



BALTIMORE CITY
COMMUNITY COLLEGE
CHANGING LIVES...BUILDING COMMUNITIES

**Board of Trustees
Finance Committee
Open Session Meeting**

**Tuesday, February 28, 2017
3 PM**

**Mini Conference Center
Liberty Campus**

BALTIMORE CITY COMMUNITY COLLEGE

BOARD OF TRUSTEES

FINANCE COMMITTEE MEMBERS

Dr. Donald Gabriel, Chair
Dr. Mary Owens Southall
Dr. Rosemary Gillett-Karam
Ms. Maria Harris Tildon

TAB 1

**BALTIMORE CITY COMMUNITY COLLEGE
BOARD OF TRUSTEES
FINANCE COMMITTEE
UNAPPROVED
OPEN SESSION AGENDA
Tuesday, February 28, 2017, at 3 PM
Mini Conference Center- Liberty Campus**

Call to Order (Chair, Donald Gabriel)

I. MEETING ACTIONS

- | | |
|--|--------------------------|
| A. Approval of February 28, 2017 Agenda (Trustee Gabriel)
Move to approve the February 28, 2017 Agenda | TAB 1
(Action) |
| B. Approval of June 28, 2016 Minutes (Trustee Gabriel)
Move to approve the June 28, 2016 Minutes | TAB 2
(Action) |

II. NEW BUSINESS

- | | |
|---|-------------------------------|
| A. Fiscal Year 2017 Financial Update
(Mr. Calvin Harris, Vice President of Business & Finance) | TAB 3
(Information) |
| B. 2 nd Quarter YTD Financial Statements (College, Bookstore, and WBJC)
(Mr. Calvin Harris, Vice President of Business & Finance) | TAB 4
(Information) |
| C. Fiscal Year 2017 Budgetary Projection
(Mr. Calvin Harris, Vice President of Business & Finance) | TAB 5
(Information) |
| D. Multi-Year Financial Projections and Fund Balance Update
(Mr. Calvin Harris, Vice President of Business & Finance) | TAB 6
(Information) |
| E. Financial Budgetary Recommendation (including Tuition and Fees)
(Mr. Calvin Harris, Vice President of Business & Finance) | TAB 7
(Action) |

III. NEXT MEETING -

**Tuesday, May 23, 2017, at 3 PM
Liberty Campus- Mini Conference Center**

IV. ADJOURNMENT (Trustee Gabriel)

Action: Move to adjourn open session

FY 2017 FINANCE COMMITTEE PRESENTATION CALENDAR

No.	Description	Status	Division	Target Date
1	Finance Committee: BCCC, Bookstore & WBJC 1st Quarter YTD Financial Statements: Quarterly presentation of financial statements and the statements of revenues & expenditures compared to budget	Information	BF	November
2	Finance Committee: <ul style="list-style-type: none"> • Mid-Year Budget Realignment: Mid-year presentation of Budget forecast including trend data, full year projections, and recommended realignments based on needs, spending patterns and State budget reductions Quarterly presentation of financial statements and the statements of revenues & expenditures compared to budget • Tuition and Fee Analysis: Annual presentation of proposed tuition and fee levels for next fiscal year • WBJC Fund Allocation Policy Annual review of the WBJC Fund Allocation Policy 	Action	BF	February
3	Finance Committee: <ul style="list-style-type: none"> • Operating Budget Request Overview: Annual presentation of operating budget request • Capital Budget Request Overview: Annual presentation of the capital budget request 	Action	BF	May
4	Finance Committee: BCCC, Bookstore & WBJC 3rd Quarter YTD Financial Statements: Quarterly presentation of financial statements and the statements of revenues & expenditures compared to budget	Information	BF	June

Note: The audits below are presented to the Audit Committee (Board as a whole)

No.	Description	Status	Division	Target Date
1	Audit Committee: <ul style="list-style-type: none"> • Annual Audit: Annual presentation audited financial statements by SB & Co., LLC (for BCCC including WBJC and the Bookstore) • Foundation Audit: Annual presentation of audited financial statements by Clifton Gunderson, LLP for BCCC Foundation 	Information	BF	November
2	Audit Committee: Legislative Audit: Presentation of State Legislative Audit	Information	BF	Every 3 Years

TAB 2

BALTIMORE CITY COMMUNITY COLLEGE
BOARD OF TRUSTEES
FINANCE COMMITTEE MEETING
UNAPPROVED OPEN SESSION MINUTES
Tuesday, June 28, 2016, 3:00 p.m.
BCED Corporate Training Room- Harbor Campus

Trustees: Dr. Donald Gabriel (via conference call), Dr. S. Todd Yeary (presiding), Dr. Mary Owens Southall, and Moses Wamalwa (student trustee)

Staff: Dr. Gordon May, Mr. Calvin Harris, Ms. Terri Bell, Ms. Sylvia Rochester, Ms. Valerie Leverette-Bey, Mr. Vincent Whitmore, Ms. Eileen Waitsman, Ms. Sabina Silkworth, Ms. Vera Brooks, Dr. Bob Iweha, Mr. Andre Williams, Mr. Joe Hutchins, Ms. Shayla Hunter, Mr. Brian O'Connell, Ms. Nicole Cameron Becketts, Dr. Nassim Ebrahimi, Mr. Daniel Coleman, Ms. Eileen Hawkins, Mr. Edward Ennels, Dr. Daphne Snowden, Ms. Michelle Williams, Ms. Brenda Wiley, Ms. Wendy Harris, Mr. David Xudong Jin, Mr. John McCoy, Ms. Sheryl Nelson, Mr. Greg Mason, Ms. Elena Berrocal, Mr. Scott Olden, Dr. Lesley Brown, Ms. Lyllis Green, and Dr. Tom Wamalwa

Others: Andrea Thomson

Trustee Dr. S. Todd Yeary called the June 28, 2016, Finance Committee meeting to order at 3:17p.m.

I. Meeting Actions

The Finance Committee unanimously voted to approve the following:

- June 28, 2016, Agenda
- May 24, 2016, Minutes

II. Report

Vice President Calvin Harris began by stating the strained financial position the College is currently undertaking. The College is at a place where the needs are exceeding our resources. He explained that a reduced budget, low enrollment, and a failure to implement gradual and incremental increases in tuition and fees played a key role in where the College stands financially. As a result of the challenges the College has introduced different strategies and public relations have increased with a focus on program specific outreach. These initiatives have seen improvements but there is still the need to do more. VP Harris reiterated that even with the proposed 10% increase the College would remain the lowest in the state.

III. New Business

BCCC 3rd Quarter YTD Financial Statements

VP Harris explained that items found in the College's 3rd Quarter Statements are following the normal schedule. Some items will appear higher or lower but it is simply a matter of timing.

Trustee Yeary asked if there is any duplication of services. VP clarified that the College seeks to have as many services come from restricted funds rather than unrestricted.

Bookstore 3rd Quarter YTD Financial Statements

VP Harris gave detail about specific line items in the Bookstore's statements. He noted that spending may appear high due to preparation for the semester, mainly textbook orders. In addition, the Bookstore is experiencing an increase in used book sales.

WBJC 3rd Quarter YTD Financial Statements

VP Harris reported that the radio station, namely Mr. Joe Hutchins, consistently does a great job with making certain that revenue is equal to or greater than expenditures.

Capital Budget Request Overview

VP Harris gave a brief overview of the Capital Budget five year plan. He briefly explained the plans for the Loop Road Project and the safety components it will offer. He shared that the State has approved \$248,000 in general obligation bonds to fund the design work for the Loop Road. VP Harris shared that the College is working with the Department of General Services (DGS) and the Department of Budget and Management (DBM) to establish a plan for the Learning Resource Center.

Trustee Gabriel mentioned the safety hazard and inability for emergency vehicles to get on and off the campus is a concern.

Trustee Yeary cautioned that the Learning Resource Center be considered during the planning of the Loop Road.

Trustee Southall asked if the plans for the Physical Education (PE) Center are being considered in these efforts. VP Harris responded that the PE Center is being considered and is a part of the Facilities Master Plan.

VP Harris proposed the approval of the FY17 Capital Budget as follows:

- Spending of \$248,000, funded by Maryland General Obligation bonds, for design work on the Loop Road Project.

The Board unanimously approved.

Tuition and Fees Recommendation

VP Harris shared that between the time that the College submitted the 2017 budget to the State and the time that it was approved, the College has seen a decrease in enrollment projections. Due to the changed the College is forecasted to begin the 2017 fiscal year with a 2.3 million dollar deficit. Alignments on the spending side have already begun but a moderate increase in tuition is necessary to maintain a fiscally prudent situation.

VP Harris proposed the following tuition adjustment beginning in the 2017 winter semester:

- An increase from \$96 to \$106 in the BCCC In-State tuition rate (\$10 or approximately 10%),
- An increase from \$245 to \$270 in the BCCC Out-of-State tuition rate (\$25 or approximately 10%)

The Board unanimously approved.

Operating Budget Request Overview

VP Harris provided a detailed overview of the funds housed in the Operating Budget. He shared that the Operating Budget is funded by the State, federal funds, tuition and fees, outside grants, and various other sources of revenue. He also expanded that the Fund Balance is an accumulation of unspent operating budget amounts from prior years.

VP Harris proposed the approval of the Operating Budget with the following notes:

Proposed 1 assumes the Board does not approve a tuition increase for FY 2017

Proposed 2 includes an increase of \$10 to the in-state tuition and an increase of \$25 to out-of-state tuition effective beginning winter semester 2017

The Board unanimously approved.

IV. Next Meeting:

Tuesday, November 22, 2016, 3 p.m.
Liberty Campus- Mini Conference Center

V. Adjournment

Trustee Yeary adjourned the Finance Committee open session meeting at 4:17p.m. to go into the Open Session Board of Trustees meeting.

Recorder of the June 28, 2016, Finance Committee minutes: Terri Bell

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TAB 3



BOARD AGENDA
Tab 3 – Information
February 28, 2017

**Fiscal Year 2017 Financial Update
Vice President Calvin Henry Harris Jr.
Business and Finance Division**

Please allow me to provide a financial update for BCCC for fiscal year 2017.

The College is in the midst of a challenging financial time. To date, overall revenues for fiscal 2017 are below expected budgeted revenue levels. This revenue challenge is mitigated, to a degree, by expenditure levels below expected budgeted spending levels to date as well.

If trends continue, this may allow the College to minimize internal spending reductions, but financial pressures remain strong. A recommended financial concept would be:

Limited Resources = Strategic Focus

As a reminder, the College is “funded” through three overall methods:

1. Operating budget (unrestricted and restricted funds spent during a fiscal year);
2. Fund Balance (accumulated operating funds, including outside restricted or board-designated, management-designated, and unrestricted funds);
3. Capital budget (State-provided funds for capital projects, such as buildings).

For the majority of the College, spending is available through Operating Budget funds. Also note there is another potential funding mechanism, College-issued debt, as the College has \$65 million of debt authority with no debt issued. However, as debt requires a substantial amount of unrestricted fund balance (which the College does not have available), this fourth option is one that is not reasonably available for use.

While the overall budgetary status of the College may seem to indicate financial strength, there are numerous areas that would benefit from additional resources. Those areas frequently come to Business and Finance requesting resources and, in certain instances, a strong case is made for additional funding. However, in most cases, additional funding is not available because budgetary resources are fully distributed.

It is during a time like this when the College should increase its strategic focus, even if (especially if) that requires moving funds from one area to a more strategic area.

If I could make a quick analogy, I would point to the recent NBA All-Star game. In the entire NBA, there are roughly 450 players signed to team rosters at a given point. The All-Star game attempts to pull from the best of all those players, and gathers two teams for a total of 24 players (or just over 5% of all players).

With such a limited number of spots available, there are bound to be very good players that don't get to play (often called "snubs"). Whenever an All-Star team is named, the public frequently gets upset about snubs. However, what is less frequently asked is:

"What player will you leave off the team to make room for any 'snubs'?"

There is room for only room 24 players on those All-Star teams. That comes to 12 players on each team as a hard limit. Many very good, and sometimes great players will be excluded. That does not mean that "snubbed" player was bad, it meant another player was deemed better. The specific players may change from year to year, but the total size of the team stays the same.

The College's overall annual budget is consistently near \$90 million. Unfortunately, the College has numerous existing unfunded needs that well exceed this amount. Almost a decade of inadequate focus has led to an outdated infrastructure requiring attention. The same time, there are many new initiatives that could also enhance the College, and other existing programs could enhance their effectiveness with more resources. Many areas have strong cases for receiving resources.

Just like an All-Star team must remove players to make room for a "snubs", the College must adjust resources in (at least) one area to provide resources for others.

Fortunately, this is an ideal time for such strategic focus. While the College has experienced considerable funding reductions over the last five years, the College is in the midst of its Strategic Plan refresh, which will help inform budgetary priorities.

The College has identified unfunded infrastructure needs which could rise to eight-figure dollar amounts, a level which cannot be realistically managed within operating budgetary funds. Workgroups from Information Technology, Facilities, Procurement, and various other areas analyzed the College's infrastructure needs (including technology needs beyond the ERP initiative) to identify areas that require more focus.

As the College has not received any State Capital funding in years, and saw its most recent project delayed for another year, there is hope that funding can finally be provided to the College for its infrastructure. While the total amount has not been finalized, an unfunded seven or eight-figure need is expected.

While many of these plans, by design and schedule, remain in process, the work done to date can help drive spending priorities. This does require tough choices; while we strategically consider “what we will do”, we must also decide “what we won’t do” to ensure that strategic goals can align with budgetary planning and funding.

In summary, I have often expressed my concern for the phrase “doing more with less.” My opinion remains that one cannot “do more with less,” but rather one does less with less. However, if we can make the hard decisions on the right strategic “players”, we will be more **effective**, even with less.

This Committee report continues with a review of the “present” (Second quarter financial statements for the College) and “future” (multi-year financial and fund balance projections for fiscal year 2017 and future years), and concludes with Committee recommendations for tuition and fee levels for fiscal year 2018.

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TAB 4



**Second (2nd) Year-to-Date Financial Statements
 Vice President Calvin Henry Harris Jr.
 Business and Finance Division**

Listed below is an overview of the second (2nd) quarter financial position for Baltimore City Community College. The overview highlights significant variances that affect revenues and/or expenditures. Included are financial statements for the College, WBJC-FM Radio, and the Bookstore, with each report providing a financial comparison of budget to actual as of December 31, 2016 (the second quarter of fiscal year 2017).

COLLEGE

	Actual 12/31/16	Full Year Budget FY2017	Actual to Budget %
Revenues	\$ 39,090,265	\$ 88,957,846	43.9%
Expenditures	35,041,533	88,957,846	39.4%

The financial statements measure the performance of Baltimore City Community College during the second quarter of FY17, summarizing (restricted and unrestricted) revenues and expenditures. The quarterly actual is compared to the full-year budget to determine the percent of revenues received and expenses incurred during the period under review.

Revenue - Notable variances from budget include the following:

- 1) Tuition and Fees (70% of budget at 12/31/16) – A majority of tuition and fees are received for the Fall semester. (Line 3)
- 2) Fund Balance transfer (0% of budget at 12/31/16) – Amounts to be transferred typically occur in later quarters of the fiscal year. This amount is primarily related to ERP spending. (Line 8)
- 3) Grants, Subsidies & Contributions (34% of budget at 12/31/16) – This is low because grant activity is project based and can vary from quarter to quarter. However, it should be noted that restricted expenditures match restricted revenues, thus a comparable below budget amount is noted in restricted expenditures. (Line 14)

Expenditures- Notable variances from budget include the following:

- 1) Motor Vehicle Operation & Maintenance (241% of budget at 12/31/16) – Above budget due to new College fleet vehicles purchased that required replacement. (Line 23)
- 2) Fin. Aid, Scholarships, Tuition Waivers (105% of budget at 12/31/16) – Above budget due to greater than expected average scholarships awarded. (Line 28)
- 3) Buildings Maintenance & Repairs (-351% of budget at 12/31/16) – The College received a large amount from State Department of General Services (“DGS”) representing unspent funds for prior year capital projects. The College requested the return of those funds and the balance was received during fiscal 2017. While, as requested by DGS, the College expects to use these returned funds to support deferred maintenance needs, the amount is insufficient to cover but a minority of such maintenance needs. (Line 30)
- 4) Total Grant/Contract Restricted Expenditures (34% of budget at 12/31/16) – This is low because grant activity is project based and can vary from quarter to quarter. As noted with restricted revenues, this dollar amount and percentage matches restricted revenue amounts, thus there is no overall deficit for restricted revenues or expenditures. (Line 48)

**BALTIMORE CITY COMMUNITY COLLEGE
YEAR TO DATE OPERATING REPORT
FOR SIX MONTHS ENDING December 31, 2016 (FISCAL YEAR 2017)**

ENDING December 31, 2016				
	FY 17 Y-T-D ACTUALS	FY 17 FULL YEAR BUDGET	PERCENT ACTUAL TO BUDGET	
1	REVENUES			
2	UNRESTRICTED			
3	Tuition and Fees	\$ 7,662,989	\$ 10,953,111	70.0%
4	State Appropriation	20,032,221	40,673,875	49.3%
5	Sales, Service Auxiliary & Leasing Revenue	922,244	1,928,461	47.8%
6	Other Income	808,760	1,737,126	46.6%
7	Investment Income	221,477	440,000	50.3%
8	Fund Balance Transfer	0	5,223,994	0.0%
9	Unrestricted Revenues - Excluding Bookstore	<u>29,647,691</u>	<u>60,956,567</u>	<u>48.6%</u>
10	Unrestricted Revenue - Bookstore	<u>1,116,323</u>	<u>4,000,000</u>	<u>27.9%</u>
11	Total Unrestricted Revenue	<u>30,764,014</u>	<u>64,956,567</u>	<u>47.4%</u>
12	RESTRICTED			
13	Public Service - WBJC	718,164	1,525,000	47.1%
14	Grants, Subsidies & Contributions	7,608,087	22,476,279	33.8%
15	Total Restricted Revenue	<u>8,326,251</u>	<u>24,001,279</u>	<u>34.7%</u>
16	Total Revenue	<u>\$ 39,090,265</u>	<u>\$ 88,957,846</u>	<u>43.9%</u>

**BALTIMORE CITY COMMUNITY COLLEGE
YEAR TO DATE OPERATING REPORT
FOR SIX MONTHS ENDING December 31, 2016 (FISCAL YEAR 2017)**

ENDING December 31, 2016			
	FY 17 Y-T-D ACTUALS	FY 17 FULL YEAR BUDGET	PERCENT ACTUAL TO BUDGET
17	<u>UNRESTRICTED EXPENDITURES</u>		
18	\$ 16,459,348	37,637,472	43.7%
19	3,517,173	7,922,740	44.4%
20	265,377	380,972	69.7%
21	112,945	533,273	21.2%
22	668,958	2,066,284	32.4%
23	58,993	24,438	241.4%
24	2,432,760	9,215,425	26.4%
25	332,562	817,791	40.7%
26	3,742	86,118	4.3%
27	9,132	62,400	14.6%
28	167,523	159,000	105.4%
29	1,576,897	2,914,010	54.1%
30	(245,746)	70,000	-351.1%
31	25,359,664	61,889,923	41.0%
32	1,345,148	3,066,644	43.9%
33	26,704,812	64,956,567	41.1%

**BALTIMORE CITY COMMUNITY COLLEGE
YEAR TO DATE OPERATING REPORT
FOR SIX MONTHS ENDING December 31, 2016 (FISCAL YEAR 2017)**

34	<u>RESTRICTED EXPENDITURES</u>			
35	Permanent (PIN) Salaries & Fringe	882,528	1,607,343	54.9%
36	Contractual Employee Salaries & Fringe	1,208,676	2,670,165	45.3%
37	Communications	228	4,141	5.5%
38	Travel / Professional Development	21,481	107,473	20.0%
39	Utilities	(4,272)	0	0.0%
40	Motor Vehicle Operation & Main.	0	0	0.0%
41	Contractual Vendors	377,317	637,053	59.2%
42	Supplies and Materials	96,455	567,461	17.0%
43	Equipment - Replacement	130	0	0.0%
44	Equipment - Additional	42,893	524,686	8.2%
45	Fin. Aid, Scholarships, Tuition Waivers	4,982,652	16,353,080	30.5%
46	Leases, Dues & Subscriptions	0	4,877	0.0%
47	Buildings Maintenance & Repairs	0	0	0.0%
48	Total Grant/Contract Restricted Expenditures	<u>7,608,088</u>	<u>22,476,279</u>	<u>33.8%</u>
49	WBJC - Restricted Expenditures	<u>728,633</u>	<u>1,525,000</u>	<u>47.8%</u>
50	Total Restricted Expenditures	<u>8,336,721</u>	<u>24,001,279</u>	<u>34.7%</u>
51	TOTAL EXPENDITURES	<u>\$ 35,041,533</u>	<u>\$ 88,957,846</u>	<u>39.4%</u>

BOOKSTORE

	Actual 10/31/16	Full Year Budget FY2017	Actual to Budget %
Revenue	\$ 1,116,324	\$ 4,000,000	28%
Expenditures	1,345,148	3,066,644	44%

The financial statements measure the performance of the Bookstore operations at Baltimore City Community College during the second quarter of FY17. The quarterly actual is compared to the full-year budget to determine the percent of revenues received and expenses incurred during the period under review. Please note that the Bookstore is an “auxiliary enterprise” – where overall annual revenues are expected to at least match overall annual expenditures.

Revenue - Notable variances from budget include the following:

- 1) New Textbooks (27% of budget at 12/31/16) – New textbook sales for the Fall semester are expected to be higher, given the typical enrollment levels at that point. While any variance is mitigated with inventory management (purchases were \$600,000 lower than this point in the prior fiscal year) and the auxiliary nature of the Bookstore, analysis will continue to ensure budget levels are appropriate. (Line 1)
- 2) Used Textbooks (76% of budget at 12/31/16) – Sales are up due to more text books being ordered without codes and professors are using the same text books as last semester. Additionally, some of the reduction in new textbooks are captured in increased used textbooks. (Line 2)

Expenditures – As the Bookstore includes inventory and cost of goods sold, total expenditures are calculated as “Purchases” (\$1,079,078 on line 13) plus “Operating Expenditures” (\$266,070 on line 29), representing funds spent to date during the fiscal year.

Overall, while both revenues and expenditures are significantly below expected budget, management of inventory levels, reduced purchases of new textbooks, and overall reduced spending has still allowed this auxiliary area to have a net operating income to date of \$132,546 (line 30).

**BALTIMORE CITY COMMUNITY COLLEGE
 BOOKSTORE - YEAR TO DATE OPERATING REPORT
 FOR THE SIX MONTHS ENDING DECEMBER 31, 2016 (Fiscal Year 2017)**

		ENDING DECEMBER 31, 2016			
		Y-T-D ACTUALS	ACTUAL as a % of SALES	FULL YEAR BUDGET	ACTUAL as a % of BUDGET
REVENUES					
1	New Textbooks	\$ 824,450	74%	\$ 3,045,498	27%
2	Used Textbooks	49,574	4%	65,198	76%
3	Trade Books	3,740	0%	58,678	6%
4	Supplies	148,252	13%	586,784	25%
5	Clothing	22,180	2%	104,317	21%
6	Gifts	85	0%	6,520	1%
7	Sundries	67,726	6%	130,396	52%
8	Commissions	317	0%	2,608	12%
9	Miscellaneous Revenue	0	0%	0	0%
10		\$ 1,116,324	100%	\$ 4,000,000	28%
11	Cost of Sales:				
12	Beginning Inventory	402,807		700,000	
13	Plus: Purchases	1,079,078		3,048,604	
14	Cost of Goods Available	1,481,885		3,748,604	
15	Less: Ending Inventory	764,177		600,000	
16		717,708	64%	3,148,604	23%
17		398,616	36%	851,396	47%

**BALTIMORE CITY COMMUNITY COLLEGE
 BOOKSTORE - YEAR TO DATE OPERATING REPORT
 FOR THE SIX MONTHS ENDING DECEMBER 31, 2016 (Fiscal Year 2017)**

18	Operating Expenditures:				
19	Salaries and Wages	140,643	13%	348,673	40%
20	Communications	4	0%	124	0%
21	Travel\Professional Development	0	0%	0	0%
22	Contractual Vendors	22,484	2%	117,683	19%
23	Supplies and Materials	2,283	0%	12,388	18%
24	Equipment	656	0%	12,388	0%
25	Depreciation	0	0%	0	0%
26	Indirect Admin Allowance	0	0%	247,753	0%
27	Fixed Charges	100,000	9%	12,388	0%
28	Allowance for Inventory Write-Off	0	0%	0	0%
29		<u>266,070</u>	<u>24%</u>	<u>751,396</u>	<u>35%</u>
30		<u>\$ 132,546</u>	<u>12%</u>	<u>\$ 100,000</u>	<u>133%</u>

WBJC – Radio Station

	Actual 10/31/16	Full Year Budget FY2017	Actual to Budget %
Revenue	\$ 718,164	\$ 1,525,000	47.1%
Expenditures	728,633	1,525,000	47.8%

The financial statements measure the performance of the WBJC Radio Station at Baltimore City Community College during the 2nd quarter of FY17. The quarterly actual is compared to the full-year budget to determine the percent of revenues received and expenses incurred during the period under review. Please note that WBJC Radio is an “auxiliary enterprise” – where overall annual revenues are expected to at least match overall annual expenditures.

Revenue - Notable variances from budget include the following

- 1) Donations (386% of budget at 12/31/16) – Revenue is higher than expected budget due to the fundraising drive held in September and a large bequest received in November. (Line 4)

Expenditures: Major variances from budget are primarily due to the following:

- 1) Communications (105% of budget at 12/31/16) – Expenditure is above budget due to encumbrances from fiscal 2016. The current purchase order will be used for expenses for the rest of the year, and expenditures are not expected to significantly exceed budget for communications. (Line 13)
- 2) Equipment – Additional (103% of budget at 12/31/16) – Expenditure is above budget due to encumbrances from FY16. The current purchase orders will be used for expenses for the rest of the year, and expenditures are not expected to significantly exceed budget for equipment. (Line 19)

Overall, while expenditures slightly exceed revenues as of the second quarter, expected underwriting grants and spending levels will allowed this auxiliary area to match revenues to expenditures by the end of the fiscal year. This is similar to how WBJC Radio has been consistently and properly managed in prior years.

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**BALTIMORE CITY COMMUNITY COLLEGE
WBJC RADIO STATION - YEAR TO DATE OPERATING REPORT
FOR THE SIX MONTHS ENDING DECEMBER 31, 2016 (Fiscal Year 2017)**

		ENDING DECEMBER 31, 2016		
		FY 17 Y-T-D ACTUALS	FY 17 FULL YEAR BUDGET	PERCENT ACTUAL TO BUDGET
1	REVENUES			
2	Underwriting	\$ 62,550	\$ 250,000	25.0%
3	Memberships	518,755	1,001,000	51.8%
4	Donations	77,211	20,000	386.1%
5	Matching Funds	248	4,000	6.2%
6	Miscellaneous Revenue	0	0	0.0%
7	Community Service Grant	0	170,000	0.0%
8	Other Grants	59,400	80,000	74.3%
9	Fund Balance Transfer	0	0	0.0%
10	Total Revenue	* \$ 718,164	\$ 1,525,000	47.1%
11	EXPENDITURES			
12	Permanent (PIN) Salaries & Fringe	\$ 504,462	\$ 1,028,869	49.0%
13	Communications	42,834	41,000	104.5%
14	Travel / Professional Development	1,365	18,000	7.6%
15	Utilities	18,807	71,000	26.5%
16	Contractual Vendors	84,829	158,000	53.7%
17	Supplies and Materials	7,419	42,000	17.7%
18	Equipment - Replacement and Structures	0	30,000	0.0%
19	Equipment - Additional	7,376	7,131	103.4%
20	Leases, Dues & Subscriptions	56,541	117,000	48.3%
21	Stipend	5,000	12,000	41.7%
22	Building Maintenance & Repairs	0	0	0.0%
23	TOTAL EXPENDITURES	\$ 728,633	\$ 1,525,000	47.8%

TAB 5



**Fiscal Year 2017 Budgetary Projection Update
 Vice President Calvin Henry Harris Jr.
 Business and Finance Division**

Please allow me to provide a budgetary projection for the remainder of fiscal year 2017.

As noted earlier, both revenues and expenditures for the College are below typically expected levels through the second quarter ending December 31, 2016. To ensure that adequate financial oversight is maintained, the financial budgetary position is projected through the rest of the year.

Because Restricted Revenues and Expenditures will consistently align and equal one another, the fiscal year 2017 projection focuses on unrestricted revenues and expenditures. The projection takes actual unrestricted revenues and expenditures through the second quarter ending December 31, 2016, and analyzes each component to project unrestricted revenues and expenditures for the remaining six months.

	Projected FY2017	Full Year Budget FY2017	Actual to Budget %
Unrestricted Revenues	\$ 57,500,433	\$ 64,956,567	88.5%
Unrestricted Expenditures	55,740,703	64,956,567	85.8%

(Restricted Funds are budgeted at \$24,001,279, for a FY2017 Total College budget of \$88,957,846)

In summary, while total unrestricted revenue is projected to be under budget, total unrestricted expenditures are projected to have an even larger variance. As a result, no overall budgetary reductions are suggested internally at this time. However, adjustments may be required within divisions, departments, or segments to maintain financial balance. Additionally, as circumstances can change and certain variations are significantly large, we constantly monitor to the overall financial status of the College.

**BALTIMORE CITY COMMUNITY COLLEGE
YEAR TO DATE OPERATING REPORT - UNRESTRICTED PROJECTIONS
FOR SIX MONTHS ENDING December 31, 2016 (FISCAL YEAR 2017)**

ENDING December 31, 2016				

	FY 17 Y-T-D ACTUALS	FY 17 PROJECTED	FY 17 FULL YEAR BUDGET	VARIANCE PROJECTED TO BUDGET

1	REVENUES			
2	UNRESTRICTED			
3	\$ 7,662,989	\$ 10,579,066	\$ 10,953,111	\$ (374,045)
4	20,032,221	40,064,442	40,673,875	(609,433)
5	922,244	2,073,929	1,928,461	145,468
6	808,760	1,255,709	1,737,126	(481,417)
7	221,477	442,954	440,000	2,954
8	0	978,063	5,223,994	(4,245,931)
9	<u>29,647,691</u>	<u>55,394,163</u>	<u>60,956,567</u>	<u>(5,562,404)</u>
10	1,116,323	2,106,270	4,000,000	(1,893,730)
11	<u>\$ 30,764,014</u>	<u>\$ 57,500,433</u>	<u>\$ 64,956,567</u>	<u>\$ (7,456,134)</u>

BALTIMORE CITY COMMUNITY COLLEGE
YEAR TO DATE OPERATING REPORT - UNRESTRICTED PROJECTIONS
FOR SIX MONTHS ENDING December 31, 2016 (FISCAL YEAR 2017)

ENDING December 31, 2016				

	FY 17 Y-T-D ACTUALS	FY 17 PROJECTED	FY 17 FULL YEAR BUDGET	VARIANCE PROJECTED TO BUDGET

17	UNRESTRICTED EXPENDITURES			
18	\$ 16,459,348	\$ 34,349,348	\$ 37,637,472	\$ (3,288,124)
19	3,517,173	8,070,542	7,922,740	147,802
20	265,377	380,972	380,972	-
21	112,945	300,000	533,273	(233,273)
22	668,958	2,066,284	2,066,284	-
23	58,993	163,993	24,438	139,555
24	2,432,760	5,064,880	9,215,425	(4,150,545)
25	332,562	498,843	817,791	(318,948)
26	3,742	161,118	86,118	75,000
27	9,132	62,400	62,400	-
28	167,523	293,165	159,000	134,165
29	1,576,897	2,914,010	2,914,010	-
30	(245,746)	70,000	70,000	-
31	<u>25,359,664</u>	<u>54,395,555</u>	<u>61,889,923</u>	<u>(7,494,368)</u>
32	<u>1,345,148</u>	<u>1,345,148</u>	<u>3,066,644</u>	<u>(1,721,496)</u>
33	<u>\$ 26,704,812</u>	<u>\$ 55,740,703</u>	<u>\$ 64,956,567</u>	<u>\$ (9,215,864)</u>
	<u>\$ 4,059,202</u>	<u>\$ 1,759,730</u>	<u>\$ -</u>	<u>\$ 1,759,730</u>
	UNRESTRICTED "Net Increase (Decrease)"			

TAB 6



Multi-Year Financial Projections and Fund Balance Update
Vice President Calvin Henry Harris Jr.
Business and Finance Division

Please allow me to review the projected financial position and fund balance status of the College. As noted in prior reports, the College maintains multi-year projections, and has continued to do for at least the last three years based on enrollment projections.

Multi-Year Financial Projections

Consistent with prior years, The College’s multi-year financial projections analyze enrollment trends and other areas, while also considering strategic and institutional plan needs. The enrollment portions were updated in conjunction with Institutional Advancement, Marketing and Research (“IAMR”). Consistent with prior years, estimated credit enrollment levels are less than 3,000 full-time equivalent students (“FTE’s”).

Below is a multi-year Revenue Projection for the College (Exhibit 1). This projection focuses on revenue amounts that are expected to be received through fiscal year 2021. This look-toward period of four fiscal years is the same length used in prior projections. Fiscal year 2017 information in the projection is based on the current approved budget and fiscal 2018 data is based on the budget that was submitted to the State and is subject to approval by the Governor and State Legislative. The projection does not assume significant growth in most areas and predicts relatively flat enrollment levels.

Based on estimated enrollment levels, which affect both Tuition and Fee revenues and State Appropriation (approximately 60-65% of total revenue for most fiscal years), the projected revenue profile for the College has a slight decline in future years.

<i>EXHIBIT 1 Revenue (In Millions \$)</i>	<i>FY 2021 Projected</i>	<i>FY 2020 Projected</i>	<i>FY 2019 Projected</i>	<i>FY 2018 Request</i>	<i>FY 2017 Budget</i>
Unrestricted - Revenues	\$64.9	\$64.2	\$64.4	\$65.4	\$67.0
Restricted – Revenues	\$20.5	\$20.0	\$19.8	\$20.3	\$24.0
TOTAL Revenues	\$85.4	\$84.2	\$84.2	\$85.7	\$91.0

**Baltimore City Community College
Revenue Projections
(Exhibit 1)**

	FY 2021 Projected	FY 2020 Projected	FY 2019 Projected	FY 2018 Requested	FY 2017 Budget	FY 2016 Actuals
<i>FTES FOR TUITION & FEES:</i>						
CREDIT	2,517.00	2,492.00	2,466.00	2,521.00	3,072.00	2,528.87
OUT-OF-STATE CREDIT	227.00	225.00	223.00	228.00	204.00	229.03
OUT-OF-STATE NON-CREDIT	130.00	129.00	128.00	131.00	229.00	130.00
NON-CREDIT	1,965.00	1,945.00	1,922.00	1,965.00	2,278.00	2,102.38
TOTAL	4,839.00	4,791.00	4,739.00	4,845.00	5,783.00	4,990.28
<i>FTES FOR STATE APPROPRIATION (2 yrs. Prior):</i>	4,388.00	4,486.00	5,350.00	4,631.25	5,378.98	5,760.44
	FY 2021 Projected	FY 2020 Projected	FY 2019 Projected	FY 2018 Requested	FY 2017 Budget	FY 2016 Actuals
IN-STATE CREDIT TUITION RATE	\$165	\$158	\$140	\$110 *	\$106	\$96
OUT-OF-STATE CREDIT TUITION RATE	\$415	\$395	\$350	\$280 *	\$270	\$245
CREDIT TUITION - IN-STATE	11,960,784	11,339,597	9,942,912	7,986,528	8,758,886	7,115,820
CREDIT TUITION - OUT-OF-STATE	2,684,843	2,532,938	2,224,425	1,819,440	1,511,640	1,262,358
NON CREDIT TUITION	449,034	495,191	489,461	449,248	538,921	478,479
FEES	1,970,127	1,951,381	1,931,940	1,938,449	2,088,314	1,593,353
TOTAL TUITION AND FEES	17,064,787	16,319,106	14,588,738	12,193,665	12,897,761	10,450,010
TOTAL STATE APPROPRIATION	40,626,559	40,618,349	40,610,220	40,602,171	40,814,442	40,775,643
INDIRECT COST RECOVERY-Financial Aid	82,057	71,164	70,392	90,000	55,000	84,622
INDIRECT COST RECOVERY-Other	411,625	398,030	385,050	300,000	250,000	37,018
INVESTMENT INCOME	475,000	475,000	475,000	440,000	440,000	397,447
BALTIMORE CITY	600,000	600,000	600,000	600,000	600,000	550,310
OTHER INCOME	609,089	580,115	554,880	1,017,585	832,126	463,963
TOTAL OTHER REVENUES	2,177,770	2,124,310	2,085,322	2,447,585	2,177,126	1,533,360
TOTAL SALES AND SERVICES - AUXILIARY	4,835,970	4,781,480	4,725,087	5,974,061	5,928,461	4,612,606
Fund Balance Transfer	148,677	380,660	2,353,987	4,193,588	5,223,994	(173,989)
TOTAL UNRESTRICTED REVENUE	64,853,763	64,223,905	64,363,354	65,411,070	67,041,784	57,197,630
TOTAL RESTRICTED REVENUE	20,518,190	20,000,966	19,845,830	20,335,961	24,001,279	19,598,256
TOTAL REVENUE	85,371,954	84,224,871	84,209,184	85,747,031	91,043,063	76,795,886

Thus, revenue levels are not expected to dramatically increase over the next four fiscal years. As available revenue drives budgeted expenditure levels, overall budgeted expenditures are projected to match the revenue levels.

Exhibit 2 details the budgeted expenditure levels by year by natural “class”. This breakout is standardized reporting terminology that is consistent with terms used in external audit financial reporting and in budgetary reporting. As is common with any projection of this type, in various instances the College can decide to move funds among classes, with certain limitations, as long as the total unrestricted and restricted expenditure levels match corresponding revenues.

<i>EXHIBIT 2 Expenditures (In Millions \$)</i>	<i>FY 2021 Projected</i>	<i>FY 2020 Projected</i>	<i>FY 2019 Projected</i>	<i>FY 2018 Request</i>	<i>FY 2017 Budget</i>
Instruction	\$26.1	\$26.1	\$25.7	\$25.0	\$26.2
Research	0.0	0.0	0.0	0.0	0.0
Public Service	1.6	1.6	1.6	1.6	1.5
Academic Support	5.3	5.3	5.2	5.0	4.9
Student Services	8.1	8.1	8.0	7.6	7.6
Institutional Support	16.9	16.3	17.1	18.1	19.5
Operation & Maint of Plant	11.0	10.8	10.7	10.3	10.1
Scholarship & Fellowship	13.6	13.3	13.2	14.0	17.0
Auxiliary Enterprises	2.8	2.8	2.7	4.3	4.3
Transfers & deductions	0.0	0.0	0.0	0.0	0.0
TOTAL Expenditures	\$85.4	\$84.2	\$84.2	\$85.7	\$91.0

As noted previously, this type of financial position suggests that in order for any area to receive increases in funding, other areas will need to absorbing corresponding decreases. However, with the Strategic Plan refresh in process, this is the ideal time to better align financial resources with internal and external plans.

**Baltimore City Community College
Budget Projections
Exhibit 2**

	FY 2021 Unrestricted	Projected FY 2021 Restricted	FY 2021 Total	FY 2020 Unrestricted	Projected FY 2020 Restricted	FY 2020 Total	FY 2019 Unrestricted	Projected FY 2019 Restricted	FY 2019 Total
Total Revenue	64,853,763	20,518,190	85,371,954	64,223,905	20,000,966	84,224,871	64,363,354	19,845,830	84,209,184
<u>Expenditures</u>									
Instruction	20,721,765	5,377,715	26,099,480	20,865,634	5,220,590	26,086,224	20,564,987	5,174,712	25,739,699
Research	-	-	-	-	-	-	-	-	-
Public Service	-	1,550,000	1,550,000	-	1,550,000	1,550,000	-	1,550,000	1,550,000
Academic Support	5,310,621	-	5,310,621	5,310,621	-	5,310,621	5,222,903	-	5,222,903
Student Services	8,119,198	-	8,119,198	8,142,597	-	8,142,597	8,042,303	-	8,042,303
Institutional Support	16,922,794	-	16,922,794	16,266,158	-	16,266,158	17,120,447	-	17,120,447
Operation & Maint of Plant	10,952,305	-	10,952,305	10,843,474	-	10,843,474	10,652,488	-	10,652,488
Scholarship & Fellowship	44,656	13,590,476	13,635,131	40,596	13,230,376	13,270,972	35,301	13,121,118	13,156,419
Auxiliary Enterprises	2,782,425	-	2,782,425	2,754,825	-	2,754,825	2,724,925	-	2,724,925
Transfers & deductions	-	-	-	-	-	-	-	-	-
Total Expenditures	64,853,764	20,518,190	85,371,954	64,223,905	20,000,966	84,224,872	64,363,354	19,845,830	84,209,184

**Baltimore City Community College
Budget Projections
Exhibit 2**

	Requested			Budget			Appropriated		
	FY 2018 Unrestricted	FY 2018 Restricted	FY 2018 Total	FY 2017 Unrestricted	FY 2017 Restricted	FY 2017 Total	FY 2016 Unrestricted	FY 2016 Restricted	FY 2016 Total
Total Revenue	65,411,070	20,335,961	85,747,031	67,041,784	24,001,279	91,043,063	57,197,630	19,598,256	76,795,886
<u>Expenditures</u>									
Instruction	20,094,802	4,894,155	24,988,957	20,586,752	5,607,488	26,194,240	20,021,472	6,012,518	26,033,990
Research	-	-	-	-	-	-	-	-	-
Public Service	-	1,550,000	1,550,000	-	1,525,000	1,525,000	-	1,585,975	1,585,975
Academic Support	4,978,141		4,978,141	4,948,309		4,948,309	4,648,917		4,648,917
Student Services	7,649,251		7,649,251	7,605,024		7,605,024	5,687,860		5,687,860
Institutional Support	18,062,144	-	18,062,144	19,457,227	-	19,457,227	14,462,363	-	14,462,363
Operation & Maint of Plant	10,277,981		10,277,981	10,102,236		10,102,236	8,843,018		8,843,018
Scholarship & Fellowship	92,000	13,891,806	13,983,806	92,000	16,868,791	16,960,791	28,241	11,999,763	12,028,004
Auxiliary Enterprises	4,256,751		4,256,751	4,250,235		4,250,235	3,505,759		3,505,759
Transfers & deductions	-	-	-	-	-	-	-	-	-
Total Expenditures	65,411,070	20,335,961	85,747,031	67,041,783	24,001,279	91,043,062	57,197,630	19,598,256	76,795,886

Fund Balance Projections

Through the multi-year financial projection process, the College also updates its projected fund balance levels for the same period. At the start of fiscal year 2017, the audited Fund Balance total was just \$2.1 million.

As a reminder, please note that fund balance represents the accumulated difference between annual revenues and expenditures. With the College having many years in the past when revenues exceeded expenditures, the fund balance grew to significant levels. However, most of the fund balance is already reserved, often through Board-designations or even restrictions through the State of Maryland. As a result, the College has very limited unrestricted and undesignated fund balance available for usage.

For the College, fund balance includes three essential components: fund balance adjustments (such as GASB 68 pension liability), externally restricted/Board-designated fund balance and general/unrestricted fund balance. The multi-year fund balance projection in *Exhibit 3* is grouped by these components herein.

Fund Balance Adjustments. The College's fund balance levels are confirmed annually through the external audit process. As noted herein, the audited Fund Balance as of June 30, 2016 (or beginning fund balance for fiscal year 2017) was \$2.1 million.

Audited fund balance levels occasionally include amounts that represent accounting adjustments, but not necessarily spending adjustments. The College has a significant item of this type through the adjustment for the effects of GASB 68. As noted in prior reports, this accounting adjustment requires the recording of accumulated pension liabilities (as calculated by external actuaries). As of June 30, 2016, this adjustment totaled \$26.9 million, a \$4 million increase from the prior fiscal year.

Maintaining a total fund balance of \$2.1 million immediately casts doubt on the College's ability to continue certain projects paid through fund balance, such as ERP. But, if the effect of the pension adjustment through GASB 68 is set aside, the adjusted beginning fund balance for fiscal 2017 is \$29.0 million. This higher amount allows for funding of ERP, and other items noted below.

(Please note the College received approval, albeit through email, that it could continue spending on the ERP project, despite the lack of available fund balance following the GASB 68 adjustment. With this approval, the effect of the GASB 68 amount is added back to fund balance as an adjustment. However the College only received approval to spend on ERP and did not obtain explicit approval to spend beyond the GASB 68 adjustment on other initiatives. As the College moves forward, this approval may need to be formalized, but for projection purposes, GASB 68 is treated as an adjustment. With that adjustment, few non-ERP initiatives can progress without the Board lifting certain internally-designated fund balance amounts. Without that adjustment, and spending authorization, the College does not have funds to continue ERP, nor adequate funds for many restricted/designated items noted below.)

Restricted/Designated Fund Balance. From the Adjusted Fund Balance levels, such as \$29.0 million at the start of fiscal 2017, priority must go to amounts restricted by outside parties or agreements and amounts designated by the Board of Trustees. Please note that designations represent internal decisions and, unlike outside restricted amounts, can (in theory) be reversed by the Board and become available for general usage. The College has the following restricted or designated fund balance amounts:

- *WBJC Reserve* (Restricted, \$1.4 million for fiscal 2017). Funded by excess revenue of the radio station, such as outside restricted CPB grants. Per Board approval the first \$25,000 of excess revenue is to be moved to fund balance.
- *Facilities Capital fee* (Restricted, \$1.7 million for fiscal 2017). Funded by the similarly-named fee charged to students. As this fee is disclosed in student catalog, they are considered outside restricted and per Finance Committee approval, the funds are to be used to finance real estate acquisitions and/or capital debt service.
- *Lockwood Reserves* (Board-Designated, \$3.7 million for fiscal 2017). Funded by revenues from the Lockwood property lease. Per Finance Committee approval, funds are for real estate development or acquisition. However, as these funds are not externally-restricted, the Board can re-designate funds for other usages.
- *Non-State Auxiliary Services Bookstore* (Board-Designated, \$2.0 million for fiscal 2017). Funded by any excess revenue from the Bookstore.
- *State Appropriations* (Board-Designated, \$2.0 million for fiscal 2017). This reserve supports and funds any unbudgeted reductions in State aid. The desired level for this reserve is approximately 4% of a prior year appropriation.

General/Unrestricted Fund Balance. Once adjustments and restrictions/designations to fund balance are considered, remaining fund balance levels are deemed unrestricted and available for general usage. Appropriate amounts for general and unrestricted fund balance usage are one-time initiatives of a significant dollar value. For fiscal 2017, unrestricted fund balance is at \$18.1 million, assuming that the \$29.0 million effect of GASB 68 is set aside. Without that set-aside, there is no unrestricted fund balance.

Of that \$18.1 million amount, most of the balance is required by the State to be used for the ERP initiative. For fiscal year 2017, \$13.5 million is reserved for ERP. Please note that as the State of Maryland has required the College to use this portion of fund balance for ERP, it is possible this amount could be deemed “restricted.” However, it is included as the first priority of any unrestricted fund balance reserve.

The remainder of unrestricted fund balance is reserved for prior year encumbrances and strategic plan initiatives, such as IT infrastructure to support ERP or other strategic plan related activities. The strategic plan initiatives reserve amount is \$3.8 million, and once this few activities are consider no fund balance is available for any other usage. However, within capital infrastructure alone, millions of unfunded deferred maintenance needs remain unresolved and numerous other areas of the College have justifiable needs that typically would be resolved through fund balance.

Conclusion. With the inclusion of these three categories items, no additional amounts remain in fund balance and (even with the “add-back” adjustment due to the effect of GASB 68) very limited unrestricted reserves now exist for the College. During a year like fiscal 2017, where additional reductions are required just to balance the budget, amounts do not typically flow to increase fund balance.

Of course, with the creation of additional revenues, or additional expenditure reductions, this fund balance picture could adjust. But for now, the College has no unrestricted surplus fund for emergencies or potential debt service needs for future capital projects

Unfortunately, the College may have missed opportunities in prior years to resolve such areas when fund balance amounts were considerably larger. In the meantime, additional avenues are being explored to resolve years of deferred maintenance needs, such as usage of capital budget funds.

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**Baltimore City Community College
Fund Balance Projections
Exhibit 3**

	FY 2021 Projected	FY 2020 Projected	FY 2019 Projected	FY 2018 Projected	FY 2017
Beginning Fund Balance (per audited financials)	(\$7,515,331)	(\$7,134,671)	(\$4,780,684)	(\$1,595,782)	\$2,071,378
GASB 68 Adjustment reversal	\$26,885,663	\$26,885,663	\$26,885,663	\$26,885,663	\$26,885,663
Adjusted Beginning Fund Balance	\$19,370,332	\$19,750,992	\$22,104,979	\$25,289,881	\$28,957,041
<u>Outside Restrictions/Board Designations:</u>					
<u>Restricted</u>					
WBJC Fund Balance Reserve	1,447,805	1,447,805	1,447,805	1,447,805	1,447,805
Facilities Capital Fee	2,192,258	2,072,710	1,954,394	1,831,998	1,689,070
<u>Board-Designated</u>					
Lockwood Reserves	6,473,912	5,732,848	5,020,521	4,336,495	3,703,417
Non State Aid Bookstore	1,975,247	1,975,247	1,975,247	1,975,247	1,975,247
State Appropriations	2,040,700	2,040,700	2,040,700	2,040,700	2,040,700
<i>Total Restrictions/Designations</i>	<i>\$14,129,922</i>	<i>\$13,269,310</i>	<i>\$12,438,667</i>	<i>\$11,632,245</i>	<i>\$10,856,239</i>
<u>Unrestricted Fund Balance Reserves:</u>					
ERP System (State of Maryland required)	2,093,252	3,334,524	5,019,154	9,010,478	13,453,644
End of Prior Fiscal Year Encumbrances (required)	1,000,000	1,000,000	1,000,000	1,000,000	839,773
Strategic Plan Reserves	2,147,158	2,147,158	3,647,158	3,647,158	3,807,385
Remaining Fund Balance Available for Usage	\$0	\$0	\$0	\$0	\$0

TAB 7



BOARD AGENDA
Tab 7 – Action
February 28, 2017

**Financial Budgetary and Tuition and Fees Recommendation
Vice President Calvin Henry Harris Jr.
Business and Finance Division**

Please allow me to review the recommended fiscal 2018 budget, including tuition and fees, for the College. As noted in prior reports, the College maintains multi-year projections, and has continued to do for at least the last three years.

For each of the last two years, the Board has approved modest credit tuition increase that allowed the College to remain the most affordable community college in Maryland. As noted in the multi-year projections, and consistent with prior years' projections, the College has planned for modest increases annually to tuition levels. A similar approach was used for the fiscal year 2018 budget process.

For the fiscal year 2018 budget, the College originally proposed modest increases for credit tuition to \$110 (from \$106) for In-State students and to \$280 (from \$270) for Out-of-State students. These numbers are reflected in the multi-year projections, and represent the amounts included in budgets submitted to the State of Maryland Executive and Legislative branches for review and approval.

However, we are pleased to recommend an even smaller credit tuition increase for fiscal year 2018, beginning with the fall 2017 semester, that will likely maintain the College's standing as the one of most affordable Maryland.

In January 2017, after the College was required to submit its proposed fiscal year 2018 budget, Governor Hogan announced the "Student Debt and Tuition Relief Initiative." That initiative encourages colleges to hold tuition increases to 2%. While it remains uncertain the College is eligible for any related funding, the College wishes to remain in alignment with increases other colleges are enacting.

Thus, the College recommends holding its tuition increases to less than 2%.

Tuition and Fee Rates of Maryland Community Colleges

Community College	Resident of Service Area Average			Resident of Maryland Outside Service Area Average			Out-of-State Resident Average		
	Tuition	Fees	Total	Tuition	Fees	Total	Tuition	Fees	Total
Allegany College of Maryland	\$ 114	\$ 14	\$ 128	\$ 214	\$ 14	\$ 228	\$ 257	\$ 14	\$ 271
Anne Arundel Community College	105	26	131	202	26	228	357	26	383
Baltimore City Community College	92	19	110	92	19	110	237	19	255
Community College of Baltimore County	113	29	142	216	39	255	324	49	373
Carroll Community College	124	27	151	181	38	219	253	53	306
Cecil College	100	13	113	190	13	203	235	13	248
Chesapeake College	115	36	151	183	37	220	260	37	297
College of Southern Maryland	120	28	148	207	48	255	268	62	330
Frederick Community College	116	23	139	252	23	275	342	23	365
Garrett College	98	32	130	220	32	252	260	32	292
Hagerstown Community College	117	14	131	183	14	197	241	14	255
Harford Community College	116	23	139	203	23	226	290	23	313
Howard Community College	132	22	154	215	22	237	260	22	282
Montgomery College	118	40	158	241	64	305	414	82	496
Prince George's Community College	105	47	152	193	47	240	290	47	337
Wor-Wic Community College	103	17	120	231	17	248	284	17	301
Systemwide Average	\$ 112	\$ 25	\$ 137	\$ 201	\$ 30	\$ 231	\$ 286	\$ 33	\$ 319

Source, Maryland Association of Community Colleges "2016 Databook", March 2016

As a reminder from prior reports, the College has the lowest in-state tuition rate in Maryland. Data from the 2016 MACC Databook confirms this status. While information for 2017 has not yet been released, the College understands that most, if not all, Maryland community colleges increased tuition and fees and the College remains the most affordable in the State. Even with the increase proposed herein, the College is expected to maintain this most affordable status.

Therefore, the College recommends the following modest increases to Tuition levels for fiscal 2018, starting with the fall 2017 semester.

The College continues the on-going review of its fees structure to ensure that appropriate levels are maintained, and potential barriers are resolved. As noted in the 2016 MACC Databook, the College has the most affordable average fee levels in Central Maryland. Last year, such focus led to the elimination of the long-standing Application Fee. For this year, increased focus was placed on laboratory fees, where additional attention is required and recommendations are forthcoming.

Recommendation:

The Vice President for Business & Finance recommends the following tuition adjustments starting in the fall 2017 semester (i.e. fiscal year 2018):

- An increase from \$106 to \$108 in the In-State tuition rate (\$2 or 1.89%),
- An increase from \$270 to \$275 in the Out-of-State tuition rate (\$5 or 1.85%).

The president agrees and recommends these tuition increases for fiscal year 2018.