

**MEETING OF THE BUSINESS AFFAIRS COMMITTEE  
OF THE BOARD OF TRUSTEES  
Community College of Philadelphia  
Wednesday, May 22, 2013 – 9:00 A.M.**

**Present:** Mr. Jeremiah White, Jr., presiding; Mr. Matthew Bergheiser, Ms. Suzanne Biemiller, Ms. Jennie Sparandara, Stella Tsai, Esq., Dr. Stephen M. Curtis, Dr. Thomas R. Hawk, Ms. Jody Bauer, Dr. Judith Gay, Dr. Samuel Hirsch, Mr. Todd Murphy, Mr. James P. Spiewak, and Jill Garfinkle Weitz, Esq.

**AGENDA – PUBLIC SESSION**

**(1) 2012-13 Budget Update (Information Item):**

Dr. Hawk and Mr. Spiewak provided an overview of the College's budget status for fiscal year 2012-13. Attachment A contains the handout provided to the Committee at the meeting. The originally adopted 2012-13 budget had a projected use of carry-over funds for the 2012-13 year in the amount of \$1,950,173. As a result of increased revenues from the State and successful cost containment efforts over the course of the fiscal year, the original budget shortfall has been eliminated and a small operating budget surplus of \$32,802 is now projected.

Fiscal year credit enrollments are projected to be 304 FTEs or 2.0% less than projected at the time the budget was prepared. The lower-than-budgeted credit FTEs have reduced tuition and fee revenues below the levels estimated at the time the budget was adopted. Offsetting these lower student revenues was a greater level of State funding than assumed at the time the budget was approved and significant cost savings in many areas of the operating budget.

Mr. Spiewak summarized the key changes in both revenues and expenses. The small reduction in City operating revenues from the amount in the original budget occurred as a result of information received later in the fiscal year that the State would provide capital funding for its share of the West Building Chemistry Lab Project. This required dedicating a portion of the City allocation for the required local match. As a result of the lower-than-budgeted enrollment levels, tuition and fee revenue is projected to be \$2.3 million less than budgeted. Helping to offset this impact, final State operating funding will be \$1.1 million greater than budgeted as a result of improved State support over what was in the recommended Governor's budget at the time the Board adopted the 2012-13 College Budget. Total revenues for 2012-13 are now projected to be \$1.4 million less than planned in the 2012-13 budget.

Overall, 2012-13 expenditures have been reduced by \$3.4 million from the originally approved budget amount of \$124.5 million. Total salary expenditures are projected to be \$1.6 million less than originally budgeted. This reflects the reductions in the number of sections that were made as a result of lower-than-budgeted credit enrollments. Dr. Gay explained that, in order to offset the potential drop in average class size that could have been caused by the modest enrollment decline, the master course schedule was restructured to eliminate sections that had run with very small enrollments in the past. The elimination of sections was accomplished in a way that did not have an adverse impact on students' abilities to get viable

schedules. As a result of this effort, there was a small increase in average class size for 2012-13 and a reduction of 150 in the number of sections offered for both the fall and spring terms.

Fringe benefit expenditures are \$840 thousand less than budgeted. This reflects both the lower salary payments which drive out many fringe benefit costs, and more favorable self-insured healthcare costs than were projected in the actuary's estimates used to create the 2012-13 budgeted amounts. Expenditures in areas other than salaries and fringes are projected to be \$1 million less than budgeted. This includes less-than-budgeted expenditure amounts in many budget categories and includes not spending a majority of the dollars placed in the institutional contingency account.

**(2) 2013-14 College Budget (Action Item):**

Discussion: Attached separately to the minutes is the 2013-14 College Budget. The 2013-14 budget plan maintains the cost-containment strategies that were put in place for the 2012-13 year and introduces additional strategies to control expenditures. The 2013-14 Budget includes a range of new and continuing initiatives addressing current College priorities.

The expenditure plan totals \$140,631,465. The recommended educational and general budget operating expense (including student activities and auxiliaries) is \$126,583,936, and the capital budget expense is \$14,047,529. The budget includes a planned use of the prior years' carryover funds in the amount of \$1,681,026. Attachment B contains the PowerPoint slides used by staff to present the key features of the 2013-14 Budget.

The budget presentation to the Committee contained the following components: an overall snapshot look at institutional revenue and expense patterns budgeted for the 2013-14 year; a discussion of the key assumptions and factors which guided the 2013-14 budget development process; an overview of key institutional priorities and objectives which guided the budget recommendations that were made for expenditures in the 2013-14 year; and a detailed look at expense and revenue planning for the next year.

In reviewing overall patterns of revenue support for the institution, Mr. Bergheiser asked the extent to which the College budget relied upon additional sources of funding beyond those which are outlined in the operating budget. Dr. Hawk responded that the long-standing budget model used by the College has been to create a self-sustaining operating budget where all of the College's essential functions and permanent staffing were paid for out of continuing operating revenues. There is no dependence in the College's operating budget on "soft money" funding in order to sustain essential operations. Grant funding and other sources of specialized funding are used to enhance institutional activities and undertake new initiatives that support the College's strategic priorities. Dr. Hawk noted that the only exception to this had been the continuing usage of a limited amount of federal Perkins dollars to support career program expenses. This source of federal funding, which has been in place for decades, has been sufficiently predictable that the College has felt comfortable committing to a certain amount of ongoing operating budget funding from the Perkins dollars. In 2013-14, \$200,000 of Perkins funds are budgeted to be used to sustain career program related operating expenses. Additional Perkins funds support capital leases and equipment purchases.



Committee members requested that in the full Board budget presentation, information also be provided on restricted funding that the College receives to advance key special initiatives for the College. Staff noted that on many occasions, projects that are initially funded through grants and found to have significant merit for supporting students' success and outcomes, are eventually institutionalized and the costs associated with the grant absorbed into the College's ongoing operating budget and paid for out of ongoing operating revenues. The Achieving the Dream efforts are an example of this. In the initial years of the College's participation in the Achieving the Dream project, dollars were made available by the Heinz Foundation to support some of the early projects associated with Achieving the Dream. In the last several years, all of the Achieving the Dream project efforts have been funded out of the College's operating budget.

Pages 9 to 28 of the proposed 2013-14 College Budget contain an overview of departmental, divisional and institutional objectives that have been developed for the 2013-14 year and used as a guide for structuring institutional resource usage. Staff noted that the majority of the objectives developed for any particular fiscal year involved a commitment of existing institutional resources to new initiatives intended to strengthen the institution. In some cases, strategic objectives will require a commitment of new or reallocated resources in order to be achieved. The divisional objectives are organized around three strategic theme areas: (1) *Fostering Student Success* – enhancing student achievement while students are at the College and upon their transfer and in the workplace; (2) *Making an Impact* – strengthening and promoting the College's leadership capabilities to support achievement of regional economic development goals; and (3) *Positioning for the Future* – redevelopment and enhancement of College resources to ensure the long-term institutional effectiveness. These themes are expected to help structure the 2013-17 Strategic Plan. Ms. Biemiller stated that the Board had not yet approved a strategic plan, and that further Board input into the strategic priorities for the College was still needed. Dr. Curtis noted that Ms. Holland had met with staff on several occasions to continue discussion on the strategic performance measures based upon the earlier conversations that had taken place with the full Board on strategic plan priorities.

Staff reviewed a few of the more significant initiatives that are included in the proposed 2013-14 budget plan. Student success objectives discussed were the continuing implementation of DegreeWorks and the College's Learning Management System (Canvas); planning for a new integrated student guidance system (GPS); and continuation of efforts to strengthen College developmental educational experiences for students both to reduce the time they are required to spend in developmental education and to limit their required use of federal financial aid dollars to pay for their developmental educational needs.

With respect to the *Making an Impact* objectives, staff discussed planned expansion of collaborative programs with Philadelphia secondary schools; the opening of a new Single Stop Center which will provide comprehensive social, legal and financial services to students to address many of the personal barriers that students have which interfere with their ability to successfully persist in higher education; and planning for the creation of a new educational center at the Philadelphia Naval Yard.

With respect to positioning the College for the future, staff commented on the following sample objectives: in the context of the ongoing redesign of the College's current ERP (Ellucian/Banner), assessing Banner's long-term appropriateness for the College; initiating

planning and staffing for the College's next comprehensive fundraising campaign; and continuation of efforts to provide improved access to, and better use of institutional data in decision making.

In reviewing the process used to develop expense and revenue budgets for the 2013-14 year, staff provided an overview of the major initiatives that were undertaken to contain expenses and reduce expenses for 2013-14 year. See pages 31 to 34 of the 2013-14 College Budget. Major deviations in expenditure patterns between 2013 and 2014 fiscal year were described. Initiatives requiring a significant reallocation of resources or new dollar funding were identified. See pages 35 to 36 of the 2013-14 College Budget. Proposed changes in full-time staffing for the year were reviewed as were other major expense changes between the 2013 and 2014 fiscal years. Patterns of revenue support for the 2013-14 budget were reviewed. See pages 42 to 54 of the 2013-14 College Budget. The last portion of the budget provides detailed revenue and expense and enrollment projection tables. These tables provide variances between the proposed 2013-14 budget, the approved and revised budgets for 2012-13 and the final expenditures for the 2011-12 year at both the cost center and expense item levels.

Mr. White noted that there were two issues that should be discussed in future meetings with respect to institutional activity for the 2013-14 year. The first was continuing discussions on the current use of technology and its impact and assessing future directions in technology use that may become essential for the institution. The second issue is continuing to strengthen the College's delivery of customized educational programs to the Philadelphia business community. Dr. Curtis noted that the multi-year economic slump had greatly reduced employers' willingness to spend a significant amount of dollars on employee training programs; and that at both the State and national level, community college enrollments and revenues from employer-based training programs had declined in the last several years. Mr. White asked Ms. Tsai to lead a sub-group of the Business Affairs Committee which would look at both issues.

It was agreed that the presentation presented to the full Board would be shortened significantly and address only the most important aspects of the proposed budget.

Action: Mr. Bergheiser moved and Ms. Biemiller seconded the motion that the Committee recommend to the full Board that the proposed 2013-14 College Budget be approved. The motion passed unanimously.

### **(3) Adoption of Sandy Hook Principles (Action Item):**

Discussion: The College received a request from the City asking the College to adopt the Sandy Hook Principles which define steps that "must be taken to reduce gun violence." Attachment C contains the letter received from the Mayor and a copy of the Sandy Hook Principles. The Principles are similar to the Sullivan Principles on South African Investments which the College followed for many years until the international sanctions against South Africa were lifted.

Adopting the Sandy Hook Principles by the College will require staff to ensure that the College's operating cash investment portfolio is not invested with firms who have not adopted



the Sandy Hook Principles. The College's current investment management partners have indicated their willingness and ability to confirm that the College does not have investments placed in instruments issued by arms industry firms who have not adopted the Sandy Hook Principles. Mr. Murphy explained that both Investment Managers used by the College (Commonfund and TIAA-CREF) offer Socially Responsible Investment strategies which screen investment options in a manner which will create compliance with the Sandy Hook Principles.

Action: Ms. Tsai moved and Ms. Sparandara seconded the motion that the Committee recommend to the full Board adoption of the Sandy Hook Principles. The motion passed unanimously.

**(4) Proposed 2013-14 Business Affairs Committee Meeting Dates (Information Item):**

In order to facilitate Board member calendar planning, Board Committees are asked to establish a meeting calendar for the year. Currently proposed meeting dates for the Business Affairs Committee for the 2013-14 fiscal year are as follows:

**Wednesday, September 25, 2013 – 9:00 A.M.**

**Wednesday, October 23, 2013 – 9:00 A.M.**

**Wednesday, November 20, 2013 – 9:00 A.M.**

**No Meeting in December, 2013**

**Wednesday, January 22, 2014 – 9:00 A.M.**

**No Meeting in February, 2014**

**Wednesday, March 19, 2014 – 9:00 A.M.**

**Wednesday, April 23, 2014 – 9:00 A.M.**

**Wednesday, May 21, 2014 – 9:00 A.M.**

**Wednesday, June 18, 2014 – 9:00 A.M.**

**(5) Next Meeting Date:**

The next regularly scheduled meeting of the Committee will occur on Wednesday, June 19, 2013 at 9:00 A.M. in the College's Isadore A. Shrager Boardroom, M2-1.

# **ATTACHMENT A**

**2012-13 BUDGET UPDATE  
MAY 22, 2013**



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

	<u>Actual</u> <u>FY 11-12</u>	<u>Budgeted</u> <u>FY 12-13</u>	<u>Actual</u> <u>FY 12-13</u>		<u>Actual FY</u> <u>13 vs</u> <u>Budgeted</u> <u>FY 13</u>	<u>% Variance</u>
<b><u>CREDIT</u></b>						
Summer 2	1,976	1,845	1,837		(8)	-0.44%
Fall	13,461	13,011	12,822		(188)	-1.45%
Spring	13,436	13,164	12,881		(283)	-2.15%
Summer 1	2,665	2,880	2,750	*	(130)	-4.51%
<b>Credit Year-to-date Totals - Annual FTEs</b>	<b>15,769</b>	<b>15,450</b>	<b>15,145</b>		<b>(304)</b>	<b>-1.97%</b>
<b><u>NONCREDIT</u></b>						
Summer 2	82	80	94		14	17.50%
Fall	761	614	599		(15)	-2.44%
Spring	657	594	559	*	(35)	-5.89%
Summer 1	76	160	171	*	11	6.88%
<b>Noncredit Year-to-date Totals - Annual FTEs</b>	<b>788</b>	<b>724</b>	<b>712</b>		<b>(13)</b>	<b>-1.73%</b>

\* Projected

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

	<u>Original Budget</u>	<u>Current Projection as of May 22, 2013</u>
<b><u>REVENUES</u></b>		
Student Tuition and Fees	\$75,605,839	\$73,282,939
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>1,740,156</u>
<b>TOTAL REVENUES</b>	<b>\$122,586,295</b>	<b>\$121,156,248</b>
<b><u>EXPENSES</u></b>		
Salaries, Net of Lapsed Funds	\$73,380,115	\$71,751,599
Fringe Benefits	30,931,625	30,092,600
Other Expenses	20,049,728	19,104,247
Student Financial Aid	<u>175,000</u>	<u>175,000</u>
<b>TOTAL EXPENSES</b>	<b>\$124,536,468</b>	<b>\$121,123,446</b>
<b>OPERATING BUDGET STATUS</b>	<b><u>(\$1,950,173)</u></b>	<b><u>\$32,802</u></b>



	Original Budget	Current Projection as of May 22, 2013	Comment
<b>OPERATING REVENUES</b>			
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	
<b>Total State Revenues</b>	<b>27,088,894</b>	<b>28,226,906</b>	
Tuition - Credit Students	61,802,199	60,028,238	Impacted by actual enrollment being lower than budget.
Technology Fee	10,751,600	10,501,589	Impacted by actual enrollment being 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	3,385,912	Impacted by actual enrollment being 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)	
<b>Total Student Tuition &amp; Fees</b>	<b>75,605,839</b>	<b>73,282,939</b>	
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	680,206	Rates of return lower than budget; 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	559,950	
<b>Total Other Income</b>	<b>1,850,800</b>	<b>1,740,156</b>	
<b>TOTAL OPERATING REVENUES</b>	<b><u>\$122,586,295</u></b>	<b><u>\$121,156,248</u></b>	

	<u>Original Budget</u>	<u>Current Projection as of May 22, 2013</u>	<u>Comment</u>
<b><u>OPERATING EXPENSES</u></b>			
<b><u>Salaries</u></b>			
Full-Time Administrative Salaries	14,833,718	14,958,260	
Less: Projected Lapsed Salaries	<u>(600,000)</u>	<u>(800,000)</u>	
Net Full-Time Administrative Salaries	14,233,718	14,158,260	
Full-Time Faculty Salaries	28,608,347	28,608,347	
Less: Projected Lapsed Salaries	<u>(200,000)</u>	<u>(200,000)</u>	
Net Full-Time Faculty Salaries	28,408,347	28,408,347	
Full-Time Classified Salaries	11,612,880	11,612,880	
Less: Projected Lapsed Salaries	<u>(450,000)</u>	<u>(750,000)</u>	
Net Full-Time Classified Salaries	11,162,880	10,862,880	
<b>Subtotal - Full-Time Salaries</b>	<b>53,804,945</b>	<b>53,429,487</b>	
Part-Time & Overload Credit Salaries	10,834,685	9,837,436	Average class size increased and approximately 150 less sections were offered in both Fall & Spring terms.
Summer Credit Instruction	4,462,134	4,256,257	
Part-Time & Overload Non-Credit Salaries	435,755	435,755	
All Other Salaries	3,392,596	3,342,664	
Early Retirement Incentive Payments	450,000	450,000	
<b>Subtotal - Other than Full-Time Salaries</b>	<b>19,575,170</b>	<b>18,322,112</b>	
<b>Total Salaries</b>	<b>73,380,115</b>	<b>71,751,599</b>	
<b><u>Fringe Benefits</u></b>			
Medical Program	19,878,500	19,428,000	Reflects lower than budgeted medical self-insurance claims.
Retirement	5,610,400	5,590,000	
FICA	3,043,000	2,937,000	Lower than budget due to lower than budgeted salaries
Tuition Remission	697,125	650,000	
Group Life	371,500	365,300	
Unemployment Compensation	381,000	366,400	
Workers' Compensation	367,800	267,700	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	125,000	
Disability Premium	269,800	268,200	
Forgivable Education Loan	87,500	95,000	
<b>Total Fringe Benefits</b>	<b>30,931,625</b>	<b>30,092,600</b>	



	<u>Original Budget</u>	<u>Current Projection as of May 22, 2013</u>	<u>Comment</u>
<b>Facility Expenses</b>			
Utilities	2,406,702	2,341,702	Electric and gas costs are projected to be lower than budget.
Contracted Security	1,302,010	1,320,000	
Contracted Cleaning	1,121,000	1,084,386	
All Other Facility Expenses	1,702,035	1,719,459	
<b>Total Facility Expenses</b>	<b>6,531,747</b>	<b>6,465,547</b>	
<b>All Other Expenses</b>			
Leased Equipment & Software	4,357,752	4,412,652	
Catalogs and Advertising	1,264,721	1,274,903	
Supplies-Pool	1,379,580	1,357,080	
Contracted Services	1,323,789	1,271,319	
Consultant	1,252,900	1,066,841	Reflects savings from later start than anticipated for the Facility Master Planning process.
Maintenance & Repairs	536,959	549,462	
Postage	452,600	444,719	
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	2,180,780	1,377,824	Reflects projected savings from unspent contingency funds and other budget lines.
<b>Total All Other Expenses</b>	<b>13,517,981</b>	<b>12,638,700</b>	
<b>King Scholarship</b>	<b>175,000</b>	<b>175,000</b>	
<b>TOTAL OPERATING EXPENSES</b>	<b>\$124,536,468</b>	<b>\$121,123,446</b>	
<b>OPERATING BUDGET STATUS</b>	<b>(\$1,950,173)</b>	<b>\$32,802</b>	

# **ATTACHMENT B**

**2013-14 BUDGET OVERVIEW  
MAY 22, 2013**

**PowerPoint Presentation to the  
Business Affairs Committee**



# **2013-14 Budget Overview**

**Board of Trustees  
Business Affairs Committee  
May 22, 2013**

## **Presentation Outline**

- **Budget Snapshot Tables**
- **Key Assumptions/Factors Guiding 2013-14 Budget Development**
- **Representative Strategic Initiatives Included in 2013-14 Budget Plan**
- **Overview -- 2013- 14 Expense Planning**
- **Overview -- 2013-14 Revenue Patterns**

# **Budget Snap Shots**

## **Budget Document Structure**

- **Financial Context Overview, pages 1-8**
- **2013-14 Institutional Objectives, pages 9-28**
- **Expenditure Budget Overview, pages 31-41**
- **Revenue Budget Overview, pages 42-54**
- **Detailed Revenue, Expense and Enrollment Tables, pages 55-85**

### 2013-14 All-Inclusive Budget Summary (In thousands)

Revenues Source	Operations Revenues	Capital Revenues	Total Revenues	Percent of Revenues
Student	75,196	360	75,556	53.7
City	18,843	7,565	26,409	18.8
State	28,227	6,022	34,249	24.4
Other Income	2,699	100	2,799	2.0
Carry-Over Funds	1,618		1,618	1.2
<b>Total Revenues</b>	<b>126,583</b>	<b>14,048</b>	<b>140,631</b>	
Expense Category	Operations Expenses	Capital Expenses	Total Expenses	Percent of Expenses
Operating Salaries	71,714		71,714	51.0
Fringe Benefits	31,178		31,178	22.2
All Other Expenses	23,691		23,691	16.8
Capital		14,048		10.0
<b>Total Expenses</b>	<b>126,583</b>	<b>14,048</b>	<b>140,631</b>	

### 2013-14 Operating Budget Summary (In thousands)

Operating Revenues	Amount	Percent
Student	73,549	59.3
City	18,843	15.2
State	28,227	22.8
Other Income	1,688	1.4
Carry-Over Funds	1,618	1.3
<b>Total Revenue</b>	<b>123,925</b>	
Operating Expenses		
Salaries	71,714	58.6
Fringe Benefits	31,178	24.8
Other Expenses	21,033	16.6
<b>Total Expenses</b>	<b>123,925</b>	



## 2013-14 Expenditures by Functional Area

Organizational Area	Salaries and Benefits	Non-salary Expenditures	Total	Percent of Budget
Instruction and Academic Services	\$62,694,329	\$2,063,554	\$64,757,883	52.3%
Academic Administration	\$9,423,884	\$937,837	\$10,361,721	8.4%
Counseling/Financial Aid	\$6,247,990	\$65,379	\$6,313,369	5.1%
Other Enrollment Services and Student Affairs Administration	\$5,337,971	\$469,915	\$5,807,886	4.7%
Facility Operations	\$5,395,630	\$7,631,548	\$13,027,178	10.5%
Information Technology Services	\$4,612,407	\$4,109,431	\$8,721,838	7.0%
General Administrative Functions	\$10,979,770	\$5,305,296	\$16,285,066	13.1%
less Lapsed Salary Projection	(\$1,350,000)		(\$1,350,000)	-1.1%
<b>Total 2013-14 Operating Budget</b>	<b>\$103,341,981</b>	<b>\$20,582,960</b>	<b>\$123,924,941</b>	<b>100.0%</b>
Percent of Budget	83.4%	16.6%		

## Major Operating Expense Changes Between 2013 and 2014 Fiscal years

<b>Major Expense Additions</b>	
'Best and Final' Offer Salary Impact	\$1,069,000
Projected Healthcare Cost Increase	\$836,000
Other Fringe benefit Increases	\$249,000
Dollars Required for Major Strategic Objectives	\$858,000
<b>Major Expense Reductions</b>	
<u>Net</u> Reduction in Full and Part-Time Staff Salaries	\$421,000
Larger Non-salary Expense Reductions	\$765,000
<b>Total Operating Budget Increase</b>	<b>\$2,801,495</b>

# **Key Budget Planning Factors and Assumptions**

## **Key Factors/Assumptions Impacting on 2013-14 Budget Plan**

- **Current projection is that 2012-13 year will end with a small surplus (\$32,802). Ninth consecutive fiscal year ending with a surplus.**
- **State funding will remain unchanged from 2012-13 levels.**
- **Mayor has proposed a \$1 million increase in City funding**
- **Salary and fringe benefit expense assumptions assume provisions of 'best and final' contract offer are implemented for both fiscal 2013 and 2014.**

### **Key Factors/Assumptions Impacting on 2013-14 Budget Planning**

- Tuition will increase by 2.7 percent from 148 to 153 per credit generating \$1.69 million in new revenues. Second lowest increase in a decade.
- Pell maximum will go up \$95 – but some students will lose their eligibility for Pell based upon academic progress requirements and life time maximum rule.
- The current modest downward trend in credit enrollments is assumed to continue. Budgeted credit FTEs are 14,629 (3.1 percent below current FY 2012-13 projected FTEs of 15,103).

### **Key Factors/Assumptions Impacting on 2013-14 Budget Planning**

- In order to avoid cuts in programs and services that would have an adverse student impact, carry-over funds from earlier (pre 2012-13) years will be used to create a balanced budget plan.
- A very small number of new full-time positions will be added to address Strategic Plan priorities.
- Newly-vacant existing positions will be carefully evaluated before filling.
- Strategic Planning Priorities will guide decision making with respect to how available resources are used.



# **Representative 2013-14 Institutional Objectives**

## **2013-17 Strategic Plan Themes Used to Help Establish 2013-14 Budget Priorities**

- I. Fostering Student Success** -- enhancing student achievement while they are at the College and upon their transfer and in the work place
- II. Making an Impact in the Larger Community** -- strengthening and promoting the College's leadership capabilities to support achievement of regional economic development goals
- III. Positioning the College for Future** -- redevelopment and enhancement of college resources to ensure long-term institutional effectiveness

## Representative 'Student Success' Objectives

- *Continuing implementation of Degree Works and Canvas (AA, SA)*
- *Planning for a new integrated student guidance (GPS) system (SA)*
- *Enhancement of efforts to strengthen student success in developmental education, and reduce time students are required to spend in non-college-level course work (AA)*
- *Continuing and extending Achieving the Dream initiatives (AA,SA)*
- *Increasing out-of-classroom academic support resources(AA)*
- *Continuation of Center for Male Engagement services (SA)*
- *Classroom enhancements and public space renewal (FP)*

## Representative 'Making an Impact' Objectives

- *Expansion of collaborative programs with Philadelphia secondary schools (AA)*
- *Opening of the Single Stop Center offering students comprehensive social, legal and financial services (SA)*
- *Planning for a potential new academic center to open at the Philadelphia Naval Yard in summer 2014 (FP, AA)*
- *Continuing exploration of Bachelor Degree program option (OP,AA)*
- *Undertaking year three of leadership for state-wide Job Track PA Program and post-grant sustaining planning (OP,AA)*
- *Full first-year implementation of the 10,000 Small Businesses Program (AA)*

## **Representative ‘Positioning for the Future’ Objectives**

- *Comprehensive assessment of the future use of Banner as the College’s ERP. (IT)*
- *Preparing the College to undertake the next Comprehensive Private Fund Raising Campaign. (IA)*
- *Continuation of efforts by the Institution-wide Assessment Committee to enhance the effective use of data in decision making. (FP,IT,AA)*
- *Implement comprehensive Customer Relationship Management System*
- Continuation of efforts to develop next Facility Master Plan (FP)
- Enhanced HR processes including: staff recruitment, succession planning, evaluation (HR)
- Implement Student Loan Default Aversion System

## **2013-14 EXPENSE Overview**



## Representative Expense Containment Strategies for 2013-14

- *Contractually-permitted reductions in faculty staffing will be implemented.*
- *Except for CBI, main campus buildings will be closed in Friday evenings and Saturdays.*
- *City-funded capital expenditures will be restricted to \$700,000.*
- Reshaping aspects of technology expense.
- Taking maximum advantage of smart and green building designs to reduce energy and operating costs.
- Vacant administrative and classified/confidential positions will be re-justified before approval is given to fill them.
- Use of college space by outside groups that is not mission critical will be tightly restricted.

## Ten Year Shift in Operating Budget Expense Patterns (dollars in thousands)

Category	2003-04 Expense	2003-04 Percent of Budget	2013-14 Expense	2013-14 Percent of Budget	Ten Year Average Dollar Change	Ten Year Average Percent Change
Wages	58,475	64.4%	72,075	58.2%	1,360	2.1%
Healthcare	9,784	10.8%	20,624	16.4%	1,048	7.6%
Other Fringes Benefits	8,485	9.4%	10,914	8.8%	243	2.5%
Facility Operations	5,410	6.0%	6,861	5.5%	145	2.4%
Other Operating	8,608	9.5%	13,811	11.1%	520	4.8%
<b>Total Operating Budget</b>	<b>90,763</b>		<b>123,925</b>		<b>3,316</b>	<b>3.2%</b>

## Two Year Expense Comparison

Category	2012-13 Revised	2013-14, Budgeted	Dollar Change	Percent change
Salaries	\$71,301,599	\$71,714,281	\$412,682	0.6%
Fringe Benefits	\$30,092,600	\$31,177,700	\$1,085,100	3.6%
Facility Operations	\$6,465,547	\$6,861,362	\$395,815	6.1%
Other Operating	\$13,913,700	\$14,171,598	\$257,898	1.9%
Budget Before Residual Savings	\$121,773,446	\$123,924,941	\$2,151,495	1.8%
less Projected Residual Savings	(\$650,000)		(\$650,000)	
Total Budget	\$121,123,446	\$123,924,941	\$2,801,495	2.3%

## Position Changes for 2013-14

- New Administrative Positions
  - Director of Campaign Programming
  - Assistant CIO
  - Career Services Specialist
  - Educational Support Specialist
- Deleted Administrative Position
  - Week-end and Evening Administrator
- New Classified Positions (conversion from part-time to full-time)
  - Information Center -- two positions
  - Admissions – one position
- Deleted Faculty Positions
  - Full-time teaching – 13.5 positions
  - Counselor – one position

## **New Initiatives Requiring Reallocation of Funds**

- **MSA Accreditation Preparation (facility renewal and team support costs) -- \$243,475**
- **Customer Relationship Management System -- \$89,000**
- **Single Stop Student Resource Center -- \$200,000**
- **Enhanced Private Fund Raising Capacity -- \$105,000**
- **Ten Smart Classroom -- \$200,000**
- **Physical Therapy Assistant Program -- \$268,100**
- **New Phone Switch and Expanded Wi Fi Capacity in Main Campus West and CBI Buildings -- \$45,000**

## **Continuing Initiatives Requiring Reallocation of Fund**

- **Facility Master Plan Development -- \$250,000**
- **Expanded ABE Classes -- \$50,000**
- **Expansion of Educational Support Services Resources -- \$100,000**
- **Expanded Career Center Resources -- \$29,400**
- **Completion of College Home Page Redesign -- \$40,000**

# **2013-14 REVENUE Overview**

## **2013-14 State Funding**

- **Operating -- \$28,226,906 (no change from FY 2013)**
  - Covers 22.8% of projected operating expenses
- **Capital – \$6,021,665**
  - Covers 42.9% of projected capital expenses
  - Assumes no additional state capital project funding
- **State operating funding, on a percentage basis, is at lowest level in college history, and on a per FTE student basis is at the lowest level since mid 1990s**



## **2013-14 City Funding**

- Increased by \$1 million from amount received in last three years.
- Total projected allocation is \$26,409,207
- As required by ACT 484, City dollars are used first for capital commitments and the remainder for the operating budget.
- Will covers 15.2% of projected operating expense and 53.9% of budgeted capital expenses.

## **2013-14 Student Revenues**

- Tuition increased from \$148 to \$153 per credit.
- No change in any student fee
- Increase in tuition and fees is 2.7% second lowest increase in last decade.
- Full-time (two-semester) cost average charge (including average course fees) is \$4,623 .
- Student operating revenue is projected to be \$73,549,267.
- Will fund 59,3% of projected operating expenses.
- Students also provide \$1,647,495 in General College Fee revenues which support student activities. Fee is unchanged at \$4 per credit.

## **Other Larger Revenue Sources**

- **Investment Income (\$660,000)**
- **Perkins (career program) funds (\$200,000)**
- **Indirect cost allowances (\$300,000)**
- **Auxiliaries (\$1,273,900)**
- **Also receive significant grant revenue for special projects not included in operating budget.**

# **ATTACHMENT C**

**Letter to President Curtis Dated March 13, 2013 from Mayor Nutter  
Regarding Sandy Hook Principles**

**Sandy Hook Principles**



# CITY OF PHILADELPHIA

Office of the Mayor  
215 City Hall  
Philadelphia, PA 19107  
(215) 686-2181  
FAX (215) 686-2180

MICHAEL A. NUTTER  
Mayor

March 13, 2013

Dr. Stephen M. Curtis  
President  
Community College of Philadelphia  
1700 Spring Garden Street  
Philadelphia, PA 19130

Dear President <sup>Steve</sup> Curtis:

As Mayor of the City of Philadelphia and President of the United States Conference of Mayors, I have dedicated myself to reducing the excessive gun violence that plagues cities and towns all across America. In January, I, along with other mayors, sent a letter to the President and Congress urging them to take immediate and meaningful action against this harrowing crisis.

We must do more for our children, and I am confident that if we work together we can achieve far greater progress than any one person or organization alone. It is for this reason that I am urging you and your Board of Trustees to adopt the enclosed Sandy Hook Principles as part of Community College of Philadelphia's investment policy.

The Sandy Hook Principles are an expression of America's core values. In these Principles we affirm the steps that must be taken to reduce gun violence; we call on the gun industry to be a part of the solution by taking action to keep firearms out of the wrong hands, and make guns and ammunition safer for authorized users.

History demonstrates that our approach can effect meaningful change. In the late 1970s and 1980s, the apartheid regime in South Africa was dismantled, in part, due to the widespread adoption of the Sullivan Principles by higher education institutions across the country.

On January 24, 2013, we took the first step when Philadelphia's Pension Board adopted the Sandy Hook Principles, choosing to divest itself of companies who reject our vision for what America can, and should, be. Today, the Sinking Fund Commission, which controls the investment of the Philadelphia Gas Works' pension fund adopted them as well. I strongly encourage you and your board to do the same.

Together we can do this. Please join me.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael A. Nutter".

Michael A. Nutter  
Mayor



## **SANDY HOOK PRINCIPLES**

### **THE CONTEXT**

In solemn remembrance of the 20 children and 6 adults whose lives were taken during the tragic shooting massacre of December 14, 2012, at Sandy Hook Elementary School, and in remembrance of too many others who have lost their lives to gun violence before and since, the Sandy Hook Principles are hereby established as one idea that can help make America safer. These Principles are a call to action for corporations to heed the basic core values of American citizens in promoting the health, safety and well-being of our communities.

### **THE PREAMBLE**

The objective of the Sandy Hook Principles is to encourage positive corporate behavior by gun and ammunition manufacturers, distributors and retailers by establishing a baseline standard for responsible conduct and business practices to help ensure maximum safety for our citizens. Accordingly, the Principles promote progressive actions by these companies towards eliminating the substantial and unjustified risk to human health and life associated with inadequately regulated firearm use. The Principles address five specific categories of reform in terms of procedures, coordination, management, safety and technology.

These Principles are created in an effort to work proactively with the gun industry to seek commonsense solutions in response to the proliferation of gun violence in America that has caused immeasurable harm to our citizens. Implicit in these Principles lies the belief that adjustments and changes in certain business practices, policies or conduct by the gun industry can improve the health, safety and well-being of our communities. In these Principles, the gun industry is being called upon to be part of the solution to the public safety and public health challenges we face in cities and towns across the nation and presents an opportunity for significant progress towards the imperative objectives of keeping firearms out of the wrong hands, and making guns and ammunition safer for authorized users.

It is hereby affirmed that the overwhelming majority of gun owners in America are responsible, law abiding and safety-conscious citizens. Through the widespread adoption of these Principles, an appropriate balance is sought between protecting the rights of gun ownership and the rights of our citizens to be safe and secure. These rights must complement each other.

The Principles apply to gun and ammunition manufacturers, distributors and retailers, with an exception for the production and sale of guns or ammunition to local, state and federal law enforcement agencies and all U.S. military forces for use in conducting their official duties. Local and state governments, colleges and universities, hedge funds, pension funds, venture capital funds and all other organizations that have a financial relationship with private corporations may request that companies affiliated with the gun industry review and adopt the Sandy Hook Principles. In the event an affiliated company does not adopt the Principles, organizations may choose to reexamine that financial relationship.

### **THE PRINCIPLES**

As a company which endorses the Sandy Hook Principles we will respect the law, and as a responsible corporate member of society we will apply these Principles with integrity consistent with the legitimate role of business. We will develop and implement company policies, procedures, training and internal reporting structures to ensure commitment to these Principles throughout

our organization. We believe the application of these Principles will improve the health, safety and well-being of communities across America.

Accordingly, we will:

- Support and promote restrictions on firearm and ammunition sales, transfers and possession to keep guns out of the hands of children (unless authorized), persons with mental illness or mental health challenges (unless authorized), criminals, domestic or international terrorists and anyone else prohibited from possessing them under federal law.
- Conduct background checks on all gun and ammunition sales or transfers and support the establishment of a federal universal background check system for every such transaction.
- Reevaluate policies regarding the sale, production, design or conversion of military style assault weapons for use by civilians, including the distribution of any materials/information that may be used to assist in such conversion.
- Ensure that all business clients, including gun show operators or gun dealers, conduct background checks for every sale or transfer of guns or ammunition.
- Make a commitment to develop, share and implement technology-enhanced safety measures for guns and ammunition.
- Support and promote the creation of a federal gun trafficking statute to ensure strict punishment for individuals engaging in the trade of selling firearms to anyone prohibited from possessing them under federal law.
- Support and promote sharing of background check and gun sale data for law enforcement purposes.
- Support and promote gun safety education at the point of sale and in the communities in which we conduct business operations.

We will be transparent in our implementation of these principles and provide information which demonstrates publicly our commitment to them.

*The Sandy Hook Principles are modeled after the Global Sullivan Principles – a human rights and equal opportunity code of conduct for companies which was originally developed by the legendary Reverend Dr. Leon H. Sullivan of Philadelphia's Opportunities Industrialization Centers (OIC) of America, in order to promote desegregation and equal rights during the apartheid regime in South Africa.*