

**MEETING OF THE BUSINESS AFFAIRS COMMITTEE
OF THE BOARD OF TRUSTEES
Community College of Philadelphia
Wednesday, September 17, 2014 – 9:00 A.M.**

Present: Mr. Jeremiah White, Jr., presiding; Mr. Matthew Bergheiser, Ms. Jennie Sparandara *via* teleconference, Stella Tsai, Esq., Lydia Hernandez Velez, Esq., Dr. Donald Generals, Mr. Gary Bixby, Mr. Harry Moore, Mr. Todd Murphy, Mr. James P. Spiewak and Jill Garfinkle Weitz, Esq.

AGENDA – PUBLIC SESSION

At the beginning of the meeting, miscellaneous items were discussed. In addition, the agenda items were reordered.

Discussion of Miscellaneous Items:

Mr. Spiewak provided a brief update on the activities associated with the Facilities Master Plan. Activities started in September, 2013 with interviews and focus group meetings of various College constituencies. Francis Cauffman Architects presented statistical data comparing College space with other institutions that demonstrated the College's square footage per FTE is below peers and significantly below in relation to athletic facilities. On May 29, 2014, the architects presented, for discussion purposes, three options centered around the creation of a centralized Learning Commons and an additional building. Dr. Generals mentioned that this initial concept has initially been met with different views. In response to a question from Mr. White, Mr. Moore responded that there should be no additional costs associated with a delay in moving forward with the Facilities Master Plan.

Mr. Spiewak stated that, since February, 2014, no further action has taken place regarding leasing space at the Navy Yard at the location originally offered to the College. Dr. Generals noted that he had met with staff from PIDC and additional discussions are planned.

(1) Update on Biology Lab Renovations (Information Item):

Mr. Spiewak informed the Committee that in August, 2014, the College received official notice from the Pennsylvania Department of Education that the Biology Labs Renovation project was approved. This \$5.9 million project will be financed with a ten year note with the State contributing 50% of the debt service. Mr. Spiewak noted that the College will need to select an architect firm and a bank partner. In response to a question from Mr. White, he noted that the renovation projects in the West Building and at the West Regional Center were designed by a minority architectural firm, UCI.

(2) 2013-14 Final Budget Results (Information Item):

Mr. Spiewak provided an overview of the College's budget results for fiscal year 2013-14. He referred the Committee to the charts in Attachment A (2013-14 Final Budget Results), noting that the College began the year with a potential use of carry-over funds in the amount of \$1,618,026 in the Board-adopted budget and the year ended with operating revenues exceeding operating expenses by \$2,238,000. Final revenues of \$125 million were \$2.75 million or 2.3% higher than the original budget. Tuition and fee revenues were positively impacted by credit enrollments exceeding the budgeted credit FTEs by 379 FTEs or 2.6%. This led to student tuition and fees being \$1.85 million higher than budgeted. Final expenses of \$122.8 million were \$1.1 million or .9% lower than the original budget. Total operating expenditures ended the year \$1,089,000 less than budgeted. Fringe benefit costs exceeded the budget by \$1.16 million due to higher-than-budgeted medical cost claims. Through tight budget management, approximately \$1.1 million in salary budgets and \$1.14 million in other budgets were not expended.

Mr. Spiewak noted that even though there were some senior level and dean level vacancies, most of the 2013-14 budget objectives outlined in the 2013-14 College Budget were achieved. Some examples are as follows:

- Degree Works implemented
- Conversion to Canvas as Learning Management System
- My GPS implemented
- Re-testing and workshops for students who tested at developmental level
- 13 Smart Classrooms created
- Middle States process successfully completed
- Online Scholarship Process developed
- Single Stop opened October, 2013. (government benefit screening and referrals, tax preparation services, healthcare enrollment, financial counseling and legal assistance workshops)
- Home Page Re-design completed
- Customer Relationship Management (CRM) system implemented April, 2014 (data integration, communications plan, events portal, group chat, prospect portal)
- Student Loan Default addressed via EdFinancial - rate decreased reversing the increasing trend
- Facility Master Plan process started
- Completed Chemistry, Biochemistry, Engineering and Research Labs
- Online Payment Plan Process initiated
- FAMIS work order system in Facilities being built
- Wi-Fi enhancements in CBI and West Buildings
- Continued conversion from Sun/Solaris to Redhat

Mr. Spiewak briefly discussed the budget reports that were distributed with the agenda. He noted that credit FTEs exceeded the budget by 379 FTEs or 2.6% and that, with the exception of the summer 2014 semester, the credit FTEs for fiscal year 2014 exceeded those of

fiscal year 2013. Mr. Spiewak also discussed where there were significant variances in revenues and expenses from the original budget and the reasons for the variances.

Mr. White noted that management makes recommendations on the utilization of excess revenues. For the budget year ending June 30, 2014, management recommended that \$2 million of the excess revenues be transferred to the Plant Fund for campus expansion projects. The Board and staff discussed strategies for increasing enrollments and the need to review alternative tuition pricing strategies.

Dr. Generals and Mr. Spiewak discussed the use of institutional contingency funds for fiscal year 2014-15 for a contract with Civitas Learning, a technology, analytics and student success research company; for a consulting firm to assist the College in improving its emergency response management planning and to perform a security assessment; and for a consultant to assist with the academic assessment process.

(3) Update on Construction Budget – NERC, Pavilion, BMW, Landscaping (Information Item):

Mr. Spiewak distributed an updated budget (Attachment B) reflecting the sources of funds and the costs of the completed Northeast Regional Center, Pavilion Building, and Bonnell, Mint and West Buildings renovation projects. This was compared to the budget originally presented to the Board in 2008. Staff noted that the final costs, including some landscaping expenses, were less than presented to the Board in 2008 and that the sources of funds had some variances. Originally, the projects assumed using \$5 million of reserve funds. The updated project budget reflects the use of \$3.5 million of reserve funds which is the value of transfers of surplus revenues from the operating budget from the last three fiscal years. It also anticipates recoveries as a result of litigation against Burt Hill. Capital campaign proceeds and interest earning from construction funds were less than originally budgeted. Based upon this revised budget, \$1,640,000 is available to complete the landscaping in front of the Pavilion Building, install landscaping at 18th and Spring Garden Streets, complete the black box theatre, and correct HVAC issues on the ground floor of the Bonnell Building.

(4) Landscape Plan for 17th Street (Information Item):

Staff discussed the status of the Public Art project which has a budget of \$260,000, noting that the internal Public Art committee will re-convene to determine if a pocket park at 18th and Spring Garden Streets is still the most desirable location. At the time this location was selected, the landscape vision plan had not been completed. Board members expressed interest in having a signature element within the landscaping planned for the area in front of the Pavilion Building.

(5) Next Meeting Date

The next regularly scheduled meeting of the Committee will take place on Wednesday, October 15, 2014 at 9:00 A.M. in the Isadore A. Shrager Boardroom, M2-1.

AGENDA – EXECUTIVE SESSION

(1) Update on Lease Negotiations and Litigation

The remainder of the meeting was devoted to an executive session to discuss litigation and lease issues.

JPS/lm
Attachments
BAC0914MINUTES.DOC

ATTACHMENT A
2013-14 FINAL BUDGET RESULTS

Community College of Philadelphia
Enrollment Information (FTEs) for Fiscal Year 2013-2014

	Actual FY 12-13	Budgeted FY 13-14	Actual / Projected FY 13-14	Actual FY 14 vs Budgeted FY 14	% Variance
<u>CREDIT</u>					
Summer 2	1,837	1,829	1,865	36	1.99%
Fall	12,825	12,309	12,950	641	5.21%
Spring	12,878	12,455	12,739	284	2.28%
Summer 1	2,691	2,750	2,547	(203)	-7.38%
Credit Year-to-date Totals - Annual FTEs	15,115	14,672	15,051	379	2.58%
<u>NONCREDIT</u>					
Summer 2	93	94	58	(36)	-38.30%
Fall	598	686	525	(161)	-23.47%
Spring	561	603	382	(221)	-36.65%
Summer 1	186	268	133	(135)	-50.37%
Noncredit Year-to-date Totals - Annual FTEs	719	826	549	(277)	-33.49%

**Community College of Philadelphia
Operating Budget Projections
Fiscal Year 2013-2014**

	<u>Original Budget</u>	<u>Final Results at June 30, 2014</u>
<u>REVENUES</u>		
Student Tuition and Fees	\$73,549,267	\$76,686,006
Commonwealth of Pennsylvania	28,226,906	28,179,310
City of Philadelphia	18,843,343	18,457,126
Other Income	1,687,400	1,754,677
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TOTAL REVENUES	\$122,306,916	\$125,077,119
<u>EXPENSES</u>		
Salaries, Net of Lapsed Funds	\$72,164,281	\$71,063,906
Fringe Benefits	31,177,700	32,333,957
Other Expenses	20,407,960	19,259,994
Student Financial Aid	175,000	181,307
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TOTAL EXPENSES	\$123,924,941	\$122,839,164
Projected (Deficit) Surplus *	<u>(\$1,618,025)</u>	<u>\$2,237,955</u>
 Transfer of funds to Plant Fund for Campus Expansion Projects		 <hr/> \$2,000,000
 Increase to Unrestricted Fund Balance		 <u>\$237,955</u>

* Prior to impact of GASB45 accrual

Community College of Philadelphia
Operating Budget Projection
Fiscal Year 2013-2014

	Original Budget	Final Results at June 30, 2014	
OPERATING REVENUES			
State Funding	\$28,036,906	\$28,036,906	
State Lease funding	190,000	142,404	
Total State Revenues	28,226,906	28,179,310	
Tuition - Credit Students	60,559,252	64,089,836	Reflects higher than budgeted credit enrollments and a change in the billing policy related to student withdraws prior to the census date.
Technology Fee	10,196,700	10,753,470	Reflects higher than budgeted credit enrollments and a change in the billing policy related to student withdraws prior to the census date.
Net Contribution from: Contracted Noncredit Instruction; Other Noncredit Instruction; Adult Community Noncredit Instruction	551,500	438,626	Reflects actual contributions from noncredit and other special programs.
Course Fees	3,291,615	3,491,609	Reflects higher than budgeted credit enrollments and a change in the billing policy related to student withdraws prior to the census date.
Student Regulatory Fees	957,200	1,195,462	Reflects impact on new late fee associated with the student payment plan option.
Tuition Adjustments - Student Receivable Write-offs, Collection Costs, Credit Card Costs & Senior Citizen Discount	(2,007,000)	(3,282,997)	Reflects higher than budgeted write-offs, associated with the change in the billing policy, and higher than budgeted discounted tuition.
Total Student Tuition & Fees	73,549,267	76,686,006	
City Operating Funds	18,843,343	18,457,126	Reflects the use of City appropriations for the completion of West Building projects.
Investment Income	660,000	693,740	Interest earnings were lower than budgeted but total investment income was aided by unrealized gains on longer-term investments.
Vocational Education Funding	200,000	163,503	
Indirect Costs, Administrative Allowances	300,000	306,099	
Parking Proceeds & Miscellaneous Income	527,400	591,335	
Total Other Income	1,687,400	1,754,677	
TOTAL OPERATING REVENUES	\$122,306,916	\$125,077,119	

Community College of Philadelphia
Operating Budget Projection
Fiscal Year 2013-2014

	Original Budget	Final Results at June 30, 2014	
OPERATING EXPENSES			
Salaries			
Full-Time Administrative Salaries	15,342,969		
Less: Projected Lapsed Salaries	(600,000)		
Net Full-Time Administrative Salaries	14,742,969	14,191,006	Reflects savings due to multiple administrative vacancies during the year.
Full-Time Faculty Salaries	28,274,336		
Less: Projected Lapsed Salaries	(150,000)		
Net Full-Time Faculty Salaries	28,124,336	28,716,253	Higher number of VLs utilized than budgeted.
Full-Time Classified Salaries	10,749,777		
Less: Projected Lapsed Salaries	(600,000)		
Net Full-Time Classified Salaries	10,149,777	9,780,086	Reflects savings due to higher than anticipated classified and confidential vacancies.
Subtotal - Full-Time Salaries	53,017,082	52,687,345	
Part-Time & Overload Credit Salaries	9,814,525	10,196,803	Reflects higher than budgeted number of sections offered for the Fall and Spring semesters.
Summer Credit Instruction	4,322,276	3,818,500	Reflects lower than budgeted number of sections offered during the summer terms.
Part-Time & Overload Non-Credit Salaries	316,956	403,226	
All Other Salaries	4,243,442	3,719,696	Reflects savings in the following budget lines: Part-time Administrative, Extended Time Payments, Advising, Part-time Classified and Student wages.
Early Retirement Incentive Payments	450,000	238,336	Reflects lower than budgeted staff requesting the Retirement Incentive Option.
Subtotal - Other than Full-Time Salaries	19,147,199	18,376,561	
Total Salaries	72,164,281	71,063,906	
Fringe Benefits			
Medical Program	20,264,000	21,893,925	Reflects higher than budgeted claims, including seven claims that exceeded the stop loss limit.
Retirement	5,542,800	5,596,493	
FICA	3,066,400	2,951,308	
Tuition Remission	700,000	605,539	
Group Life	370,800	416,467	Reflects increased premium rates effective January 1, 2014 after a 3-year fixed rate contract expired.
Unemployment Compensation	366,400	161,515	
Workers' Compensation	271,700	334,298	Reflects premium cost higher than budgeted.
Unused Vacation	228,400	(43,007)	Reflects employees using their accrued vacation time at a higher than typical rate.
Disability Premium	272,200	283,508	
Forgivable Education Loan	95,000	133,911	
Total Fringe Benefits	31,177,700	32,333,957	

Community College of Philadelphia
Operating Budget Projection
Fiscal Year 2013-2014

	Original Budget	Final Results at June 30, 2014	
Facility Expenses			
Utilities	2,398,610	1,778,733	Reflects savings from electricity procurement and energy saving strategies and lower than budgeted costs for natural gas.
Contracted Security	1,360,880	1,409,604	Reflects increased cost based upon contractual requirements of unionized security guards, effective January 1, 2014
Contracted Cleaning	1,100,000	1,046,932	
All Other Facility Expenses	2,001,872	2,186,857	Reflects cost associated with internal building renewal in anticipation of Middle States visit.
Total Facility Expenses	6,861,362	6,422,126	
All Other Expenses			
Leased Equipment & Software	4,554,646	4,461,498	
Catalogs and Advertising	1,251,471	1,173,988	
Supplies-Pool	1,469,430	1,083,748	Reflects savings across multiple departments.
Contracted Services	1,377,304	1,584,424	Reflects use of temporary services in place of vacant positions.
Consultant	783,450	732,412	Includes cost of Presidential Search consultants.
Maintenance & Repairs	524,609	520,464	
Postage	428,600	342,847	Reflects savings from continued improvements in communicating with students by means other than mailings.
Insurance	635,000	609,950	
Legal Fees	200,000	781,020	Reflects cost associated with the Burt Hill litigation.
Other Expenses	2,322,088	1,547,517	Reflects savings in other budget lines including contingency accounts.
Total All Other Expenses	13,546,598	12,837,868	
King Scholarship	175,000	181,307	
TOTAL OPERATING EXPENSES	\$123,924,941	\$122,839,164	
Projected (Deficit) Surplus *	(\$1,618,026)	\$2,237,955	
Transfer of funds to Plant Fund for Campus Expansion Projects		\$2,000,000	
Increase to Unrestricted Fund Balance		\$237,955	

* Prior to impact of GASB45 accrual

ATTACHMENT B

CONSTRUCTION BUDGET – NERC, PAVILION, BMW, LANDSCAPING

8/26/2014

PROJECTED USE OF FUNDS	Original Budget	Final/Projected Costs
Northeast Regional Center	31,649,627	31,014,540
Pavillion Building	31,382,235	34,291,259
Bonnell, Mint & West Building Renovations	24,120,138	20,855,952
17th Street Landscaping - Biddle \$131,766 plus lights		244,942
Bulbout & Street work		200,000
TOTALS	87,152,000	86,606,693

FUNDING SOURCES

Bond Proceeds	74,000,000	74,000,000
Bond Proceeds Interest Earnings	1,699,781	1,078,624
Projected Use of College Resources	5,000,000	-
Fy 11-12 Year-end Close Transfer		500,000
Fy 12-13 Year-end Close Transfer		1,000,000
Fy 13-14 Year-end Close Transfer		2,000,000
Miscellaneous Real Estate Transactions	374,724	305,000
Capital Campaign Proceeds	-	-
Barnes and Noble	1,000,000	1,000,000
EDA Grant	1,641,473	1,641,473
Federal SBA Grant	282,000	282,000
State Redevelopment Assistance (RACP) Grant	1,000,000	995,000
Federal SBA Earmark - NERC	-	10,152
Other Capital Campaign Proceeds	3,076,527	2,518,324
Other Gifts		
Balance of Five Star Inc. set aside		196,657
Five Star Inc. Settlement - from FY11-12 Capital		295,000
McLean Tree Grant		24,975
Recoveries from Burt Hill Claim		2,400,000
TOTALS	88,074,505	88,247,205

Dollars Remaining for Landscaping, External Signage and Contingency	922,505	1,640,512
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Potential Uses

Landscaping Pavillion	900,000
Landscaping 18th & Spring Garden Street	300,000
Black Box Theatre	300,000
HVAC Fixes	100,000
EC Window Fixes	?
Bursar Counter Fixes	?
	<u>1,600,000</u>