

**R95C00**  
**Baltimore City Community College**

***Operating Budget Data***

(\$ in Thousands)

	<u>FY 14</u> <u>Actual</u>	<u>FY 15</u> <u>Working</u>	<u>FY 16</u> <u>Allowance</u>	<u>FY 15-16</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$42,170	\$41,335	\$41,817	\$482	1.2%
Deficiencies and Reductions	0	-1,123	0	1,123	
<b>Adjusted General Fund</b>	<b>\$42,170</b>	<b>\$40,212</b>	<b>\$41,817</b>	<b>\$1,605</b>	<b>4.0%</b>
Other Unrestricted Funds	20,820	27,180	26,179	-1,001	-3.7%
Deficiencies and Reductions	0	0	0	0	
<b>Adjusted Other Unrestricted Fund</b>	<b>\$20,820</b>	<b>\$27,180</b>	<b>\$26,179</b>	<b>-\$1,001</b>	<b>-3.7%</b>
Total Unrestricted Funds	62,991	68,515	67,996	-519	-0.8%
Deficiencies and Reductions	0	-1,123	0	1,123	
<b>Adjusted Total Unrestricted Funds</b>	<b>\$62,991</b>	<b>\$67,392</b>	<b>\$67,996</b>	<b>\$604</b>	<b>0.9%</b>
Restricted Funds	22,290	22,569	21,660	-909	-4.0%
<b>Adjusted Restricted Fund</b>	<b>\$22,290</b>	<b>\$22,569</b>	<b>\$21,660</b>	<b>-\$909</b>	<b>-4.0%</b>
<b>Adjusted Grand Total</b>	<b>\$85,280</b>	<b>\$89,960</b>	<b>\$89,656</b>	<b>-\$304</b>	<b>-0.3%</b>

Note: The fiscal 2015 working appropriation reflects deficiencies and the Board of Public Works reductions to the extent that they can be identified by program. The fiscal 2016 allowance reflects back of the bill and contingent reductions to the extent that they can be identified by program.

- After adjusting for cost containment, State support through general funds increases \$1.6 million, or 4.0%, between fiscal 2015 and 2016.
- The total allowance declines \$0.3 million, or 0.3%, from the adjusted fiscal 2015 working appropriation, driven by declines in other unrestricted funds of \$1.0 million and restricted funds of \$0.9 million.

Note: Numbers may not sum to total due to rounding.

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***Personnel Data***

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	<b><u>FY 14 Actual</u></b>	<b><u>FY 15 Working</u></b>	<b><u>FY 16 Allowance</u></b>	<b><u>FY 15-16 Change</u></b>
Regular Positions	451.00	451.00	451.00	0.00
Contractual FTEs	<u>264.00</u>	<u>238.00</u>	<u>175.00</u>	<u>-63.00</u>
<b>Total Personnel</b>	<b>715.00</b>	<b>689.00</b>	<b>626.00</b>	<b>-63.00</b>

***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	12.67	2.81%
Positions and Percentage Vacant as of 12/31/14	10.00	4.50%

- Regular positions do not change in the allowance.
- Contractual positions, primarily adjunct faculty, decline by 63 positions in the allowance due to declining enrollment. As a point of comparison, Baltimore City Community College (BCCC) had nearly 300 contractual positions in fiscal 2013.

## ***Analysis in Brief***

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### **Major Trends**

***Student Performance Measures:*** Though the standard measure of success in higher education is graduation, community college students often have different goals compared to those at four-year institutions, and the standard measurement used is the successful persister rate. The successful persister rate of students who complete required developmental education is much higher than those who enter as “college-ready”; however, few students complete their required developmental education courses. BCCC has initiated several programs to address this issue.

***Credit Enrollment Declines, Noncredit Grows:*** BCCC’s credit and noncredit student enrollment declined, in total, by about 200 full-time equivalent students in fiscal 2014, or 3.4%, whereas fiscal 2015 is projected to grow 2.8%, mostly driven by a 3.8% increase in credit students. However, noncredit enrollment has been growing for many years and, if trends do not change, BCCC may soon enroll more noncredit students than credit students.

### **Issues**

***Making College Affordable:*** Colleges offer institutional scholarships to students in need of financial assistance and to reward academic achievement. The majority of BCCC’s institutional scholarships are awarded based on financial need, although some of those awards continue to be made to students without a determination of Expected Family Contribution which the federal government uses to determine financial need, and the institution still does not participate in federal loan programs.

***Enrollment Decline:*** Although community college enrollment has decreased statewide, the decline at BCCC has been of a greater magnitude. This issue will look at the decline across different types of students and whether BCCC may be losing its enrollment to the neighboring Community College of Baltimore County.

***Accreditation, Leadership, and the Future of BCCC:*** In June 2014, BCCC’s accreditation was placed on warning by its accrediting body, exactly three years after its last accreditation troubles. In September 2014, a new president began following nearly two years of interim leadership. This issue will explore whether now is an opportunity for BCCC to rethink its organizational structure and relationship with other institutions in Maryland.

***The Operating Budget and Capital Planning:*** One year ago, BCCC provided notice that it intended to demolish the Bard Building with its fund balance. The General Assembly prevented the use of State funds for that purpose pending a report due to the Department of Budget and Management. No report has been received.

**Recommended Actions**

1. Add language that no funding may be used for demolition of the Bard Building.
2. Add language restricting funding pending receipt of a study on the future of BCCC.
3. Add language to reduce State support to Baltimore City Community College.

**R95C00**  
**Baltimore City Community College**

***Operating Budget Analysis***

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**Program Description**

Baltimore City Community College (BCCC) is a State-sponsored, two-year degree-granting college on two campuses with more than 60 off-campus sites throughout Baltimore. BCCC offers both credit and continuing education training programs and courses, as well as extensive outreach for educational opportunities. The college’s Business and Continuing Education Division works in partnership with local businesses, government agencies, and institutions offering contract customized training, apprenticeships, and other industry-related programs contributing to Baltimore’s economic development initiatives. The college’s administrative and academic control differs from other community colleges in the State since there is minimal local funding. Baltimore City must provide at least \$1,000,000 annually to support education at BCCC, and at least \$400,000 of that amount must be allocated to tuition reimbursements and scholarships.

BCCC works toward achieving the following goals:

- improving retention of students to graduation or transfer to a baccalaureate-granting college or university;
- improving responsiveness to Baltimore’s workforce needs;
- promoting community college outreach and services; and
- ensuring affordability to Baltimore City residents.

**Carnegie Classification:** Community College

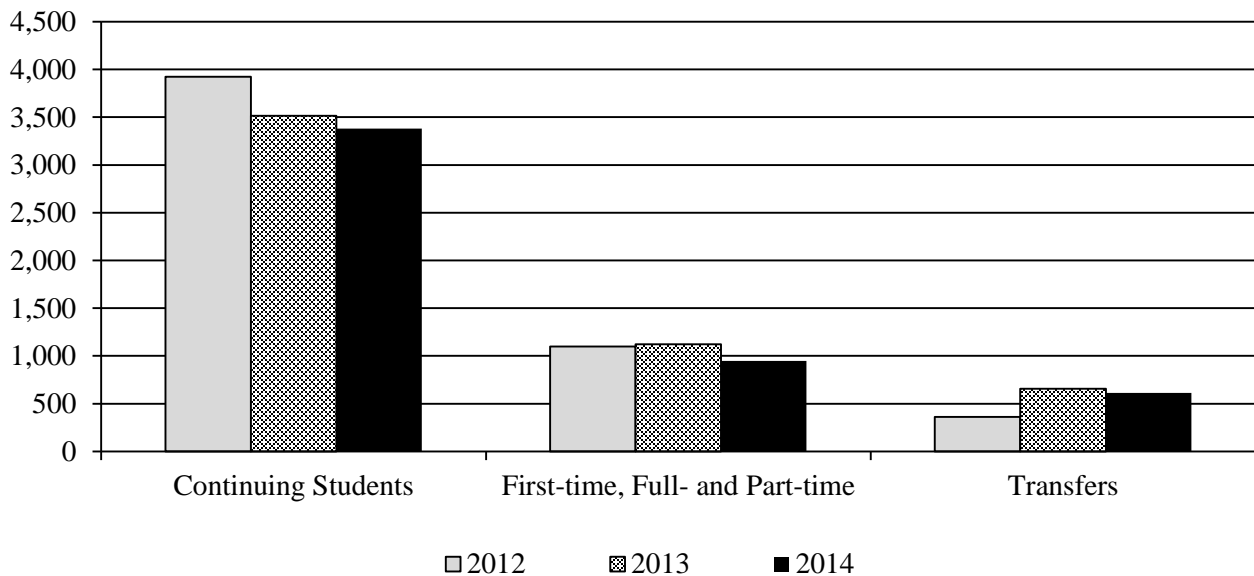
<b>Fall 2014 Undergraduate Enrollment Headcount</b>		<b>Campus (Main Campus)</b>	
Male	1,660	Acres	37.7
Female	3,609	Buildings	11
<b>Total</b>	<b>5,269</b>	Average Age	27.3
		Oldest	1965
<b>Fall 2014 New Students Headcount</b>		<b>Programs</b>	
First-time	1,054	Associates	29
Transfers/Others	689	Certificates	14
Dual Enrollment	72		
<b>Total</b>	<b>1,825</b>		
<b>Proposed Fiscal 2016 In-state Tuition and Fees*</b>			
Undergraduate Tuition	\$2,640		
Mandatory Fees	\$422		

\*Contingent on Board of Trustees approval.

## Performance Analysis: Managing for Results

Undergraduate degree-seeking enrollment at BCCC decreased 6.7% from 5,294 in fall 2013 to 4,941 in fall 2014, as shown in **Exhibit 1**. While first-time, full- and part-time students fell by 175, or 15.6%, continuing students decreased by only 135, or 3.8%, and transfer students by 43, or 6.6%. This broad decline follows a decrease in fall 2013 from fall 2012. The enrollment decline will be discussed further in Issue 2 using the same categories of students.

**Exhibit 1**  
**Undergraduate Enrollment**  
**Fall 2012-2014**



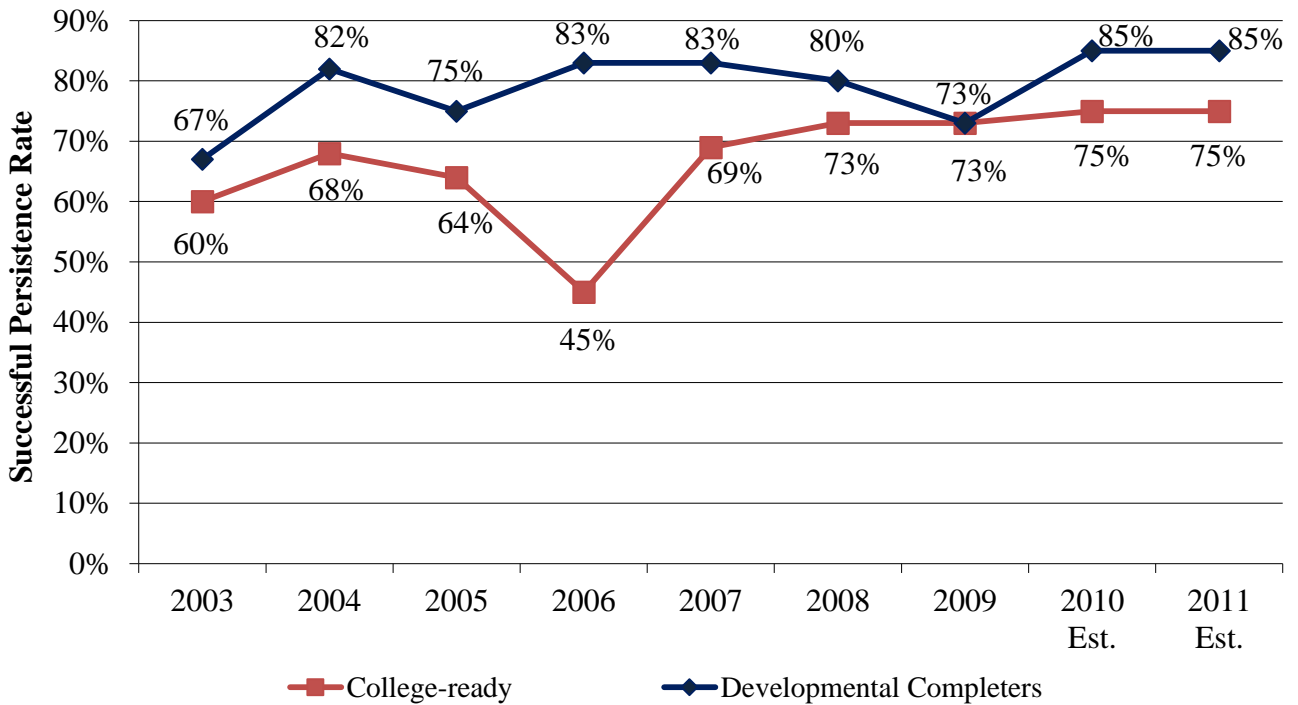
Source: Baltimore City Community College

### 1. Student Performance Measures

The standard measure of success at four-year institutions is graduation. It is somewhat different for community college students, however, as they are more likely to have work and family commitments than students at traditional four-year colleges, or they may be working toward a certificate rather than a degree. Community college students also tend to be somewhat older than the average first-time, full-time (FT/FT) college student, and BCCC students, in particular, tend to face greater economic challenges than students at other community colleges in Maryland.

Since community college students are more likely to be enrolled part time and even “stop out” for a period of time, the standard measure of success is the successful persister rate. A successful persister is a student who attempts 18 or more credits in his or her first two years, and after four years, is still enrolled, has graduated, or has transferred to another college. BCCC measures this rate for several groups, and **Exhibit 2** shows the rates for college-ready students and developmental completers.

**Exhibit 2**  
**Four-year Successful Persister Rates**  
 Fall 2003-2011 Est. Cohorts

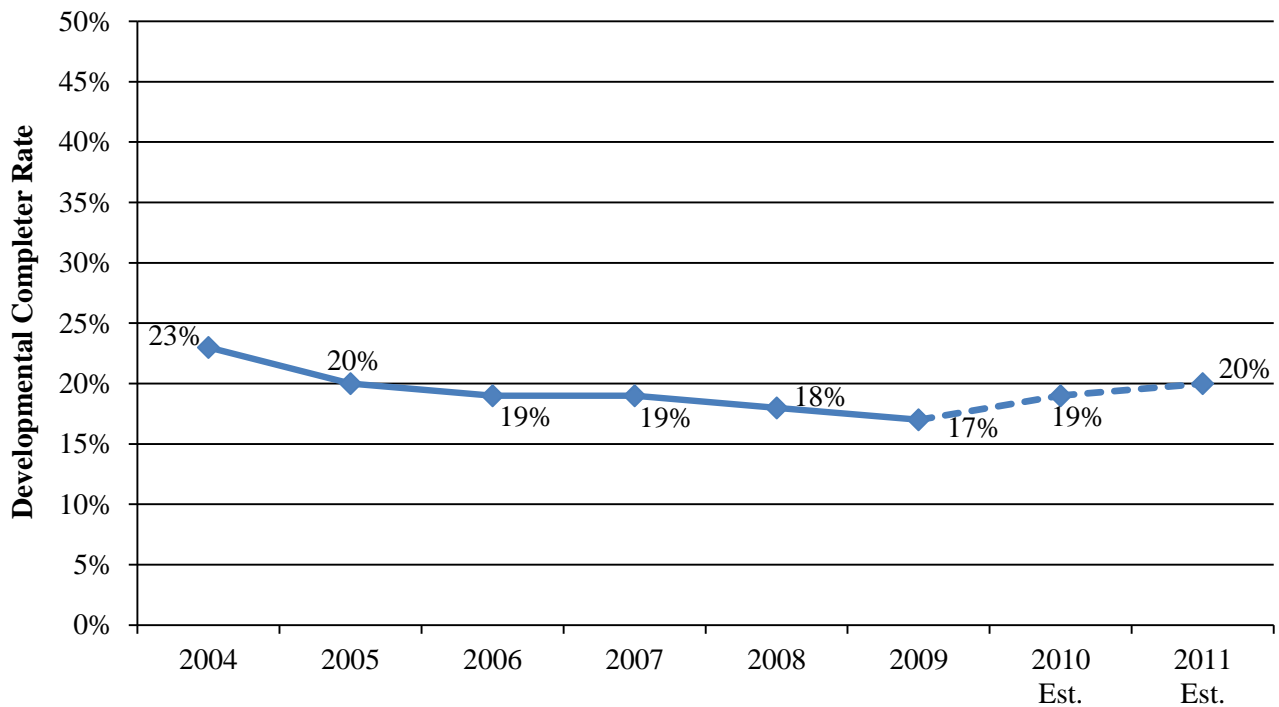


Source: Governor’s Budget Books, Fiscal 2011-2016

College-ready students are few at BCCC, usually less than 100 in a given cohort, and the data includes students who did not have to take a placement exam but likely would have placed into developmental education. Developmental completers are students who needed developmental education and completed it. These students regularly outperform BCCC’s college-ready students, but Exhibit 2 shows the trend ended with the 2009 cohort, as they successfully persisted at a rate of only 73%, equal to that of the college-ready students. This is the first time in BCCC’s data this has happened, although BCCC projects that in 2010 and 2011 developmental completers will again strongly outperform their peers and at record highs. The achievement gap of the two groups was especially large in the 2006 cohort, when the rate for college-ready students fell 19 percentage points, while that for developmental completers increased by 8 percentage points.

Although they performed well up to the 2009 cohort, the actual number of students who finish developmental education, and thus become developmental completers, is low. For the fall 2009 cohort, 1,215 students required developmental education, and only 378 students completed the required developmental coursework after four years. **Exhibit 3** shows that the rate has been gradually declining since fiscal 2004, falling from 23% to 17%, but, like the completion rates in Exhibit 2, is projected to increase 3 percentage points in the next two years.

**Exhibit 3**  
**Developmental Completer Rate**  
**Fall 2004-2011 Est. Cohorts**



Note: The developmental completer rate shows the percent of developmental students who have completed recommended coursework within four years.

Source: Governor’s Budget Books, Fiscal 2011-2016

Increasing performance on this measure will have a significant impact on BCCC’s completion rates. BCCC has started a number of initiatives that the college hopes will show positive results in coming years. A redesign of the college’s entire developmental math program, which over 85% of BCCC students are required to take (often along with English and reading), was fully implemented in the fall 2012 semester, so it will be interesting to see the 2012 cohort’s projected outcomes a year from now.



Additionally, the college's Performance Alert and Intervention System requires faculty to report student behaviors that foreshadow poor academic results and is expected to have an impact on the success of students in credit-level classes. The Promise Academy, which began in summer 2011, is focused on students with the lowest placement exam scores, and the 4A Program is focused on African American males who are in need of developmental work. The college also receives funding through the Predominantly Black Institution formula grant from the U.S. Department of Education and has more recently received technical assistance from Complete College America to rethink the first-year experience for students. All of these programs should have a positive impact on the developmental completer rate, but it may be many years until those effects are fully seen in the cohorts of 2011, 2012, and beyond. This gives reason to think the turnaround projected in the 2011 cohort in Exhibits 2 and 3 may be possible, although it would still be below the 2004 cohort's 23% completer rate.

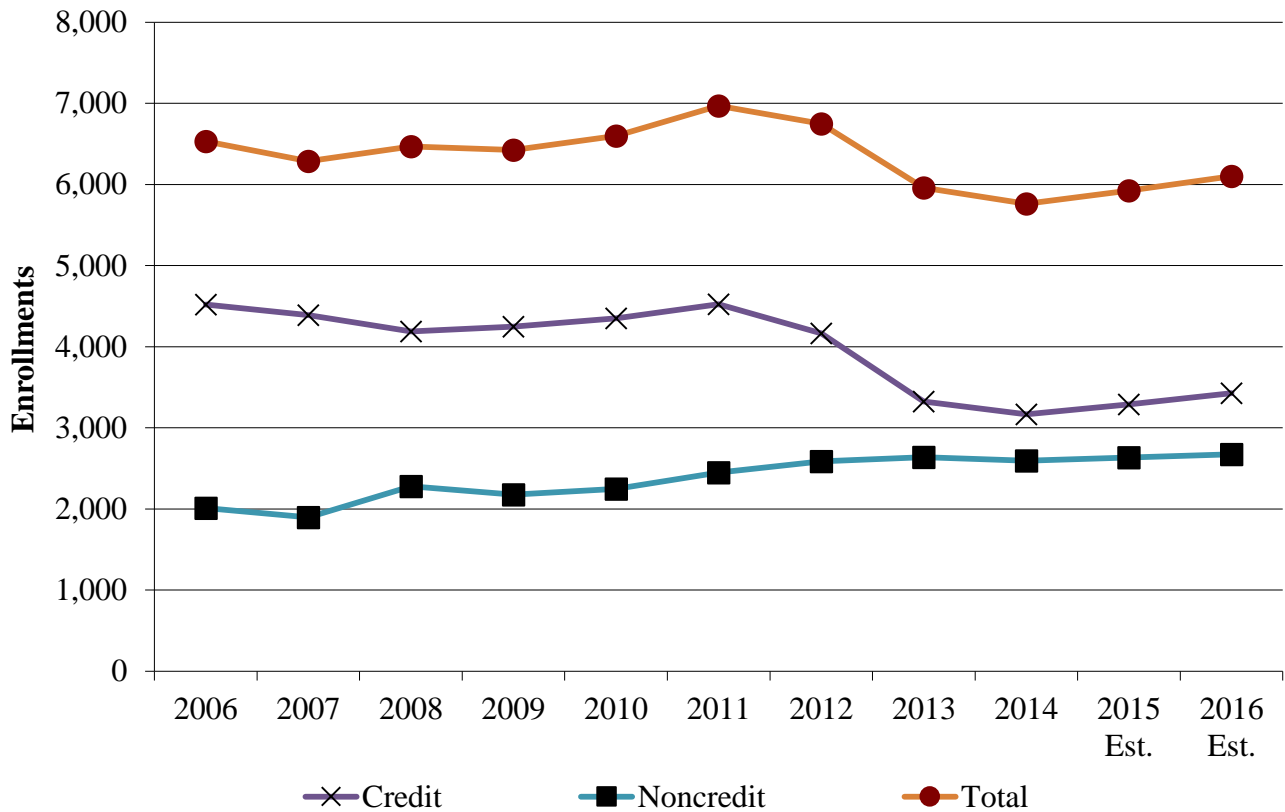
## **2. Credit Enrollment Declines, Noncredit Grows**

Student enrollments have fluctuated over the past several years. While most community colleges grew consistently from fiscal 2006 to 2011, BCCC remained level. As shown in **Exhibit 4**, BCCC enrollments fell again in fiscal 2014, although the budgeted enrollment is anticipated to grow 2.8% in fiscal 2015 and 3.0% in fiscal 2016. This may not be realistic given recent enrollment history. Since its peak in fiscal 2011, credit enrollment has declined by nearly 1,400 students, or 30%, in fiscal 2014. Although both noncredit enrollments and credit enrollments are expected to increase in BCCC's fiscal 2015 and 2016 budgets, there is a possibility that BCCC may have more noncredit students than credit students for the first time in the next fiscal year or two. The gap between the two types of students in the 2014 actual is below 600, whereas the gap in fiscal 2006 was over 2,500 students.

Significant factors in the enrollment decline are likely the improving economy in the Baltimore metropolitan region and changes to federal financial aid programs effective in fall 2012. Federal changes to the Pell Grant program expanded satisfactory progress rules and shortened the length of time that a student may receive aid at a time when 63.2% of BCCC students used Pell grants. BCCC also points to the negative impact the recent accreditation issues have had on the college's reputation. Enrollment is discussed further in Issue 2 of this analysis and the accreditation concerns in Issue 4.

It should be noted that BCCC's funding formula is based on the most recent actual full-time equivalent student (FTES) enrollment (mostly credit) and the proposed State support for selected public four-year institutions. As BCCC's fiscal 2016 allowance is based on the actual fiscal 2014 FTES enrollments, the decline in FTES translates to a decline in State funding for fiscal 2016. However, a small increase in State support to public four-year institutions in fiscal 2016 offsets some of the decline due to enrollments, and a hold harmless clause prevents the Governor from allocating less than the prior year's appropriation. However, in as much as opening fall 2014 (fiscal 2015) enrollments have also declined, BCCC can expect its funding formula to be negatively affected.

**Exhibit 4**  
**State-eligible Full-time Equivalent Student Enrollment**  
**Fiscal 2006-2016 Est.**



Source: Governor’s Budget Books, Fiscal 2008-2016

## Fiscal 2015 Actions

### Cost Containment

Although BCCC, due to its formula funding, was excluded from some cost containment actions in the past, it did participate with the other segments of Maryland’s higher education system in mandated cost containment actions adopted by the Board of Public Works (BPW) in July 2014 for fiscal 2015 for a total of \$417,500. Additional BPW cost containment in January 2015 included a 2% cut to State support and another targeted cut to higher education. These two additional actions totaled \$1.1 million for BCCC for a total fiscal 2015 reduction in State support of \$1.5 million. Savings will come from reductions in adjunct faculty and miscellaneous administrative expenses, which will not greatly affect current students. Because this cut is not carried forward by the funding formula, this

is effectively a one-time cut. The Budget Reconciliation and Financing Act (BRFA) of 2015 also transfers \$4.0 million from BCCC’s fund balance to the general fund, which will be discussed in more detail later in this analysis.

## Proposed Budget

State law ties BCCC’s general fund appropriation to a percent of the per-student funding at selected public four-year colleges (58% in fiscal 2016) and BCCC’s most recent audited enrollments. General funds also support the English for Speakers of Other Languages (ESOL) grant. **Exhibit 5** shows that before cost containment, BCCC’s general fund appropriation increases less than \$0.1 million, or 0.2%, due to BCCC receiving an increase in ESOL funding but receiving flat funding through its primary State support formula. Other unrestricted funds decrease about \$0.8 million or 3.9% due to a decline in tuition revenue and restricted funds, which is about 70% federal financial aid, decrease the most, about \$0.9 million or 4.0%. Both of these decreases are driven by the enrollment decline. These categories had both declined in fiscal 2015 from 2014 as well. Unlike large changes seen in prior years, the transfer from the fund balance into the operating budget actually decreases \$0.2 million as the transfer declines from \$5.4 million to \$5.2 million. The use of this funding will be discussed later in the analysis.

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**Exhibit 5**  
**Proposed Budget**  
**Baltimore City Community College**  
**(\$ in Thousands)**

	<b>FY 14</b>	<b>FY 15</b>	<b>FY 16</b>	<b>FY 15-16</b>	<b>% Change</b>
	<b><u>Actual</u></b>	<b><u>Working</u></b>	<b><u>Adjusted</u></b>	<b><u>Change</u></b>	<b><u>Prior Year</u></b>
General Funds	\$42,170	\$41,753	\$41,817	\$64	0.2%
Board of Public Works July 2014		-418			
Board of Public Works January 2015		-1,123			
<b>Adjusted General Funds</b>	<b>\$42,170</b>	<b>\$40,212</b>	<b>\$41,817</b>	<b>\$1,605</b>	<b>4.0%</b>
Other Unrestricted Funds	18,229	21,798	20,950	-848	-3.9%
<b>Total Unrestricted Funds</b>	<b>\$60,400</b>	<b>\$62,010</b>	<b>\$62,767</b>	<b>\$757</b>	<b>1.2%</b>
Fund Balance Transfer	2,591	5,382	5,229	-153	-2.8%
Restricted Funds	22,290	22,569	21,660	-909	-4.0%
<b>Total Funds</b>	<b>\$85,280</b>	<b>\$89,960</b>	<b>\$89,656</b>	<b>-\$304</b>	<b>-0.3%</b>

Note: Numbers may not sum to total due to rounding. The fiscal 2015 working appropriation reflects deficiencies and the Board of Public Works reductions to the extent that they can be identified by program. The fiscal 2016 allowance reflects back of the bill and contingent reductions to the extent that they can be identified by program.

## **Cost Containment**

In fiscal 2016, the Administration has implemented several across-the-board reductions. This includes a general 2% reduction, elimination of employee increments, and a 2% pay cut. However, because BCCC was not part of the personnel benefits increase in the fiscal 2015 budget, it does not participate in the personnel reductions, and because it is formula funded, it is not included in the 2% general fund cut. Other higher education formulas, like the Cade formula for local community colleges, are being reduced by contingent reductions to meet the overall reduction in State spending necessary to balance the general fund.

Although BCCC did not receive additional funding for a cost-of-living adjustment (COLA) in fiscal 2015, it gave a comparable COLA based on personnel type (faculty, unionized, other) and pay scale. BCCC has stated it planned to annualize the fiscal 2015 COLA and provide a 2% COLA in 2016. The BRFA of 2015 prevents BCCC from providing a COLA or merit increase in fiscal 2016, but it does not prohibit the college from annualizing the 2015 COLA.

**The President should comment on whether the college plans to annualize the fiscal 2015 COLA, unlike the Governor’s plan for other State agencies, and what the funding that had been planned for COLAs and increments will be used for in 2016.**

## **BCCC’s Funding Formula**

Chapters 568 and 569 of 1998 established the funding formula for BCCC that was enhanced in 2006 and further revised several times, most recently by the BRFA of 2012. The fiscal 2016 statutory formula percentage is 58% of per-student funding at selected public four-year institutions, down from 61% in fiscal 2015, as shown in **Exhibit 6**. Unlike in recent years, or for local community colleges in fiscal 2016, there are no contingent reductions to BCCC’s general fund appropriation. The previously mentioned decline in enrollment has decreased the formula amount to \$38.2 million, which is below the prior year’s formula amount of \$40.8 million. This triggers the hold harmless clause, which requires the Governor to fund BCCC’s formula by at least as much as was in the prior year’s appropriation. For this reason, BCCC’s total State aid is in fact the sum of the \$40.8 million from the prior year’s formula plus the increased ESOL grant amount of approximately \$1.0 million, or \$41.8 million in total. In contrast, the BRFA of 2015 reduces local community college aid but does not apply the hold harmless clause.

**Exhibit 6**  
**Baltimore City Community College Allowance as Calculated by DBM**  
**Fiscal 2015-2016**

	<b>Fiscal 2015</b> <b><u>Working</u></b>	<b>Fiscal 2016</b> <b><u>Allowance</u></b>	<b>Change</b>	
			<b>#</b>	<b>%</b>
<b>State Formula Aid Per FTES at BCCC</b>				
State Support per FTES at selected four-year public institutions	\$10,929.68	\$11,425.24	496	4.5%
Statutory formula percentage	61.0%	58.0%	0	-4.9%
BCCC aid per FTES	\$6,667.10	\$6,626.64	-40	-0.6%
<b>State Formula Aid for BCCC</b>				
Aid per FTES	\$6,667.10	\$6,626.64	-40	-0.6%
Second year prior FTES	5,946.13	5,760.44	-186	-3.1%
<b>State Aid to BCCC</b>	<b>\$40,838,285</b>	<b>\$38,172,362</b>	<b>-2,665,923</b>	<b>-6.5%</b>
<i>Hold harmless per DBM method</i>		2,665,923		
English for Speakers of Other Languages annual grant adjustment	914,336	978,336	64,000	7.0%
<b>Total State Support</b>	<b>\$41,752,621</b>	<b>\$41,816,621 *</b>	<b>64,000</b>	<b>0.2%</b>
<b>Cost Containment July 2014</b>	<b>-417,500</b>			
<b>Cost Containment January 2015</b>	<b>-1,123,478</b>			
<b>Total Fiscal Year Working/Allowance</b>	<b>40,211,643</b>	<b>41,816,621</b>	<b>1,604,978</b>	<b>4.0%</b>

BCCC: Baltimore City Community College  
 DBM: Department of Budget and Management  
 FTES: full-time equivalent student

\*The DBM hold harmless funding in the fiscal 2016 allowance is the difference between the formula funding in fiscal 2015 and 2016.

Source: Governor's Budget Books, Fiscal 2016; Department of Legislative Services

Total State support for BCCC without cost containment in 2015 grows just \$0.1 million, or 0.2%, but \$1.6 million, or 4.0%, with cost containment applied. If BCCC was not held harmless in fiscal 2016, it would lose \$1.1 million, or 2.6%, versus the 2015 cost containment amount.

If BCCC's formula was rerun with all fiscal 2016 cost containment actions to public four-year institutions, BCCC's State support would be \$35,436,787. Excluding ESOL funding, this is \$5.4 million, or 13.2%, below the general fund appropriation in the fiscal 2016 allowance. Another method for adjusting BCCC's formula in 2016 is to rerun the formula using the method shown in Exhibit 6, but hold the funding level harmless to the final fiscal 2015 State support total of \$40.2 million, rather than the legislative appropriation. This action would decrease State support \$1.5 million, or 3.7%, from the 2016 allowance and level fund BCCC's formula funding from fiscal 2015 to 2016. This is still \$4.8 million above the rerun formula amount of \$35.4 million and allows ESOL funding to increase.

The Department of Legislative Services (DLS) recommends that the BCCC funding formula be held harmless to the fiscal 2015 working appropriation with all cost containment actions. This is a reduction of \$1,540,978 from the fiscal 2016 allowance.

## Expenditures by Program

Exhibit 7 shows unrestricted funding by budget program from fiscal 2014 to 2016. Funding for instruction decreases \$1.1 million, or 5%, from fiscal 2015 to 2016. This is driven by an adjustment to adjunct professors, who make up the decline in contractual positions seen in the personnel section at the beginning of this analysis, since enrollment has continued to decline.

**Exhibit 7**  
**Baltimore City Community College**  
**Budget Changes for Current Unrestricted Funds by Program**  
**Fiscal 2014-2016**  
**(\$ in Thousands)**

	<u>2014</u> <u>Actual</u>	<u>2015</u> <u>Working</u>	<u>2014-15</u> <u>% Change</u>	<u>2016</u> <u>Adjusted</u>	<u>2015-16</u> <u>\$ Change</u>	<u>2015-16</u> <u>% Change</u>
<b>Expenditures</b>						
Instruction	\$21,475	\$21,963	2.3%	\$20,868	-\$1,096	-5.0%
Academic Support	4,658	5,052	8.4%	5,281	230	4.5%
Student Services	6,426	7,723	20.2%	7,741	18	0.2%
Institutional Support	13,082	19,544	49.4%	19,900	356	1.8%
Operation and Maintenance of Plant	13,318	9,851	-26.0%	9,875	24	0.2%
Scholarships and Fellowships	65	92	40.9%	92		0.0%
Statewide Cost Containment		-1,123				
<b>Subtotal Education and General</b>	<b>\$59,024</b>	<b>\$63,101</b>	<b>6.9%</b>	<b>\$63,757</b>	<b>\$656</b>	<b>1.0%</b>
Auxiliary Enterprises	3,967	4,290	8.1%	4,239	-52	-1.2%
<b>Total</b>	<b>\$62,991</b>	<b>\$67,392</b>	<b>7.0%</b>	<b>\$67,996</b>	<b>\$604</b>	<b>0.9%</b>
<b>Revenues</b>						
Tuition and Fees	\$11,961	\$13,565	13.4%	\$13,126	-\$439	-3.2%
General Funds						
(Adjusted for Cost Containment)	42,170	40,212	-4.6%	41,817	1,605	4.0%
Other	2,765	4,233	53.1%	3,825	-409	-9.6%
<b>Subtotal</b>	<b>\$56,896</b>	<b>\$58,010</b>	<b>2.0%</b>	<b>\$58,767</b>	<b>\$757</b>	<b>1.3%</b>
Auxiliary Enterprises	3,504	4,000	14.2%	4,000		0.0%
Transfers to/from Fund Balance	2,591	5,382	107.7%	5,229	-153	-2.8%
<b>Total</b>	<b>\$62,991</b>	<b>\$67,392</b>	<b>7.0%</b>	<b>\$67,996</b>	<b>\$604</b>	<b>0.9%</b>

Source: Governor's Budget Books, Fiscal 2016

*R95C00 – Baltimore City Community College*

The remaining programmatic changes are fairly small in size. Academic support grows \$0.2 million, or 4.5%, to continue investing in student support services, and institutional support grows \$0.4 million, or 1.8%, to improve administrative operations and because some expenses will go up with the completion of the renovated administrative wing of the college. Auxiliary enterprises expenditures decline by less than \$0.1 million, or 1.2%, due to the decline in enrollment, but the college projects auxiliary revenue as stable. Also on the revenue side, the increase in State general funds of \$0.5 million, before cost containment, more than offsets the decline in expected tuition revenue. As BCCC has not raised its tuition and mandatory fees since fiscal 2009, it appears as if the hold harmless funding from the State is effectively a tuition freeze program for the college. As costs go up, BCCC has not raised its enrollment, tuition, or local support from Baltimore City (last adjusted by Chapter 244 of 2006) but balances its budget through the State support that is held harmless.

In the 2016 allowance, with contingent reductions, BCCC will receive \$7,089 per student, while local community colleges will receive only \$2,161 per student. BCCC receives more than \$4,900 more per student, or 128% extra in State support. For fiscal 2015, local community colleges receive 22% of total financial support from the State, 35% from the local jurisdiction(s), and 43% from tuition. However, at BCCC, support totaled 76% from the State and 24% from tuition. Local support from Baltimore City is only \$0.2 million, or less than 1%, in the unrestricted budget. BCCC has become increasingly dependent on State support as it has not pursued increases in support through the other two means, tuition, which it has kept flat since fiscal 2008 or local aid, which has not risen since fiscal 2007.

Although the college is not subject to any cost containment actions in fiscal 2016, BCCC will likely need to explore cost containment options. Due to its formula funding, it is likely the college will not receive increased support from the State in fiscal 2017 due to further declines in enrollment in fall 2014 and because the statutory percentage of the formula will not increase again until fiscal 2018 when it rises to 60%. Assuming forecasts for public four-year support hold, BCCC will need to increase enrollment from 5,766 FTES to 6,393 FTES, or 633 FTES, to escape the same hold harmless scenario in fiscal 2017. The institution reports it had a 4,725 credit headcount in fall 2014, well short of the FTES required to increase funding in fiscal 2017. BCCC has stated it may use fund balance to bridge revenue shortfalls in fiscal 2016.

Finally, the BRFA of 2015 also applies a mandate relief provision (Section 13) that limits the growth of State support to any appropriation mandated by statute to no more than general fund reverse growth minus 1%. Current DLS projections have BCCC receiving only the current hold harmless amount in general fund support, \$40.8 million, in fiscal 2017 and 2018. This new provision is estimated to reduce State support beginning in fiscal 2019 by \$2.1 million and in 2020 by \$4.6 million beneath what the funding formula would otherwise provide.

**The President should comment on how BCCC can reduce expenses in fiscal 2016, given that State support is likely going to be flat and tuition revenue will be unlikely to rebound to the level seen in fiscal 2014 or earlier.**

## The Many Uses of Fund Balance

Colleges maintain fund balances to help with long-term planning and to provide a buffer for any unexpected budgetary changes. For example, after having saved money for many years, BCCC’s major information technology (IT) project, Enterprise Resource Planning (ERP), and physical plant renovations not funded from the State’s Capital Program, are to be funded through fund balance, and the college has noted it can bridge some revenue loss from the decline in enrollment with fund balance. Fund balance comes from revenues exceeding expenditures year over year from either additional revenue or lower than anticipated expenditures.

## Large Fund Balance Transfers Are Common

Though the amount that will ultimately be transferred to or from fund balance in fiscal 2015 and 2016 is unknown, BCCC regularly has had sizable transfers. **Exhibit 8** shows that since fiscal 2007, BCCC has regularly transferred a significant percentage of its operating budget to fund balance each year. Fiscal 2014 is notable for being the first time in eight years that BCCC managed to have a net decrease in fund balance as a percent of unrestricted funds. Unlike other State agencies, and because BCCC is formula funded, there is no turnover adjustment in the budget to capture some normal amount of lapsed salaries. Unspent unrestricted funds totaled over 10.0% of the college’s total unrestricted operating budget in three of the last seven years reaching as much as 14.2% in fiscal 2009 when \$8.1 million went unspent and was transferred into fund balance. BCCC had budgeted \$5.4 million in fund balance for projects in fiscal 2014 but ended the year spending only \$2.6 million from fund balance including all net changes from fund balance revenue and expenditures.

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**Exhibit 8**  
**BCCC Fund Balance Transfers and Totals**  
**Fiscal 2006-2014**  
**(\$ in Thousands)**

<u>Fiscal Year</u>	<u>Transfers from Operating Budget</u>	<u>% of Unrestricted Funds</u>
2006	-\$806	-1.4%
2007	1,597	2.9%
2008	6,976	12.4%
2009	8,090	14.2%
2010	3,006	4.8%
2011	7,701	11.6%
2012	6,036	9.6%
2013	2,629	4.5%
2014	-2,591	-4.1%

Source: Governor’s Budget Books, Fiscal 2008-2016

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At the beginning of fiscal 2015, BCCC reported \$34.3 million in total fund balance, with about \$24.7 million restricted to particular purposes, such as \$1.5 million to the reserve for WBJC, the radio station located at BCCC. The remaining \$23.2 million in restricted funds is categorized into various reserve or purpose funds, such as for ERP and shovel-ready capital improvements. The remainder of the fund, about \$9.6 million, is for unspecified strategic priorities. Over the past eight years, from fiscal 2007 to 2015, the fund balance has grown sevenfold from \$5.0 million to \$34.3 million.

The BRFA of 2015 contains a contingent fund transfer of \$4.0 million from BCCC's fund balance to the general fund. This has occurred at other public higher education institutions in the past during times of fiscal constraints. While BCCC maintains that this would amount to a cut to student services, DLS has not seen any evidence that this would impact current students, and it is hard to determine the impact on future students due to the lack of participation of BCCC in the annual capital planning processes with the Department of Budget and Management (DBM) and the Maryland Higher Education Commission (MHEC). Finally, as previously mentioned, much of this fund balance accrued through position vacancies, so its accrual was not due to purposeful action by the college, but rather from the college repeatedly accruing revenues by not filling its personnel vacancies and receiving hold harmless funds under the formula.

**The President should comment on how much of the planned net \$5.4 million fund balance transfer in fiscal 2015 is expected to be spent this fiscal year and on what. The President should also comment on what specific project the \$4.0 million removed by the BRFA of 2015 would otherwise be used for in fiscal 2016 given that the college has only budgeted \$5.7 million to spend of the projected \$26.9 million fund balance in fiscal 2016.**

### **Major IT Project – ERP**

BCCC uses a number of obsolete computer systems to store campus records, manage human resources, and conduct other services. In September 2009, BCCC received a “technology tactical plan” for the complete reimagining of IT at BCCC. The centerpiece of this technology upgrade is implementing ERP. An ERP “integrates (or attempts to integrate) all data and processes of an organization into a unified system. A typical ERP system will use multiple components of computer software and hardware to achieve the integration.” The report recommended that, following two years of preparatory work, the project should be scheduled for implementation to begin in academic year 2011-2012 and to conclude midway through academic year 2013-2014.

No significant progress was made until December 2012 when the Department of Information Technology (DoIT) approved an Information Technology Project Request (ITPR) which described BCCC's current IT systems as “archaic.” The ITPR noted:

This patchwork system can no longer support basic compliance regulations or enhanced business functions, much less the most recent and stringent Higher Education Opportunity Act (HEOA) reauthorized in August of 2008, which took effect in July of 2010. BCCC has been found deficient in recent audits and is not in compliance with state and federal mandates.

Specifically, the ITPR found federal legal deficiencies with the Family Educational Rights and Privacy Act; the Health Insurance Portability and Accountability Act; and the HEOA.

Although funding for ERP was first budgeted with \$6 million in fiscal 2013, little funding was spent due to ongoing delays. The ERP project remains in the planning stage, and the college still has some preliminary work to complete before it can move into procurement. The first action is to put out a task order request for proposal (TORFP) to obtain resources to assist BCCC in recording in detail the current business processes and document the business and technical requirements needed for the actual request for proposal (RFP) for ERP. This will allow BCCC to solicit the ERP market and make an informed choice for an enterprise system that will run at the college for decades to come. Once the current TORFP for acquiring those resources is approved, it will take four to six months to prepare the solicitation and update business processes, which will be eventually analyzed and compared with the selected ERP vendor's best practices. One year ago, BCCC stated the RFP would go out in late fiscal 2015, but as of February 2015, an RFP is still six to nine months away.

BCCC and DoIT submitted a report (as requested in the 2014 *Joint Chairmen's Report*) on the ERP project in December 2015 indicating that the project is now progressing consistently with the established schedule and that a full-time project manager began work in September 2014. DoIT continues to maintain oversight of the project via bi-weekly meetings and quarterly portfolio reviews, among other things. According to this report, BCCC should have a vendor selected by November 1, 2015. Additional information is available in **Appendix 3**.

A revised January 2015 estimate of the revised cost for implementing ERP from BCCC puts the total cost at \$15.5 million plus additional costs for staffing, DoIT oversight, system certification, contingency funds, and other costs. The grand total for ERP is estimated to be about \$16.8 million, the same as one year ago, but the report notes that at the close of fiscal 2014, only \$46,638 had been expended. While the RFP is still not ready, BCCC believes it will make serious progress on ERP in fiscal 2015 by spending an additional \$1.4 million on project planning and other requirements. BCCC attributes the many delays to the project to personnel turnover and conflicting directions from DoIT on deadlines and templates.

**Given the original target completion date of mid-fiscal 2014, the President should comment on when the first parts of ERP may begin to be operational on the campus.**

## *Issues*

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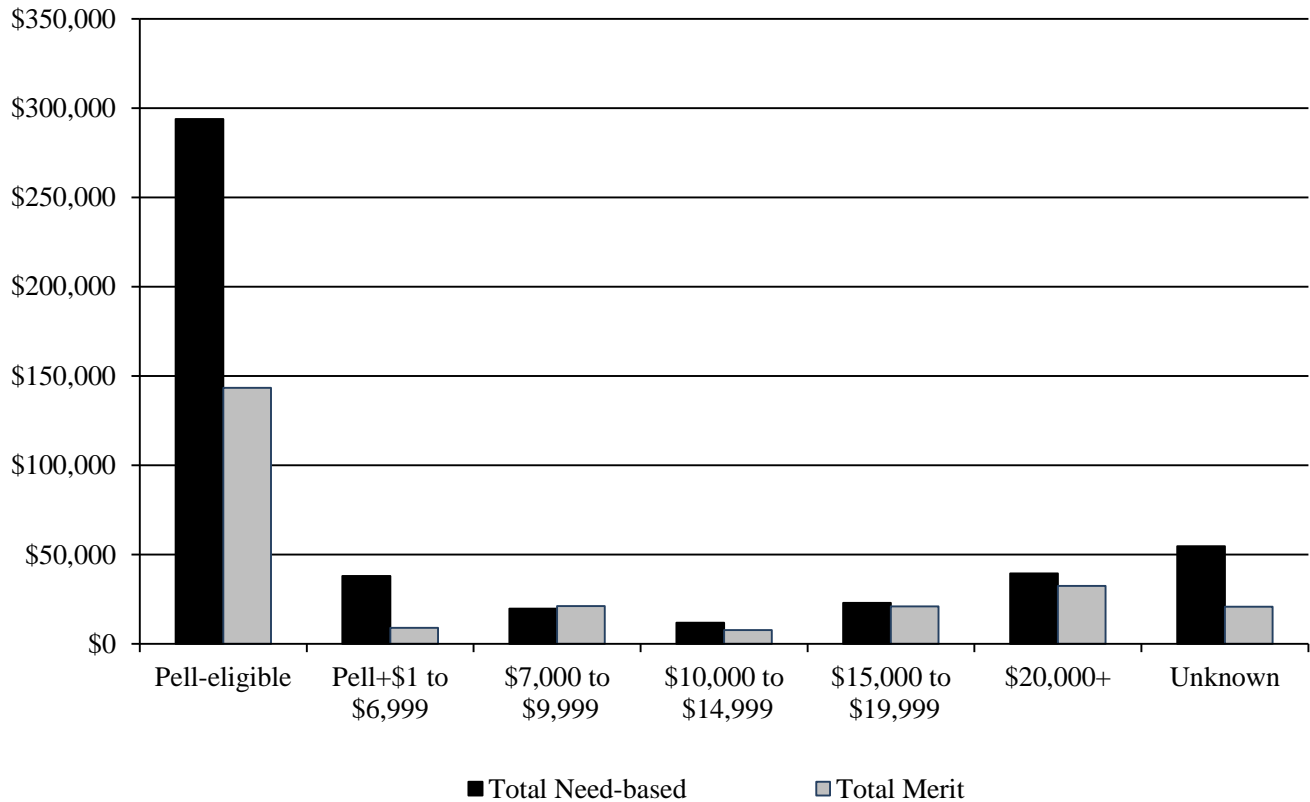
### **1. Making College Affordable**

Community colleges offer a significantly lower entry cost into higher education compared to four-year institutions. The average Maryland community college costs just over \$3,900 per year; however, BCCC's fall 2014 tuition and fees total just over \$3,000 for a full-time student, a difference of over 20% less for BCCC. In comparison, a federal Pell grant award can be as high as \$5,730 in academic year 2014-2015, well above the average Maryland community college tuition and fee cost. BCCC's tuition rates have been frozen since fall 2008, but the college will again consider tuition and fee increases in fall 2015 after rejecting increases in the current year. In addition to keeping costs low, BCCC offers students institutional aid to bring down the "sticker" price, or total cost of tuition, fees, and other expenses. These awards are critical as BCCC serves an extremely disadvantaged population. The median household income for a student applying for financial aid is only \$15,300, and over 50% of the entire student body are from households with incomes less than 150% of the federal poverty level. The average age of a BCCC student is 29, indicating many students may have to balance school with work and family commitments. About 57% of students are either low-income or first-generation students.

**Exhibit 9** shows the total amount of need-based and merit-based institutional scholarships awarded in fiscal 2014 by Expected Family Contribution (EFC). An EFC is determined by the Free Application for Federal Student Aid (FAFSA), which calculates the amount of money a student's family is expected to pay toward education. Although the exact amount changes from year to year, students with the lowest EFCs are eligible for Pell grants. The exhibit shows that BCCC awards more aid to Pell-eligible students than all other categories combined, whether that aid is awarded based on need or merit.

The lowest EFC category, the Pell-eligible students, receive significantly higher need-based and merit-based awards than any other higher EFC category. Additionally, need-based awards are equal to or greater than merit-based in each EFC grouping. Although a determination of EFC is not required to receive a merit award based on academic achievement, such as BCCC's Granville T. Woods Scholarship, it is required for federal and State need-based awards and is generally required to receive need-based institutional aid. A missing EFC figure does not necessarily mean a student does not have need, just that it is not documented by the college. Typically, it is higher income families that do not file a FAFSA, as such families do not expect to receive significant federal financial aid; however, it may also be due to students who do not understand the FAFSA or feel it is too complicated. While BCCC does run a FAFSA Completion Rally every February, some students continue not filing a FAFSA, which means they may not receive some federal financial aid benefits.

**Exhibit 9**  
**Total Amount of Need-based and Merit Scholarship Awards**  
**By Expected Family Contribution**  
**Fiscal 2014**

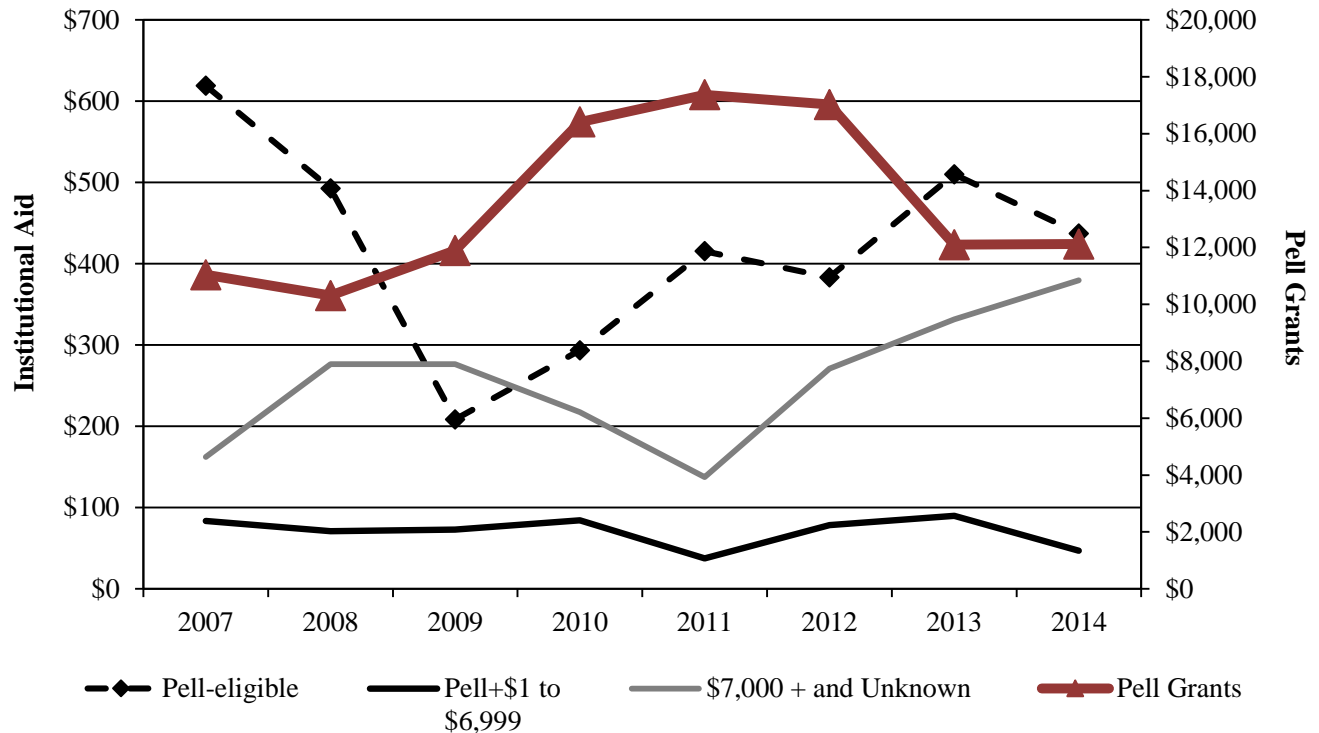


Source: Baltimore City Community College

**Exhibit 10** shows the distribution of institutional scholarships and Pell grants received by students from fiscal 2007 through 2014. Like most colleges, the value of BCCC’s Pell grants far exceeds that of institutional aid and is shown on a second axis in Exhibit 10. Pell grants declined by \$4.9 million in fiscal 2013 due to the decrease in enrollment previously mentioned and because of the lower cap on Pell awards, but leveled out in fiscal 2014. While total enrollment declined at BCCC, Pell-eligible students declined from 4,156 to 4,132, a change of less than 1%.

Also, in fiscal 2014, institutional aid of all types and for all EFCs totaled \$0.9 million compared to \$12.1 million in Pell grant awards, a ratio similar to the prior year. The exhibit shows that, except for fiscal 2009, BCCC has awarded the majority of its institutional scholarships to students with the most financial need. While institutional scholarship spending grew almost 20% in fiscal 2012 and 25% in fiscal 2013, it declined 14% in fiscal 2014.

**Exhibit 10**  
**Institutional Aid and Pell Grants Awarded by Expected Family Contribution**  
**Fiscal 2007-2014**  
**(\$ in Thousands)**



Source: Baltimore City Community College

Absent from these exhibits are any federal student loans because BCCC, along with Chesapeake College, does not allow students to draw Perkins, Stafford, or PLUS loans. In the past, the college has stated that doing so could lead to very high student loan default rates, which would jeopardize the school’s eligibility to receive Pell grants. At this point in time, when the college is considering raising tuition at a time when the Pell grant is unlikely to increase significantly, it may be an opportunity for the college to increase access to the institution through loans. This may also open doors for students who are not Pell eligible but would still want to enroll in a degree or certificate program at BCCC.

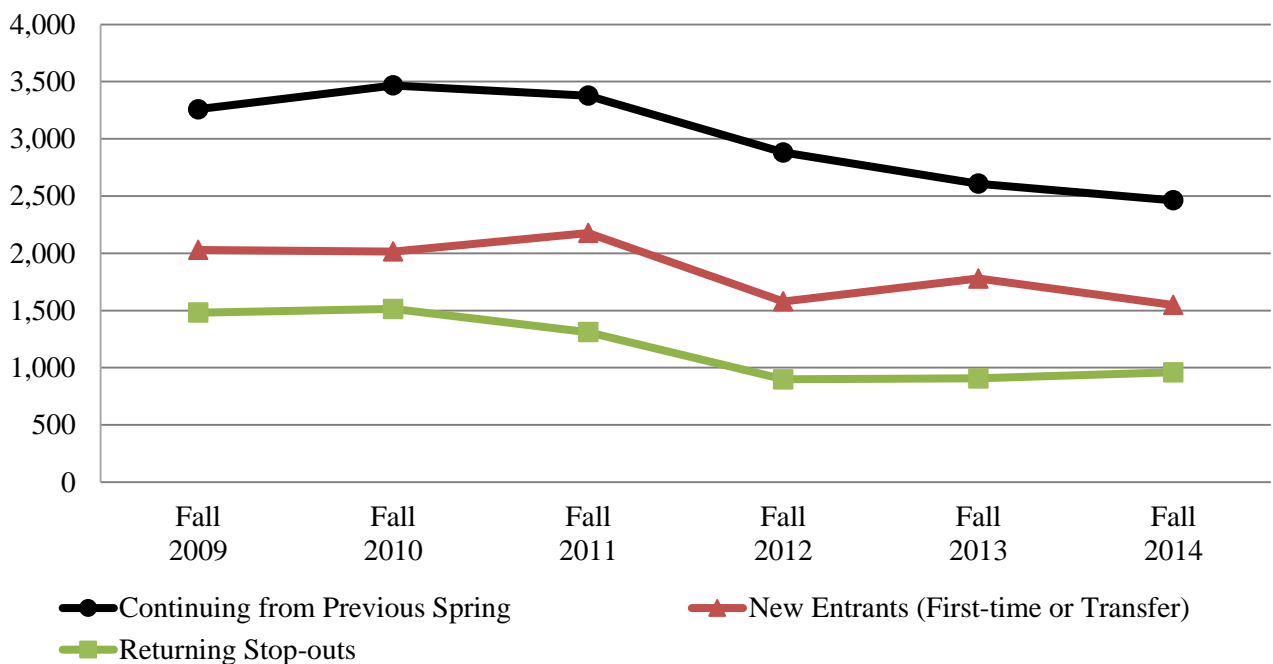
**The President should comment on whether the college will allocate more funding to need-based aid, especially as it considers increasing tuition for the first time in seven years and whether it will ever revisit its stance on participation in federal student loan programs.**

**In addition, the President should comment on any plans to change tuition rates or the amount of unrestricted funding budgeted in institutional aid, which is currently less than \$100,000, given that 70% of BCCC students have significant financial needs.**

## 2. Enrollment Decline

As was discussed in the Higher Education Overview, community college headcount enrollment declined 3.7% across the State in fall 2014, and BCCC declined by 6.9%. **Exhibit 11** shows fall headcount enrollment trends at BCCC by three types of students: students continuing from the previous spring semester, students new to BCCC (either first-time students or transfers), and students returning after taking a leave of absence (stop-outs). All three categories generally declined from fall 2009 to fall 2014. The largest decrease by headcount came from continuing students who decreased almost 800, or 24.4%. This could be a positive trend if there was data to indicate that such students were graduating in much higher numbers, but that does not appear to be the case. The largest decrease in percentage terms was in returning stop-outs who declined over 500 by headcount, or 35.2%. New students declined only 480 by headcount, or 23.7%. While all declined over these six semesters, returning stop-outs are up slightly from fall 2012, and new entrants are close to where they were in fall 2012. Enrolling new students will not be as great a pressure on the institution if it can improve its retention rate of students who are already enrolled. BCCC will have to determine why students do not return to campus. BCCC determined that the declines in enrollment were spread out across all regions of the city. Greater declines were seen from students living in northeast Baltimore, which is not near BCCC’s main Liberty Heights campus. These students may be drawn to the Community College of Baltimore County (CCBC) – Essex or CCBC – Dundalk.

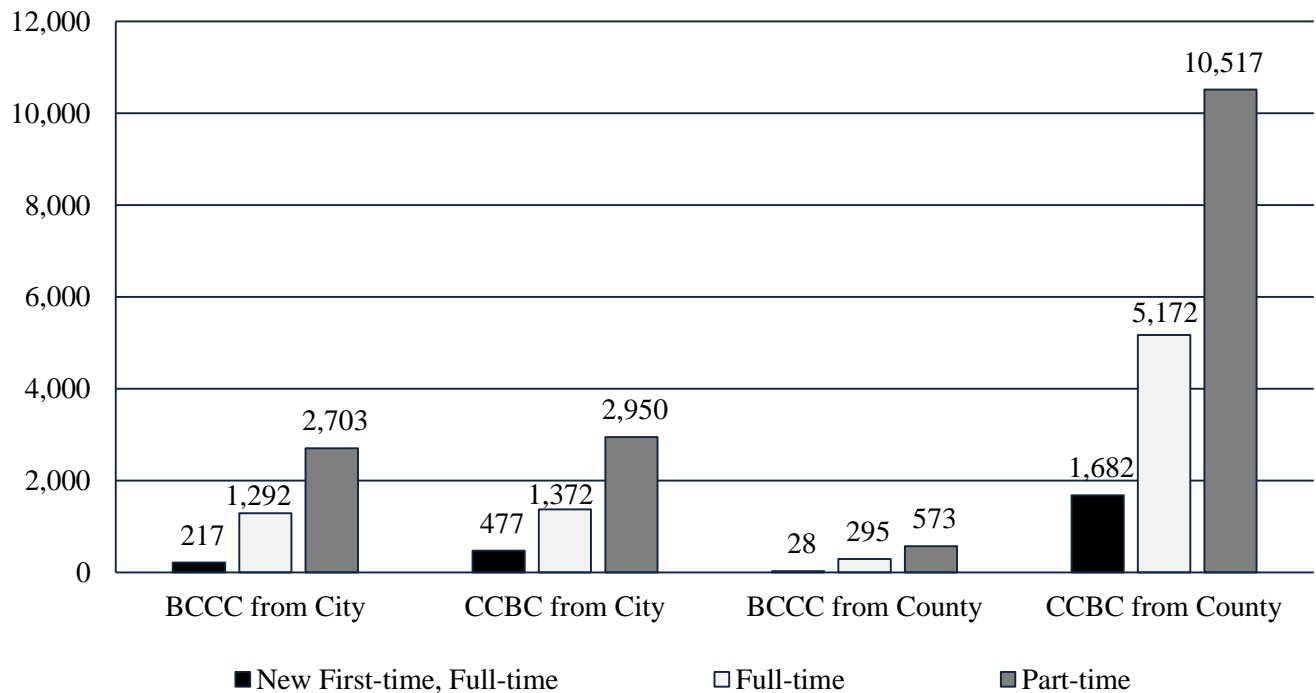
**Exhibit 11**  
**Opening Fall Headcount by Type of Student**  
**Fall 2009-2014**



Source: Baltimore City Community College

To examine this further, **Exhibit 12** shows the residency status by type of student enrolled at BCCC and CCBC in fall 2013, the most recent data available from MHEC. The first two groupings show Baltimore City residents enrolled at each institution. Overall, CCBC enrolls 327 more students, or 8.2%, from Baltimore City than BCCC does. This is particularly pronounced in FT/FT students who are enrolling straight from high school. Here CCBC enrolls 260, or 120% more, than BCCC. This indicates many city residents are willing to pay an additional \$216 per credit hour to attend CCBC as an out-of-service-area student over BCCC’s statewide rate of \$88 of tuition per credit. In the reverse situation, CCBC enrolls about 15,700 Baltimore County residents to BCCC’s 868. Even though county residents would pay only \$88 per credit at BCCC, they choose overwhelmingly to pay \$113 per credit at CCBC. This suggests that financial decisions are not driving this enrollment preference for CCBC, but other factors such as academic offerings, locations, or reputation.

**Exhibit 12**  
**Residency of Students**  
**Fall 2013**



BCCC: Baltimore City Community College  
CCBC: Community College of Baltimore County

City: A student who is a resident of Baltimore City  
County: A student who is a resident of Baltimore County

Source: Maryland Higher Education Commission, *Enrollment by Place of Residence Fall 2013*

BCCC acknowledges that the accreditation issues with the Middle States Commission on Higher Education (Middle States) in 2011 and 2014 damaged the reputation of the institution. However, it is not clear in Exhibit 11 that the 2011 decision was uniquely to blame for the decline in enrollment. This is discussed further in the next issue. Another reason is course offerings. The reduction in degree programs following a large scale fiscal 2011 program realignment may have made students consider other institutions. Additionally, BCCC is examining why students do not pass courses and stop out of the institution. The Office of Academic Affairs issued a report showing that most students do not leave the institution for lack of academic success, but rather for outside-the-classroom issues. Going forward, BCCC is going to require faculty to record more detailed records about why students fail classes and will work to determine how the institution can address this. Improving the retention of these stop-outs, shown in Exhibit 11, will greatly benefit the institution and is a critical part of the school's urban mission to serve working adults and heads of households. Finally, CCBC offers three locations around the county, while BCCC has only one credit-bearing course location which is in a largely residential area of the city.

In particular, the college attributes the dramatic decrease in fall 2012 enrollment to the reduction in the number of semesters a student can receive a Pell award, which went into effect on July 1, 2012. The so-called maximum Lifetime Eligibility Usage for Pell grants was limited to the equivalent of six years of full-time status, down from nine years, or 18 semesters, in prior years. This cut off aid to a number of students who had been taking a longer time to complete their studies.

This is important because many students at BCCC test into high levels of remediation, up to three courses in math and three in English. If these students do not have remaining federal aid to finish remedial coursework, the student has little incentive to continue studies as the student cannot enroll in many of the credit-bearing classes necessary for a degree program. Additional information on this issue is available in the policy paper entitled *College and Career – Are Maryland Students Ready?*.

In response, BCCC reports it has reconstituted its Strategic Enrollment Management and Retention Committee. As part of its Enrollment Management Plan, the college will focus resources on inviting stop-out students back to BCCC. Individual regions of Baltimore City are being explored to learn where BCCC students are coming from and where they are not.

**The President should comment on the projected enrollment for fall 2015 and what a reasonable target enrollment would be for the college in fall 2016.**

### **3. Accreditation, Leadership, and the Future of BCCC**

For the second time in three years, Middle States (BCCC's regional accrediting body) found concerns over the operations of BCCC. The last time this happened was in June 2011 when Middle States had put the college's accreditation on probation. Accreditation is required by the U.S. Department of Education for students to receive Title IV federal financial aid, like Pell grants, and most forms of State aid from MHEC. BCCC has been continuously accredited by Middle States since 1963. Thorough reviews of accreditation are planned every 10 years, with a less rigorous Periodic Review Report in the middle of each 10-year cycle. In 2011, BCCC's accreditation was put on



*R95C00 – Baltimore City Community College*

probation because the college was not in compliance with Middle States' Standard 14 by not being able to demonstrate that the college had identified learning objectives, measured whether students were meeting those objectives, or made programmatic changes based on those findings. Failure to meet Standard 14 does not mean students are not learning, just that the college is not assessing whether students are learning.

In response, BCCC administration and faculty worked to identify what students should be learning at the course, program, and institutional level and formalized or created student learning outcomes assessments. At the Middle States' June 28, 2012 meeting, the accrediting body accepted BCCC's report, removed the probationary status of its accreditation, and reaffirmed the college's accreditation.

BCCC's 10-year review of accreditation was up for review again in spring 2014, which included BCCC producing a lengthy self-study and involved a campus visit from other community college representatives. In June 2014, Middle States determined that BCCC's accreditation should be put on warning, a less serious outcome than 2011's probation. BCCC remains fully accredited by Middle States while on warning so there is no effect on students. In its review, Middle States found insufficient evidence that the institution is currently in compliance with the following standards for accreditation:

- Standard 2 – Planning, Resource Allocation and Institutional Renewal;
- Standard 3 – Institutional Resources;
- Standard 6 – Integrity; and
- Standard 7 – Institutional Effectiveness.

Middle States has requested an updated monitoring report by March 1, 2015. A small team will again visit following the submission of the monitoring report that will review additional reports and documents and meet with students, faculty, staff, and trustees to determine if BCCC now meets the four standards noted above. The due date for the next Periodic Review Report will be set when accreditation is reaffirmed. Throughout this process, Middle States has been very supportive of the idea that BCCC will regain full accreditation in the summer of 2015 with a focused effort to address the deficiencies it highlighted. Much of meeting these standards involves proper documentation of mission statements, the institution's strategic planning process, and how the college updates its master plans. Middle States is chiefly looking for evidence that BCCC's institutional and educational processes follow from the institutional mission and help achieve BCCC's goals. Middle States will issue a final decision at its June 2015 meeting. BCCC has indicated it takes this warning very seriously and is working to meet all the requirements from Middle States. For comparison, less than 4% of Middle States' 527 institutions are currently on any type of accreditation warning or probation.

**The President should comment on whether the issues identified by Middle States could have been addressed by BCCC prior to the accreditation review.**

BCCC has undergone significant turnover in leadership most recently since 2012. Following concerns over enrollment and other management issues, in December 2012, BCCC's Board of Trustees voted to separate the college's president from the institution and to search for a new chief executive. From January 2013 through August 2014, the institution was led by an interim president. In the past year, there have also been a number of interim appointments in key positions including interim vice presidents for student affairs, business and continuing education, human resources, and academic affairs.

While DBM approved an RFP for a presidential search in October 2013, it was not until September 2, 2014, that a new president, Dr. Gordon F. May, began serving as the college's twelfth president. Dr. May is on a three-year contract and most recently worked as a community college administrator and president in Michigan.

The ongoing mixed outcomes of students, shown in the Measuring for Results exhibits at the beginning of this analysis, and the unclear guidance BCCC receives as the only independent, State-run community college has led to a lot of confusion over who BCCC is responsible to and who is in charge of ensuring that BCCC meets its obligations to serve its students, employees, and the State. This organizational disarray, coupled with enrollment declines, accreditation issues, and leadership turnover calls for a reexamination of the role and structure of BCCC within the State's higher education system. This type of review has occurred in the past, such as in the 1999 Larson Report, which, for example, examined the role of the University System of Maryland (USM) and MHEC.

**DLS recommends budget bill language that BCCC work with MHEC, USM, and other stakeholders to determine the appropriate organizational structure and governance for BCCC in Maryland's higher education system. The report should consider a wide range of options for combining or merging BCCC with other institutions, or to leave BCCC as it currently operates.**

#### **4. The Operating Budget and Capital Planning**

In a January 2014 letter, BCCC notified the Department of General Services (DGS), as well as DBM, MHEC, and DLS, that the college would like DGS to coordinate procurement of a demolition and remediation contract for the Bard Building in the Inner Harbor for work in fiscal 2014. The college would then seek an RFP for design of a new multi-use structure. A January 2012 DGS estimate placed demolition costs at \$0.5 million to \$1.2 million. Prior to January 2014, DBM, MHEC, and DLS were not aware of these capital plans of the college. This action raises numerous questions about the intent of the college for its Inner Harbor campus. BCCC had no funding in the *Capital Improvement Program* (CIP) in fiscal 2015 and has none in fiscal 2016. Finally, BCCC's current projects in the CIP have been delayed.

The Bard Building is 40 years old and located in downtown Baltimore. It is across the street from BCCC's Business and Continuing Education Division, which rents space from a private developer, and BCCC's Lockwood property, which is engaged in a long-term lease. In 2010, the Bard Building was permanently closed due to longstanding structural concerns leading to water penetration and mold growth. Remediation had been attempted in fiscal 2008 but was unsuccessful.

*R95C00 – Baltimore City Community College*

The building has been vacant since 2010 and costs BCCC almost \$100,000 per year in required life-safety maintenance. Both BCCC and Baltimore City would like to see the property redeveloped.

Because little prior information was shared with DBM, MHEC, or DLS, there is currently little additional information available on what BCCC is planning to do. The letter to DGS did not mention any capital program to be submitted to DBM. BCCC reports that Baltimore City could seed the demolished lot with grass to create green space until a development plan is finalized. DLS is concerned that demolition may cost substantially more than \$1 million, given that the Soper Library demolition at Morgan State University will cost around \$6 million for a similarly sized structure in a less dense region of Baltimore City.

BCCC has long planned some expansion of its academic offerings to East Baltimore or downtown Baltimore. BCCC reports it has ended any discussion over the Gompers facility in East Baltimore, so it is not clear how the Bard demolition necessarily furthers the academic needs of the college in the near term. Guidance is offered in the Education Article § 16-505 (e) (3) (ii) 3, which states:

The Board of Trustees shall develop the commercial potential of the Inner Harbor site to maximize revenue to the College without jeopardizing the educational mission of the College.

Currently, the college receives rental payments from the Lockwood property from a long-term land lease, which is adjacent to the Bard Building, as well as medical-related tenants at its Bon Secours property, across the street from the Liberty Heights campus.

Downtown Baltimore has recently seen a building boom with the construction of the Horseshoe Casino and the Inner Harbor East development, as well as the forthcoming Health Science Facility III at the University of Maryland, Baltimore and the new Exelon headquarters at Harbor Point. The city is also in discussion over what to do with the Metro West Complex recently vacated by the Social Security Administration, and negotiations over a new State Center may be moving forward again considering the fate of the Bard Building has been largely absent during this period of large-scale new developments and repurposing of old facilities in Baltimore's central business district. In the recent past, BCCC has deferred making plans about the Bard Building due to the absence of a permanent president. Now that BCCC has a new president, it is time to make important decisions about the footprint of the college in downtown Baltimore; otherwise, as has been suggested by some city observers, Bard may simply be demolished to produce surface-level parking.

One year ago, the General Assembly restricted State funds from being expended on a demolition of the Bard Building but specified that \$200,000 may be used for a building assessment to be submitted to the Office of Capital Planning at DBM. As of February 2015, BCCC has not hired anyone to do a building assessment, has submitted nothing to DBM, and does not appear to have any plans for the Bard Building.

**The President should comment on what the college will do with the Bard Building and, if it is currently not known, when the institution will finally make a decision on what to do with the**

**large vacant building. The college should also comment on the collaboration that will occur with DBM, DGS, and MHEC in this process.**

**DLS recommends renewing the restriction on State funding from being used for the demolition of the Bard Building until a building assessment and project programs have been reviewed by the Office of Capital Planning at DBM.**

## ***Recommended Actions***

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1. Add the following language:

Provided it is the intent of the General Assembly that no funds be expended by Baltimore City Community College on the demolition of the Bard Building in fiscal 2015 or 2016 until a Part I and Part II program have been approved by the Department of Budget and Management's Office of Capital Planning.

**Explanation:** This language restricts Baltimore City Community College from demolishing the Bard Building until a capital program plan has been approved by the Department of Budget and Management.

2. Add the following language:

, provided that \$5,000,000 of the unrestricted fund appropriation for Baltimore City Community College (BCCC) shall be restricted pending a report on recommendations to change BCCC's organizational structure within the State's higher education system. BCCC is the only State-run two-year institution in Maryland and serves a critical need for credit and noncredit coursework for residents of Baltimore City and the surrounding area. However, BCCC has for many years produced mixed student outcomes alongside accreditation issues, high leadership turnover, a growing fund balance, and large capital projects not moving forward. BCCC should work with the Maryland Higher Education Commission (MHEC), the University System of Maryland (USM), the Community College of Baltimore County (CCBC) and other community colleges, and representatives of Baltimore City government and the city school system to consider and make recommendations on whether: (1) BCCC should join USM; (2) BCCC should join with CCBC to form a metropolitan community college system; (3) BCCC's operating funding should instead be used for financial aid for Baltimore City residents to attend other higher education institutions; (4) BCCC should consider other new organizational structures not mentioned here; or (5) that BCCC should retain its current form, and, if so, what other changes will be made to improve student outcomes and the management of the college in the immediate future. BCCC should think broadly about how it can better serve the needs of Baltimore City and the State and how its unique status may be assisting or challenging the institution's goals. The final recommendation should include a timeline for implementation. The report shall be submitted by December 15, 2015. The committees shall have 45 days to review and comment on the report. Funds restricted pending receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

**Explanation:** This action restricts \$5 million of BCCC's State support pending receipt of a report on recommendations on how to better align BCCC's organizational fit within the State's higher education system so as to improve student outcomes.

*R95C00 – Baltimore City Community College*

<b>Information Request</b>	<b>Authors</b>	<b>Due Date</b>
Report on BCCC's organizational structure and service to the State	BCCC USM MHEC CCBC	December 15, 2015

3. Add the following language to the unrestricted fund appropriation:

, provided that this appropriation made for the purpose of Baltimore City Community College be reduced by \$1,540,978.

**Explanation:** This action holds harmless State support for Baltimore City Community College to fiscal 2015 State support with all cost containment actions.

## *Current and Prior Year Budgets*

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### Current and Prior Year Budgets Baltimore City Community College (\$ in Thousands)

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Fund</u>	<u>Federal</u> <u>Fund</u>	<u>Other</u> <u>Unrestricted</u> <u>Fund</u>	<u>Total</u> <u>Unrestricted</u> <u>Fund</u>	<u>Restricted</u> <u>Fund</u>	<u>Total</u>
<b>Fiscal 2014</b>							
Legislative Appropriation	\$41,828	\$0	\$0	\$27,660	\$69,488	\$27,222	\$96,710
Deficiency Appropriation	-69	0	0	0	-69	0	-69
Budget Amendments	411	0	0	0	411	0	411
Reversions and Cancellations	0	0	0	-6,839	-6,839	-4,932	-11,772
<b>Actual Expenditures</b>	<b>\$42,170</b>	<b>\$0</b>	<b>\$0</b>	<b>\$20,820</b>	<b>\$62,991</b>	<b>\$22,290</b>	<b>\$85,280</b>
<b>Fiscal 2015</b>							
Legislative Appropriation	\$41,753	\$0	\$27,180	\$0	\$68,933	\$22,569	\$91,501
Cost Containment	-418	0	0	0	-418	0	-418
Budget Amendments	0	0	0	0	0	0	0
<b>Working Appropriation</b>	<b>\$41,335</b>	<b>\$0</b>	<b>\$27,180</b>	<b>\$0</b>	<b>\$68,515</b>	<b>\$22,569</b>	<b>\$91,084</b>

Note: Numbers may not sum to total due to rounding. The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies.

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## **Fiscal 2014**

The general fund appropriation increased about \$342,000 in total due to an increase of about \$411,000 for fiscal 2015 COLAs and salary increments and a decrease of about \$69,000 due to an across-the-board deficiency for the new State Personnel System.

At the close of the fiscal year, about \$6.8 million in other unrestricted funds reverted to the college's fund balance due to an ERP IT project that remains behind schedule.

About \$4.9 million in restricted funds were canceled due to lower than anticipated expenditures of grants and contracts and a decrease in Pell awards due to the decline in enrollment.

## **Fiscal 2015**

The general fund appropriation decreased by \$417,500 to reflect July 2014 cost containment actions made by BPW.



## ***Audit Findings***

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Audit Period for Last Audit:	November 17, 2010 – October 23, 2013
Issue Date:	December 2014
Number of Findings:	7
Number of Repeat Findings:	1
% of Repeat Findings:	14%
Rating: (if applicable)	n/a

- Finding 1:*** BCCC’s computer network was not properly secured.
- Finding 2:*** Controls and administrative access to BCCC’s network, workstations, and servers were not adequate.
- Finding 3:*** Malware protection on workstations and servers needs improvement.
- Finding 4:*** BCCC stored sensitive personal information within databases in clear text.
- Finding 5:*** BCCC did not comply with State procurement regulations when purchasing certain maintenance and audit services.
- Finding 6:*** BCCC did not ensure the propriety of payments to instructors for teaching courses beyond their required course loads.
- Finding 7:*** BCCC did not comply with certain corporate purchasing card requirements.

\*Bold denotes item repeated in full or part from preceding audit report.

## Major Information Technology Projects

### Baltimore City Community College Enterprise Resource Planning System

<b>Project Status</b>	Planning.	<b>New/Ongoing Project:</b>	New.					
<b>Project Description:</b>	The college's current information technology infrastructure is very antiquated and presents issues when one office has student or institution data that cannot be automatically transmitted to other campus offices. This project is to procure a modern Enterprise Resource Planning (ERP) system that can automate a number of functions that currently must be performed manually and increase efficiency throughout the campus.							
<b>Project Business Goals:</b>	The goal of this project is to increase the efficiency and internal communication throughout the Baltimore City Community College (BCCC) campus.							
<b>Estimated Total Project Cost:</b>	Estimated to be \$16,835,000.			<b>Estimated Planning Project Cost:</b>	\$850,000			
<b>Project Start Date:</b>	August 2012.			<b>Projected Completion Date:</b>	To be determined.			
<b>Schedule Status:</b>	The project schedule had completion expected in December 2018, although that date may slip due to the amount of planning required before procurement can begin.							
<b>Cost Status:</b>	Funding is in BCCC's fiscal 2015 and 2016 budgets.							
<b>Scope Status:</b>	The college is currently gathering and rating the requirements for the new ERP system.							
<b>Project Management Oversight Status:</b>	The college's chief information officer hired a project manager in November 2013 who has established a Project Management Office, which is fully functional – it has completed the Project Management Plan which has been approved by the Department of Information Technology.							
<b>Identifiable Risks:</b>	BCCC has identified a number of risks for this project. They include uncertain budgets from State appropriations, training employees for the new system, cleaning data so that all offices have uniform formats, and ensuring that the new system is user friendly for frontline employees.							
<b>Additional Comments:</b>	BCCC has been saving for this project for a long time and has all the funding it should need saved in fund balance. Ensuring the college identifies additional risks as they arise and mitigates those of which it is already aware will be important for this project's success.							
<b>Fiscal Year Funding (\$ in Thousands)</b>	<b>Prior Years</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>Balance to Complete</b>	<b>Total</b>
Personnel Services	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$500,000	\$0.0	\$500,000
Professional and Outside Services	\$1,200,000	\$4731,820	\$4,275,480	\$3,100,120	\$3,527,580	\$500,000	\$0.0	17,335,000
Other Expenditures	0.0	0.0		0.0	0.0	0.0	0.0	0,000
<b>Total Funding</b>	<b>1,200,000</b>	<b>\$4,731,820</b>	<b>\$4,275,480</b>	<b>\$3,100,120</b>	<b>\$3,527,580</b>	<b>\$1,000,000</b>	<b>\$0.0</b>	<b>17,835,000</b>

**Object/Fund Difference Report  
Baltimore City Community College**

<u>Object/Fund</u>	<u>FY 14 Actual</u>	<u>FY 15 Working Appropriation</u>	<u>FY 16 Allowance</u>	<u>FY 15 - FY 16 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	451.00	451.00	451.00	0.00	0%
02 Contractual	264.00	238.00	175.00	-63.00	-26.5%
<b>Total Positions</b>	<b>715.00</b>	<b>689.00</b>	<b>626.00</b>	<b>-63.00</b>	<b>-9.1%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 35,853,835	\$ 39,261,475	\$ 41,203,271	\$ 1,941,796	4.9%
02 Technical and Spec. Fees	11,781,114	10,820,835	8,170,632	-2,650,203	-24.5%
03 Communication	590,554	457,831	533,232	75,401	16.5%
04 Travel	662,240	690,828	690,828	0	0%
06 Fuel and Utilities	2,484,897	1,944,727	1,944,727	0	0%
07 Motor Vehicles	66,859	66,276	146,106	79,830	120.5%
08 Contractual Services	5,633,305	10,612,235	10,487,815	-124,420	-1.2%
09 Supplies and Materials	3,909,184	4,076,996	4,020,098	-56,898	-1.4%
10 Equipment – Replacement	217,648	586,369	586,369	0	0%
11 Equipment – Additional	721,061	1,349,947	1,349,947	0	0%
12 Grants, Subsidies, and Contributions	15,529,347	16,944,054	16,288,082	-655,972	-3.9%
13 Fixed Charges	3,283,490	3,463,186	3,425,788	-37,398	-1.1%
14 Land and Structures	4,546,690	808,998	808,998	0	0%
<b>Total Objects</b>	<b>\$ 85,280,224</b>	<b>\$ 91,083,757</b>	<b>\$ 89,655,893</b>	<b>-\$ 1,427,864</b>	<b>-1.6%</b>
<b>Funds</b>					
40 Unrestricted Fund	\$ 62,990,704	\$ 68,515,117	\$ 67,995,776	-\$ 519,341	-0.8%
43 Restricted Fund	22,289,520	22,568,640	21,660,117	-908,523	-4.0%
<b>Total Funds</b>	<b>\$ 85,280,224</b>	<b>\$ 91,083,757</b>	<b>\$ 89,655,893</b>	<b>-\$ 1,427,864</b>	<b>-1.6%</b>

Note: The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies. The fiscal 2016 allowance does not reflect contingent or across-the-board reductions.

**Fiscal Summary  
Baltimore City Community College**

<u>Program/Unit</u>	<u>FY 14 Actual</u>	<u>FY 15 Wrk Approp</u>	<u>FY 16 Allowance</u>	<u>Change</u>	<u>FY 15 - FY 16 % Change</u>
01 Instruction	\$ 26,110,269	\$ 25,969,669	\$ 24,600,453	-\$ 1,369,216	-5.3%
03 Public Service	1,324,156	1,465,000	1,477,925	12,925	0.9%
04 Academic Support	4,658,083	5,051,590	5,281,260	229,670	4.5%
05 Student Services	6,969,409	7,723,254	7,741,079	17,825	0.2%
06 Institutional Support	13,081,740	19,543,862	19,900,002	356,140	1.8%
07 Operation and Maintenance of Plant	13,317,717	9,850,870	9,875,075	24,205	0.2%
08 Auxiliary Enterprises	3,967,171	4,290,470	4,238,839	-51,631	-1.2%
17 Scholarships and Fellowships	15,851,679	17,189,042	16,541,260	-647,782	-3.8%
<b>Total Expenditures</b>	<b>\$ 85,280,224</b>	<b>\$ 91,083,757</b>	<b>\$ 89,655,893</b>	<b>-\$ 1,427,864</b>	<b>-1.6%</b>
Unrestricted Fund	\$ 62,990,704	\$ 68,515,117	\$ 67,995,776	-\$ 519,341	-0.8%
Restricted Fund	22,289,520	22,568,640	21,660,117	-908,523	-4.0%
<b>Total Appropriations</b>	<b>\$ 85,280,224</b>	<b>\$ 91,083,757</b>	<b>\$ 89,655,893</b>	<b>-\$ 1,427,864</b>	<b>-1.6%</b>

Note: The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies. The fiscal 2016 allowance does not reflect contingent or across-the-board reductions.