

R95C00
Baltimore City Community College

Operating Budget Data

(\$ in Thousands)

	<u>FY 15</u> <u>Actual</u>	<u>FY 16</u> <u>Working</u>	<u>FY 17</u> <u>Allowance</u>	<u>FY 16-17</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$40,137	\$40,776	\$40,814	\$39	0.1%
Adjusted General Fund	\$40,137	\$40,776	\$40,814	\$39	0.1%
Other Unrestricted Funds	19,946	26,179	26,227	48	0.2%
Adjusted Other Unrestricted Fund	\$19,946	\$26,179	\$26,227	\$48	0.2%
Total Unrestricted Funds	60,083	66,955	67,042	87	0.1%
Adjusted Total Unrestricted Funds	\$60,083	\$66,955	\$67,042	\$87	0.1%
Restricted Funds	22,698	24,308	24,001	-307	-1.3%
Adjusted Restricted Fund	\$22,698	\$24,308	\$24,001	-\$307	-1.3%
Adjusted Grand Total	\$82,780	\$91,263	\$91,043	-\$220	-0.2%

- State support through general funds increases \$39,000, or 0.1%, between fiscal 2016 and 2017.
- The total fiscal 2017 allowance declines \$0.2 million, or 0.2%, from the fiscal 2016 working appropriation, driven by declines in restricted funds of \$0.3 million.

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

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Personnel Data

	<u>FY 15 Actual</u>	<u>FY 16 Working</u>	<u>FY 17 Allowance</u>	<u>FY 16-17 Change</u>
Regular Positions	444.00	444.00	444.00	0.00
Contractual FTEs	<u>268.18</u>	<u>141.22</u>	<u>164.67</u>	<u>23.45</u>
Total Personnel	712.18	585.22	608.67	23.45

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	11.54	2.60%
Positions and Percentage Vacant as of 12/31/15	42	9.50%

- Regular positions do not change in the fiscal 2017 allowance.
- Contractual positions increase 23.45 in the fiscal 2017 allowance due to a projected increase in noncredit program enrollment at the Business and Continuing Education Division at Baltimore City Community College (BCCC). As a point of comparison, BCCC had nearly 300 contractual positions as recently as fiscal 2013, but declining credit enrollment forced the institution to reduce its adjunct faculty.
- While BCCC’s vacancy rate of 9.5% is relatively high, it is comparable to nearby Coppin State University’s 12.0% and the University of Baltimore’s 10.3%.

Analysis in Brief

Major Trends

Fall Enrollment Woes Continue: Despite efforts to stem the decline in enrollment, BCCC again reported a steep one-year decline of 11.3% in degree-seeking headcount enrollment in fall 2015. This is the fifth year of declining fall enrollment.

Student Performance Improves: 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 slightly higher than those who enter as “college-ready.” Due to new programs, BCCC’s developmental completer rate is on the rise, although it still remains relatively low.

Credit and Noncredit Enrollment Mostly Declines: BCCC’s credit and noncredit student enrollment declined, in total, by about 382 eligible full-time equivalent students in fiscal 2015, or 6.6%. BCCC has yet to fully gain control over this ongoing decline.

Issues

Making College Affordable: Colleges offer institutional scholarships to students in need of financial assistance and to reward academic achievement. This issue looks at federal aid available to BCCC students and the recent decision to raise tuition for the first time in seven years.

Credit Enrollment Decline: Although community college enrollment has decreased statewide since fall 2011, the decline at BCCC has been of a much greater magnitude. This issue looks at the decline across different types of students and explores why BCCC is losing its enrollment to the neighboring Community College of Baltimore County.

Noncredit Enrollment Trends – Mixed Story: Although BCCC enrollment decreased since fall 2011, the decline in credit enrollment has been of a much greater magnitude. This issue looks at noncredit offerings and partnerships at BCCC.

With Accreditation Reconfirmed, BCCC Looks to the Future: In June 2015, BCCC’s accreditation was reaffirmed, exactly three years after a previous negative accreditation status was removed. This issue explores how BCCC is responding to a *Joint Chairmen’s Report* charge to perform a comprehensive review of its organizational structure, mission, and relationship with other institutions in Maryland.

Recommended Actions

1. Add language to correct State support for Baltimore City Community College’s English for Speakers of Other Languages grant.
2. Add budget bill language for a comprehensive report.

Updates

Major Information Technology Project Slowly Moving Forward: BCCC determined that a new Enterprise Resource Planning system was needed in fiscal 2009. In December 2015, the Department of Information Technology approved the Project Implementation Request, moving the entire project from the planning phase into the implementation phase.

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Baltimore City Community College

Operating Budget Analysis

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

Fall 2015 Credit Enrollment Headcount

Male	1,504
Female	3,222
Total	4,726

Fall 2015 New Credit Students Headcount

First-time	937
Transfers/Others	505
Dual Enrollment	117
Total	1,559

Credit Programs

Certificates	16
Associate’s	29

Degrees Awarded (2014-2015)

Certificates	104
Associate’s	405

Proposed Fiscal 2017 In-state Tuition and Fees*

Undergraduate Tuition	\$2,880
Mandatory Fees	\$540

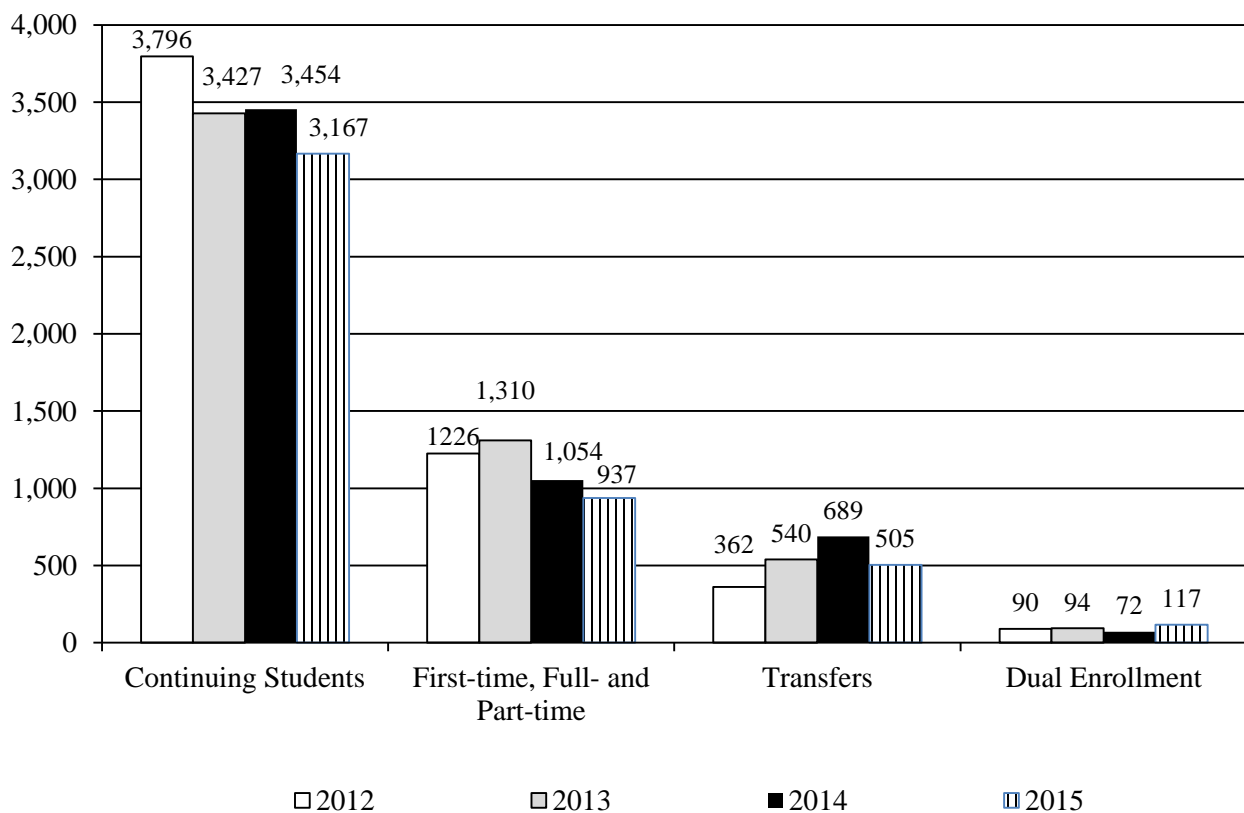
* Contingent on Board of Trustees approval.

Performance Analysis: Managing for Results

1. Fall Enrollment Woes Continue

Degree-seeking headcount enrollment at BCCC decreased 11.3%, from 5,197 in fall 2014 to 4,609 in fall 2015. As shown in **Exhibit 1**, while first-time, full- and part-time students fell by 117, or 11.1%, continuing students decreased by 287, or only 8.3%, but transfer students fell 184, or 26.7%. This broad and deep decline follows upon general enrollment decreases in fall 2012 through 2014. The one positive demographic in fall 2015 was dually enrolled high school students, who grew by 45, or 62.5%. The continuing enrollment decline will be discussed further in Issue 2.

Exhibit 1
Undergraduate Headcount Enrollment
Fall 2012-2015



Note: Fall 2015 data is preliminary.

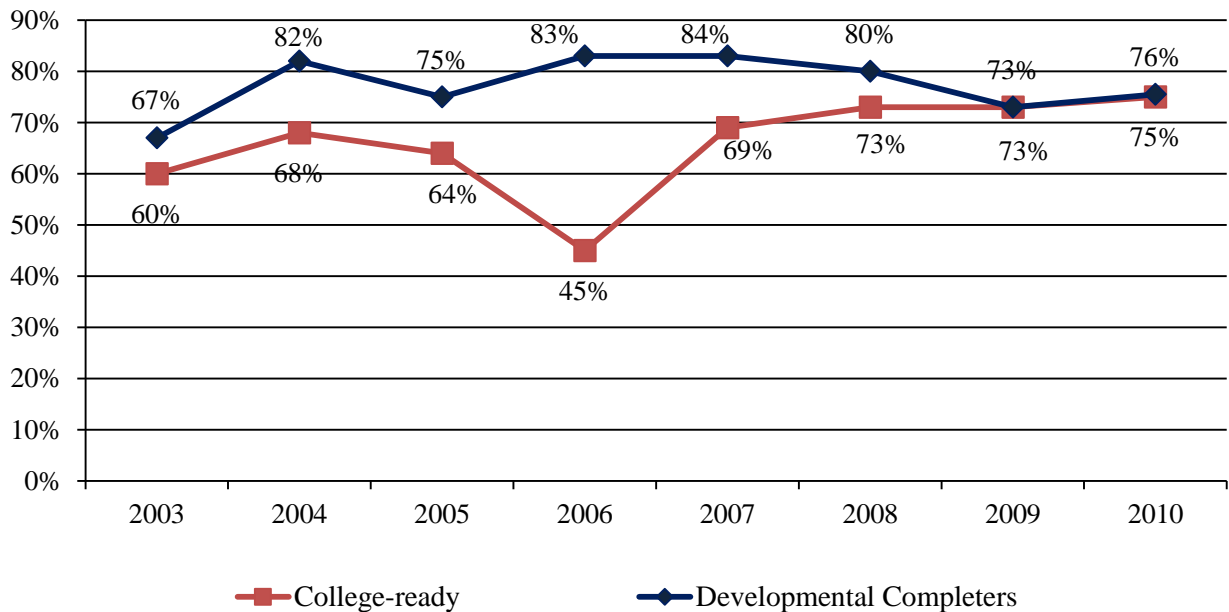
Source: Baltimore City Community College

2. Student Performance Improves

While the standard measure of success at four-year institutions is graduation, Maryland community colleges instead use the successful persister rate. This difference is because community college students 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. Such students are more likely to be enrolled part time and even “stop-out” for a period of time. Community college students also tend to be somewhat older than the average first-time, full-time college student, and BCCC students, in particular, tend to face greater economic challenges than students at other community colleges in Maryland.

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 three groups, and **Exhibit 2** shows the rates for two of those: college-ready students and developmental completers.

Exhibit 2
Four-year Successful Persister Rates
Fall 2003-2010 Cohorts



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

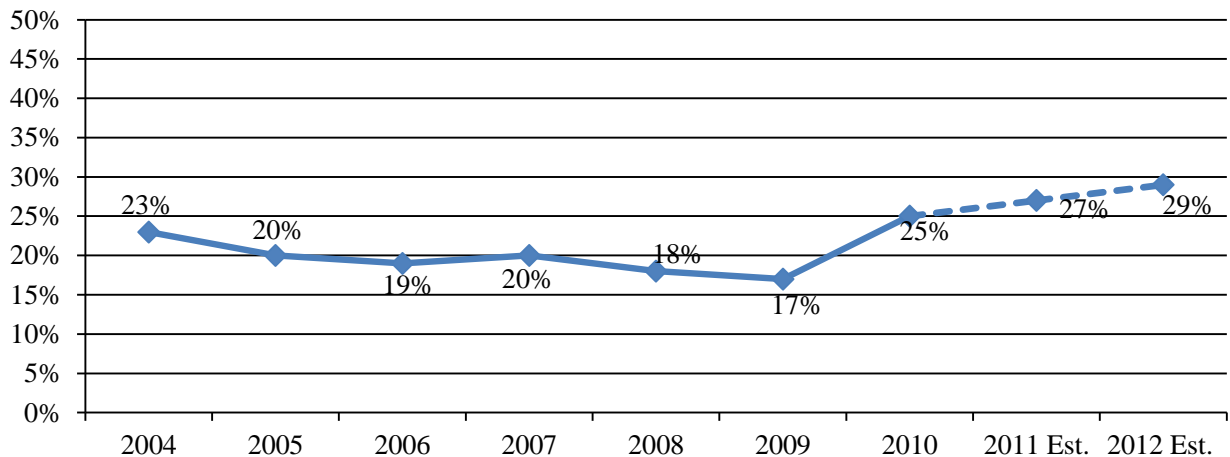
There are few college-ready students at BCCC, less than 100 in the 2009 and 2010 cohorts, and the data includes students who did not have to take a placement exam but likely would have placed into

developmental education. Developmental completers are students who needed developmental education and completed it within four years. These students regularly outperform BCCC’s college-ready students, although just barely in the 2009 and 2010 cohorts. This is interesting because this trend ended among the local community colleges in this cohort year. The successful persister rate, as mentioned, is made up of students who have graduated or transferred and students who are successfully persisting, that are still pursuing coursework. While the developmental completers narrowly outperform the college-ready students, the graduation/transfer rate of developmental completers fell from 43.3% in the 2009 cohort to 40.1% in the 2010 cohort. For college-ready students at BCCC, the same rate went from 57.6% to 60.0%. Across all community colleges, the graduation/transfer rate of developmental completers only fell from 58.7% to 52.9%.

The President should comment on how the college is working with developmental completers to ensure that they graduate or are able to transfer to another institution.

The actual number of students who finish developmental education, and thus become developmental completers, is very low. BCCC reports, from fall 2011 through fall 2015, about 90% of incoming students tested into remedial math and 75% tested into remedial English. **Exhibit 3** shows that the developmental completer rate gradually declined for the fall 2004 through 2009 cohorts, from 23% to 17%, but suddenly jumped to a new high, 25%, for the fall 2010 cohort and is expected to grow higher with the 2011 and 2012 cohorts.

**Exhibit 3
Developmental Completer Rate
Fall 2004-2012 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 2011-2017

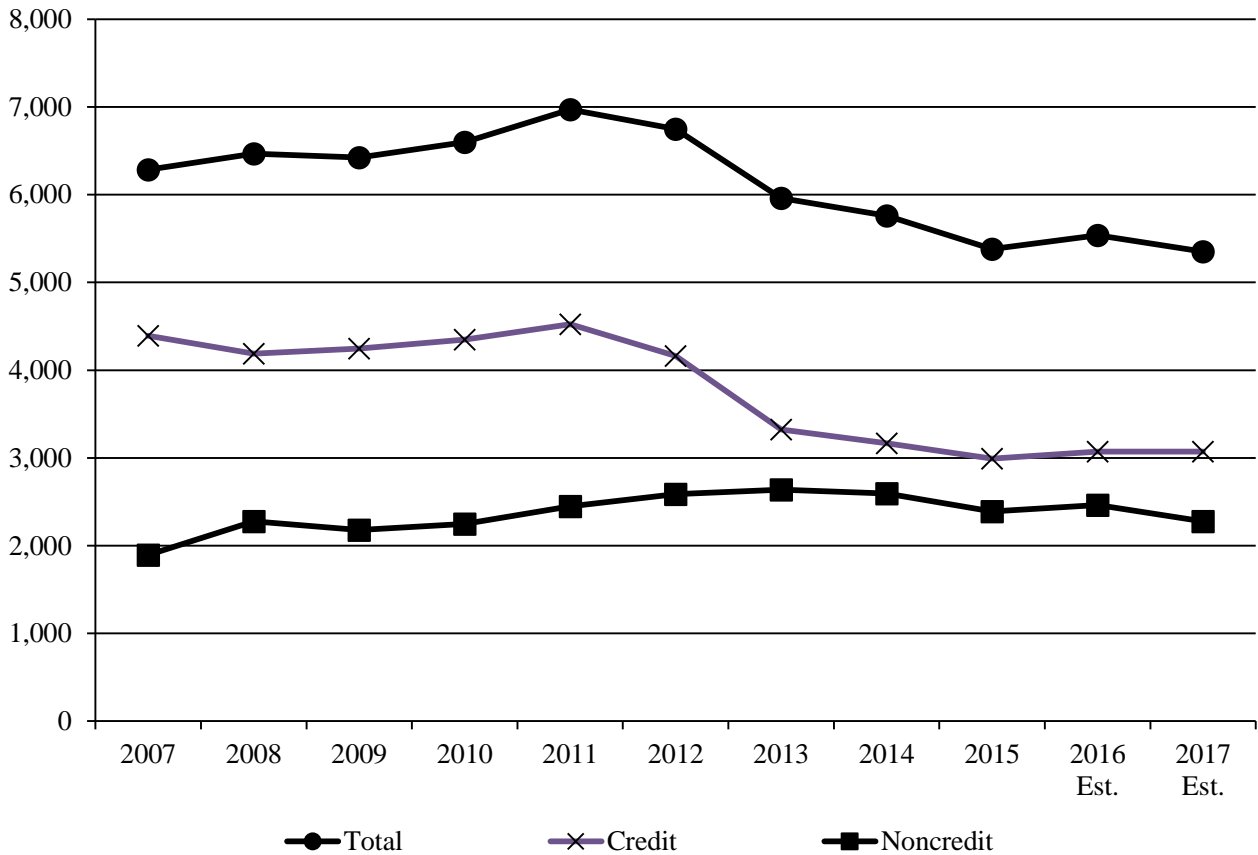
This anticipated increase in developmental completer rates is due to a number of new programs that were started in fall 2010, including a redesign of developmental education and a new intrusive advising program where students must meet with an advisor every 15 credits. The new fall 2010 through 2011 programs differed from the prior 2005 through 2010 programs, under which the rate actually worsened, in two major ways. First, the new programs are in the process of being implemented institutionwide. Second, the new programs cover a wider range of the student experience, from the course level to general student support. The new programs fall into the following four major categories: mandatory orientation; course redesign; Performance Alert and Intervention System (PAIS); and intrusive advising. PAIS is an early alert system designed to identify students who are at risk of failing and offer them services that will help them succeed. Faculty are required to report to the Student Success Center students who receive poor grades, have poor attendance records, or exhibit poor classroom skills. Depending on students' needs, the Student Success Center refers students to tutoring, social service agencies, or elsewhere.

Increasing performance on the measure in Exhibit 3 will have a significant impact on BCCC's completion rates. BCCC has started a number of even newer initiatives that the college hopes will show positive results in the coming years. BCCC is also rolling out a Second Chance Program in math; modular course structures for math classes; embedded tutoring; developmental math for science, technology, engineering, and mathematics programs; and study skills courses. In addition, the college's Center for Academic Achievement has transitioned from prescriptive tutoring to traditional tutorial services allowing students to request services either through walk-ins or appointments. These tutoring services, available at six centers, are offered free of charge to all BCCC students across all levels of the main subject areas of writing, math, science, business, accounting, technology, allied health, and computer-aided drafting and design. This gives reason to think that the turnaround shown by the fall 2010 cohort of developmental completers in Exhibits 2 and 3 may be real and sustainable.

3. Credit and Noncredit Enrollment Mostly Declines

As shown in **Exhibit 4**, BCCC enrollment is made of credit and noncredit enrollments. While most community colleges in Maryland grew consistently from fiscal 2007 to 2011, BCCC remained remarkably level, growing only 3.0% in full-time equivalent student (FTES) in credit enrollment. Total eligible credit enrollment peaked in fiscal 2011, at 4,522 FTES, and has declined in each subsequent year. In fiscal 2015, credit enrollment was 33.9% below the peak, a decrease of 1,532 students. Noncredit tells a much different story, as it broadly increased from fiscal 2007 to 2013, increasing 39.1%, or 742 students, before declining slightly in fiscal 2014 and 2015.

Exhibit 4
State-eligible Full-time Equivalent Student Enrollment
Fiscal 2007-2017 Est.



Source: Governor’s Budget Books, Fiscal 2009-2017

Budgeted enrollment is anticipated to decline 1.3%, or 72 FTES in fiscal 2017, the first time BCCC has anticipated an enrollment decline despite five consecutive years of declines. A year ago, BCCC had expected to grow 2.8% in fiscal 2015 and 3.0% in fiscal 2016 but instead declined 6.6% in fiscal 2015 and will likely decline about 8.0% in fiscal 2016. Although both noncredit enrollments and credit enrollments are declining, given the trend in the actual figures from fiscal 2007 through 2015, there is a possibility that BCCC could have more noncredit students than credit students in the near future. It will be an institutional decision to either embrace the shift toward noncredit enrollment or to attempt to increase credit student enrollment again. The gap between the two types of students in the fiscal 2015 actual was 601 students, whereas the gap in fiscal 2006 was nearly 2,800 students. For BCCC to recover credit enrollments will be difficult, as it is currently at the lowest FTES enrollment since fiscal 2000. For historical comparison, BCCC was at 6,205 FTES in fiscal 1991, the year it

became a State institution, and had 39.7% of all FTES enrolled in public higher education institutions in Baltimore. By fiscal 2015, BCCC had fallen to 28.0% of all public FTES in Baltimore City, its lowest share of FTES to date with students increasingly seeming to choose to attend other institutions. The abrupt decline in fiscal 2011, a year before the decline at other campuses, may be tied to BCCC eliminating 6 degree programs and 28 certificate programs and combining 21 degrees into broader programs. In total, this impacted 75% of the for-credit programs. This followed on the heels of the Bard Building closing in fiscal 2010, dramatically decreasing academic space and a location for classes in downtown Baltimore.

The Department of Legislative Services (DLS) projects BCCC at only 5,231 FTES in fiscal 2018. BCCC's new mid-year fiscal 2016 strategic plan calls for growing to 6,250 FTES in that year. This would be an increase over the fiscal 2015 actual of 871 FTES, or 16.2%, despite declining or flat enrollment in fiscal 2016 and 2017. **The President should comment on whether this is a realistic goal for BCCC, given the budgeted assumption of declining enrollment in fiscal 2017.**

Fiscal 2016 Actions

Cost Containment

BCCC was not part of fiscal 2016 cost containment actions. The General Assembly did hold BCCC harmless in fiscal 2016 to its actual State support in fiscal 2015, which had been reduced by cost containment in that year. In addition, the Budget Reconciliation and Financing Act (BRFA) of 2015 transferred \$4.0 million from BCCC's fund balance to the General Fund due to the college having in excess of \$26.9 million on hand. BCCC had to fund the cost-of-living adjustment restoration in fiscal 2016 out of its formula funding.

Proposed Budget

State law ties BCCC's general fund appropriation to a percent of the per student funding at selected public four-year colleges (58.0% in fiscal 2017) and BCCC's most recent audited enrollments. General funds also support the English for Speakers of Other Languages (ESOL) grant. **Exhibit 5** shows BCCC's general fund appropriation increases by \$39,000, or 0.1%, due to BCCC receiving an increase in ESOL funding but receiving flat funding through its primary State support formula. Other unrestricted funds increased \$53,000, or 0.3%, due to an expected increase in local grants and contracts and miscellaneous sources, while restricted funds, which is about 70.0% federal Pell grants, decrease the most, about \$0.3 million, or 1.3%, due to the enrollment decline. Restricted funds declined in both 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 by \$5,000, or 0.1% in the 2017 allowance. The use of this funding will be discussed later in the analysis. As a formula-funded institution, BCCC is not part of the across-the-board health insurance reduction in fiscal 2017. Ultimately, the decline in restricted financial aid is enough to shift the entire budget down in fiscal 2017 by \$0.2 million, or 0.2%.

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

	<u>FY 15</u> <u>Actual</u>	<u>FY 16</u> <u>Working</u>	<u>FY 17</u> <u>Allowance</u>	<u>FY 16-17</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$40,137	\$40,776	\$40,814	\$39	0.1%
Other Unrestricted Funds	18,104	20,950	21,003	53	0.3%
Fund Balance Reversion	-4,000				
Total Unrestricted Funds	\$54,241	\$61,726	\$61,818	\$92	0.1%
Fund Balance Transfer	5,842	5,229	5,224	-5	-0.1%
Restricted Funds	22,698	24,308	24,001	-307	-1.3%
Total Funds	\$82,780	\$91,263	\$91,043	-\$220	-0.2%

Note: Numbers may not sum to total due to rounding. Fund balance transfer reflect net change of transfers to and from the fund balance each year.

There is a 16%, or \$2.8 million, increase in other unrestricted funds in fiscal 2016. This is entirely due to a 13.8%, or \$2.8 million, increase in tuition and fee revenue from fiscal 2015 to the 2016 working appropriation. However, as shown in Exhibit 1, opening fall headcount enrollment decreased 11.3% in fall 2015, making the working year tuition and fee revenue number extremely unrealistic. As discussed in Issue 1, tuition and fee rates were increased in the spring 2016 semester but not anywhere near the level necessary to keep tuition and fee revenue level, let alone increase, given actual fall enrollment. While the 2017 allowance number for tuition and fee revenue, a slight decline, originally appears realistic, when accounting for the actual decline in the 2016 working appropriation, it seems that fiscal 2017 will likely need to be revised downward from the allowance. Exhibit 5 also shows the \$4.0 million fund balance transfer to the General Fund in fiscal 2015.

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 2017 statutory formula percentage is 58.0% of per student funding at selected public four-year institutions, the same as fiscal 2016, but down from 61.0% in fiscal 2015, as shown in **Exhibit 6**. The previously mentioned decline in enrollment has decreased the formula amount to \$36.3 million, which is below the prior year's non-ESOL appropriation of \$39.8 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 the sum of the \$35.4 million from the prior year's formula plus that year's hold harmless funding plus the ESOL grant amount of approximately \$1.0 million in

fiscal 2017, which all totals \$40.8 million. If BCCC was not held harmless in fiscal 2017, it would lose \$3.5 million, or 8.5%, of State support.

Exhibit 6
Baltimore City Community College Formula Funding
Fiscal 2016-2017

	Fiscal 2016	Fiscal 2017	Change	
	<u>Appropriation</u>	<u>Allowance</u>	<u>\$</u>	<u>%</u>
State Formula Aid Per FTES at BCCC				
State Support Per FTES at Selected Four-year Public Institutions	\$10,606	\$11,650	\$1,044	9.8%
Statutory Formula Percentage	58.0%	58.0%	0	0.0%
BCCC Aid Per FTES	\$6,152	\$6,757	\$605	9.8%
State Formula Aid for BCCC				
Aid Per FTES	\$6,152	\$6,757	\$605	9.8%
Second Year Prior FTES	5,760	5,379	-381	-6.6%
State Aid to BCCC				
<i>Hold Harmless</i>	\$35,436,787	\$36,345,528	\$908,741	2.6%
	4,360,520	3,451,779	-908,741	-20.8%
Subtotal	\$39,797,307	\$39,797,307	0	0.0%
English for Speakers of Other Languages Annual Grant Adjustment	978,336	1,017,135	38,799	4.0%
Total Fiscal Year Working/Allowance	\$40,775,643	\$40,814,442	\$38,799	0.1%

BCCC: Baltimore City Community College
FTES: full-time equivalent student

Source: Governor’s Budget Books, Fiscal 2017; Department of Legislative Services

If BCCC’s formula was rerun with the fiscal 2017 across-the-board reduction in health insurance, which reduces State formula aid per FTES at four-year public institutions, BCCC’s State support without hold harmless or ESOL would decline \$75,791. With the hold harmless grant, there would be no change in State support; for this reason, while DLS recommended reducing Sellinger and Cade formula support, there is no comparable reduction recommended for the BCCC formula. However, BCCC’s ESOL figure did not use the fiscal 2015 actual enrollment number for that student population but rather the target enrollment figure. The correct figure is 1,096, which, when multiplied by \$800, yields total fiscal 2017 funding of only \$876,568, rather than the \$1,017,135 in the allowance. This would be a year-over-year decrease in State support of \$0.1 million, or 0.2%, because ESOL grant funding does not have a hold harmless clause.

DLS recommends recalculating the ESOL grant using the fiscal 2015 actual enrollment figure. This reduces the ESOL grant by \$140,567 from the allowance.

Expenditures by Program

Exhibit 7 shows unrestricted funding by budget program from fiscal 2015 to 2017. Funding for instruction increases \$1 million, or 5.3%, from fiscal 2016 to 2017, despite a decline in enrollment. This is driven by fringe benefits such as health insurance.

Exhibit 7
Baltimore City Community College
Budget Changes for Current Unrestricted Funds by Program
Fiscal 2015-2017
(\$ in Thousands)

	<u>2015</u> <u>Actual</u>	<u>2016</u> <u>Working</u>	<u>2015-16</u> <u>% Change</u>	<u>2017</u> <u>Allowance</u>	<u>2016-17</u> <u>\$ Change</u>	<u>2016-17</u> <u>% Change</u>
Expenditures						
Instruction	\$19,919	\$19,827	-0.5%	\$20,872	\$1,045	5.3%
Academic Support	4,560	5,281	15.8%	5,138	-143	-2.7%
Student Services	6,326	7,741	22.4%	7,638	-103	-1.3%
Institutional Support	16,354	19,900	21.7%	19,010	-890	-4.5%
Operation and Maintenance of Plant	8,748	9,875	12.9%	10,045	170	1.7%
Scholarships and Fellowships	43	92	111.6%	92	0	0.0%
Subtotal Education and General	\$55,951	\$62,716	12.1%	\$62,796	\$80	0.1%
Auxiliary Enterprises	\$4,132	\$4,239	2.6%	\$4,246	\$114	2.7%
Total	\$60,083	\$66,955	11.4%	\$67,042	\$6,959	10.4%
Revenues						
Tuition and Fees	\$11,539	\$13,125	13.8%	\$12,898	-\$228	-1.7%
General Funds	40,137	40,776	1.6%	40,814	39	0.1%
Other	2,434	3,825	57.2%	4,106	281	7.3%
Fund Balance Reversion	-4,000					
Subtotal	\$54,109	\$57,726	6.7%	\$57,818	\$92	0.2%
Auxiliary Enterprises	\$4,132	\$4,000	-3.2%	\$4,000	\$0	0.0%
Transfers from Fund Balance	5,842	5,229	-10.5%	5,224	-5	-0.1%
Total	\$64,083	\$66,955	4.5%	\$67,042	\$87	0.1%

Source: Governor's Budget Books, Fiscal 2017

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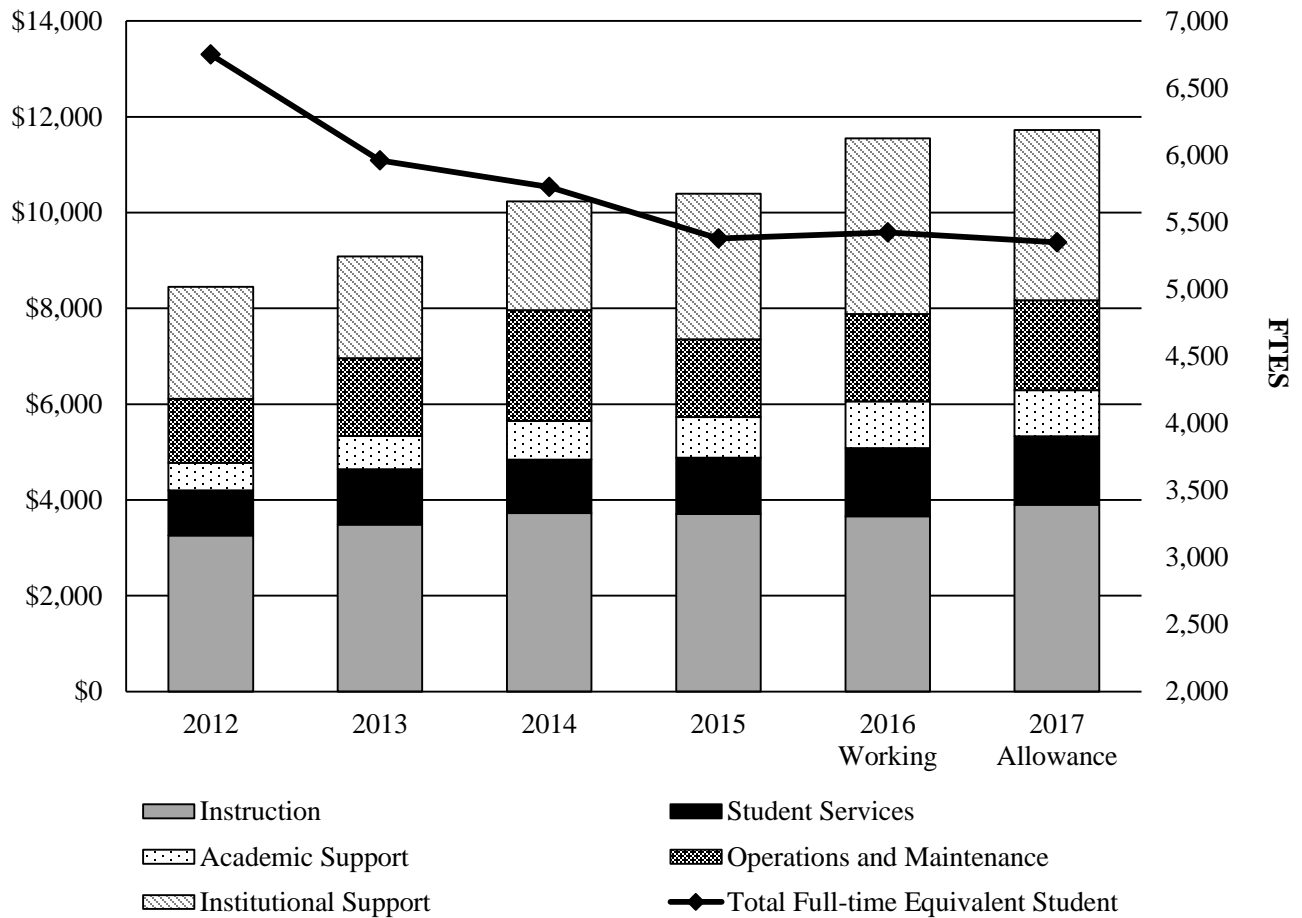
The remaining programmatic changes are fairly small in size. Academic support declines \$0.1 million, or 2.7%, and student services also declines \$0.1 million, or 1.3%, due to filling personnel vacancies at lower salaries as a means of reducing operational costs at the college. Institutional support in the fiscal 2016 working number is actually higher than instruction, which is a very unusual situation for an educational institution. This is because of \$6.0 million in fund balance budgeted for the Enterprise Resource Planning (ERP) information technology (IT) project, which is discussed in the Updates section of this analysis. Adjustments for mandated costs like health insurance reduced institutional support in fiscal 2017. A year ago, auxiliary enterprises expenditures declined due to shrinking enrollment, but in the fiscal 2017 budget, the college expects an increase. Scholarships also remain level, despite declining enrollment.

On the revenue side, the \$39,000 increase in State general funds does not offset the \$0.2 million decline in tuition and fee revenue, which is due to the college's projected decline in enrollment, and as discussed earlier in the analysis, will likely decrease further. Tuition and fee revenue peaked in fiscal 2011 at \$18.2 million and is now below where it was in fiscal 2007, \$14.9 million, before the recession began. Other revenue increases \$0.2 million, or 7.3%, as BCCC will divert \$0.2 million in local support from Baltimore City toward general operating costs rather than restricted student scholarships. Baltimore City is required to provide at least \$1.0 million to BCCC annually, and at least \$400,000 must be spent on financial aid. Auxiliary enterprise revenue, primarily from rental revenue of a parking garage facility and radio tower, is projected to be level in fiscal 2017. Fund balance use is expected to be essentially flat in fiscal 2017 as the funding in fiscal 2016 is unlikely to be fully spent, which will be discussed later in this analysis.

Program Expenditures Per FTES

Expenditures per FTES grow 38.7% between fiscal 2012 and 2017 from \$8,450 to \$11,720, respectively. As shown in **Exhibit 8**, the smallest increase in spending is in instruction, which grows 19.8%, compared to the other four categories, which all grow 40.0% to 67.0%. This can be attributed to an enrollment decline of 20.7% over the same period. The largest growth in spending per FTES, 11.3%, \$1,156, occurred in fiscal 2016 despite BCCC experiencing flat State growth due to its hold harmless clause. Spending on institutional support and instruction accounted for 66.2% of per FTES support in fiscal 2012 and declines slightly to 63.6% in fiscal 2017. Overall, since fiscal 2012, expenditures on student services and academic support increase 51.5% (\$486) and 66.7% (\$385), respectively, raising concerns about the benefit of spending so much money per student with such mixed outcomes.

**Exhibit 8
Unrestricted Fund Expenditures Per Full-time Equivalent Student
Fiscal 2012-2017**



Source: Governor’s Budget Books; Department of Legislative Services

Although the college is not subject to any cost containment actions in fiscal 2017, BCCC will likely need to explore cost containment options. Due to its formula funding, it is very likely that the college will not receive increased support from the State in fiscal 2018 due to further declines in enrollment in fall 2016, even though the statutory percentage of the formula will increase 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 a total of 633 FTES, to escape the same hold harmless scenario in fiscal 2018. The institution reports that it had a 4,726 credit headcount in fall 2015, well short of the FTES required to increase funding in fiscal 2018. Fund balance transfers may be necessary to bridge revenue shortfalls in fiscal 2016 and beyond.

This, however, is unsustainable. In fall 2015, BCCC’s financial auditors warned “BCCC had a net decrease in [fund balance] for the past two years. We strongly recommend that management and the Board of Trustees evaluate the reasons why this condition has occurred. Future plans and budgets should then be developed to align expenses with revenue sources and avoid continuing deficits. This situation may very well impact the future ability of BCCC to conduct its affairs in the manner it is accustomed to.” Until BCCC can stabilize its enrollment so that it can increase tuition and fee revenue and plan on increases in State support, the budget will force the college to make difficult and unpopular decisions in the near future to align expenditures with revenues.

The President should comment on how BCCC will balance its budget given declining tuition and fee revenue and essentially flat State support in the foreseeable future.

The Many Uses of Fund Balance

Colleges maintain fund balances, what actuaries call net current positions, 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 IT project, 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 represents cumulative resources derived from student tuition and fees, State appropriations, and sales and services of public service activities and auxiliary enterprises in excess of expenses. These resources are used for transactions relating to the educational and general operations of BCCC and may be used at the discretion of the Board of Trustees to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

In fiscal 2016, BCCC adopted new accounting guidance Number 68 from the Governmental Accounting Standards Board (GASB), otherwise known as GASB 68, which requires the college to record its share of the State’s net unfunded pension liability in its accounting. This has a significant impact on the financial picture of the college’s fund balance as the net pension liability for just BCCC is \$23.9 million in fiscal 2015. This leaves only \$5.2 million in unrestricted fund balance. Fiscal 2014 fund balance was also restated to conform to GASB 68, which placed fund balance reserves at \$11.1 million. However, guidance from the Comptroller’s General Accounting Division and the Department of Budget and Management (DBM) guaranteed the college that the GASB 68 line in the actuarial report is a deduction on paper only and the college is free to budget the unrestricted portion of its fund balance as before. Still, BCCC canceled several facilities maintenance programs on campus in fiscal 2016 due to misunderstanding the implications of GASB 68.

The President should comment on when the college will resume previously scheduled facilities maintenance using fund balance.

Large Fund Balance Transfers Are Common

Though the amount that will ultimately be transferred to or from fund balance in fiscal 2016 and 2017 is unknown, BCCC regularly has had sizable transfers. From fiscal 2007 to 2014, fund balance grew sixfold, from \$5.0 million to \$31.7 million. **Exhibit 9** shows that from fiscal 2007 through 2013, BCCC has regularly transferred a significant percentage of its operating budget to fund balance each year. This totaled \$36.0 million into fund balance, with \$27.4 million going in from fiscal 2007 to 2011, when enrollment was mostly increasing at the college. 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 years, reaching as much as 14.2% in fiscal 2009 when \$8.1 million went unspent and was transferred into fund balance.

Fiscal 2014 and 2015 are notable for reversing an eight-year trend as BCCC managed to have a net decrease in fund balance as a percent of unrestricted funds. 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. For fiscal 2015, the college had budgeted \$5.7 million from fund balance, but spent \$5.8 million, the first time that the college actually spent more fund balance than initially budgeted.

Exhibit 9
BCCC Fund Balance Transfers and Totals
Fiscal 2007-2015
(\$ in Thousands)

<u>Fiscal Year</u>	<u>Transfers from Operating Budget</u>	<u>Percent of Unrestricted Funds</u>	<u>Closing Fund Balance Total</u>
2007	\$1,597	2.9%	\$6,805
2008	6,976	12.4%	12,932
2009	8,090	14.2%	21,279
2010	3,006	4.8%	20,028
2011	7,701	11.6%	19,907
2012	6,036	9.6%	26,201
2013	2,629	4.5%	32,316
2014	-2,591	-4.1%	29,173
2015	-\$5,842	-9.7%	\$21,803

BCCC: Baltimore City Community College

Source: Governor’s Budget Books, Fiscal 2009-2017

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At the beginning of fiscal 2016, BCCC reported \$21.8 million in total fund balance. Much of this is restricted to particular purposes, such as the reserve for WBJC, the radio station located at BCCC, and various restricted funds categorized into various reserve or purpose funds, such as for ERP and shovel-ready capital improvements. The remainder of the fund is for unspecified strategic priorities. While in prior years BCCC had been able to report the portions of fund balance restricted and unrestricted, it does not anticipate finalizing this information until the March 2016 Board of Trustees meeting due to, according to the college, managing the \$4.0 million transfer required under the BRFA of 2015 and because of GASB 68. In regard to ERP in fiscal 2016, the Department of Information Technology (DoIT) recommends that BCCC only spend \$1.4 million in total on ERP, meaning that up to another \$0.5 million will be spent in the current year, and the remainder of budgeted fund balance will likely revert back at the end of the year.

In regard to the BRFA transfer one year ago, fund balance transfers to the State have occurred at other public higher education institutions in the past during times of fiscal constraints. While BCCC maintained that this would directly impact student services, DBM and DLS disagreed because, as previously mentioned, much of this fund balance accrued through position vacancies, so its growth 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 State formula.

The President should comment on how much of the planned net \$5.2 million fund balance transfer in fiscal 2016 is expected to be spent this fiscal year and for what purpose.

Issues

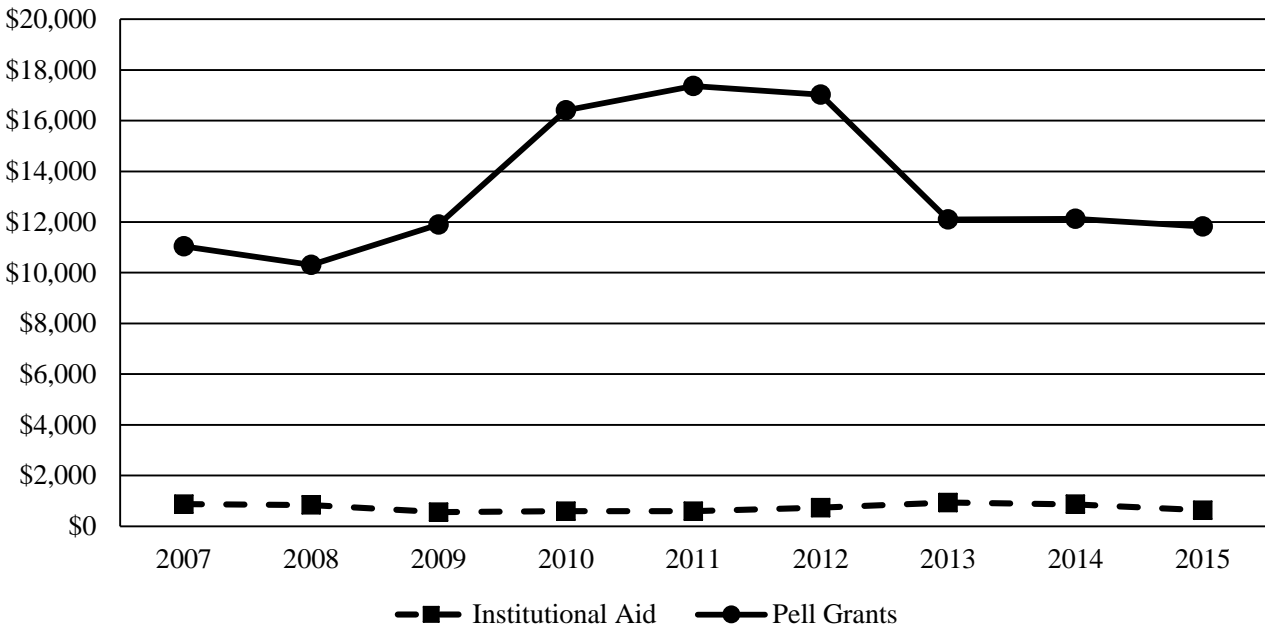
1. Making College Affordable

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 spring 2016 tuition and fees total just over \$3,000 for a full-time student, over 20% less than the State average. In comparison, a federal Pell grant award can be as high as \$5,775 in academic year 2015-2016, well above the average Maryland community college tuition and fee cost. 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 \$17,900, and over 50.0% of the entire student body are from households with incomes less than 150.0% 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. BCCC reports 62.0% of students received some form of financial aid, and 54.0% received a Pell grant in fiscal 2015. These rates are down from 65.0% and 58.0%, respectively, in fiscal 2012, raising the issue of whether, as the enrollment decline continues, students who remain are less likely to *need* financial assistance or less likely to *apply* for it. As shown in **Exhibit 10**, overall Pell grants received were \$11.8 million in fiscal 2015, placing BCCC between Howard and Anne Arundel community colleges in Pell monies received. This is down \$5.5 million, or 31.9%, from the peak in fiscal 2011 and back to where Pell grants were prior to the recession. This almost exactly matches the decline in student enrollment across those same years, suggesting that Pell students are well represented in the enrollment decline. While BCCC's institutional aid was only \$0.6 million in fiscal 2015, its average institutional award worked out to \$842, which is \$97 higher than the average award at the 15 local community colleges.

The Free Application for Federal Student Aid (FAFSA) calculates the amount of money that a student's family is expected to pay toward education. Although the exact amount changes from year to year, students with the lowest expected family contribution (EFC) are eligible for Pell grants. While a determination of EFC is not always 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. BCCC runs a FAFSA Completion Rally every February to ensure that all students continue filing a FAFSA to receive some federal financial aid benefits. Using fiscal 2014 Maryland Higher Education Commission (MHEC) data, the latest available, BCCC has an estimated FAFSA filing rate of 82.2%, the third highest in the State among community colleges. The only institutions higher, Garrett College and Allegany College, have extremely generous county aid programs that likely drive up FAFSA participation. This suggests that BCCC is doing a good job of encouraging students to maximize federal aid.

Exhibit 10
Total Amount of Institutional Aid and Pell Grant Awards
Fiscal 2007-2015
(\$ in Thousands)



Source: Baltimore City Community College

However, BCCC, along with Chesapeake College, does not allow students who file a FAFSA to draw federal 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 a time when the college is raising tuition and 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 still want to enroll in a degree or certificate program at BCCC.

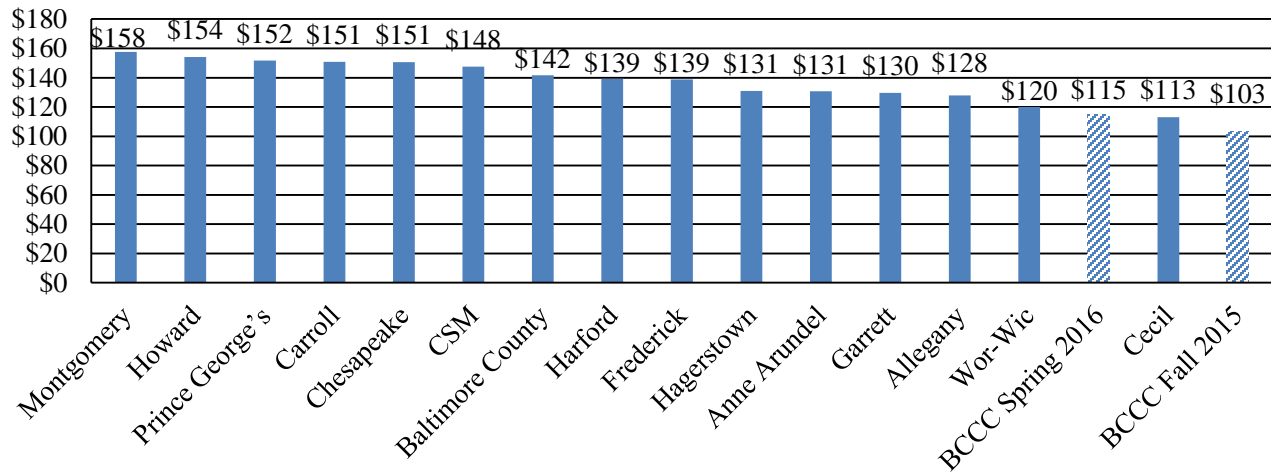
The President should comment on whether the college will allocate more funding to need-based aid, especially now that the college has recognized tuition increases as necessary for balancing the budget and because the college will spend \$0.2 million less on institutional aid in fiscal 2017. The President should also comment on whether BCCC will reexamine participation in federal loan programs.

Tuition and Fee Rates Belatedly Go Up

As costs have gone up, enrollment, tuition, and local support from Baltimore City (last adjusted by Chapter 244 of 2006) have not increased and BCCC instead relied on balancing its budget through State support. This finally ended with BCCC enacting a mid-year tuition increase in fiscal 2016. This is the first change in the college’s pricing structure since fall 2008, ending a remarkable seven-year run of not increasing direct costs to Maryland residents. Beginning in the spring 2016 semester, credit hour tuition and fees will increase from \$103 to \$115 for Maryland residents and from \$245 to \$258 for nonresidents. This is an increase of \$11, or 10.7%, for Maryland students. Also, the college will charge a flat rate for students enrolling in 12 to 18 credit hours, incentivizing more students to enroll full time and pursue additional credits. Only about 30.0% of BCCC’s students currently enroll full time.

As shown in **Exhibit 11**, even with this rate increase, BCCC remains one of the most affordable community colleges in Maryland. Only Cecil College charges less than BCCC in spring 2016. BCCC still expects tuition and fee revenue to decline 1.7% in fiscal 2017, putting the institution in a bind as it cannot realistically increase tuition rates faster than student enrollment declines. As is true at nearly all institutions, the majority of tuition and fee revenue is received in the fall semester, so it is unclear why the increase was enacted in the spring semester, especially since the decision to enact the increase was made before the true extent of fall 2015’s enrollment decline was known. Thus, BCCC will collect less revenue than anticipated.

Exhibit 11
Cost Per Credit Hour at Maryland Community Colleges
Fiscal 2016



BCCC: Baltimore City Community College

CSM: College of Southern Maryland

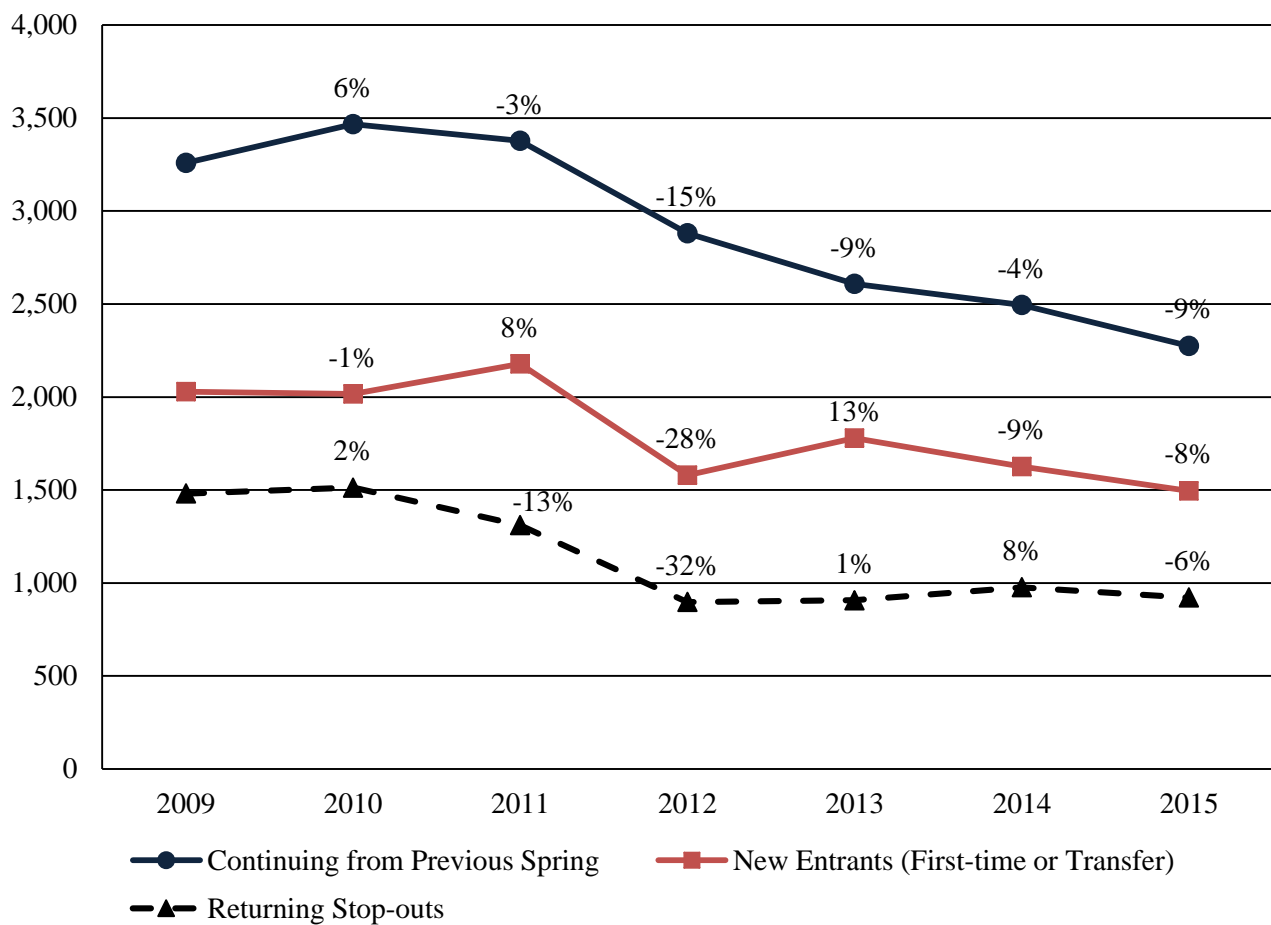
Source: Baltimore City Community College

The President should comment on any plans to change tuition rates again and the amount of unrestricted funding budgeted in institutional aid.

2. Credit Enrollment Decline

As was discussed in the *Fiscal 2017 Higher Education Overview*, community college headcount enrollment declined 2.6% across the State in fall 2015, but BCCC declined by 11.3%. **Exhibit 12** breaks fall headcount enrollment at BCCC into 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).

Exhibit 12
BCCC Percent Change in Fall Credit Enrollment Headcount
Fall 2009-2015



Source: Baltimore City Community College

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All three categories generally declined from fall 2009 to 2015. The largest decrease by headcount came from continuing students who decreased almost 1,000, or 30.2%. This could be a positive trend if there was data to indicate that such students were graduating in much higher numbers, but because certificates and degrees over this time period grew from 466 to 509 annually, this suggests that there were not nearly enough graduates to account for the decline in enrollment. The largest decrease in percentage terms was in returning stop-outs who declined over 550 by headcount, or 37.7%. New students declined only 530 by headcount, or 26.3%. While all declined over these seven years, returning stop-outs increased slightly from fall 2012 and 2013.

The need to enroll new students would not be as great if BCCC can improve its retention rate of students who are already enrolled. Since fiscal 2012, the retention of first-time, full-time students has not been above 50.0% and for first-time, part-time students, has not been above 30.0%. BCCC must determine why students do not return to campus after the first year of classes. As indicated in discussion of Exhibit 2, the transfer rate of BCCC students is very high. The decline in fall 2015 is all the more serious given that BCCC gained 103 students from Sojourner-Douglass College, which closed in summer 2015, meaning that the ongoing decline is greater.

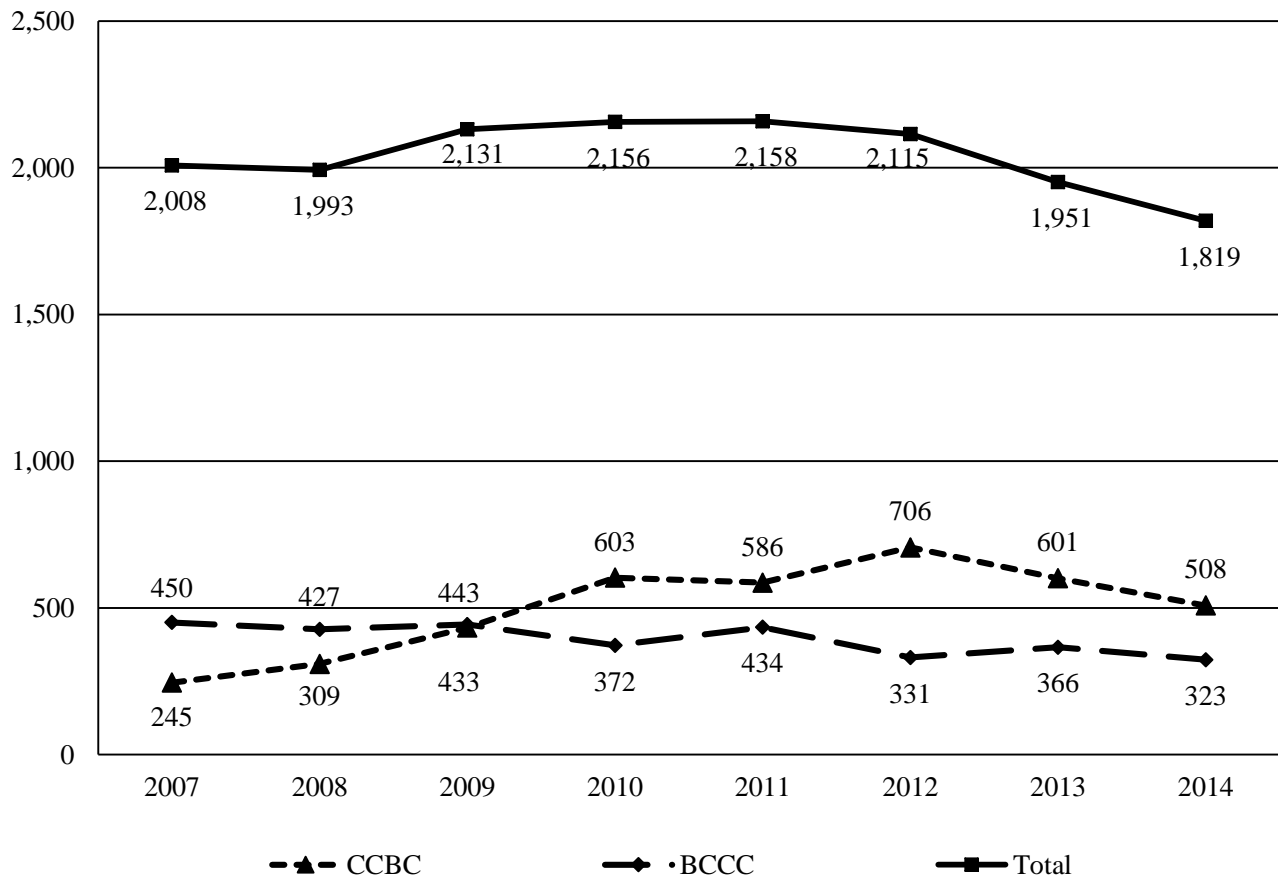
BCCC has determined that the declines in enrollment are spread out across all regions of the city. Greater declines were seen from students living in northeast Baltimore, which is not near BCCC's main Liberty Heights campus. These students may be drawn to Community College of Baltimore County (CCBC) – Essex or CCBC – Dundalk. Perhaps the biggest concern is the broad nature of the decline. BCCC reports that the characteristics of fall credit students have remained consistent over time in terms of gender, ethnicity, age, full- or part-time status, program enrollment, developmental need, and financial aid awarded. There is no single type of student that is leaving BCCC; it is everyone.

While retention of existing students is a problem, there are other concerns on the student intake side. With regard to new students, BCCC was very successful in increasing applications in fall 2015 by almost 50.0% to 5,796 but only enrolled 2,001 students, a yield of only 34.6%. BCCC reports that students face four enrollment barriers: incomplete admissions materials (such as residency status), placement testing, paying for college, and registration for courses. BCCC reported that over 1,100 applications for fall 2015 were not completed due to the inability of students to pay the \$10 application fee, let alone the \$20 registration fee per semester. Such pre-enrollment costs are not eligible to be covered by financial aid awards. BCCC is now considering removing these fees. BCCC also has a \$25 graduation fee. **The President should comment on whether BCCC will remove the fees as a barrier to student enrollment and graduation.**

To examine intake side further, **Exhibit 13** shows the enrollment destination trends for graduates of Baltimore City high schools who enrolled in postsecondary education within one year of high school graduation. Over this time period, BCCC and CCBC were the top two destinations of recent Baltimore City high school graduates. What is startling is that while the number of Baltimore City's high school class enrolling in postsecondary education peaked in fall 2010 and 2011, the highest number of directly enrolling high school students at BCCC was back in 2007. From fall 2007 to 2010, CCBC increased its first-time Baltimore City resident enrollment from 245 to 706. While this declined greatly in fall 2013 and 2014, CCBC has more than double the city graduate enrollment in fall 2014 than it did in fall 2007, while BCCC's enrollment fell by 28%. It would seem that students expressed a strong

preference for CCBC over BCCC during this time period. The next two community colleges enrolling city residents, Anne Arundel Community College and Howard Community College, generally enrolled fewer than 30 students in any year.

Exhibit 13
Enrollment Destinations of Baltimore City High School Graduates within
One Year of Graduation
Fall 2007-2014



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

Source: Baltimore Education Research Consortium, *Baltimore City Graduates through the Class of 2014*

The President should comment on how BCCC can become a destination of choice for more Baltimore City high school students.

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Exhibit 13 indicates that many Baltimore 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 (then) statewide rate of \$88 of tuition per credit. In reverse, based on residency data from MHEC, Baltimore County residents would pay only \$88 per credit at BCCC but 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. In fall 2013, BCCC stated that it would reduce its focus on traditional-aged recruitment and shift some resources toward recruitment of nontraditional-aged students. This may be in response to BCCC largely losing in the competition to recruit recent Baltimore City high school graduates.

A number of internal and external factors have combined to hamper BCCC's enrollment management. Several of the biggest changes include:

- 2010 – Bard Building closes (immediate loss of class space and second location);
- 2011 – Elimination of many degree and certificate programs; accreditation placed on probation;
- 2012 – Retroactive changes to the Pell grant force many students to drop out abruptly;
- 2013 – Broadly improving economy sends many students back to the workforce; and
- 2015 – Accreditation placed on warning.

In response to these compounding issues, BCCC 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. Ongoing work with traditional and nontraditional student groups includes new efforts with Baltimore City schools, Year UP, and the federal Job Corps. While these avenues should be explored, BCCC's efforts to date have done little to stem the enrollment decline. Preliminary numbers indicate year-over-year headcount enrollment declined 10% in the winter 2016 session and 16% in the spring 2016 semester, both greater decreases than the fall 2015 semester.

BCCC should consider searching for new student demographics to enroll. One option is dual enrollment, which is important because BCCC will likely not lose these students to CCBC. In fiscal 2017, BCCC reports it will expand dual enrollment outreach to five nearby Baltimore City high schools. At the same time, BCCC is pursuing allowing high school students in Surgical Technology programs to collaborate with BCCC's Surgical Technology program for clinical placements. This will redefine and expand the Memorandum of Understanding that BCCC has with the Baltimore City Public School System (BCPSS). Dual enrollment classes are primarily taught at the Liberty Campus, but there are limited other locations where BCCC instructors teach directly at the high school.

Unfortunately, dual enrollment is very limited as BCPSS is only required to make students aware of the opportunity for dual enrollment, not to fund all eligible and interested students. BCCC

reports that based on finite funding from BCPSS to dually enrolled students, BCCC is able to support 25% of tuition and fees for approximately 113 dually enrolled students (based on three credits per student). If additional funding is identified, BCCC could expand enrollment further. It should be noted that the \$20 course registration fee also applies to dually enrolled students.

The President should comment on the conversion rate of BCCC’s dually enrolled students after high school graduation. The President should also comment on the reasons for the decline in fiscal 2016 enrollment in the fall, winter, and spring semesters and what a reasonable target enrollment is for the college in fall 2016.

3. Noncredit Enrollment Trends – Mixed Story

Workforce development is critical to the Baltimore economy, so the Business and Continuing Education Division’s (BCED) ability to provide noncredit resources, workforce training, and educational opportunities that lead to better jobs and careers is very important. **Exhibit 14** shows the most recent data made available by BCED for enrollment, as it is reported to MHEC’s annual *Performance Accountability Report*.

While community service and lifelong learning enrollment has declined significantly from fiscal 2011 to 2014, falling 36.5% by course enrollments, all other categories of noncredit enrollment have increased. Basic skills education headcount grew by 2.4%, ESOL grew 5.6%, and workforce certification or licensure grew 51.2%. While the enrollment was much smaller to begin with, it is now comparable in size to general workforce development and community service enrollment. BCED has been very effective in finding and meeting specific occupational needs. The number of businesses and organizations partnering with BCCC to provide training has grown 41.9% over the same time period, underscoring the strong demand for noncredit programs in Baltimore City.

Exhibit 14
Business and Continuing Education Enrollments
Fiscal 2011-2014

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>#</u> <u>Change</u> <u>2011-2014</u>	<u>%</u> <u>Change</u>
ESOL Headcount	3,742	3,787	3,937	3,950	208	5.6%
Community Service and Lifelong Learning						
Headcount	1,659	1,720	1,718	1,232	-427	-25.7%
Course Enrollments	2,711	2,758	2,737	1,721	-990	-36.5%
Basic Skills						
Headcount	7,558	7,703	7,820	7,736	178	2.4%
Course Enrollments	15,445	16,474	17,096	16,644	1,199	7.8%
Workforce Development						
Headcount	1,015	954	1,053	1,061	46	4.5%
Course Enrollments	1,271	1,264	1,248	1,758	487	38.3%
Certification or Licensure						
Headcount	682	1,129	806	1,031	349	51.2%
Course Enrollments	1,245	1,480	1,075	1,683	438	35.2%
Groups Providing Training under Contract	43	53	58	61	18	41.9%
Enrollment in Contract Training						
Headcount	589	806	746	797	208	35.3%
Course Enrollments	903	1,707	1,083	1,522	619	68.5%
Total Headcount	15,245	16,099	16,080	15,807	562	3.7%
Total Course Enrollments	21,575	23,683	23,239	23,328	1,753	8.1%

ESOL: English for Speakers of Other Languages

Note: Headcount enrollments are all unduplicated.

Source: Baltimore City Community College

Workforce Training

Direct agreements with employers, or contract training, is something at which BCED excels. For example, BCED and the State of Maryland Police and Correctional Training Commissions – Correctional Training Unit recently signed an agreement for State corrections employees to receive their mandated in-house training at the Reisterstown Plaza Center, which began in September 2015. MHEC certification of correctional training by the college is underway. When fully implemented, the

collaboration will serve approximately 2,000 to 3,000 corrections employees annually and generate approximately 267 FTES. Beginning in March 2016, BCED will also offer national certification training for home inspectors, which could bring in up to 100 FTES. BCED will begin offering online classes for business support services training for truck drivers, which could bring in up to 50 FTES. BCED is also developing a proposal to create five Small Business Development Centers in the city at the request of the Governor's office to promote entrepreneurial training in small business start-up management. Although fiscal 2015 data is not shown in the above exhibit, BCED reported it had trained 515 Horseshoe Casino employees, 323 taxi drivers, and 380 Division of Correction employees, indicating the wide range of employers that BCED works with.

Adult Basic Education

BCED is also working to expand its adult basic education (ABE) partnership with Baltimore City's Enoch Pratt Public Library. BCED now offers programs and courses at five public library locations throughout the city, including 60-hour Basic Skills (pre-general educational development (GED) test) level classes and integrated computer literacy instruction. For ESOL, BCCC has received increased funding from the Refugee Employment Training Program in fiscal 2014 and 2015, providing new courses to meet the needs of the students. Refugee Employment Training Program enrollment rose from less than 120 students per year from fiscal 2010 through 2014 to 308 students in fiscal 2015, and citizenship testing enrollment increased to an all-time high of 186 naturalized citizens in the same year.

BCED and BCCC's Academic Affairs, which oversees credit programs on the Liberty Heights campus, are working together on internal articulation agreements to create a pathway for noncredit students to move into credit programs. Credit faculty will need to review noncredit programs to determine prior learning assessment (PLA) credit. For example, a certified nursing assistant might move on to become a paramedic (certificate) or physical therapy assistant (associate's degree). Currently, there is very limited data on the number of students moving from BCED to credit courses, only covering 43 GED recipients enrolled in fall 2013 and 153 in fall 2014. Most Maryland institutions have not yet made much progress with PLAs, but competency based education is something MHEC will be exploring in the 2016 interim.

While Exhibit 14 only covers data through fiscal 2014, in fiscal 2016, BCED reports decreases in students served in ABE, ESOL, contract training, open enrollment, and other noncredit offerings. A February 2016 enrollment update indicated that BCED had generated 1,272 FTES, or 56.5%, of its fiscal 2016 working goal of 2,253. This is lower than the fiscal 2016 budgeted noncredit FTES goal shown in Exhibit 4 of 2,465 FTES. Either way, noncredit enrollment weathered the recent overall enrollment decline better than credit enrollment.

The President should comment on whether BCED expects to meet its noncredit enrollment goal in fiscal 2016. The President should also comment on whether students are more interested in job placement or credit program credentials after completing noncredit training sequences.

4. With Accreditation Reconfirmed, BCCC Looks to the Future

In June 2015, for the second time in three years, the Middle States Commission on Higher Education (MSCHE) removed a negative status regarding BCCC’s accreditation. Accreditation is required by the U.S. Department of Education for students to receive Title IV federal financial aid, like Pell grants. Despite these issues, BCCC has been continuously accredited by MSCHE since 1963.

In the June 2015 decision, MSCHE removed the warning status placed on BCCC because the institution is now in compliance with Standard 2 (Planning, Resource Allocation, and Institutional Renewal), Standard 3 (Institutional Resources), Standard 6 (Integrity), and Standard 7 (Institutional Assessment) and reaffirmed accreditation. MSCHE requested another monitoring report, due September 1, 2016, documenting (1) the continued implementation and assessment of the comprehensive institutional strategic plan particularly annual unit-level goals and objectives (Standard 2); (2) the continued development and implementation of the budget and resource allocation process that incorporates assessment results and integrates with institutional planning (Standard 3); and (3) the continued development and implementation of a comprehensive, organized, and sustained process for the assessment of institutional effectiveness that includes clear and realistic guidelines and a timetable and evidence that assessment information is used to (a) inform budget, planning, and resource allocation decisions; and (b) improve programs, services, and processes, and is shared and discussed with appropriate constituents (Standard 7). A small team visit may follow submission of the monitoring report. The next *Periodic Review Report* is due June 1, 2020.

On top of accreditation concerns, BCCC has undergone significant turnover in leadership. 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, information, public safety, and institutional research, as well as vacancies in other important positions such as an associate director of admissions. The institution did recently fill its chief financial officer position.

Because of these issues, language in the fiscal 2016 budget bill (Chapter 310 of 2015) withheld \$50,000 in general funds until BCCC submitted to the budget committees a comprehensive report on the college’s operations from an outside consultant. BCCC notified the budget committees in December 2015 that it had selected the Schaefer Center at the nearby University of Baltimore as the consultant. The Schaefer Center had performed an “environmental scan” of BCCC in 2011 and has some familiarity with BCCC. Due to this late selection, BCCC was unable to deliver a report in December 2015 and requested an extension to May 15, 2016. This necessarily precludes an institutional response that was to be due March 1, 2016, so as to inform the budget committees during the 2016 legislative session.

In February 2016, BCCC again notified the budget committees that it could not meet the 2015 *Joint Chairmen’s Report* (JCR) deadline and instead requested an extension to August 1, 2016, for the consultant’s report. The Schaefer Center has formed a strong research advisory committee to oversee its work, and an extensive research team to conduct the evaluation. The review is comprehensive and includes facilities; IT; finance, an “opportunity analysis” of occupations, both now and in the future, that will require postsecondary training, certificates, or degrees; and surveys of

students, faculty, and staff. It will be important for the research team and advisory committee to be able to condense the vast amount of information it is collecting in order to capture the most relevant and useful recommendations for the institution. **The President should update the committees on the status of the consultant’s review, particularly the opportunity analysis that is underway and how the results of the analysis will be used to alter BCCC’s academic and noncredit offerings. The President should also discuss whether BCCC is coordinating with Baltimore City and the business community to align its institutional focus and offerings with the needs of Baltimore City and its employers.**

In light of this update, DLS recommends releasing the \$100,000 in restricted funding in fiscal 2016 and recommends adopting new budget bill language for this report and the institution’s response in fiscal 2017.

Recommended Actions

1. 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 \$140,567.

Explanation: This action recalculates the fiscal 2017 English for Speakers of Other Languages grant in the unrestricted fund appropriation using the correct enrollment figure.

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

. provided that \$50,000 of this appropriation made for the purpose of operations at Baltimore City Community College (BCCC) may not be expended until the Board of Trustees of BCCC submits a comprehensive report by the University of Baltimore’s Schaefer Center for Public Policy to the budget committees by August 1, 2016. The report shall include an analysis of, and recommendations for, the appropriate niche for BCCC to fill in the Baltimore metropolitan area higher education landscape that will best meet the needs of residents and employers of Baltimore City and the State, including an alignment of BCCC’s academic and noncredit offerings with workforce needs. The report shall also include an analysis of the institution’s governance structure, relationship with Baltimore City, and role in the city’s economic and workforce development plans, and any recommendations to alter or improve them. The report shall also include recommendations for improving the financial situation of the college, including revenue and real estate holdings; and any other topics deemed appropriate by the Schaefer Center.

Further provided that \$50,000 of this appropriation made for the purpose of BCCC operations may not be released until the Board of Trustees submits BCCC’s response to the Schaefer Center’s report to the budget committees by October 1, 2016. The response should indicate how BCCC will implement the consultant’s recommendations and if any are not to be implemented, why not.

The budget committees shall have 45 days to review and comment from the date of receipt of the reports. Funds restricted pending the receipt of the comprehensive report and the follow-up report may not be transferred by budget amendment or otherwise to any other purpose and shall revert if the reports are not submitted to the budget committees.

Explanation: This language restricts \$50,000 in unrestricted funds pending receipt of a comprehensive report on BCCC’s operations done by the Schaefer Center and another \$50,000 in unrestricted funds pending a response from BCCC on that report. The due dates in this budget bill language reflect extensions to reports that were originally due in fiscal 2016.

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Information Request	Authors	Due Date
Comprehensive report on BCCC	University of Baltimore Schaefer Center	August 1, 2016
BCCC's response to the comprehensive report	BCCC	October 1, 2016

Updates

1. Major Information Technology Project Slowly Moving Forward

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.” No significant progress was made until December 2012 when DoIT approved an Information Technology Project Request (ITPR), which described BCCC’s current IT systems as archaic. Specifically, the ITPR found serious legal deficiencies with required federal reporting under the Family Educational Rights and Privacy Act; the Health Insurance Portability and Accountability Act; and the Higher Education Opportunity Act.

Although funding for ERP was first budgeted with \$6 million in fiscal 2013, little funding was spent due to ongoing delays. The first action is to put out a Task Order Request for Proposals (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 Proposals (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 nine months to prepare the solicitation and update business processes, which will be eventually analyzed and compared with the selected ERP vendor’s best practices. During the 2014 legislative session, BCCC stated that the RFP would go out in late fiscal 2015, but in February 2015, it restated that an RFP was still six to nine months away. This proved accurate as the draft RFP went to DoIT in July 2015, and a final RFP was resubmitted in October 2015.

BCCC and DoIT submitted a report (as requested in the 2014 JCR) on the ERP project in December 2014 indicating that the project was progressing consistent with the established schedule and that a vendor-provided 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 JCR response, BCCC should have had a vendor selected by November 1, 2015, but this did not occur because the RFP was only finalized in November, partly because it was resubmitted to include a slightly scaled down approach to reflect the implementation of student services related modules. The TORFP draft had been submitted to DoIT in September 2015 and a final draft resubmitted in October 2015. Due to funding and scope issues, a document imaging subproject is being rolled into the ERP’s RFP.

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. As of February 2016, the project’s total cost remains about \$16.8 million. BCCC has approved \$6.0 million to be spent in fiscal 2017 and the remaining \$10.8 million is in the college’s fund balance. To date, about \$2.0 million has been spent and the fiscal 2017 Project Implementation Request (PIR) budget is \$3.7 million, pending DoIT approval.

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BCCC continues to conduct personnel training and hold ERP stakeholder meetings. BCCC attributes the many delays to the project to personnel turnover and conflicting directions from DoIT on deadlines and templates and folding in the document imaging project. The PIR was approved in December 2015 by DoIT, DBM, and DLS, which enabled BCCC to move to Phase 5 of the software development lifecycle process out of 9 total phases. Practically, this means planning is over and implementation of ERP will finally begin.

Additional information is available in **Appendix 2**.

Current and Prior Year Budgets

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

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Other Unrestricted Fund</u>	<u>Total Unrestricted Fund</u>	<u>Restricted Fund</u>	<u>Total</u>
Fiscal 2015							
Legislative Appropriation	\$41,753	\$0	\$0	\$27,180	\$68,933	\$22,569	\$91,501
Deficiency Appropriation	0	0	0	0	0	0	0
Cost Containment	-1,541	0	0	0	-1,541	0	-1,541
Budget Amendments	-75	0	0	0	-75	2,151	2,076
Reversions and Cancellations	0	0	0	-7,234	-7,234	-2,022	-9,256
Actual Expenditures	\$40,137	\$0	\$0	\$19,946	\$60,083	\$22,698	\$82,780
Fiscal 2016							
Legislative Appropriation	\$40,776	\$0	\$0	\$26,179	\$66,955	\$21,660	\$88,615
Budget Amendments	0	0	0	0	0	2,648	2,648
Working Appropriation	\$40,776	\$0	\$0	\$26,179	\$66,955	\$24,308	\$91,263

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. Numbers may not sum to total due to rounding.

Fiscal 2015

The fiscal 2015 legislative appropriation for BCCC decreased by \$6.6 million. General funds decrease about \$1.6 million. About \$0.1 million was due to 2 employees leaving the institution via the Voluntary Separation Program. The remainder is due to two rounds of across-the-board cost containment efforts by the Board of Public Works that reduced spending on adjunct faculty and travel.

At the close of the fiscal year, \$7.2 million in other unrestricted funds was canceled. Of that amount, \$4.3 million reverted to the college's fund balance due to an ERP IT project that remains behind schedule, and the remaining \$2.9 million was a shortfall in tuition and fee revenue from a decline in enrollment.

The current restricted appropriation increased by \$2.2 million to reflect new grants and contracts from a variety of sources. Of that amount, about \$2.0 million was canceled due to the fiscal year concluding before the funds could be spent. The funds were appropriated in the next year.

Fiscal 2016

To date, the fiscal 2016 legislative appropriation has increased by \$2.6 million in current restricted funds to reflect new grants and contracts from a variety of sources, several of which were originally awarded and budgeted in fiscal 2015 but had not then been received or expended.

Major Information Technology Projects

Baltimore City Community College Enterprise Resource Planning System

Project Status¹	Implementation.	New/Ongoing Project:	New.					
Project Description:	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.							
Project Business Goals:	The goal of this project is to increase the efficiency and internal communication throughout the Baltimore City Community College (BCCC) campus.							
Estimated Total Project Cost¹:	Estimated to be \$16,835,000	Estimated Planning Project Cost¹:	\$850,000					
Project Start Date:	August 2012.	Projected Completion Date:	December 2018					
Schedule Status:	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.							
Cost Status:	Funding is in BCCC's fiscal 2015 and 2016 budgets. Note: the total project cost includes personnel, backfill, and Regent software (\$4,104,770).							
Scope Status:	The college is currently working with the Department of Information Technology (DoIT) to complete writing a Request for Proposals for the new ERP system.							
Project Management Oversight Status:	The college's chief information officer hired a project manager in November 2013 who has established Project Management Office which is fully functional – it has completed the Project Management Plan which has been approved by DoIT.							
Identifiable Risks:	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 the new system is user friendly for front-line employees.							
Additional Comments:	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.							
Fiscal Year Funding (\$ in Thousands)							Balance to Complete	
	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020		Total
Personnel Services	\$0	\$0	\$0	\$0	\$0	\$500,000	\$0	\$500,000
Professional and Outside Services	\$1,200,000	\$1,383,771	\$3,217,048	\$3,253,630	\$1,178,103	\$588,373	\$0	\$10,820,925
Other Expenditures	0	0	\$503,447	\$512,694	\$281,537	\$11,627	0	\$1,309,305
Total Funding	1,200,000	\$1,383,771	\$3,720,495	\$3,766,324	\$1,459,640	\$1,200,000	\$0	\$12,730,230

¹ In calendar 2011, a two-step approval process was adopted. Initially, an agency submits a Project Planning Request. After the requirements analysis has been completed and a project has completed all of the planning required through Phase Four of the Systems Development Lifecycle (Requirements Analysis), including a baseline budget and schedule, the agency may submit a Project Implementation Request and begin designing and developing the project when the request is approved. For planning projects, costs are estimated through planning phases. Implementation projects are required to have total development costs

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

<u>Object/Fund</u>	<u>FY 15 Actual</u>	<u>FY 16 Working Appropriation</u>	<u>FY 17 Allowance</u>	<u>FY 16 - FY 17 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	444.00	444.00	444.00	0.00	0%
02 Contractual	268.18	141.22	164.67	23.45	16.6%
Total Positions	712.18	585.22	608.67	23.45	4.0%
Objects					
01 Salaries and Wages	\$ 35,797,284	\$ 41,203,271	\$ 41,334,494	\$ 131,223	0.3%
02 Technical and Spec. Fees	12,592,816	7,129,654	8,812,348	1,682,694	23.6%
03 Communication	589,707	533,232	575,438	42,206	7.9%
04 Travel	528,458	690,828	690,828	0	0%
06 Fuel and Utilities	2,039,608	1,944,727	2,269,224	324,497	16.7%
07 Motor Vehicles	255,511	146,106	146,336	230	0.2%
08 Contractual Services	6,795,106	10,487,815	9,565,781	-922,034	-8.8%
09 Supplies and Materials	4,498,736	4,020,098	4,361,054	340,956	8.5%
10 Equipment – Replacement	57,180	586,369	586,369	0	0%
11 Equipment – Additional	989,447	1,349,947	1,703,930	353,983	26.2%
12 Grants, Subsidies, and Contributions	15,549,426	18,935,915	16,741,593	-2,194,322	-11.6%
13 Fixed Charges	3,085,501	3,425,788	3,446,669	20,881	0.6%
14 Land and Structures	1,431	808,998	808,998	0	0%
Total Objects	\$ 82,780,211	\$ 91,262,748	\$ 91,043,062	-\$ 219,686	-0.2%
Funds					
40 Unrestricted Fund	\$ 60,082,675	\$ 66,954,798	\$ 67,041,783	\$ 86,985	0.1%
43 Restricted Fund	22,697,536	24,307,950	24,001,279	-306,671	-1.3%
Total Funds	\$ 82,780,211	\$ 91,262,748	\$ 91,043,062	-\$ 219,686	-0.2%

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. The fiscal 2017 allowance does not include contingent reductions.

**Fiscal Summary
Baltimore City Community College**

<u>Program/Unit</u>	<u>FY 15 Actual</u>	<u>FY 16 Wrk Approp</u>	<u>FY 17 Allowance</u>	<u>Change</u>	<u>FY 16 - FY 17 % Change</u>
01 Instruction	\$ 25,667,339	\$ 42,656,568	\$ 43,348,321	\$ 691,753	1.6%
03 Public Service	1,359,509	1,477,925	1,525,000	47,075	3.2%
04 Academic Support	4,560,190	5,281,260	5,138,021	-143,239	-2.7%
05 Student Services	6,326,707	7,741,079	7,638,327	-102,752	-1.3%
06 Institutional Support	16,353,530	19,900,002	19,010,303	-889,699	-4.5%
07 Operation and Maintenance of Plant	8,748,256	9,875,075	10,044,996	169,921	1.7%
08 Auxilary Enterprises	4,131,731	4,238,839	4,246,094	7,255	0.2%
17 Scholarships and Fellowships	15,632,949	92,000	92,000	0	0%
Total Expenditures	\$ 82,780,211	\$ 91,262,748	\$ 91,043,062	-\$ 219,686	-0.2%
Unrestricted Fund	\$ 60,082,675	\$ 66,954,798	\$ 67,041,783	\$ 86,985	0.1%
Restricted Fund	22,697,536	24,307,950	24,001,279	-306,671	-1.3%
Total Appropriations	\$ 82,780,211	\$ 91,262,748	\$ 91,043,062	-\$ 219,686	-0.2%

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. The fiscal 2017 allowance does not include contingent reductions.