

Budget/Finance Committee Meeting
Minutes
April 7, 2008

Call to Order

Meeting was called to order at 6:30 P.M.

The following members were present: Anita Trame, Scott Drone-Silvers, James Quisenberry, Janet Hasten, Rosanne Reidner, Allen Lanham via phone and staff present: Jan Ison, Ramona Rollins, Pat Boze and Joe Sciacca.

Since the March 2008 Board meeting LTLS staff have done further study of payout for sick leave and retirement. As part of the study the staff identified what the system cost of various payout terms and the types of retirement solutions offered to employees.

Among the types of payouts and retirement offerings were:

- University of Illinois and Eastern pays out fifty percent of all sick pay, which can be paid at the employee's option in two different fiscal years.
- PALS offered an early retirement incentive equal to \$24,000 per employee that was placed into a 403(b) Special Deferred Plan or a Health Care Savings Plan
- PALS pays out vacation over a four-month period with a one year advanced notice.
- Rolling Prairie offered ERI in 2006 to employees.
- Mattoon Schools and Marshall Schools and many districts are offering employees that give a 4-year notice a guarantee salary increase for the last 4 years of employment. For Mattoon that guarantee is 5% per year and for Marshall the guarantee is 6% per year.

LTLS currently pays a maximum of sixty days of sick pay at retirement on their final paycheck and pays for accumulated vacation leave up to the maximum allowable vacation. The proposed changes in the LTLS policy would not change what is paid out, only the time period that the payout accrued in.

LTLS staff worked with IMRF to determine the specific liability that LTLS would accrue if a 60-day payout were for 6 months or for 3 months. The committee asked about standard rates for IMRF. The state average is 10%. LTLS is at 5.4% and LCLS is at over 25%. Any payout for employee leaves is capped at 125% of the highest month of the last 48 months. The last 48 months wages determines the employee's retirement amount.

In studying options LTLS staff asked for the cost of a regular ERI for staff that were eligible. It was projected as a \$772,555 liability.

Allen Lanham had to leave the meeting for another commitment but he stated that he was in favor of mult month payout.

In further discussion James Quisenberry stated reasons for this kind of early retirement payout, 1) we can reward an employee for good service, 2) avoid try the single payment financial crunch on the system and 3) promote succession planning.

Scott Drone-Silvers stated he was in favor of a combination sick and vacation payout over a three-month period.

The committee was in general agreement with the concepts being discussed but asked for more specific dollar proposal based on sick and vacation along with a 4 month option along with a significant notice from the employee of their intent to retire.

For the employee who requested early sick leave payout, the committee recommends that they grant Karen Wilkinson's request to have sixty days of sick paid out over a three-month period beginning in April. It is further recommended that this is not a precedent for other employees who retire, but with the understanding that the Budget and Finance committee will look at financial implications for a policy addressing such payouts.

Jan Ison distributed budget revisions for Revenue and Expense for Spring 2008. It was recommended to increase revenue in the Cooperative Service Fund to account for increased interest income and increased revenue in the Automation Fund to account for shared purchased of equipment by members. Further adjustments were made in salaries and benefits as the total salaries and benefits were inadvertently not included in the budget.

Ison also distributed a draft of LINC and Cataloging Shared costs for FY 2009. She explained that the LINC costs included My Media Mall and Library Thing as additions and that Cataloging included the Cataloging Center, but it was uncertain if there would be additional charges for OCLC. Ison stated that this would be presented to the LINC Directors Group.

Anita Trame moved to accept the recommendations with adding the expenses of the re-tiling and the vehicles to the expenses in the G fund. Motion was made to add to the G fund budget amounts for the ceiling and electrical renovation.
Motion Carried

Meeting was adjourned at 8:35 P.M.

--- Ramona Rollins