

**MEETING OF THE BUSINESS AFFAIRS COMMITTEE
OF THE BOARD OF TRUSTEES
Community College of Philadelphia
Wednesday, March 20, 2013– 9:00 A.M.**

Present: Mr. Jeremiah White, Jr., presiding, Mr. Matthew Bergheiser, Ms. Jennie Sparandara *via* conference bridge, Dr. Stephen M. Curtis, Mr. Gary Bixby, Dr. Thomas R. Hawk, Mr. Gregory Murphy, and Mr. James P. Spiewak

AGENDA – PUBLIC SESSION

(1) 2012-13 Fiscal Year Budget Status Report (Information Item):

Dr. Hawk and Mr. Spiewak provided a status report on the College's budget for fiscal year 2012-13. Attachment A contains the handout provided to the Committee at the meeting. Dr. Hawk noted that the budget status had not changed greatly since the last report to the Board in November 2012. However, staff were continuing to be able to shrink the use of carry-over funds approved for the 2012-13 budget. The budget adopted for the 2013 fiscal year had a projected use of carry-over funds of \$1.95 million. Currently, the projected use of carry-over funds has been reduced to \$811,501. Credit enrollments are estimated to be 2.3 percent or 359 FTEs lower than budgeted. While the lower-than-budgeted enrollment levels has had a negative impact on student revenues; other factors have offset this loss including a higher level of State support than budgeted and cost-containment strategies that have been in place throughout the year. Dr. Hawk noted that the most important factor which will determine whether or not the College is able to achieve a balanced budget for the 2013 fiscal year will be Summer I enrollments. Summer I enrollments are currently projected to be 2,665 FTEs, the same level of enrollments that was achieved for Summer I, 2012.

Mr. Spiewak reviewed the detailed charts contained in Attachment A. The largest revenue change is in student tuition and fee revenues which are currently projected to be \$2.2 million less than assumed in the original 2012-13 budget plan. The decline in tuition and fee revenues reflects the reduction in student enrollments from the level originally budgeted. The decline in student revenues has been partially offset by larger-than-budgeted State revenues. The final version of the approved budget for the State provided \$1.2 million more in State support for the College than was included in the proposed State budget at the time the College budget was adopted by the Board in June 2012. City operating revenues are \$135,000 less than originally assumed as a result of use of City funds for the debt service payment required to initiate the Chemistry Lab Renewal Project. Overall, revenues are approximately \$1.3 million less than assumed in the original budget for the 2012-13 year.

Offsetting the lower-than-budgeted levels of revenues has been a greater decline in expenditure levels than in revenues. Currently expenditures are projected to be \$2.5 million less than was assumed in the approved 2012-13 budget. Salaries are projected to be \$1.5 million less than budgeted. Two major factors account for this. Tight management of vacant full-time positions has been in place using delays or temporary

freezes in filling full-time positions as they become vacant. This has resulted in a larger amount of lapsed salary dollars for the year than originally assumed. In addition, part-time and hourly salary expenditures are currently projected to be \$1 million less than budgeted. With the decline in enrollments, there has been a decrease in the number of sections offered in both the fall and spring terms which resulted in a significant reduction in the number of part-time teaching and staff overload payments that had to be made. One of the factors contributing to the successful reduction of the part-time and overload budget line was an increase in the average section size that was achieved through careful scheduling for the year. Mr. White asked if tight budget management was having an adverse impact on instructional programs and services. Staff responded that in general, the delays were not having major impacts. Student access to courses has not been impaired. Dr. Hawk noted that he was concerned about the impact that vacancies in the Facility area was having on institutional maintenance. Dr. Curtis stated that further reductions in staffing would begin to have major impacts on operations. The 2013-14 budget plan will not recommend any further reductions in full-time staff positions.

Fringe benefit expenditures are now projected to be \$600,000 less than budgeted. This reduction reflects actual costs below the actuarial projections in the College's self-insured medical plan, and a hundred thousand dollars of workers' compensation insurance cost savings reflecting both a lower level of premium increase than assumed at the time the budget was prepared and the receipt of prior-year premium rebates based upon favorable claim experience.

For the most part, changed expenditure levels have not yet been forecast in most non-salary-related categories. Projected consulting expenditures have been reduced by \$200,000 based upon the delayed start in the new Facility Master Planning process, and a reduction is projected in the amount of contingency dollars that will be used in the remainder of the fiscal year. Mr. Spiewak noted that budgets were being actively managed and residual savings across a variety of budget categories was expected to occur at year end. This should result in the projected shortfall for the year shrinking further. Staff are actively managing the budget with the goal of trying to eliminate the potential revenue shortfall completely.

(2) Gilroy Roberts Gallery – Mint Building (Information Item):

The Gilroy and Lillian Roberts Foundation recently made a capital gift to the College Foundation in the amount of \$1,020,000. This gift was accepted by the Board on March 1, 2012. Per the terms of the gift, a portion of the proceeds from the gift are to be used to create an exhibit space in the Mint Building Rotunda area depicting the nationally-recognized work in coin design that Gilroy Roberts did first at the U.S. Mint as the chief engraver and later as a principal designer at the Franklin Mint.

Mr. Murphy provided background information on how the gift was secured by the College and the goals for the new gallery. Gilroy Roberts was responsible for the current design of U.S. coinage. His most recognizable design is the Kennedy image on the 50-cent coin. The gallery display area will include a diorama which will provide a re-creation of Gilroy Roberts' office area where much of his coin design work took place.

The other display areas will include a flat and interactive design displays showing the history of coin making and artifacts from the process of coin design at the U.S. Mint. Displays are intended to be instructional and interactive in a way that will have appeal to both adults and younger visitors. In addition to the permanent display on coinage, there will be space for rotating exhibits. Mr. Murphy noted that a grand opening of the new exhibit space is scheduled for September 10, 2013. He described how the original donation could potentially be leverage into further gifts in the future for the College.

Dr. Hawk and Mr. Bixby described the design concepts for the display area. (See Attachment B). The first rendering in Attachment B shows the location of the exhibit site in relationship to adjacent Mint Building spaces. The design of the gallery includes the Roberts Office diorama which will be created by eliminating a currently under-utilized staircase. Attachment B also contains two architectural representations of the physical appearance of the exhibit area, one from the top of the Mint steps looking into the principle entrance into the exhibit, and the second one looking at the exhibit area as it will be built along the western edge of the Rotunda. The total project cost including the development of the display materials will be under \$500,000. Mr. Murphy noted that the Roberts Foundation had also pledged an annual contribution to the College in the amount of 15-20 thousand dollars to cover the annual curation costs for preserving the collection.

(3) Resolution of Board Support for 2013-14 State Capital Project Applications (Action Item):

Information: Capital applications submitted annually to the State for funding from the Community College Capital Pool require a Board Resolution of Support for the Projects. Three new capital project funding applications are planned to be submitted for the 2013-14 fiscal year:

- Full (fifty percent) support for the currently-underway Chemistry Lab Renovation Project. Project value currently not State-funded – \$810,000.
- West Building Program Laboratories and Divisional Office Space Project. Project value – \$2,400,000.
- Renewal and update of five Main Campus biology labs and laboratory preparation room, the biology lab and laboratory preparation room at the West Regional Center, and the laboratory preparation room at the Northeast Regional Center. Project value – \$5,900,000.

The first two projects were previously approved by the Board and construction efforts are currently underway. Approval by the State for these two capital applications will result in the State committing to funding fifty percent of debt cost effective July 1, 2013 for the remainder of the loan period for both projects. Currently 50 percent debt support is provided for \$990,000 of the Chemistry Lab Project. The Chemistry Lab application will be for the currently not-State-supported \$810,000 in project costs.

The third project, renewal and update of the biology labs and laboratory prep rooms, is one of the critical remaining projects from the 2003 Facility Master Plan. Five of the College's biology labs were built in 1982 as part of the original Main Campus construction effort; and have not been significantly updated or renewed since their construction. The West Regional Center biology lab and prep room were built in 1990 as part of the original construction for that Center and have not been updated. The Northeast laboratory prep room was built in 1994 as part of the construction effort for the first Northeast Center building and has not been updated since it opened. While the labs and prep rooms are fully functional, they are badly worn; and not configured for the optimal use of current technology and the preferred approaches for laboratory instruction. The Biology Lab Renewal Project will parallel the Chemistry Lab Renewal Project that is currently underway at the Main Campus.

Dr. Hawk noted that both the Chem Lab and West Building capital applications have a good chance of being funded for 2013-14. The Biology Lab Project is not expected to receive State support for the 2013-14 year because of the limitations on the amount of money available in the revolving Community College Capital Pool. However, by submitting the project for 2013-14, it will be eligible for status as a high-priority-project for 2014-15 at which time the capital pool funds will be available as a result of significant debt retirement across the State.

Action: Mr. Bergheiser moved and Ms. Sparandara seconded the motion that the Committee recommend to the full Board that 2013-14 State Capital Project Applications be submitted for the following projects:

- Full (fifty percent) support for the portion of the currently-underway Chemistry Lab Renovation Project currently not State-funded – \$810,000.
- Main Campus West Building Classroom, Laboratory and Divisional Office Project. Project value – \$2,400,000.
- Renewal and update of five Main Campus biology labs and laboratory preparation room, the biology lab and laboratory preparation room at the West Regional Center, and the laboratory preparation room at the Northeast Regional Center. Project value – \$5,900,000.

The motion passed unanimously.

(4) Main Campus Construction Update (Information Item):

Mr. Bixby provided the Committee with an update on recent progress on the construction projects currently underway in the West Building. The Math, Science and Health Careers Divisional suite has been completed and divisional staff moved into the new space on March 11, 2013. The next phase of the West Building projects, construction of the Architecture, Design and Construction Programs suite, is underway with a targeted completion date of April 2013. Design efforts for the Chemistry Labs Project are finished. Bid results for the Chemistry Labs Project will be presented to the Committee for approval at the April meeting. Mr. Bixby noted that over 50 contractors

participated in the mandatory pre-bid session. The College was successful in attracting a very diverse set of potential bidders.

(5) Next Meeting Date:

The next regularly scheduled meeting of the Committee will occur on Wednesday, April 17, 2013 at 9:00 A.M. in the Isadore A. Shrager Boardroom, M2-1. Mr. White noted that the agenda was extensive and will include:

- (a) Tuition and Fee Recommendation for the 2013-14 Year (Action Item)
- (b) Architect Selection for the College's Facilities Master Plan (Action Item)
- (c) Chemistry Labs Construction Bids (Action Item)
- (d) Discussion with the College's Harrisburg Lobbyist, Mr. Rocco Pugliese (Information Item)

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ATTACHMENT A

**2012-13 FISCAL YEAR BUDGET STATUS REPORT
AS OF MARCH 20, 2012**

Community College of Philadelphia
Enrollment Information (FTEs) for Fiscal Year 2012-2013

	Actual FY 11-12	Budgeted FY 12-13	Actual FY 12-13	Actual FY 13 vs Budgeted FY 13	% Variance
<u>CREDIT</u>					
Summer 2	1,976	1,845	1,837	(8)	-0.44%
Fall	13,461	13,011	12,819	(192)	-1.47%
Spring	13,436	13,164	12,861	(303)	-2.30%
Summer 1	2,665	2,880	2,665 *	(215)	-7.47%
Credit Year-to-date Totals - Annual FTEs	15,769	15,450	15,091	(359)	-2.32%
<u>NONCREDIT</u>					
Summer 2	82	80	94	14	17.50%
Fall	761	614	599	(15)	-2.44%
Spring	657	594	564 *	(30)	-5.05%
Summer 1	76	160	160 *	0	0.00%
Noncredit Year-to-date Totals - Annual FTEs	788	724	709	(16)	-2.14%

* Projected

**Community College of Philadelphia
Operating Budget Projections
Fiscal Year 2012-2013**

	<u>Original Budget</u>	<u>Current Projection as of March 20, 2013</u>
<u>REVENUES</u>		
Student Tuition and Fees	\$75,605,839	\$73,422,545
Commonwealth of Pennsylvania	27,088,894	28,226,906
City of Philadelphia	18,040,762	17,906,247
Other Income	<u>1,850,800</u>	<u>1,701,006</u>
TOTAL REVENUES	\$122,586,295	\$121,256,704
<u>EXPENSES</u>		
Salaries, Net of Lapsed Funds	\$73,388,496	\$71,923,936
Fringe Benefits	30,931,625	30,327,916
Other Expenses	20,041,347	19,641,353
Student Financial Aid	<u>175,000</u>	<u>175,000</u>
TOTAL EXPENSES	\$124,536,468	\$122,068,205
OPERATING BUDGET STATUS	<u>(\$1,950,173)</u>	<u>(\$811,501)</u>

**Community College of Philadelphia
Operating Budget Projection
Fiscal Year 2012-2013**

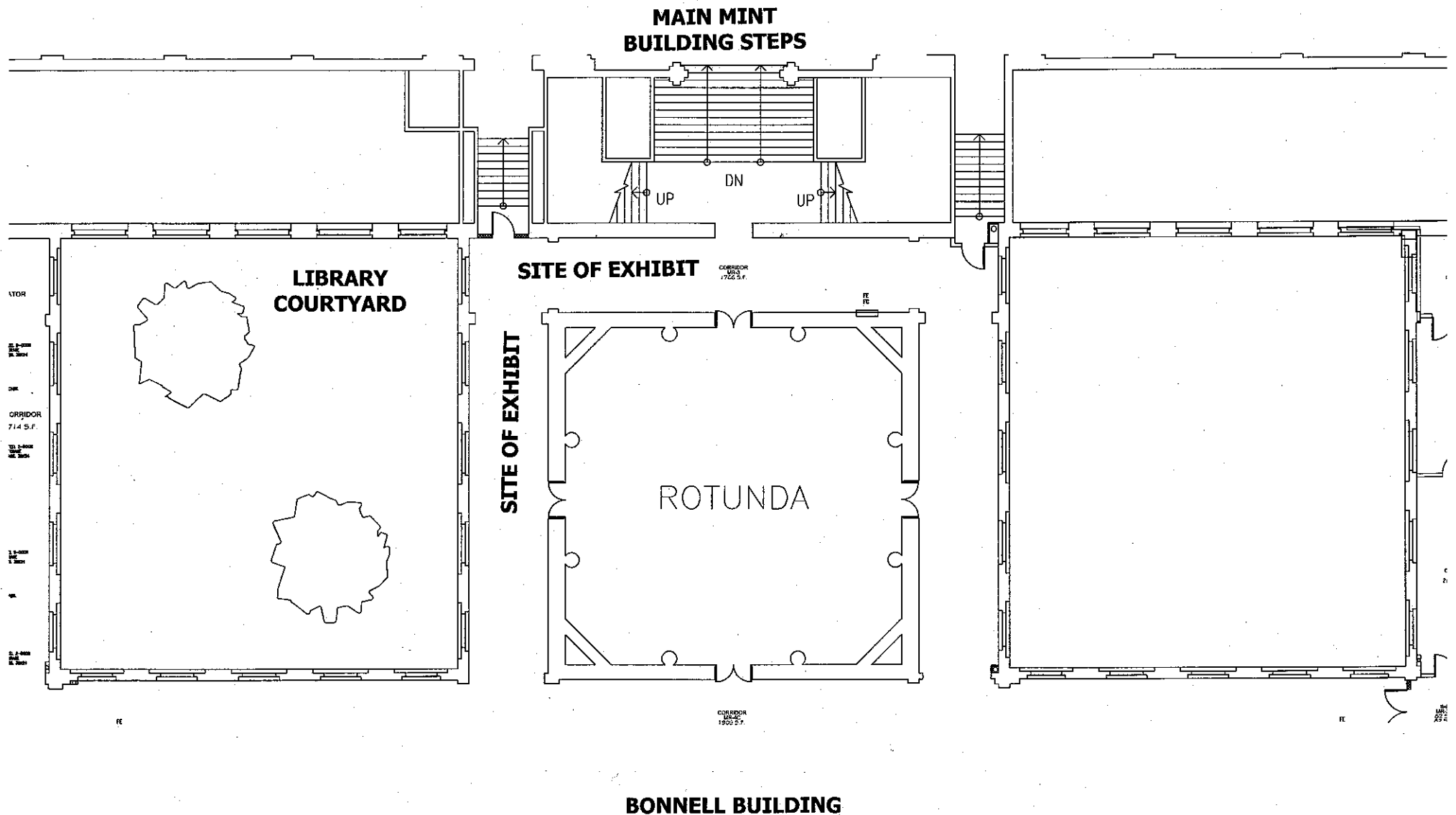
	<u>Original Budget</u>	<u>Current Projection as of March 20, 2013</u>	<u>Comment</u>
OPERATING REVENUES			
State Funding	\$26,873,894	\$28,036,906	Reflects restoration of State funds based upon State budget approved in June, 2012.
State Lease funding	215,000	190,000	
Total State Revenues	27,088,894	28,226,906	
Tuition - Credit Students	61,802,199	60,141,825	Reflects actual S2, Fall & Spring enrollments (2.11% lower than budget) and projected S1 enrollments lower than budget.
Technology Fee	10,751,600	10,504,592	Reflects actual S2, Fall & Spring enrollments (2.11% lower than budget) and projected S1 enrollments lower than budget.
Net Contribution from: Contracted Noncredit Instruction, Other Noncredit Instruction, Adult Community Noncredit Instruction	571,500	417,000	
Course Fees	3,484,640	3,408,928	Reflects actual S2, Fall & Spring enrollments (2.11% lower than budget) and projected S1 enrollments lower than budget.
Student Regulatory Fees	976,300	957,200	
Tuition Adjustments - Student Receivable Write-offs, Collection Costs, Credit Card Costs & Senior Citizen Discount	(1,980,400)	(2,007,000)	
Total Student Tuition & Fees	75,605,839	73,422,546	
City Operating Funds	18,040,762	17,906,247	Includes one debt service payment for new 5-year loan for the Chemistry Lab renovation project.
Investment Income	780,000	630,206	Includes projected year-end recognition of \$100,000 gain on value of long-term investments.
Vocational Education Funding	200,000	200,000	
Indirect Costs, Administrative Allowances	300,000	300,000	
Parking Proceeds & Miscellaneous Income	570,800	570,800	
Total Other Income	1,850,800	1,701,006	
TOTAL OPERATING REVENUES	<u>\$122,586,295</u>	<u>\$121,256,704</u>	

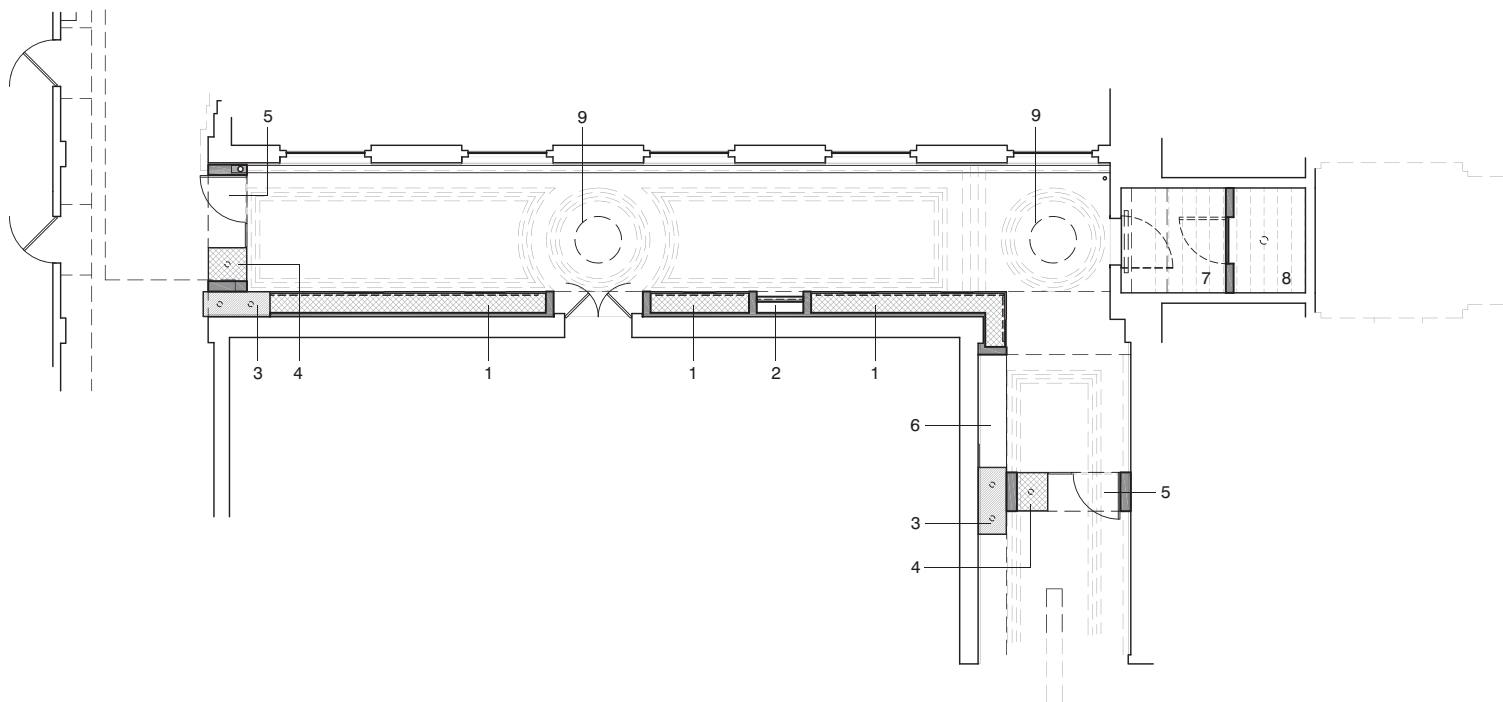
	Original Budget	Current Projection as of March 20, 2013	Comment
OPERATING EXPENSES			
Salaries			
Full-Time Administrative Salaries	14,833,718	14,833,718	
Less: Projected Lapsed Salaries	(600,000)	(675,000)	
Net Full-Time Administrative Salaries	14,233,718	14,158,718	
Full-Time Faculty Salaries	28,608,347	28,608,347	
Less: Projected Lapsed Salaries	(200,000)	(400,000)	
Net Full-Time Faculty Salaries	28,408,347	28,208,347	
Full-Time Classified Salaries	11,612,880	11,612,880	
Less: Projected Lapsed Salaries	(450,000)	(625,000)	
Net Full-Time Classified Salaries	11,162,880	10,987,880	
Subtotal - Full-Time Salaries	53,804,945	53,354,945	
Part-Time & Overload Credit Salaries	9,943,753	8,929,193	Average class size increased and approximately 150 less sections were offered in both Fall & Spring terms.
Summer Credit Instruction	4,462,134	4,462,134	
Part-Time & Overload Non-Credit Salaries	435,756	435,756	
All Other Salaries	4,291,908	4,291,908	
Early Retirement Incentive Payments	450,000	450,000	
Subtotal - Other than Full-Time Salaries	19,583,551	18,568,991	
Total Salaries	73,388,496	71,923,936	
Fringe Benefits			
Medical Program	19,878,500	19,478,009	Reflects lower than budgeted medical self-insurance claims.
Retirement	5,610,400	5,541,200	
FICA	3,043,000	3,021,100	
Tuition Remission	697,125	700,000	
Group Life	371,500	365,300	
Unemployment Compensation	381,000	366,400	
Workers' Compensation	367,800	267,707	Reflects actual FY 12-13 premium that was lower than budgeted and premium return from prior year based upon actual claims.
Unused Vacation	225,000	225,000	
Disability Premium	269,800	268,200	
Forgivable Education Loan	87,500	95,000	
Total Fringe Benefits	30,931,625	30,327,916	

	Original Budget	Current Projection as of March 20, 2013	Comment
Facility Expenses			
Utilities	2,406,702	2,341,702	
Contracted Security	1,302,010	1,302,010	
Contracted Cleaning	1,121,000	1,091,000	
All Other Facility Expenses	1,701,585	1,731,585	
Total Facility Expenses	6,531,297	6,466,297	
All Other Expenses			
Leased Equipment & Software	4,364,322	4,364,322	
Catalogs and Advertising	1,264,721	1,264,721	
Supplies-Pool	1,261,766	1,261,766	
Contracted Services	1,098,269	1,098,269	
Consultant	1,252,900	1,052,900	Reflects savings from later start than anticipated for the Facility Master Planning process.
Maintenance & Repairs	536,959	536,959	
Postage	452,600	452,600	
Insurance	568,900	633,900	Reflects larger than budgeted deductible payments related to defense costs of claims initiated in prior years.
Legal Fees	200,000	250,000	Reflects costs associated with Glaxo Smith Kline lease negotiations and Clery Act training.
Other Expenses	2,509,613	2,259,619	Reflects projected savings from unspent contingency funds.
Total All Other Expenses	13,510,050	13,175,056	
King Scholarship	175,000	175,000	
TOTAL OPERATING EXPENSES	\$124,536,468	\$122,068,205	
OPERATING BUDGET STATUS	(\$1,950,173)	(\$811,501)	

ATTACHMENT B

DESIGN CONCEPTS FOR THE GILROY ROBERTS GALLERY – MINT BUILDING





- 1 GLASS ENCLOSED DISPLAY AREA WITH ADJUSTABLE SHELVING
- 2 RECESSED WOOD CLAD A/V FEATURE WALL
- 3 BACK-LIT TRANSLUCENT SIGNAGE/DONOR BLOCK
- 4 JEWEL BOX DISPLAY
- 5 GLASS ENTRY COMPONENT
- 6 DISPLAY WALL WITH LOW PLATFORM
- 7 DIORAMA DISPLAY
- 8 STORAGE AREA
- 9 PENDANT LIGHT FIXTURE ABOVE

0' 10'
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METCALFE
ARCHITECTURE & DESIGN

PLAN VIEW

**CCP: GILROY ROBERTS GALLERY
OPTION A**

SCHEMATIC DESIGN/ CONCEPT REVIEW: FEBRUARY 14, 2013
MA&D 1158
1/8" = 1'-0"



METCALFE
ARCHITECTURE & DESIGN

VIEW AT ENTRY

**CCP: GILROY ROBERTS GALLERY
OPTION A**

**SCHEMATIC DESIGN/ CONCEPT REVIEW: FEBRUARY 14, 2013
MA&D 1158 NOT TO SCALE**



METCALFE
ARCHITECTURE & DESIGN

VIEW AT CORNER

**CCP: GILROY ROBERTS GALLERY
OPTION A**

SCHEMATIC DESIGN/ CONCEPT REVIEW: FEBRUARY 14, 2013
MA&D 1158 NOT TO SCALE



THE
GILROY ROBERTS
GALLERY