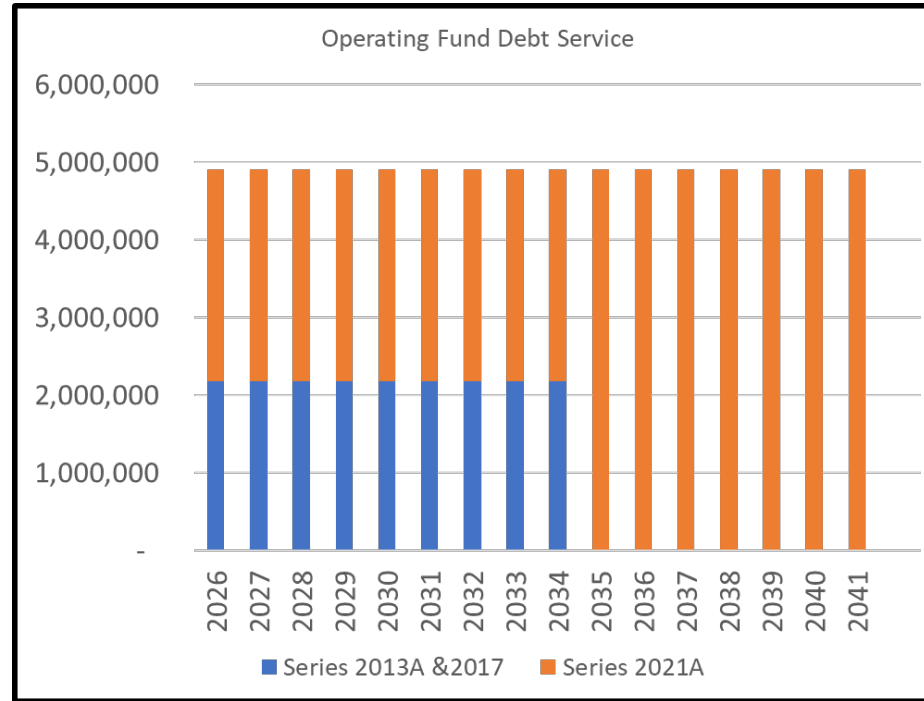
Student Tuition and Fees (Designated Fees)

- Designated capital, facilities, technology, or equipment fees
- Funds improvements that directly benefit students
- Provides a recurring but limited capital funding stream

Operating Fund Debt Service

Total GO Debt Service:
\$4,908,278

- **Series 2017:**
\$2,184,365
- **Series 2021A:**
\$2,723,913
- Mature by 2041



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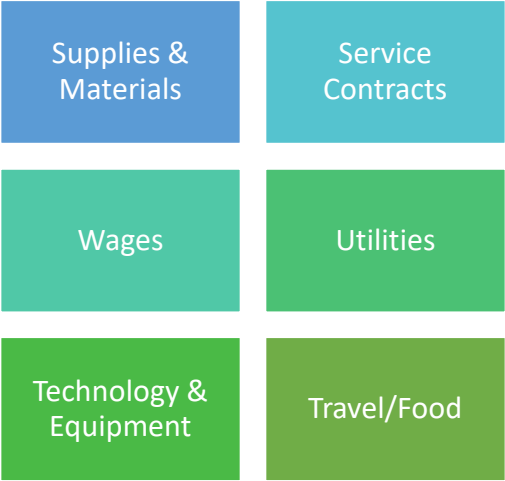
External Impacts for Consideration in CLC Budget and Plan Development

23-Year December CPI	
2002	2.4
2003	1.9
2004	3.3
2005	3.4
2006	2.5
2007	4.1
2008	0.1
2009	2.7
2010	1.5
2011	3.0
2012	1.7
2013	1.5
2014	0.8
2015	0.7
2016	2.1
2017	2.1
2018	1.9
2019	2.3
2020	1.4
2021	7
2022	6.5
2023	3.4
2024	2.9

Demographic Trends
Require Enrollment, Retention,
Access and Success Strategy

Declining High School
Graduation Rates
Low Unemployment
Workforce Scarcity

Inflationary Increases on
College Operational costs



Changes in Federal Funding

December 2025 CPI 2.7%

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Working Cash Fund



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Section 3-33.6 of the Community College Act (110 ILCS 805/3-33.6) provides that the College has three options to utilize the money in the working cash fund. **All three actions require a Board Resolution.** Each option has certain restrictions and obligations:

1. Working Cash Fund Transfer –College transfers money from the Working Cash Fund to another fund. Transfer must be reimbursed from the receiving fund back to the working cash fund upon receipt of the taxes or other funds anticipated to be collected. Transfer is a “loan” from the working cash fund to either the educational or operations fund.
2. Abolishment of the Working Cash Fund – Section 3-33.6 allows the College to abolish the working cash fund at any time by Board Resolution. Once abolished, working cash fund is transferred to the operating funds at the close of the then-current fiscal year. The College has the authority to again create a working cash fund by issuing working cash bonds.
3. Partial Abatement of the Working Cash Fund – Section 3-33.6 amended in 2023.. The College can abate a portion of the money in the working cash fund and direct that the money be transferred fund in need. The College must maintain an amount in the working cash fund at least equal to 0.05% of the then-current EAV of the taxable property in the district.

Effective July 28, 2023

Financial Reserves



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Tax-Capped Fund Balance

(from surplus)

FY 2026 Surplus Allocation
Existing Fund Balance Reserve

Capital

(from surplus, bond proceeds, student fees, or State of IL)

Working Cash Fund
Master Plan Fees
Parking/Lot/Site Improvement
Infrastructure
Other Renovations

Strategic Initiatives

(from surplus)

Student Success Initiatives
Workforce Development
Equity, Diversity & Inclusion
Technology Enhancements
Academic Program Support
Safety & Security
Sustainability

Auxiliary Enterprises

(intended to be self-supported)

Community, Career, and Corporate Education
Bookstore
Early Childhood Lab School
Dining Services
CLC Stores & Vending

**The exact funding profile and mix of capital sources can vary quite significantly across institutions based on several factors (public/private status, size, resources, policies)
Most institutions utilize a strategic combination of the sources to support the sizable investment capital required to implement development priorities*

Value of CLC Tax on Lake County homeowners (Tax Year 2025)

Average Homeowners Property Tax CLC Tax Rate Calculator

In Lake County, IL, the average homeowners property value is approximately \$381,536, reflecting a 4.7% increase over the past year. The median property value is reported to be around \$345,000. Additionally, the median home price is noted as \$400,276. [↪ Zillow](#) +2

	100.0% Full Market Home Value	33.3% Assessed Home Value	\$0.2802 per \$100 Estimated College Tax	\$0.2629 per \$100 Estimated College Tax
			\$31,784,945,468	\$34,260,879,564
			\$86,975,371	\$91,302,396
	\$180,000	\$59,994	\$168.10	\$163.56
	\$200,000	\$66,660	\$186.78	\$181.74
	\$220,000	\$73,326	\$205.46	\$199.91
	\$240,000	\$79,992	\$224.14	\$218.08
	\$260,000	\$86,658	\$242.82	\$236.26
	\$280,000	\$93,324	\$261.49	\$254.43
	\$300,000	\$99,990	\$280.17	\$272.60
	\$320,000	\$106,656	\$298.85	\$290.78
	\$340,000	\$113,322	\$317.53	\$308.95
	\$360,000	\$119,988	\$336.21	\$327.13
Average Lake County Homeowner	\$380,000	\$126,654	\$354.88	\$345.30
Median Lake County Property Value	\$400,000	\$133,320	\$373.56	\$363.47
	\$420,000	\$139,986	\$392.24	\$381.65
	\$440,000	\$146,652	\$410.92	\$399.82
	\$460,000	\$153,318	\$429.60	\$417.99
	\$480,000	\$159,984	\$448.28	\$436.17
	\$500,000	\$166,650	\$466.95	\$454.34

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Historic Trend Revenue Sources

State of Illinois Funding – Base Operating Grant Represents 7.47% of CLC total operating revenue

Fiscal Year	College of Lake County	Total Base Operating Grant	CLC % of Total Grant
2017	\$8,089,268	\$186,968,300	4.3%
2018	\$6,839,010	\$168,271,500	4.1%
2019	\$7,137,320	\$171,636,900	4.2%
2020	\$7,827,810	\$179,940,200	4.4%
2021	\$8,104,055	\$179,940,200	4.5%
2022	\$8,356,920	\$179,940,200	4.6%
2023	\$9,073,629	\$188,937,200	4.8%
2024	\$9,885,098	\$202,162,800	4.9%
2025	\$10,222,884	\$202,206,010	5.1%
2026	\$10,452,899	\$206,206,010	5.1%

CLC has consistently increased Base Operating Revenue Share since 2018

Bond Market Yields

As of January 2, 2026

The tables below provide yield rates for AAA, AA, and A rated municipal bonds in 10- and 20-year maturity ranges. Based on analysis of market data, these rates reflect the approximate yield to maturity that an investor can earn in the tax-free municipal bond market.

AAA Rated Municipal Bonds (National)

10-Year: Today 2.75% | Last Week 2.73%

20-Year: Today 4.10% | Last Week 4.08%

AA Rated Municipal Bonds (National)

10-Year: Today 2.90% | Last Week 2.88%

20-Year: Today 4.15% | Last Week 4.13%

A Rated Municipal Bonds (National)

10-Year: Today 3.10% | Last Week 3.08%

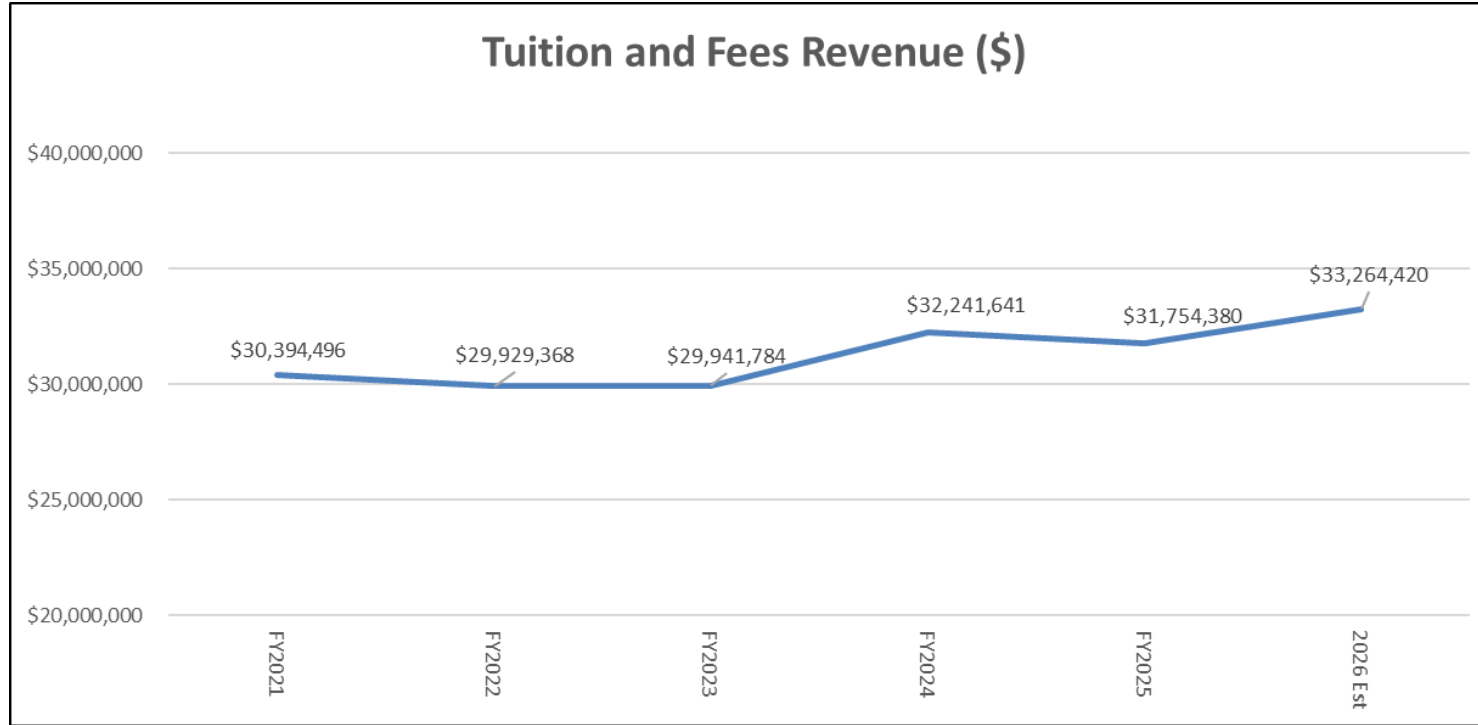
20-Year: Today 4.40% | Last Week 4.38%

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Revenue - Tuition and Fees

Estimated Tuition and fees make up 23.9% of FY26 budgeted operating revenue



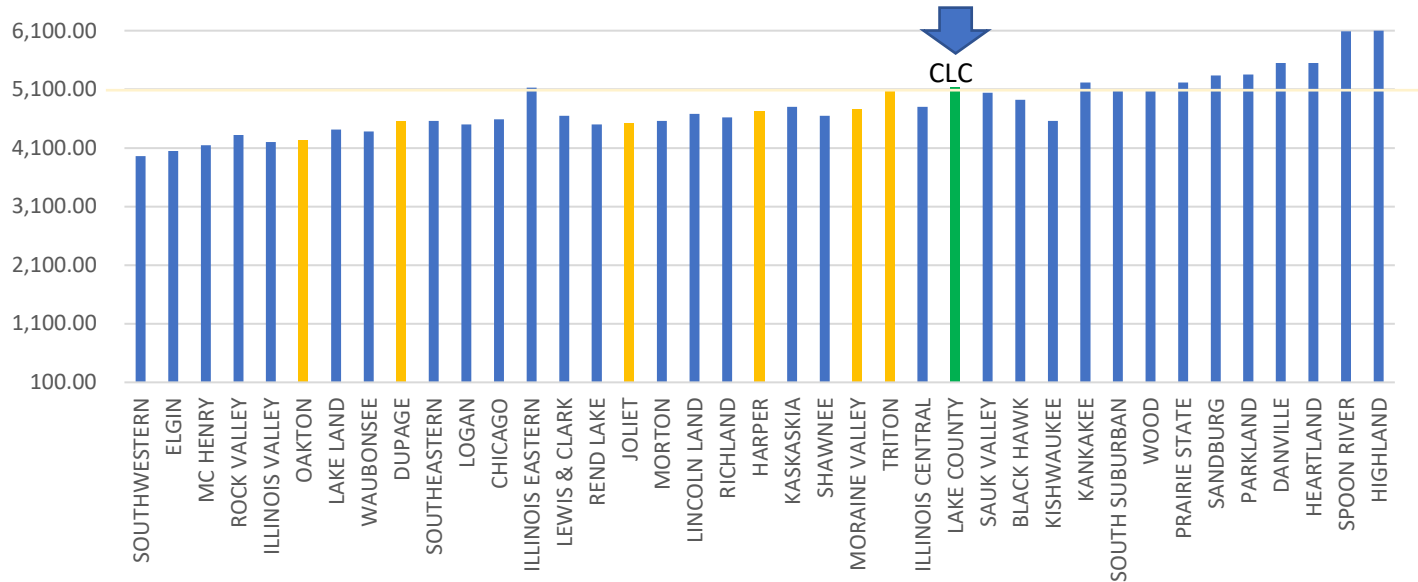
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Historic Summary Tuition & Comprehensive Fees												
Fiscal Year	Tuition	Operating Fee	Technology Fee	Instructional Fee	Capital Fee: Bond	Student Supp	Capital Fee: Facilities	Student Senate	Student Success	JLC	Total	Change
2013	93.00	0.40	4.00	3.00	3.00	2.00	2.95	3.15	---	0.50	112.00	2.75%
2014	93.00	0.40	4.00	3.00	3.00	2.00	2.95	3.15	---	0.50	112.00	---
2015	99.00	0.40	4.00	3.00	3.00	2.00	2.95	3.65	2.50	0.50	121.00	8.04%
2016	107.00	0.40	4.00	3.00	3.00	2.00	2.95	3.65	2.50	0.50	129.00	6.61%
2017	112.00	0.40	5.00	3.00	3.00	2.00	2.95	3.65	2.50	0.50	135.00	4.65%
2018	115.00	0.40	5.00	2.00	3.00	2.00	2.95	3.65	2.50	0.50	137.00	1.48%
2019	119.00	0.40	5.00	2.00	3.00	2.00	2.95	3.65	2.50	0.50	141.00	2.92%
2020	122.00	0.40	5.00	2.00	3.00	2.00	2.95	3.65	2.50	0.50	144.00	2.13%
2021	125.00	0.40	5.00	2.00	3.00	2.00	2.95	3.65	2.50	0.50	147.00	2.08%
2022	125.00	0.40	5.00	2.00	3.00	2.00	2.95	3.65	2.50	0.50	147.00	---
2023	128.00	0.40	5.00	2.00	3.00	2.00	2.95	3.65	2.50	0.50	150.00	2.04%
2024	136.96	0.40	5.55	2.00	3.00	2.55	3.39	3.65	2.50	0.50	160.50	7.0%
2025	137.96	0.40	13.55	3.50	3.00	2.55	3.39	3.65	2.50	0.50	171.00	1% - 7%
2026	141.96	0.40	13.55	3.50	3.00	2.55	3.39	3.65	2.50	0.50	175.00	2.9%
2027 REC	2%	Eliminated	2%	2%	flat	2%	2%	2%	2%	2%	178.00	1.77%

Illinois Community Colleges Tuition & Fees

FY2026 In-District Tuition and Fees (\$)



■ ICB Peer Institutions Group VII (Student headcount greater than 10,000, located in Chicago metro area)

Data Source: ICCB Annual Student Tuition and Fee Rates In-District (30 semester hours) FY2025

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Tuition Change Impact on Students with Financial Need



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		Highest Need 3,237 Students 76% of Recipients	Mid-Range Need 650 Students 15% of Recipients	Lowest Need 375 Students 9% of Recipients
Half-Time	Federal Pell:	\$ 3,698.00	\$ 2,630.00	\$ 535.00
6 hrs./term	Illinois MAP:	\$ 1,048.00	\$ 402.00	\$ 230.00
	Pell + MAP:	\$ 4,746.00	\$ 3,032.00	\$ 765.00
Tuition (2 terms)		\$ 2,136.00	\$ 2,136.00	\$ 2,136.00
Difference		(\$ 2,610.00)	(\$ 896.00)	\$ 1,371.00
Full-Time	Federal Pell:	\$ 7,395.00	\$ 5,260.00	\$ 1,070.00
12 hrs./term	Illinois MAP:	\$ 2,736.00	\$ 806.00	\$ 460.00
	Pell + MAP:	\$ 10,131.00	\$ 6,066.00	\$ 1,530.00
Tuition (2 terms)		\$ 4,272.00	\$ 4,272.00	\$ 4,272.00
Difference		(\$ 5,859.00)	(\$ 1,794.00)	\$ 2,742.00

- Federal Pell Grants award amounts have remained flat since 2023-2024
- Illinois MAP grants awarded to eligible applicants at 2021-2022 tuition & fee rates (first-come, first-served basis)
- 2,325 (35%) of student applicants not eligible for Pell/MAP in FY25
- 6,587 (31%) of enrolled students completed the FAFSA in FY25

