MEETING OF THE BUSINESS AFFAIRS COMMITTEE
OF THE BOARD OF TRUSTEES
Community College of Philadelphia
Wednesday, October 21, 2015 – 9:00 A.M.

TO: Business Affairs Committee of the Board of Trustees

FROM: Jacob Eapen Jacob Eapen

DATE: October 16, 2015

SUBJECT: **Committee Meeting**

A meeting of the Business Affairs Committee of the Board of Trustees will be held on **Wednesday, October 21, 2015 at 9:00 A.M. in the College's Isadore A. Shrager Board Room, M2-1.** For those members who are dialing into the meeting, the following is the conference bridge information: **DIAL-IN NUMBER: 1-888-675-6779; PARTICIPANT PASSCODE: 2050590#**

AGENDA – PUBLIC SESSION

(1) 2015-16 Budget Update (Information Item):

Staff will provide an overview of the College's budget status for fiscal year 2015-16. (Please refer to Attachment A.) Early projections for the 2015-16 budget results will be provided based upon enrollments and expenditure patterns in the first quarter of the year.

(2) 2015 Financial Performance Indicators (Information Item):

The annual financial performance indicators were developed in collaboration with the Board to provide a snapshot of the College's current financial operating characteristics. Staff will present the 2015 Financial Performance Indicators. (Please refer to Attachment B.) These indicators incorporate the financial results for the 2014-15 fiscal year and include preliminary projections for the current year.

(3) Next Meeting Date:

The next regularly scheduled meeting of the Committee is scheduled for Wednesday, November 18, 2015 at 9:00 A.M. in the Isadore A. Shrager Boardroom, M2-1.

AGENDA – EXECUTIVE SESSION

(1) Confidential Personnel Issue (Information Item):

Staff will review a confidential personnel issue. A handout will be distributed at the meeting.

JE/lm
Attachments
c: **Mr. Jeremiah White**
Dr. Donald Generals
Mr. Todd E. Murphy
Mr. James P. Spiewak
Victoria Zellers, Esq.
BAC\1015AGD.DOC

ATTACHMENT A

2015-16 BUDGET UPDATE

Community College of Philadelphia
Enrollment Information (FTEs and Credit Hours)
Fiscal Year 2015-16

	Actual FTEs FY 14-15	Actual Credit Hours FY 14-15	Budgeted FTEs FY 15-16	Budgeted Credit Hours FY 15-16	Actual FTEs FY 15-16	Actual Credit Hours FY 15-16	Credit Hour Variance - Budgeted vs. Actual	% Variance
CREDIT								
Summer 2	1,716	20,591	1,717	20,609	1,730	20,763	154	0.7%
Fall	12,859	158,471	12,976	159,625	12,998	160,630	1,005	0.6%
Winter	46	546	50	600				
Spring	12,587	155,231	12,801	157,209				
Summer 1	2,494	29,926	2,550	30,600				
Credit Year-to-date Totals - Annual FTEs	14,851	364,765	15,047	368,643			1,159	
NONCREDIT								
Summer 2	54		95		64			
Fall	501		658		330			
Spring	344		615					
Summer 1	115		236					
Noncredit Year-to-date Totals - Annual FTEs	507		802					

Community College of Philadelphia
Operating Budget Projections
Fiscal Year 2015-16

	Original Budget	Current Projection as of October 15, 2015
REVENUES		
Student Tuition and Fees	$76,691,245	$76,807,142
Commonwealth of Pennsylvania	30,621,805	30,621,805
City of Philadelphia	23,247,363	23,204,632
Other Income	1,728,720	1,728,720
TOTAL REVENUES	**$132,289,133**	**$132,362,299**
EXPENSES *		
Salaries, Net of Lapsed Funds	$75,642,290	$75,007,290
Fringe Benefits	34,124,000	34,040,138
Other Expenses	22,322,843	21,519,378
Student Financial Aid	200,000	200,000
TOTAL EXPENSES	**$132,289,133**	**$130,766,806**
EXCESS REVENUES (EXPENSES)	**($0)**	**$1,595,493**

* Prior to impact of GASB 45 and 68 accruals

Notes:
The amount included in Commonwealth of Pennsylvania includes the $1.98 million increase which is included in the Governor's budget.
Staff will employ strategy of paying off longer term leases if there are excess revenues in order to have additional flexibility in subsequent budget years.

Community College of Philadelphia
Operating Budget Projection
Fiscal Year 2015-16

	Original Budget	Current Projection as of October 15, 2015	Comment
OPERATING REVENUES			
State Funding	$30,479,415	$30,479,415	
State Lease funding	142,390	142,390	
Total State Revenues	**30,621,805**	**30,621,805**	
Tuition - Credit Students , net of write-offs, discounts and other offsets	60,784,200	60,877,680	
Technology Fee	10,631,700	10,631,700	
Course Fees	3,591,490	3,595,800	
Net Contribution from: Contracted Noncredit Instruction; Other Noncredit Instruction; Adult Community Noncredit Instruction	506,500	506,500	
Student Regulatory Fees	1,177,355	1,195,462	
Total Student Tuition & Fees	**76,691,245**	**76,807,142**	
City Operating Funds	**23,247,363**	**23,204,632**	
Investment Income	500,000	500,000	
Vocational Education Funding	200,000	200,000	
Indirect Costs, Administrative Allowances	300,000	300,000	
Parking Proceeds & Miscellaneous Income	728,720	728,720	
Total Other Income	**1,728,720**	**1,728,720**	
TOTAL OPERATING REVENUES	**$132,289,133**	**$132,362,299**	

Community College of Philadelphia
Operating Budget Projection
Fiscal Year 2015-16

	Original Budget	Current Projection as of October 15, 2015	Comment
OPERATING EXPENSES *			
Salaries			
Full-Time Administrative Salaries	17,137,300	17,137,300	
Less: Projected Lapsed Salaries	(900,000)	(1,400,000)	Higher than anticipated number of unfilled administrative positions during first quarter of fiscal year.
Net Full-Time Administrative Salaries	16,237,300	15,737,300	
Full-Time Faculty Salaries	29,086,904	29,086,904	
Less: Projected Lapsed Salaries	(150,000)	(235,000)	
Net Full-Time Faculty Salaries	28,936,904	28,851,904	
Full-Time Classified Salaries	11,052,934	11,052,934	
Less: Projected Lapsed Salaries	(450,000)	(500,000)	
Net Full-Time Classified Salaries	10,602,934	10,552,934	
Subtotal - Full-Time Salaries	**55,777,138**	**55,142,138**	
Part-Time & Overload Credit Salaries	10,985,389	10,985,389	
Summer Credit Instruction	4,064,938	4,064,938	
Noncredit Instructional Salaries	424,310	424,310	
All Other Salaries	3,940,515	3,940,515	
Early Retirement Incentive Payments	450,000	450,000	
Subtotal - Other than Full-Time Salaries	**19,865,152**	**19,865,152**	
Total Salaries	**75,642,290**	**75,007,290**	

Community College of Philadelphia
Operating Budget Projection
Fiscal Year 2015-16

	Original Budget	Current Projection as of October 15, 2015	Comment
Fringe Benefits			
Medical Program	22,853,700	22,853,700	
Retirement Contributions	5,893,500	5,893,500	
FICA	3,108,700	3,088,700	
Tuition Remission	650,000	650,000	
Group Life Insurance	482,200	482,200	
Unemployment Compensation	200,000	200,000	
Workers' Compensation Insurance	346,700	282,838	Lower than budgeted premiums for workers' compensation insurance.
Unused Vacation	100,000	100,000	
Disability Insurance	304,200	304,200	
Forgivable Education Loan	185,000	185,000	
Total Fringe Benefits	**34,124,000**	**34,040,138**	
Facility Expenses			
Utilities	2,004,341	2,004,341	
Contracted Security	1,700,000	1,750,000	
Contracted Cleaning	1,178,760	1,178,760	
All Other Facility Expenses	2,333,717	2,333,717	
Total Facility Expenses	**7,216,818**	**7,266,818**	

Community College of Philadelphia
Operating Budget Projection
Fiscal Year 2015-16

	Original Budget	Current Projection as of October 15, 2015	Comment
All Other Expenses			
Leased Equipment & Software	5,425,659	4,572,194	Buyout of longer-term leases - Phone Switch, Cisco Equipment, JC Guaranteed Energy Savings Project
Catalogs and Advertising	1,418,856	1,499,856	Additional costs associated with 50th Anniversary Events
Supplies-Pool	1,395,718	1,395,718	
Contracted Services	1,805,175	1,805,175	
Consulting	538,300	747,700	Additional costs for: Facility Master Plan, Margolis-Healy Security Review, Economic Impact Study, Public-Private Partnership RFP, Hanover Research
Maintenance & Repairs	576,006	576,006	
Postage	315,200	315,200	
Insurance	662,000	662,000	
Legal Fees	322,000	322,000	
Other Expenses	2,647,111	2,356,711	
Total All Other Expenses	**15,106,025**	**14,252,560**	
Student Scholarships	**200,000**	**200,000**	
TOTAL OPERATING EXPENSES	**$132,289,133**	**$130,766,806**	
Excess Revenues (Expenses)	**($0)**	**$1,595,493**	

* Prior to impact of GASB 45 and 68 accruals

Staff will employ strategy of paying off longer term leases if there are excess revenues in order to have additional flexibility in subsequent budget years. Value of potential lease to be paid off at year end is approximately $2.2 million.

ATTACHMENT B

2015 FINANCIAL PERFORMANCE INDICATORS

2015 FINANCIAL PERFORMANCE REPORT
OCTOBER 21, 2015

Current Evidence of Financial Viability

- Through successful operational efficiencies and cost containment strategies, the College has finished the fiscal year with slight operating budget surpluses in each of the last twelve fiscal years. Initially budgeted deficits in 2011, 2012, 2013, 2014 and 2015 were eliminated and small surpluses achieved.
- Strong liquidity. Average daily cash and investment balances in excess of $42.7 million.
- Moody's bond rating (A1) was reassessed and reaffirmed on April 7, 2015.
- Audits are consistently unqualified with no control weakness findings.
- Facility expansions and renewals are creating important enrollment growth opportunities.

Current Financial Challenges

- Levels of financial support from City and State.
- Large dependence on student tuition and fee revenues and associated federal aid to sustain College budgets.
- Growing vulnerability to shifts in Federal Financial Aid (Pell) policies.
- GASB 45 and GASB 68 impact on net assets.

CCP FINANCIAL PERFORMANCE MEASURES

OCTOBER 2015

FIGURE I

Average Monthly Operating Fund Cash and Investment Assets as a Percentage of Final Operating Budget Expense

	Average Monthly Amount of Operating Cash and Liquid Investments	**% of Annual Expense**
2005-06	$28,909,469	30.4%
2006-07	$33,923,655	34.6%
2007-08	$40,065,045	39.1%
2008-09	$42,902,426	40.1%
2009-10	$45,390,373	40.4%
2010-11	$48,696,232	40.6%
2011-12	$42,258,724	35.3%
2012-13	$43,316,313	36.1%
2013-14	$40,687,625	33.1%
2014-15	$42,761,978	33.4%

Comment: An upward trend is indicative of improved liquidity and the ability to withstand short-term fluctuations in revenue receipts.

Target: 25% (coverage for 3 months of operations) or higher.

Current Status: The purchase of the 15th and Hamilton Street property in the amount of $5.8 million using College cash resources in the second half of the 2010-11 fiscal year reduced the College's liquidity. Recent tightening of federal cash-draw-down procedures for federal student financial aid dollars has delayed College access to these funds and also reduced average monthly liquidity. The College's liquidity position for 2015-16 is being affected by a delay in receiving State appropriations due to the State budget impasse.

FIGURE II-A

Unrestricted (Carry-Over) Fund Balances Including Quasi Endowment Funds as Percent of Operating Budget Excluding the Impact of the Post-Employment Health Benefit (GASB 45 and GASB 68) Accrual

Fiscal Year	Unrestricted (Carry-Over) Funds Prior to Recording Post-Employment Benefit Accrual	Operating Budget	Unrestricted Carry-Over Funds as a Percent of Budget
2004-05	$9,692,958	$94,728,456	10.23%
2005-06	$11,682,218	$95,054,502	12.29%
2006-07	$17,051,787	$98,088,111	17.38%
2007-08	$22,349,410*	$102,513,725	21.80%*
2008-09	$24,578,300*	$106,942,052	22.99%*
2009-10	$31,164,140*	$112,444,701	27.72%*
2010-11	$31,967,219*	$120,084,822	26.62%*
2011-12	$32,240,063*	$119,272,435	27.03%*
2012-13	$32,317,599*	$119,945,027	26.94%*
2013-14	$32,490,145*	$122,839,164	26.45%*
2014-15	$32,907,380*	$127,867,268	25.74%*

*Prior to recording GASB 45 and GASB 68 accrual.

Comment: In fiscal 2008, the College was required to implement a new accounting reporting standard (GASB 45) which results in the College recording the estimated value of post-employment benefits for current and retired staff. This accrual for future expenses is being phased in over 30 years. In fiscal 2015, the College was required as a cost sharing pension employer, to record any additional liability for its proportionate share of the net pension liability of PSERS and SERS. The above chart shows the value of the College's unrestricted carry-over funds without the impact of reporting the GASB 45 and GASB 68 (post-employment health benefit accrual. Growth of unrestricted (carry-over) funds provides a resource to ensure stability in College operations in years of underfunding, as well as provides potential resources for one-time needs not fundable out of current-year budget resources. The GASB 45and GASB 68 post-employment health benefit accrual reduces the amount reported for unrestricted funds but has no impact on the College's cash position. [See Figure II-B]

Target: At the end of fiscal 2006, the Board set a target to maintain unrestricted funds at a level equal to 15% of the operating budget (prior to the impact of GASB 45 and GASB 68).

Current Status: The 2015-16 fiscal year is currently projected to end with a small surplus. The ratio will remain essentially stable.

FIGURE II-B

Reported Value of Unrestricted (Carry-Over) Fund Balances
Including Quasi Endowment Funds
with the Impact of the Post-Employment Health Benefit (GASB 45 and GASB 68) Accrual

Fiscal Year	Cumulative Value of GASB 45 and GASB 68 Annual Accrual	Reported Value of Unrestricted Carry-Over Funds Including Quasi-Endowment Funds with GASB 45 and GASB 68 Accrual
2004-05	0	$9,692,958
2005-06	0	$11,682,218
2006-07	0	$17,051,787
2007-08	$5,194,673	$17,154,757
2008-09	$10,367,219	$14,553,315
2009-10	$16,575,690	$14,588,450
2010-11	$22,614,325	$9,352,894
2011-12	$30,225,327	$2,014,736
2012-13	$38,755,360	($6,437,761)
2013-14	$47,396,561	($14,906,416)
2014-15	$58,227,563	($25,320,183)

Comment: In fiscal 2008, the College was required to implement a new accounting reporting standard (GASB 45) which requires the College to record the estimated value of post-employment health benefits for current and retired staff. This accrual for future expenses is being phased in over 30 years. In fiscal 2015, the College was required as a cost sharing pension employer, to record any additional liability for its proportionate share of the net pension liability of PSERS and SERS. The GASB 45 and GASB 68 post-employment health benefit accrual reduces the amount reported for unrestricted funds but has no impact on the College's cash position. The above data shows the cumulative value of the accrual which reduces both the value reported for unrestricted net assets and the College's reported net position.

Current Status: An additional accrual for the post-employment healthcare benefit will occur in 2015-16.

FIGURE III

Fiscal Year End Current Asset to Current Liability Ratio

	As Reported in Financial Statements	Including the Value of Liquid Long-Term Investments
2004-05	1.22	1.22
2005-06	1.29	1.29
2006-07	1.57	1.57
2007-08	1.47	1.65
2008-09	1.54	1.70
2009-10	1.50	1.65
2010-11	1.11*	1.66
2011-12	1.08*	1.61
2012-13	1.02*	1.52
2013-14	1.10*	1.65
2014-15	1.16*	1.61

* Current assets reduced by movement of some operating cash to long-term investments.

Comment: A positive trend in this ratio is indicative of a growing capacity to handle current debt obligations. Beginning in 2011, the nominal value for the current ratios was reduced by the movement of some core cash into liquid long-term investments. Long-term liquid investments in 2015 totaled $16.2 million. Including these funds, the College's current ratio is 1.61. Because the longer-term fixed-income investments can be liquidated without penalty, the longer-term investment strategy did not create any significant operational risk for the College. The above chart shows the current ratio without and with the inclusion of liquid long-term investments.

Target: Ratio: 1.2 or higher

Current Status: No major change in this ratio is expected to occur during the 2015-16 year.

FIGURE IV

Total Debt Payments Made Using City Dollars as a Percentage of Unrestricted Operating Revenue

	Total Debt Payments Made from City Dollars	Debt Payments Made from City Dollars as Percent of Total Operating Revenue
2004-05	$3,378,206	3.56%
2005-06	$3,378,259	3.46%
2006-07	$3,469,762	3.37%
2007-08	$3,848,690	3.57%
2008-09	$6,819,821	6.25%
2009-10	$6,183,563	5.20%
2010-11	$6,471,559	5.32%
2011-12	$6,576,665	5.49%
2012-13	$6,822,960	5.64%
2013-14	$6,785,455	5.43%
2014-15	$5,316,296	4.15%

Comment: The portion of the College debt paid by the State is funded separately by the State and, as a result, growth in State-funded debt payments does not impact on the College's operating revenues. However, debt payments made using City revenues directly impact on dollars which are available for College operating purposes. Act 484 requires that local sponsor revenues be used to fund the local sponsor share of capital costs prior to applying funds to operating expenditures. A decline in the percentage of operating revenues required for debt payments is a positive indication of financial flexibility.

Target: The accepted standard for private colleges and universities is to keep this ratio below 7%.

Current Status: In fiscal year 2014-15, the debt service payment associated with the 2008 bond decreased by $1.26 million. Debt payments from City funds for FY 2015-16 will increase slightly ($388,000) due to debt service associated with the Biology Lab Renovation Project and the West Building Escalator Replacement Project.

FIGURE V
Revenue Dispersion - Operating Budget Revenues by Source

Operating Revenue by Source	**FY 12-13**	**% of Total**	**FY 13-14**	**% of Total**	**FY 14-15**	**% of Total**
State Appropriation	$28,036,906		$28,036,906		$28,499,415	
State Lease Appropriation	202,918		142,404		132,174	
TOTAL STATE	28,239,824	23.32%	28,179,310	22.53%	28,631,589	22.37%
City Operating Appropriation	18,063,705	14.92%	18,346,138	14.67%	21,353,866	16.69%
Student Tuition & Course-related Fees	72,014,866		75,490,544		75,226,747	
Student Regulatory Fees	1,190,926		1,195,462		1,173,147	
TOTAL STUDENT	73,205,792	60.47%	76,686,006	61.31%	76,399,894	59.68%
Other	1,547,115	1.28%	1,865,665	1.49%	1,609,122	1.26%
Total	$121,056,437		$125,077,119		$127,994,471	

Comment: The State operating appropriation for fiscal year 2014-15 increased ($.46 million) for the first time since FY 2011-12. The City operating appropriation represents dollars remaining from the total City allocation after all City capital obligations are met. Since the 1999 bond series was retired and the outfitting portion of the 2008 bond series was retired, more City funds ($1.33 million) were able to be applied to the Operating Budget and the overall City appropriation was increased by $500,000. Other income includes investment income, Federal Perkins operating budget support for career programs, and other miscellaneous income. Revenue dispersion, lack of overdependence on one revenue source, is viewed as an important indicator of financial stability. The growth in College dependence on student revenues, and indirectly on State and Federal Student aid programs (see Figure VI), is a concern.

Target: To reduce operating budget dependence on student revenues over time.

Current Status: The Governor's budget contains an increase to the Operating Budgets for Community Colleges; CCP's share of the increase is $1.98 million. The City increased its appropriation by $3.4 million.

FIGURE VI

Trends in Student Revenue Dependency, Percent of Tuition and Fees Paid by Grant Aid, and Operating Budget Dependency on Student Financial Aid Programs

Year	Annual Tuition and Fee Revenues (in $000)	Percent of Operating Revenues Dependent Upon Student Tuition and Fees	Percent of Student Revenues Paid by Federal and State Aid Grants	Percent of Operating Budget Dependent on Federal and State Aid Programs
2004-05	$45,811	48.4%	45.3%	21.9%
2005-06	$45.330	47.6%	45.0%	21.4%
2006-07	$48,944	49.8%	47.3%	23.6%
2007-08	$54,020	49.6%	47.3%	23.5%
2008-09	$56,844	52.3%	46.5%	24.3%
2009-10	$65,308	55.0%	56.2%	30.9%
2010-11	$69,701	57.3%	61.1%	34.9%
2011-12	$71,641	59.8%	60.0%	35.9%
2012 -13	$73,206	60.5%	58.3%	35.3%
2013-14	$76,686	61.3%	56.6%	35.3%
2014-15	$76,400	59.7%	56.8%	33.9%

Comment: Over the last two decades, the College has become increasingly dependent on student-generated revenues as the largest source of operating revenues for the College. In fiscal 2015, 59.7 percent of revenues were generated by students. Of these student revenues, a growing percentage is being paid *via* federal financial aid (Pell). In FY 2015, 33.9 percent of College operating revenues came from federal and State (primarily Pell) aid awards. Levels of funding and eligibility standards for Pell awards are subject to a political environment in Washington which is frequently less supportive of higher education funding. The College is increasingly dependent on a revenue stream with growing unpredictability.

Target: To reduce dependency on student-generated revenues as the largest single source of operating funds and reduce the College's exposure to the funding uncertainties associated with federal financial aid programs.

Current Status: The distribution of operating revenues by source is not expected to change significantly for the 2015-16 year.

FIGURE VII

Tuition and Fee Changes

	2009-10[3]	2010-11[3]	2011-12[3]	2012-13[3]	2013-14[3]	2014-15[3]	2015-16[3]
Tuition[1]	$122 per cr. hr.	$128 per. cr. hr.	$138 per cr. hr.	$148 per cr. hr.	$153 per cr. hr.	$153 per cr. hr.	$153 per cr. hr.
General College Fee	$4.00 per cr. hr.	$4.00 per. cr. hr.	$4.00 per cr. hr.	$4.00 per cr. hr.	$4.00 per cr. hr.	$4.00 per cr. hr.	$4.00 per cr. hr.
Technology Fee	$28.00 per cr. hr.	$28.00 per. cr. hr.	$28.00 per cr. hr.	$28.00 per cr. hr.	$28.00 per cr. hr.	$28.00 per cr. hr.	$28.00 per cr. hr.
Average Course Fee	$6.39 per cr. hr.	$6.31 per. cr. hr.	$7.15 per. cr. hr.	$7.66 per cr. hr.	$7.68 per. cr. hr.	$7.66 per cr. hr.	$7.90 per cr. hr.
Average Total Annual Costs for Full-time Study[2]	$3,849	$3,991	$4,263	$4,504	$4,624	$4,624	$4,630

Source: The College.

(1) Per credit hour for Philadelphia residents. Other Pennsylvania residents pay double tuition and out-of-state students pay triple tuition.

(2) Assumes full-time enrollment (12 credits in fall and spring terms). Amount includes: tuition, student activity fee, technology fee, and average course fees.

(3) The College charges course fees in high cost course areas such as allied health and laboratory sciences. Course fees range from $75 to $300 per course.

Comment: Course fees are charged in disciplines where instructional delivery costs are above average based upon factors such as class size constraints, faculty workloads, and instructional materials costs. As a result, full-time student charges vary by program of study. The lowest possible charge for a full-time student in the 2015-16 fiscal year is $4,440.

Target: To keep tuition and fee increases per year at the lowest feasible level.

Current Status: Tuition and fee charges for the 2015-16 year will remain the same as the prior two years.

FIGURE VIII

Total Credit Enrollments and Operating Cost Per FTE Credit Student

	Total Credit FTEs	Percent Increase/ Decrease in Enrollment	Total Operating Cost Per FTE Credit Student[1]	Percent Increase/ Decrease in Cost Per FTE	Change in Philadelphia All Urban CPI Increase
2005-06	13,629		$6,668		
2006-07	13,569	-.4%	$7,020	5.3%	3.9%
2007-08[1]	13,942	2.8%	$7,113	1.3%	2.4%
2008-09[1]	14,208	1.9%	$7,198	1.2%	3.2%
2009-10[1]	15,808	11.3%	$6,779	-5.5%	-0.2%
2010-11[1]	16,091	1.8%	$7,166	5.4%	1.9%
2011-12[1]	15,796	-1.8%	$7,355	2.6%	2.8%
2012-13[1]	15,115	-4.3%	$7,707	4.8%	1.8%
2013-14[1]	15,051	- .4%	$7,931	2.9%	1.3%
2014-15[1]	14,851	- 1.3%	$8,300*	4.7%*	0.2%

(1) Excludes the impact of GASB 45 post-retirement expense accrual.
*Estimated and includes the cost of retiring some longer-term leases. ($3.58 million).

Comment: This chart reports total institutional operating cost per full-time equivalent (FTE) credit students. Because many of the College's costs are relatively fixed, a significant increase or decrease in enrollments will have a major impact on costs per FTE student. The drop in cost per FTE in 2009-10 is explained by the large enrollment increase. Similarly the relatively large increase in cost per FTE for 2012-13 reflects the drop in credit enrollments which occurred for the year. The costs per FTE shown in this chart do not include the future expense accrual for post-employment benefit (GASB 45 and GASB 68) expenses. The value of this accrual for 2014-15 was $8.373 million or $563 per credit FTE.

Target: Over time to keep the average annual increase in cost per credit FTE at or below the Philadelphia Consumer Price Index increase.

Current Status: The currently projected slight increase in enrollments, coupled with the slight increase in College expenditures, will result in a stable cost per FTE for the 2015-16 year.

FIGURE IX

Average Annual Salary and
Annual Percentage Increase in Average Salary

	Fall 2010	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015
Faculty and Lab Aides						
Average Salary	$67,266	$66,236	$66,137	$66,862	$66,878	$64,690
Percent Increase	+2.9%	-1.5%	0%	+1.1%	0%	-3.3%
Administrators						
Average Salary	$74,652	$75,744	$75,731	$74,804	$75,630	$78,572
Percent Increase	+3.8%	+1.5%	0%	-1.2%	+1.1%	+3.9%
Classified/Confidential						
Average Salary	$41,307	$40,944	$40,609	$41,322	$41,312	$42,194
Percent Increase	+4.4%	-.9%	-.8%	+1.8%	0%	+2.1%

Comment: Data for each year are points-in-time values as of the middle of the fall term based upon all full-time filled positions as of that date. Vacant position budgets are not included in the computation.

Target: All faculty and classified employees' salaries are set by collective bargaining agreements. The most recent five year employee contracts began on September 1, 2013. The five year contract provided no salary increases in 2011-12 and 1.5% increases in 2012-13. A mid-year increase of 3% occurred in 2013-14, 2014-15 and will also occur in 2015-16. However, through the opportunities provided by employee turnover and retirement, the goal is to keep overall average salary increases below the percentage increases granted to continuing employees over the five year contract period.

Current Status: The mid-year salary increase for 2015-16 will result in the salaries of continuing employees being approximately 3% higher in fall, 2016. However, employee turnover due to resignations and retirements are expected to result in a fall, 2016 average salary increase of less than 3% over the fall, 2015 salaries.