

**MEETING OF THE BUSINESS AFFAIRS COMMITTEE
OF THE BOARD OF TRUSTEES
Community College of Philadelphia
Wednesday, September 21, 2011 – 9:00 A.M.**

TO: Business Affairs Committee of the Board of Trustees

FROM: Thomas R. Hawk

DATE: September 16, 2011

SUBJECT: Committee Meeting

A meeting of the Business Affairs Committee of the Board of Trustees will be held on **Wednesday, September 21, 2011 at 9:00 A.M.** in the College's **Isadore A. Shrager Boardroom, M2-1.**

AGENDA – PUBLIC SESSION

(1) 2010-11 Final Budget Results (Information Item):

Dr. Hawk and Mr. Spiewak will provide an overview of the College's budget results for fiscal year 2010-11. The results were favorable. Despite a mid-year reduction in City funding of \$1.06 million, the College was able to end the year with a \$1.5 million surplus in the operating budget. The various factors which contributed to the financial performance results for the year will be reviewed in detail. Attachment A (pages 5 to 10) contains the fiscal year 2011 budget summary that will be discussed at the meeting.

(2) Significant Changes – 2011 Financial Statements (Information Item):

The 2011 Financial Statements are scheduled to be presented to the Board's Audit Committee on September 27, 2011. Staff will present a summary of the key changes in assets, liabilities and net assets which are reported in the 2010-11 Financial Statements and explain the factors that resulted in the larger year-to-year changes in the College's financial accounts.

(3) West Philadelphia Regional Center Outfitting and Construction Budget (Action Item):

As previously approved by the Board, the College is in the final stages of completing an expansion and renovation of the College's West Regional Center. The project has two components: leasehold improvements to an additional 7,300 square feet of new space that has been leased immediately adjacent to the existing Center, and modifications to the existing classroom building. At the March 3, 2011 meeting, the Board authorized the borrowing of one million dollars from the State Public School Building Authority (SPSBA) for the leasehold

improvements and other costs associated with completing the West Regional Center Project. Changes to the existing Center include: creating additional faculty and staff office areas; improvements to student lounge spaces; renewal of some institutional spaces; and building the connection between the existing building and the new leased space.

The anticipated budget for the renovation of existing space and the outfitting budget for both renovated and leased space is as follows:

Expenses

Construction -- Existing Space	47,000.00
Mechanical Engineering and Plumbing	39,000.00
Furniture and Fixtures -- New Space	103,156.00
Furniture and Fixtures -- Existing Space	31,400.00
General and Administration	11,940.00
Contingency	6,600.00
Total Expenses	239,096.00

Revenues

Predominantly Black Institution Grant	34,000.00
Remaining SPSBA Proceeds	82,049.00
Use of 2011-12 Capital funds	123,047.00
Total Revenues	239,096.00

Staff request that the Committee recommend to the full Board approval of the \$239,096 budget for renovations to the existing classroom building and outfitting costs for the new and renovated West Regional Center spaces.

(4) Update on Construction Projects (Information Item):

Staff will summarize progress since the last meeting of the Committee on the Main Campus Construction Projects.

(5) Next Meeting Date

The next regularly scheduled meeting of the Committee will occur on Wednesday, October 19, 2011 at 9:00 A.M.

TRH/lm

Attachments

c: Ms. Varsovia Fernandez
Dr. Stephen M. Curtis
Mr. Gary Bixby
Mr. Todd Murphy
Mr. James P. Spiewak

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ATTACHMENT A
2010-11 FINAL BUDGET RESULTS

Community College of Philadelphia
Enrollment Information (FTEs) for Fiscal Year 2010-2011

	Actual FY 09-10	Budgeted FY 10-11	Actual FY 10-11	Actual FY 11 vs Actual FY 10	% Variance	Actual FY 11 vs Budgeted FY 11	% Variance
<u>CREDIT</u>							
Summer 2	1,862	1,862	1,921	59	3.19%	59	3.19%
Fall	13,275	13,719	13,550	275	2.07%	(170)	-1.24%
Spring	13,644	14,001	13,706	62	0.45%	(295)	-2.11%
Summer 1	2,834	3,005	3,005	171	6.03%	0	0.00%
Credit Year-to-date Totals - Annual FTEs	15,808	16,294	16,091	283	1.97%	(203)	-1.37%
<u>NONCREDIT</u>							
Summer 2	123	123	99	(24)	-19.51%	(24)	-19.51%
Fall	937	955	858	(79)	-8.43%	(97)	-10.16%
Spring	695	705	776	81	11.65%	71	10.07%
Summer 1	328	265	295	(33)	-10.06%	30	11.32%
Noncredit Year-to- date Totals - Annual FTEs	1,042	1,024	1,014	(28)	-2.64%	(10)	-0.98%

Community College of Philadelphia
Operating Budget Projections
as of Fiscal Year End June 30, 2011

						<u>Original Budget</u>		<u>Final Result</u>		<u>Change</u>
<u>REVENUES</u>										
Student Tuition and Fees						\$69,545,261		\$69,701,839		\$156,578
Commonwealth of Pennsylvania						31,409,104		31,343,227		(65,877)
City of Philadelphia						19,116,376		18,091,851		(1,024,525)
Other Income						<u>1,653,788</u>		<u>2,453,996</u>		<u>800,208</u>
TOTAL REVENUES						\$121,724,529		\$121,590,914		(\$133,615)
<u>EXPENSES</u>										
Salaries, net of Lapsed Funds						\$73,815,722		\$73,186,125		(\$629,597)
Fringe Benefits						29,631,642		29,036,778		(594,864)
Other Expenses						20,207,325		17,718,472		(2,488,853)
Student Financial Aid						<u>135,000</u>		<u>143,447</u>		<u>8,447</u>
TOTAL EXPENSES						\$123,789,689		\$120,084,822		(\$3,704,867)
OPERATING BUDGET STATUS prior to recording										
the \$6,024,391 GASB 45 post-retirement expense accrual.						<u>(\$2,065,160)</u> *		<u>\$1,506,092</u>		<u>\$3,571,252</u>
* Operating Budget Projection prior to the \$1,058,717 city funding reduction in September, 2010.										

Community College of Philadelphia						
Operating Budget Projection						
as of Fiscal Year End June 30, 2011						
		<u>Original Budget</u>	<u>Final Result</u>	<u>Change</u>		
<u>OPERATING REVENUES</u>						
State Funding		\$31,152,104	\$31,152,104	\$0		
Lower than budgeted						
State Lease funding		257,000	191,123	(65,877)	replacement costs for PCs.	
Total State Revenues		31,409,104	31,343,227	(65,877)		
Tuition - Credit Students		56,279,680	56,416,463	136,783		
Technology Fee		11,325,881	11,237,156	(88,725)		
Net Contribution from: Contracted Noncredit Instruction; Other Noncredit Instruction; Adult Community Noncredit Instruction						
		782,000	568,512	(213,488)	Lower than budgeted financial results.	
Course Fees		2,966,000	3,088,093	122,093		
Student Regulatory Fees		953,700	890,739	(62,961)		
Tuition Adjustments - Student Receivable Write-offs, Collection Costs, Credit Card Costs & Senior Citizen Discount						
		(2,762,000)	(2,499,124)	262,876	Lower than budgeted Opportunity Now exemptions.	
Total Student Tuition & Fees		69,545,261	69,701,839	156,578		
Mid-year reduction in City Appropriation.						
City Operating Funds		19,116,376	18,091,851	(1,024,525)		
Includes \$203,817 of unrealized gains on investments.						
Investment Income		562,500	700,181	137,681		
Vocational Education Funding		300,000	179,614	(120,386)		
Indirect Costs, Administrative Allowances		300,000	228,484	(71,516)		
Parking Proceeds & Miscellaneous Income		491,288	569,773	78,485		
Total Other Income		1,653,788	1,678,052	24,264		
PDE forgiveness for audit exceptions during years when College did not receive full FTE funding.						
State Audit Forgiveness - FYs 2003-04 & 2004-05			775,944	775,944		
TOTAL OPERATING REVENUES		\$121,724,529	\$121,590,914	(\$133,615)		

Community College of Philadelphia						
Operating Budget Projection						
as of Fiscal Year End June 30, 2011						
		<u>Original Budget</u>	<u>Final Result</u>	<u>Change</u>		
OPERATING EXPENSES						
<u>Salaries</u>						
Full-Time Administrative Salaries		\$15,189,272				
Less: Projected Lapsed Salaries		(800,000)				
Net Full-Time Administrative Salaries		14,389,272	13,850,646	(538,626)		Increase in lapsed salaries due to more vacancies and positions freeze.
Full-Time Faculty Salaries		28,687,443				
Less: Projected Lapsed Salaries		(200,000)				
Net Full-Time Faculty Salaries		28,487,443	28,435,140	(52,303)		
Full-Time Classified Salaries		10,817,036				
Less: Projected Lapsed Salaries		(600,000)				
Net Full-Time Classified Salaries		10,217,036	9,922,940	(294,096)		Increase in lapsed salaries due to more vacancies and positions freeze.
Subtotal - Full-Time Salaries		53,093,751	52,208,727	(885,024)		
Part-Time & Overload Credit Salaries		11,137,591	11,689,422	551,831		Higher than anticipated number of sections were offered.
Summer Credit Instruction		4,082,296	4,408,979	326,683		Higher than anticipated number of sections were offered.
Part-Time & Overload Non-Credit Salaries		369,349	419,281	49,932		
All Other Salaries		4,682,735	4,179,123	(503,612)		Lower than budgeted expenses in PT Administrative Hourly, PT Classified, Overtime, Student Workers and Learning Lab Specialist categories.
Early Retirement Incentive Payments		450,000	280,593	(169,407)		Expense of Employees participating in retirement incentive option was offset by prior-year elections that were rescinded.
Subtotal - Other than Full-Time Salaries		20,721,971	20,977,398	255,427		
Total Salaries		73,815,722	73,186,125	(629,597)		

Community College of Philadelphia
Operating Budget Projection
as of Fiscal Year End June 30, 2011

		<u>Original Budget</u>		<u>Final Result</u>		<u>Change</u>	
<u>Fringe Benefits</u>							
							Actual claims from self-funded medical program were lower than actuarially projected.
Medical Program		18,969,713		18,544,192		(425,521)	
Retirement		5,449,099		5,501,011		51,912	
FICA		2,786,839		2,982,514		195,675	
Tuition Remission		609,500		647,301		37,801	
							Budget assumed a 15% increase over prior year; RFP process resulted in decrease in rates.
Group Life		426,453		357,376		(69,077)	
Unemployment Compensation		340,101		247,887		(92,214)	
Workers' Compensation		302,071		302,328		257	
Unused Vacation		279,515		102,990		(176,525)	
							Budget assumed a 15% increase over prior year; RFP process resulted in decrease in rates.
Disability Premium		335,150		270,644		(64,506)	
Forgivable Education Loan		133,201		80,535		(52,666)	
Total Fringe Benefits		29,631,642		29,036,778		(594,864)	
<u>Facility Expenses</u>							
							Budget assumed worst-case scenario due to electricity deregulation; College conducted a bid process that resulted in lower electric rates than prior year.
Utilities		3,089,635		2,362,814		(726,821)	
Contracted Security		1,250,000		1,181,186		(68,814)	
							Bid process resulted in lower costs than prior year.
Contracted Cleaning		1,207,599		999,994		(207,605)	
							Reduction in property tax and management fee associated with transfer of Center for Business & Industry building.
All Other Facility Expenses		1,549,317		1,495,341		(53,976)	
Total Facility Expenses		7,096,551		6,039,335		(1,057,216)	

**Community College of Philadelphia
Operating Budget Projection
as of Fiscal Year End June 30, 2011**

	<u>Original Budget</u>	<u>Final Result</u>	<u>Change</u>	
<u>All Other Expenses</u>				
				Lower than budgeted expenses due to delayed replacement of server and data storage equipment, lower than budgeted costs for PC replacements and copier equipment and later than budgeted start date for redundant server room equipment.
Leased Equipment & Software	4,044,416	3,376,673	(667,743)	
				Additional funds transferred from institutional contingency to market expanded Northeast Regional Center.
Catalogs and Advertising	1,599,999	1,691,132	91,133	
Supplies-Pool	1,437,780	1,336,894	(100,886)	
				Includes \$106,000 for temporary clerical services.
Contracted Services	1,050,806	1,167,522	116,716	
Consultant	718,902	708,363	(10,539)	
				Lower than budgeted repair costs in multiple departments.
Maintenance & Repairs	599,064	431,713	(167,351)	
				Lower than budgeted costs reflect continued efforts to communicate with students via email.
Postage	543,000	472,873	(70,127)	
				Includes \$72,600 for builder's risk insurance for construction projects.
Insurance	509,950	580,559	70,609	
Legal Fees	225,000	163,519	(61,481)	
				Lower than budgeted costs in a variety of budget categories.
Other Expenses	2,381,857	1,749,889	(631,968)	
Total All Other Expenses	13,110,774	11,679,137	(1,431,637)	
King Scholarship	135,000	143,447	8,447	
TOTAL OPERATING EXPENSES	\$123,789,689	\$120,084,822	(\$3,704,867)	
OPERATING BUDGET STATUS prior to recording the \$6,024,391 GASB 45 post-retirement expense accrual.	<u>(\$2,065,160) *</u>	<u>\$1,506,092</u>	<u>\$3,571,252</u>	