

R95C00
Baltimore City Community College

Operating Budget Data

(\$ in Thousands)

	<u>FY 16</u> <u>Actual</u>	<u>FY 17</u> <u>Working</u>	<u>FY 18</u> <u>Allowance</u>	<u>FY 17-18</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$40,776	\$40,064	\$40,602	\$538	1.3%
Adjusted General Fund	\$40,776	\$40,064	\$40,602	\$538	1.3%
Other Unrestricted Funds	15,391	26,227	24,809	-1,418	-5.4%
Adjusted Other Unrestricted Fund	\$15,391	\$26,227	\$24,809	-\$1,418	-5.4%
Total Unrestricted Funds	56,167	66,292	65,411	-881	-1.3%
Adjusted Total Unrestricted Funds	\$56,167	\$66,292	\$65,411	-\$881	-1.3%
Restricted Funds	19,395	24,001	20,336	-3,665	-15.3%
Adjusted Restricted Fund	\$19,395	\$24,001	\$20,336	-\$3,665	-15.3%
Adjusted Grand Total	\$75,562	\$90,293	\$85,747	-\$4,546	-5.0%

Note: Includes targeted reversions, deficiencies, and contingent reductions.

- State support through general funds increases \$0.5 million, or 1.3%, between fiscal 2017 and 2018.
- The total fiscal 2018 allowance declines \$4.5 million, or 5.0%, from the fiscal 2017 working appropriation, driven by declines in restricted funds of \$3.7 million, or 15.3%.

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

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Personnel Data

	<u>FY 16</u> <u>Actual</u>	<u>FY 17</u> <u>Working</u>	<u>FY 18</u> <u>Allowance</u>	<u>FY 17-18</u> <u>Change</u>
Regular Positions	444.00	444.00	444.00	0.00
Contractual FTEs	<u>260.68</u>	<u>169.48</u>	<u>180.53</u>	<u>11.05</u>
Total Personnel	704.68	613.48	624.53	11.05

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	15.85	3.57%
Positions and Percentage Vacant as of 12/31/16	38.00	8.60%

- Regular positions do not change in the fiscal 2018 allowance.
- Contractual positions increase 11.05 in the fiscal 2018 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.

Analysis in Brief

Major Trends

Fall Enrollment Declines Again: Despite ongoing efforts to stem the decline in enrollment, BCCC again reported a moderate one-year decline of 6.6% in degree-seeking headcount enrollment in fall 2016.

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 completion rate has risen in the two most recent cohorts.

Issues

Student Enrollment at 20-year Low: 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.

Turning BCCC Around: This issue explores how BCCC is responding to a comprehensive report from a consultant that evaluated the college’s operations. The report cited administrative turnover, employee morale, and declining enrollment as serious challenges facing the institution. BCCC’s response to the report will also be discussed.

Recommended Actions

1. Add language to reduce State support for Baltimore City Community College.
2. Add language restricting funds pending a report.

Updates

Major Information Technology Project Slowly Moving Forward: BCCC determined that a new Enterprise Resource Planning system was needed in fiscal 2009. The project has taken longer than anticipated to implement and it is currently in the bidding phase.

R95C00 – Baltimore City Community College

R95C00
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 2016 Undergraduate Enrollment Headcount

Male	1,444
Female	2,965
Total	4,409

Fall 2016 New Students Headcount

First-time	840
Transfers/Others	475
Dual Enrollment	102
Total	1,417

Programs

Certificates	16
Associates	29

Degrees Awarded (2015-2016)

Certificates	113
Associates	425
Total Degrees	538

Proposed Fiscal 2018 In-state Tuition and Fees* Per Credit Hour

Undergraduate Tuition	\$110
Mandatory Fees	\$23

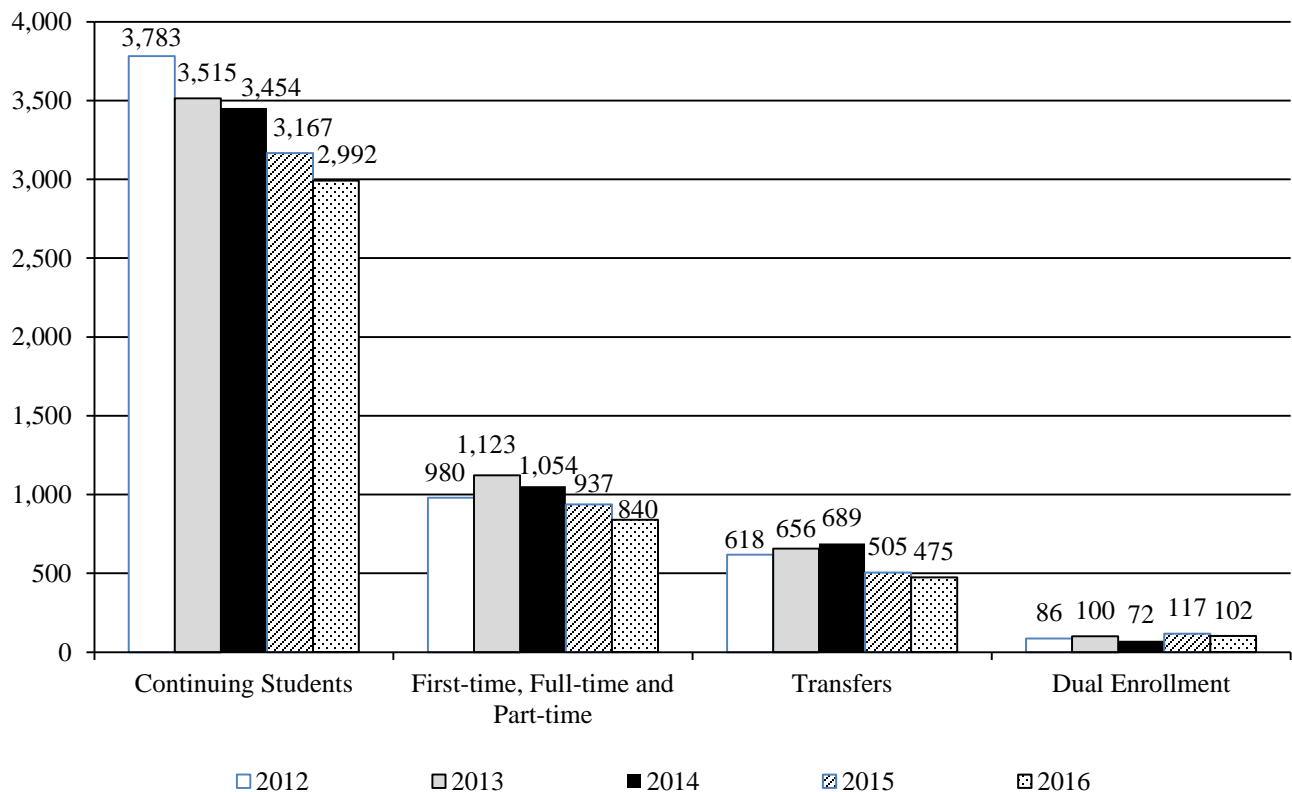
*Contingent on Board of Trustees approval.

Performance Analysis: Managing for Results

1. Fall Enrollment Declines Again

Degree-seeking headcount enrollment at BCCC decreased 6.6%, from 4,609 in fall 2015 to 4,307 in fall 2016. As shown in **Exhibit 1**, first-time, full-time (FT/FT) and part-time students fell by 97, or 10.4%. Continuing students decreased by 175, or 5.5%, and transfer students fell by 30, or 5.9%. This broad and deep decline follows general enrollment decreases in fall 2012 through fall 2015. Even the one previous positive enrollment demographic in fall 2015, dual enrollment of high school students, declined in fall 2016 by 15 students, or 12.8%. BCCC reports that dual enrollment has, however, increased in the spring 2017 semester. The continuing enrollment decline will be discussed in greater detail in Issue 1.

Exhibit 1
Undergraduate Enrollment
Fall 2012-2016



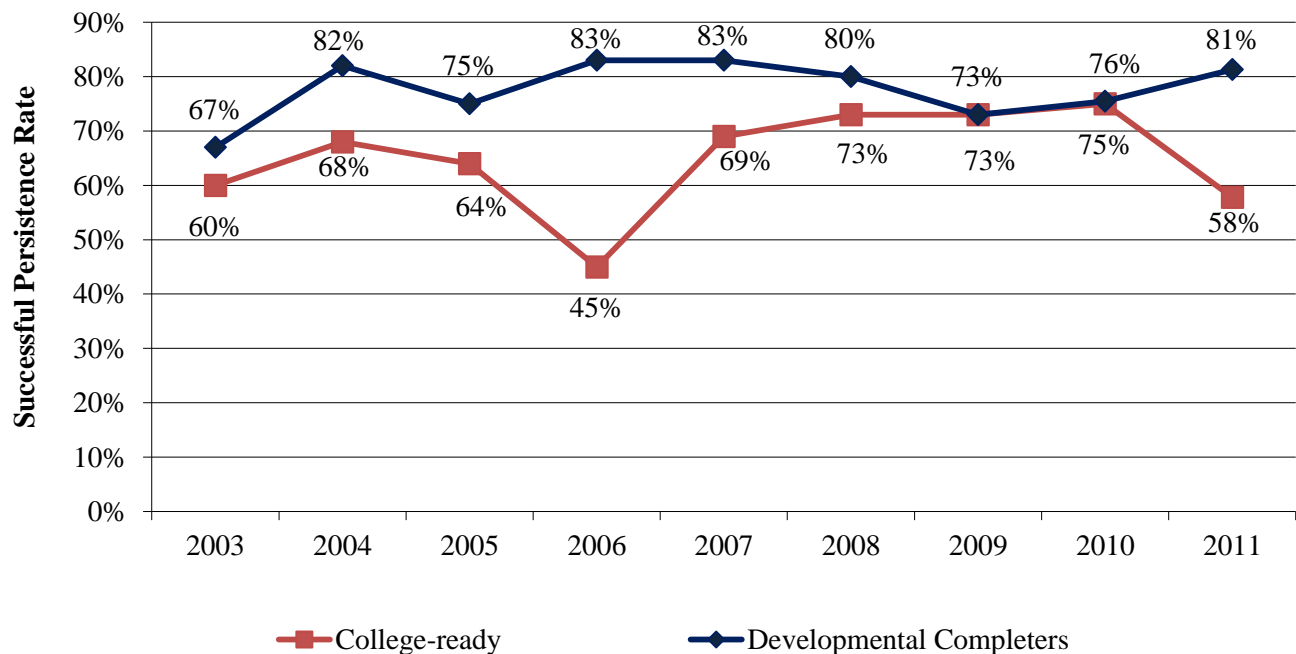
Source: Baltimore City Community College

2. Student Performance Improves

While the standard measure of success at public four-year institutions is graduation, Maryland community colleges instead use the successful persister rate. This difference in metrics 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 FT/FT 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 the first two years, and, after four years, is still enrolled, has graduated, or has transferred to another institution. BCCC measures this rate for three groups, and **Exhibit 2** shows the rates for two of those: college-ready students and developmental completers. These two categories of students, however, account for only about one-third of the 2011 cohort. The other two-thirds of students are developmental noncompleters.

Exhibit 2
Four-year Successful Persister Rates at Baltimore City Community College
Fall 2003-2011 Cohorts



Source: Maryland Association of Community Colleges

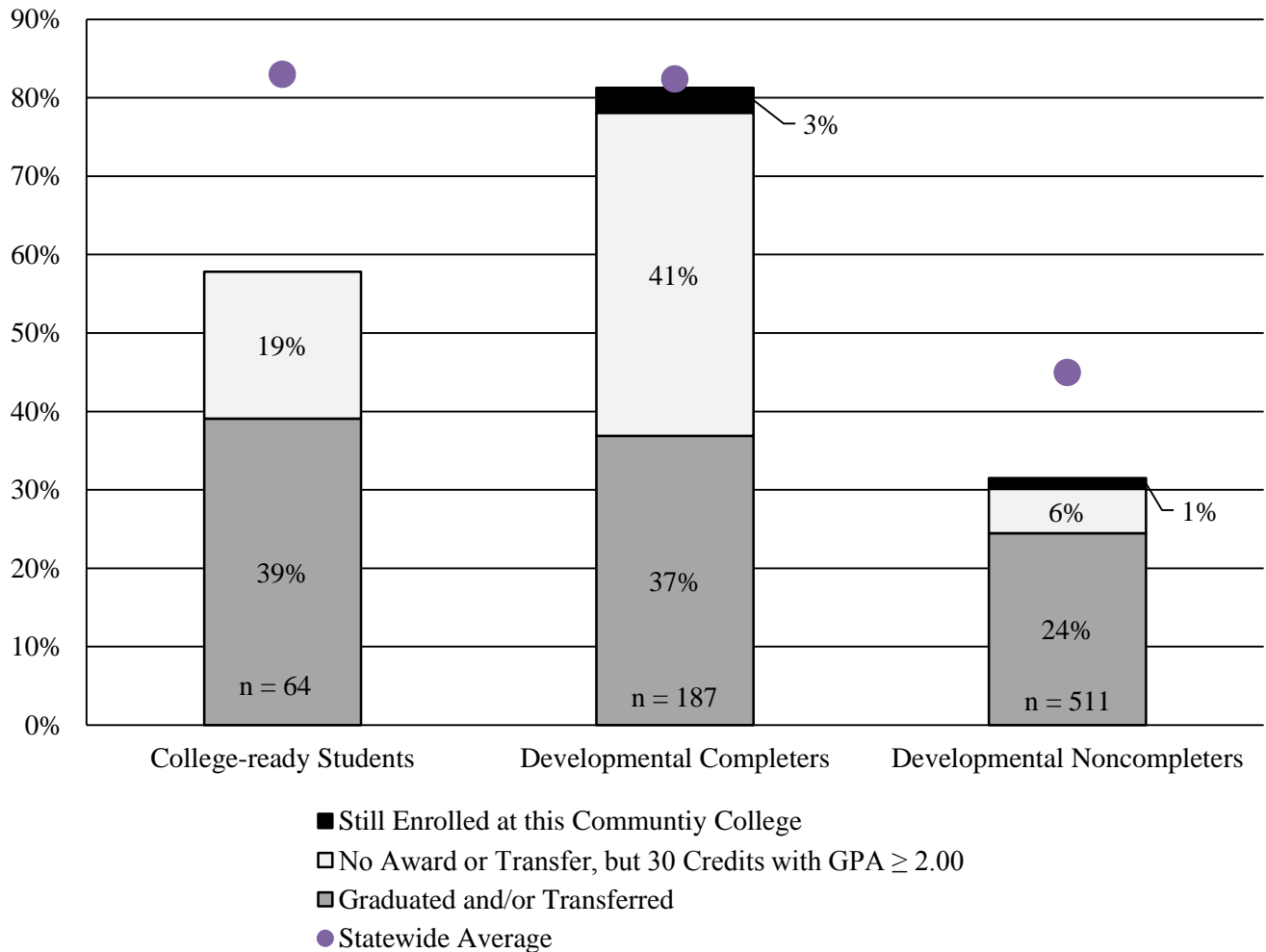
Few college-ready students choose BCCC. In the past three cohorts of analysis, 2009 through 2011, there were fewer than 100 first-time college-ready students enrolling at BCCC. This figure also includes students who did not have to take a placement examination but may have been placed into developmental education if the student had been assessed. Developmental completers are students who were assessed to need developmental education and completed it within four years. Since the 2004 cohort, developmental completers have maintained a successful persister rate of at least 73%. These students barely outperformed the college-ready students in the 2009 and 2010 cohorts, but their achievement gap over college-ready students grew to over 20 percentage points in the 2011 cohort. While the college-ready students' persister rate generally increased over the same time period, the deep decline in the 2011 cohort is cause for concern. College-ready students are also about twice as likely to transfer out of BCCC (33%) as their developmental-completer peers (17%).

That developmental completer outcomes are improving may be 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 program differed from the prior program, under which the developmental completer rate generally 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 offering them services that will help them succeed. Faculty are required to report students who receive poor grades, have poor attendance records, or exhibit poor classroom skills to the Student Success Center. Depending on students' needs, the Student Success Center refers students to tutoring, social service agencies, or elsewhere.

BCCC reports that from fall 2013 through fall 2016, about 90% of incoming students tested into remedial math and 75% tested into remedial English. **Exhibit 3** shows why the noncompleter rate is important. While the developmental completers had a persister rate of 81%, the 511 noncompleter students persisted at a rate of only about 32%. When BCCC's students are successful in developmental education, BCCC as an institution, performs almost identically to other community colleges in Maryland. Its developmental completer students have a persister rate only about 1 percentage point below the State average, but the developmental noncompleters at BCCC have a persister rate about 13 percentage points below the State average. The actual number of students who finish developmental education, and thus become developmental completers, is very low. Of all students assessed to need remedial education at BCCC, only about 37% successfully completed remedial education compared to a statewide rate of 58%.

The President should comment on whether all students entering BCCC should be assessed for need of remedial education given the stronger outcomes of the developmental completers and if there are any insights into the causes of the decline in the college-ready persister rate of the 2011 cohort. The President should also comment on what steps BCCC is taking to increase the number of developmental completers.

Exhibit 3
Four-year Successful Persister Rate at Baltimore City Community College
Fall 2011 Cohort



GPA: grade point average

Source: Maryland Association of Community Colleges

While the developmental completers greatly outperform the college-ready students in terms of the persister rate, the graduation/transfer rate of developmental completers fell for the second year in a row, from about 40% in the 2010 cohort to about 37% in the 2011 cohort. For college-ready students at BCCC, the same rate decreased from about 60% to 39%, which accounts for the sudden decline in Exhibit 2. While BCCC's developmental coursework pathway is functioning as well as other Maryland community colleges, its academic pathways for college-ready and developmental noncompleter students are significantly less effective than at other two-year institutions.

Increasing performance on the measure in Exhibits 2 and 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 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 first shown by the fall 2010 cohort of developmental completers in Exhibit 2 may be real and sustainable. **The President should comment on any transition courses BCCC is providing for Baltimore City Public Schools System (BCPSS) students in the current school year.**

Fiscal 2017 Actions

Cost Containment

In November 2016, the Board of Public Works (BPW) reduced the fiscal 2017 appropriation of BCCC by a total of \$0.8 million. BCCC reduced outside services for the plant and maintenance (\$0.3 million); spending on copier rentals and general equipment repairs (\$0.3 million); and conference travel for professional development (\$0.2 million).

Proposed Budget

State law ties BCCC's general fund appropriation to a percent of the per student funding at selected public four-year colleges (60.0% in fiscal 2018) and BCCC's most recent audited enrollments. General funds also support the English for Speakers of Other Languages (ESOL) grant. **Exhibit 4** shows BCCC's general fund appropriation increases by \$0.5 million, or 1.3%. Other unrestricted funds decrease \$0.4 million, or 1.8%, while restricted funds, which are about 70.0% federal Pell grants, decrease the most, about \$3.7 million, or 15.3%, due to the ongoing decline in enrollment shown in Exhibit 1. Restricted funds have been declining steadily since fiscal 2014. Unlike prior years, the transfer from the fund balance into the operating budget decreases by \$1.0 million, or 19.7%, in the 2018 allowance. The use of this funding will be discussed later in the analysis. As a formula-funded institution, BCCC is not part of the Section 19 pension reduction measure in the fiscal 2018 budget bill. While the past two allowance budgets had BCCC's total budget declining by 0.2% and 0.3%, respectively, the entire BCCC budget in fiscal 2018 decreases by 5.0%, or \$4.5 million.

Exhibit 4
Governor's Proposed Budget
Baltimore City Community College
Fiscal 2016-2018
(\$ in Thousands)

	<u>2016</u> <u>Actual</u>	<u>2017</u> <u>Working</u>	<u>2018</u> <u>Allowance</u>	<u>2017-18</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$40,776	\$40,064	\$40,602	\$538	1.3%
Other Unrestricted Funds	16,596	21,003	20,615	-388	-1.8%
Total Unrestricted Funds	\$57,372	\$61,068	\$61,217	\$150	0.2%
Fund Balance Transfer (to)/from	-1,205	5,224	4,194	-1,030	-19.7%
Restricted Funds	19,395	24,001	20,336	-3,665	-15.3%
Total Funds	\$75,562	\$90,293	\$85,747	-\$4,546	-5.0%

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.

BCCC's Funding Formula

Chapters 568 and 569 of 1998 established the funding formula for BCCC that was enhanced in fiscal 2006 and further revised several times, most recently by the Budget Reconciliation and Financing Act of 2012. The fiscal 2018 statutory formula percentage is 60.0% of per student funding at selected public four-year institutions, up from 58.0% in fiscal 2017, as shown in **Exhibit 5**. The past decline in enrollment shown in Exhibit 1, has decreased the calculated formula amount to \$32.6 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 in the fiscal 2018 allowance is the \$39.8 million from the prior year's formula plus the ESOL grant amount of approximately \$0.8 million in fiscal 2018, which together totals \$40.6 million. If BCCC was not held harmless in fiscal 2018, it would lose \$7.2 million, or 17.8%, of all State support. Hold harmless funding more than doubles in fiscal 2018, even though BCCC is budgeting for flat student enrollment. This raises the issue of whether BCCC really needs all of the hold harmless funding and whether the hold harmless grant should even be rebased to account for actual enrollment.

Exhibit 5
Baltimore City Community College Funding Formula
Fiscal 2017-2018

	<u>2017</u> <u>Working</u>	<u>2018</u> <u>Allowance</u>	<u># Change</u>	<u>%Change</u>
State Formula Aid Per FTES at BCCC				
State support per FTES at selected four-year public institutions	\$11,650	\$11,728	\$78	0.7%
Statutory formula percentage	58.0%	60.0%	2.0%	3.4%
BCCC aid per FTES	6,757	7,037	280	4.1%
Formula for BCCC				
Aid per FTES	\$6,757	\$7,037	\$280	4.1%
Second year prior FTES	5,379	4,631	-748	-13.9%
State Formula Aid to BCCC	\$36,345,528	\$32,589,249	-\$3,756,279	-10.3%
Hold Harmless	3,451,779	7,208,058	3,756,279	108.8%
Formula Subtotal	\$39,797,307	\$39,797,307	\$0	0.0%
Cost Containment	-\$750,000			
English for Speakers of Other Languages Grant	\$1,017,135	\$804,864	-\$212,271	-20.9%
Total Fiscal Year Working/Allowance	\$40,064,442	\$40,602,171	\$537,729	1.3%
DLS Recommendation		-\$750,000		
Total with DLS Recommendation		\$39,852,171	-\$212,271	-0.5%

BCCC: Baltimore City Community College

DLS: Department of Legislative Services

FTES: full-time equivalent student

Source: Governor's Budget Books, Fiscal 2018; Department of Legislative Services

The allowance holds BCCC harmless to its fiscal 2017 legislative appropriation of \$39.8 million. As mentioned earlier, BCCC received \$0.8 million in cost containment. If BCCC's State support in fiscal 2018 was held harmless to its working fiscal 2017 State support including cost containment, it would lose \$0.8 million, or about 10% of its hold harmless funding. **The Department of Legislative Services (DLS) recommends that the BCCC funding formula be held harmless to**

the fiscal 2017 working appropriation with all cost containment actions. This is a reduction of \$750,000 from the fiscal 2018 allowance. Given the institution's reduced need for State support due to declining enrollment and a \$27.0 million available fund balance, discussed later in this analysis, BCCC should be able to absorb this reduction. Also, cost containment to the public four-year institutions is carried forward in the fiscal 2018 allowance, so this action would treat BCCC in the same way as other State-supported institutions.

ESOL enrollment at BCCC declined in fiscal 2016, which was used to calculate the fiscal 2018 ESOL grant amount. However, due to an error in the fiscal 2017 allowance, BCCC received \$140,567 more in its ESOL grant in that year than was expected from the ESOL funding formula. This is partly why ESOL funding declines by nearly 21% in the fiscal 2018 allowance, shown in Exhibit 5. The institution reports that it is spending this funding on additional ESOL service providers in fiscal 2017.

Under its formula funding, it is very likely that the college will not receive increased support from the State in fiscal 2019 due to further declines in enrollment in fall 2016, even though the statutory percentage of the formula will increase each year from fiscal 2019 through 2023. Assuming forecasts for public four-year support hold, BCCC will need to increase enrollment from 4,631 full-time equivalent students (FTES) to 5,430 FTES, or a total of 799 FTES, to escape the same hold harmless scenario in fiscal 2019. Because of this, BCCC should not plan on receiving additional State support through its formula in fiscal 2019.

Expenditures by Program

Exhibit 6 shows unrestricted funding by budget program from fiscal 2016 to 2018. Funding for instruction decreases \$0.5 million, or 2.5%, from fiscal 2017 to 2018, although this is not related to the decline in enrollment. Rent for classes at the University of Maryland BioPark is reduced by \$0.2 million to reflect a more accurate cost of using that space. ESOL funding, mentioned above, declines by \$0.2 million. Employee travel has also been reduced by about \$65,000.

The remaining programmatic changes are also fairly small in size. Academic support declines by less than \$0.1 million, or 0.6%, and student services declines by a similar amount, both due to filling personnel vacancies at lower salaries as a means of reducing operational costs at the college. Operations and maintenance of plant increases 1.7% due to changes in utility costs. Institutional support in the fiscal 2018 budget declines by \$0.6 million due to updated spending projections for the Enterprise Resource Planning (ERP) information technology (IT) project, which is discussed in the Updates section of this analysis. Institutional support in fiscal 2017 is also overstated as it includes ERP costs that have not been updated. A year ago, auxiliary enterprises expenditures declined due to shrinking enrollment, but in the fiscal 2017 budget, the college expects an increase even though budgeted enrollment is underattained. Scholarships expenditures in fiscal 2018 are not actually \$0, but are budgeted within the Instruction line and will be posted in the fiscal year actual in its own line, as is shown for fiscal 2016. This is different from how this financial aid support was reported in prior fiscal years. Funding for this purpose is flat in fiscal 2018.

Exhibit 6
Baltimore City Community College
Budget Changes for Current Unrestricted Funds by Program
Fiscal 2016-2018
(\$ in Thousands)

	<u>Actual 2016</u>	<u>Working 2017</u>	<u>% Change 2016-17</u>	<u>Allowance 2018</u>	<u>\$ Change 2017-18</u>	<u>% Change 2017-18</u>
Expenditures						
Instruction	\$19,864	\$20,679	4.1%	\$20,171	-\$507	-2.5%
Academic Support	4,642	4,948	6.6%	4,978	30	0.6%
Student Services	5,606	7,605	35.7%	7,649	44	0.6%
Institutional Support	13,897	18,707	34.6%	18,078	-630	-3.4%
Operation and Maintenance of Plant	8,529	10,102	18.5%	10,278	176	1.7%
Scholarships and Fellowships	28	0	-100.0%	0	0	0.0%
Subtotal Education and General	\$52,565	\$62,042	18.0%	\$61,154	-\$887	-1.4%
Auxiliary Enterprises	3,601	4,250	18.0%	4,257	7	0.2%
Total	\$56,167	\$66,292	18.0%	\$65,411	-\$881	-1.3%
Revenues						
Tuition and Fees	\$10,450	\$12,898	23.4%	\$12,194	-704	-5.5%
General Funds	40,776	40,064	-1.7%	40,602	538	1.3%
Other	3,526	4,106	16.4%	4,422	316	7.7%
Subtotal	\$54,752	\$57,068	4.2%	\$57,217	\$150	0.3%
Auxiliary Enterprises	2,620	4,000	52.7%	4,000		0.0%
Transfers (to)/from Fund Balance	-1,205	5,224	-533.6%	4,194	-1,030	-19.7%
Total	\$56,167	\$66,292	18.0%	\$65,411	-\$881	-1.3%

Source: Governor's Budget Books, Fiscal 2018

On the revenues side, other revenue increases \$0.2 million, or 7.7%, as BCCC got approval for a new indirect cost recovery rate (\$0.1 million), and because revenue from the child development center at the Liberty Heights Campus is expected to increase due to higher enrollment (\$0.1 million). The facility gives priority to children of campus employees and students, but any remaining capacity is open to the surrounding community. Auxiliary enterprise revenue, primarily from rental revenue of a parking garage facility, radio tower, and sales at the campus book store, increased by about 53.0% from fiscal 2016 to 2017, and is projected to be level in fiscal 2018. The growth is mostly due to anticipated sales at the bookstore. However, given the enrollment situation, this is not realistic. In addition, unlike other State-funded institutions, auxiliary revenue does not cover auxiliary expenditures in any year in Exhibit 6. The transfer from fund balance use is expected to decline nearly 20.0% in fiscal 2018.

Again, however, it should be noted that the funding transferred in fiscal 2017 will not be fully spent because the cost projections for ERP from the Department of Information Technology (DoIT) have changed.

Tuition Revenue and Policy

From fiscal 2016 to the 2017 working appropriation, there is a 23.8%, or \$2.8 million, increase in tuition and fee revenue. However, as shown in Exhibit 1, opening fall headcount enrollment decreased 6.6% in fall 2016, making the working year tuition and fee revenue number extremely unlikely. The 2017 working figure is also unchanged from the 2017 allowance projection. 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 2018 allowance number for tuition and fee revenue, a slight decline, originally appears realistic, when accounting for the actual enrollment decline in the 2017 working appropriation, it seems that fiscal 2018 will likely need to be revised downward from the allowance.

Tuition and fee revenue peaked in fiscal 2011 at \$18.2 million and is now well below where it was in fiscal 2007, \$14.9 million, before the recession began. Although BCCC froze tuition from fall 2008 through fall 2015 due to falling enrollment, BCCC enacted mid-year tuition increases in fiscal 2016 and 2017. Spring 2017 tuition per credit hour is now \$106, an increase of \$10, or 10.4%. This timing is unfortunate because most tuition revenue is realized in the fall semester and because students may feel the institution is not behaving transparently when it raises the cost of attendance during the academic year. Additionally, in spring 2016, BCCC implemented a flat tuition rate for students taking 12 to 18 credits, which is how University System of Maryland (USM) institutions schedule tuition rates. This will likely further reduce tuition revenue. However, the impact is likely small, as full-time students are a small portion of the student body at BCCC. 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 decisions in the near future to align expenditures with revenues.

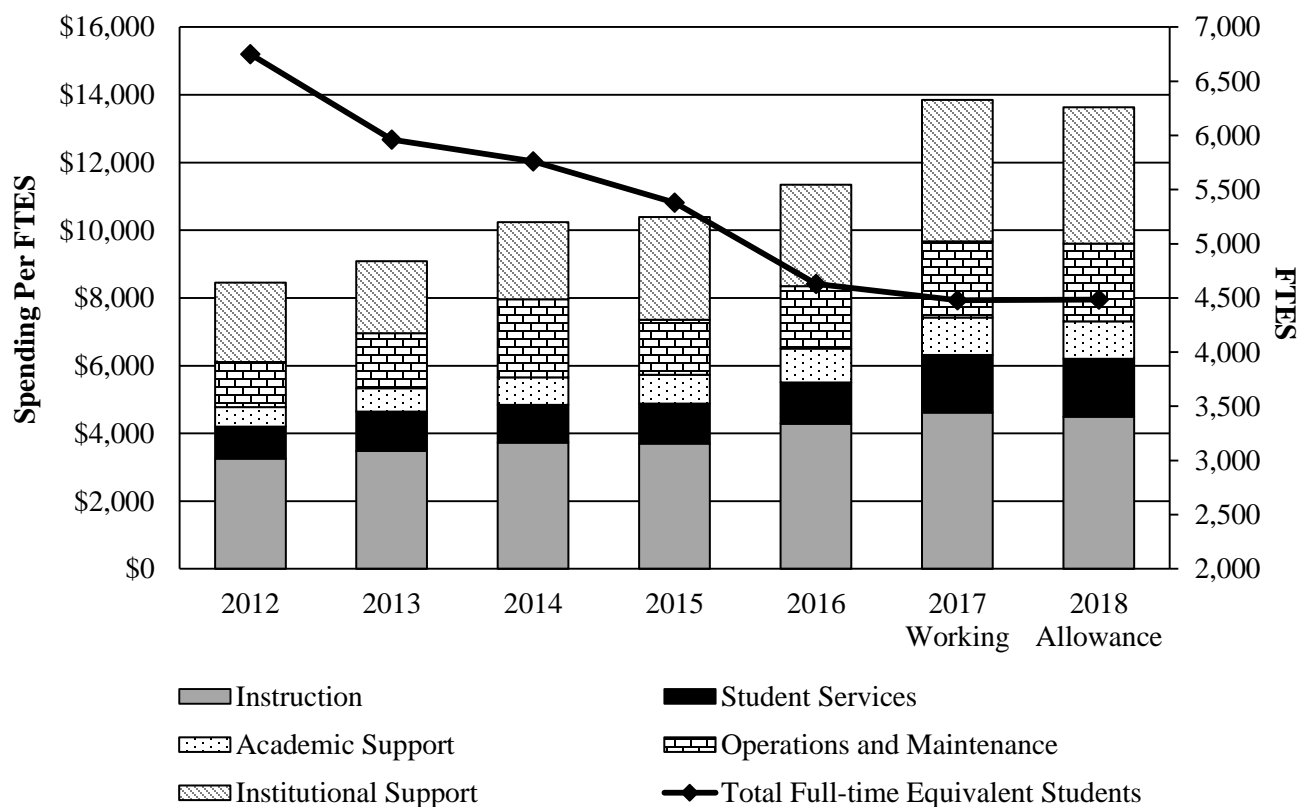
This situation grows more complicated because BCCC is eligible to receive a portion of a one-time supplemental grant for Maryland community colleges that keep their fall 2017 tuition growth to no more than 2%. The \$4.0 million grant is budgeted within the Maryland Higher Education Commission (MHEC). If all eligible institutions participate, then, based on proportional enrollment, DLS estimates that BCCC would receive approximately \$0.1 million. However, BCCC has shown a preference for raising tuition during the middle of the academic year, and the allowance assumes a 4% increase in tuition rates. **The President of BCCC should comment on whether BCCC will pursue this funding and, if so, whether the college will commit to not increasing tuition during the 2017-2018 academic year and what the college will use this funding for.**

Program Expenditures Per FTES

Expenditures per FTES grew about 61.0% between fiscal 2012 and 2018, from \$8,450 to \$13,632, respectively. As shown in **Exhibit 7**, the smallest increase in spending is in instruction, which grows 38.0%, compared to the other four categories, which all grow about 70.0% to 90.0%. This can

be attributed to an enrollment decline of just over one-third over the same period. While the decline in the overall unrestricted budget for BCCC in the allowance does decrease per FTES spending slightly in fiscal 2018, spending per FTES is still more than 60.0% higher than it was in fiscal 2012. The largest growth in spending per FTES, 22.1%, or \$2,504, occurred in fiscal 2017, despite BCCC experiencing nearly flat State growth due to its hold harmless clause. Spending on institutional support and instruction accounted for about 66.0% of per FTES support in fiscal 2012 and declines slightly to 62.5% in fiscal 2018. Overall, since fiscal 2012, expenditures on student services and academic support increase 80.2% (\$755) and 92.0% (\$529), respectively, raising concerns about the benefit of spending over \$13,000 per student given the institution's mixed outcomes shown in Exhibit 3. As long as State support is flat through the hold harmless provision and student enrollment continues declining, the trend of increasing funding per FTES in Exhibit 7 will continue. **The President should comment on how much funding per FTES is appropriate for BCCC to fulfill its mission.**

Exhibit 7
Unrestricted Fund Expenditures Per Full-time Equivalent Student
Fiscal 2012-2018



FTES: full-time equivalent student

Source: Governor's Budget Books, Fiscal 2018; Department of Legislative Services

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, the ERP, and physical plant renovations not funded from the State's capital program, are to be funded through fund balance, and the college has previously noted that 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.

Large Fund Balance Transfers Are Common

Though the amount that will ultimately be transferred to or from fund balance in fiscal 2017 and 2018 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 8** 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 \$15.1 million going in from just fiscal 2008 and 2009, when enrollment was mostly increasing at the college. Unlike other State agencies, 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.

Exhibit 8
Fund Balance Transfers and Totals
Fiscal 2006-2016

<u>Fiscal Years</u>	<u>Transfers (to)/from Operating Budget</u>	<u>Percent of Unrestricted Funds</u>	<u>General Fund Reversions</u>	<u>Closing Fund Balance Total</u>
2006	-\$806	-1.4%	\$0	\$5,023
2007	1,597	2.9%	0	6,805
2008	6,976	12.4%	0	12,932
2009	8,090	14.2%	0	21,279
2010	3,006	4.8%	-1,374	20,028
2011	7,701	11.6%	-822	19,907
2012	6,036	9.6%	-4,097	26,201

R95C00 – Baltimore City Community College

<u>Fiscal Years</u>	<u>Transfers (to)/from Operating Budget</u>	<u>Percent of Unrestricted Funds</u>	<u>General Fund Reversions</u>	<u>Closing Fund Balance Total</u>
2013	2,629	4.5%	0	32,316
2014	-2,591	-4.1%	0	29,173
2015	-5,842	-9.7%	-4,000	21,803
2016	1,205	2.1%	0	27,007

Source: Governor's Budget Books, Fiscal 2009-2018

Fiscal 2014 and 2015 are notable for reversing an eight-year trend as BCCC saw a net decrease in fund balance. In fiscal 2014, 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. In fiscal 2016, when the college planned to spend \$5.2 million, it ended up transferring \$1.2 million into fund balance instead. In the past, DLS has pointed out that growth in fund balance 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. If not for general reversions, the fund balance would be \$10.3 million greater.

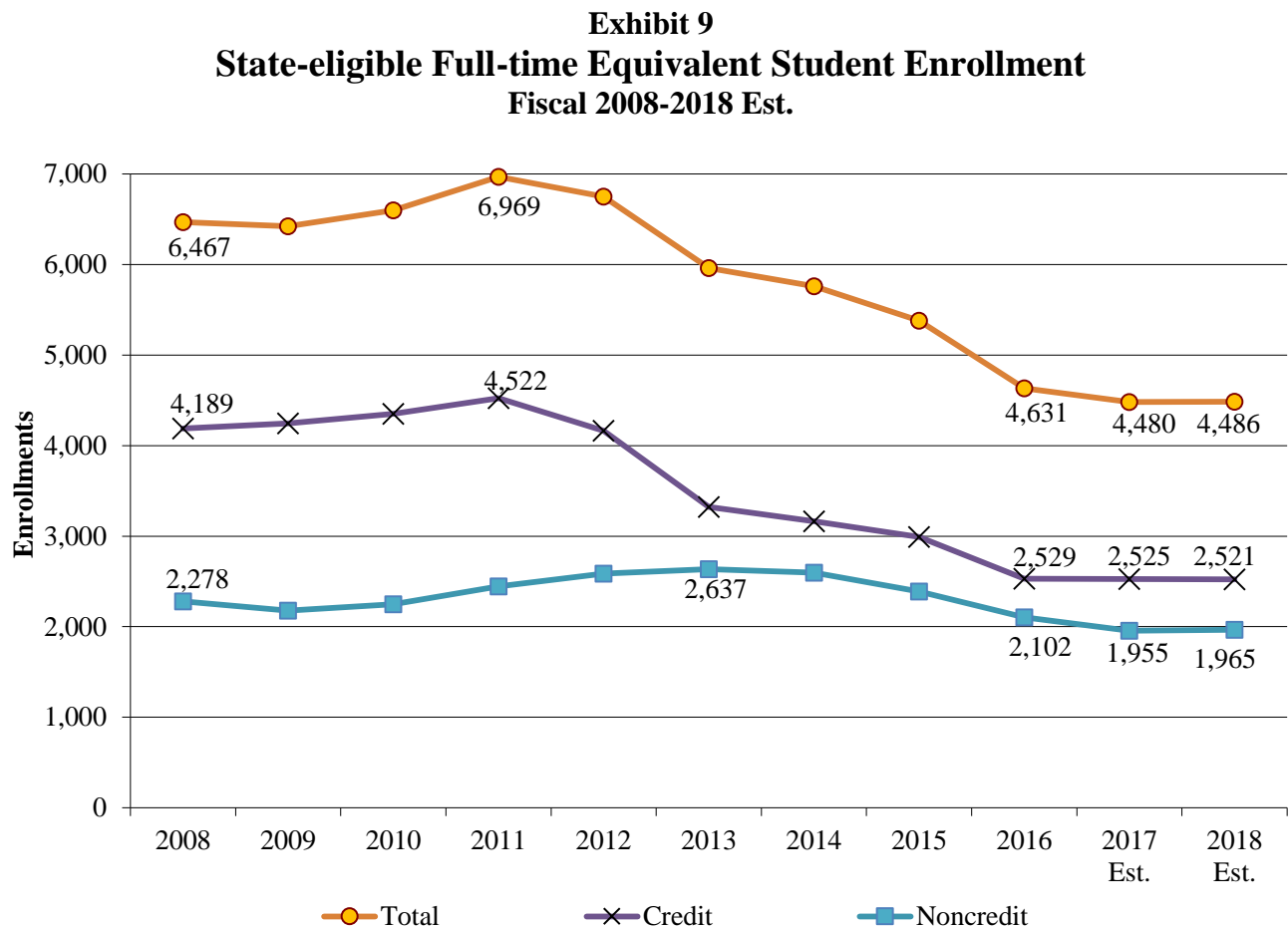
At the beginning of fiscal 2017, BCCC reported \$27.0 million in total fund balance. Much of this is restricted to particular purposes, such as the reserve for WBIC, the radio station located at BCCC, and various restricted funds categorized into various reserve or purpose funds, such as for ERP and shovel-ready capital improvements. The remainder of the fund is for unspecified strategic priorities. However, the planned shovel-ready projects have never occurred, and the ERP is many years behind the original schedule. 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 February 2017 Board of Trustees meeting. In regard to ERP in fiscal 2017, BCCC projects spending about \$1.0 million in total on ERP, meaning that up to another \$0.4 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. This means the closing fiscal 2017 fund balance of \$21.7 million reported in the Governor's Budget Book is likely understating the closing fund balance by \$3 million to \$4 million.

The President should comment on how much of the planned net \$5.2 million fund balance transfer in fiscal 2017 is expected to be spent this fiscal year and for what purpose.

Issues

1. Student Enrollment at 20-year Low

As shown in **Exhibit 9**, BCCC enrollment consists of credit and noncredit enrollments. While most community colleges in Maryland grew consistently during the recession from fiscal 2008 to 2011, BCCC remained remarkably level, growing only 3% in FTES in credit enrollment. Total eligible credit enrollment peaked in fiscal 2011, at 4,522 FTES, and has declined each year since. The fiscal 2016 actual for credit enrollment was about 44% below the peak, a decrease of 1,993 students in just five years. Noncredit tells a slightly different story, as it broadly increased from fiscal 2008 to 2013, increasing about 16%, or 359 students, before declining in fiscal 2014 and recent years. This suggests that BCCC's noncredit enrollment did increase during the recession and is now tapering off as the economy improves.



Source: Governor's Budget Books, Fiscal 2010-2017

After five consecutive years of enrollment decline, BCCC finally budgeted for a decrease in enrollment in the fiscal 2017 allowance, assuming a decline of 72 FTES. However, the working fiscal 2017 budget shows a decline of 151 FTES, or more than twice what was anticipated. Despite this missed target, in fiscal 2018, BCCC is forecasting an increase in enrollment of 0.1%, or 6 FTES. Flat enrollment would be a good outcome for the institution. Although both noncredit enrollments and credit enrollments are declining, given the trend in the actual figures from fiscal 2008 through 2016, 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 2016 actual was only 427 students, whereas the gap in fiscal 2006 (not shown in Exhibit 8), was over 2,500 students.

For BCCC to recover enrollment will be difficult, as it is currently at the lowest FTES enrollment since at least fiscal 1991. For historical comparison, BCCC was at 6,205 FTES in fiscal 1991, the year it became a State institution, and had about 40.0% of all FTES enrolled in public higher education institutions in Baltimore City. By fiscal 2016, BCCC had fallen to 28.0% of all public FTES in Baltimore City, its lowest share of FTES to date with students increasingly choosing to attend other institutions. The abrupt decline beginning after fiscal 2011, a year before the decline at other community college 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 75.0% 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 City.

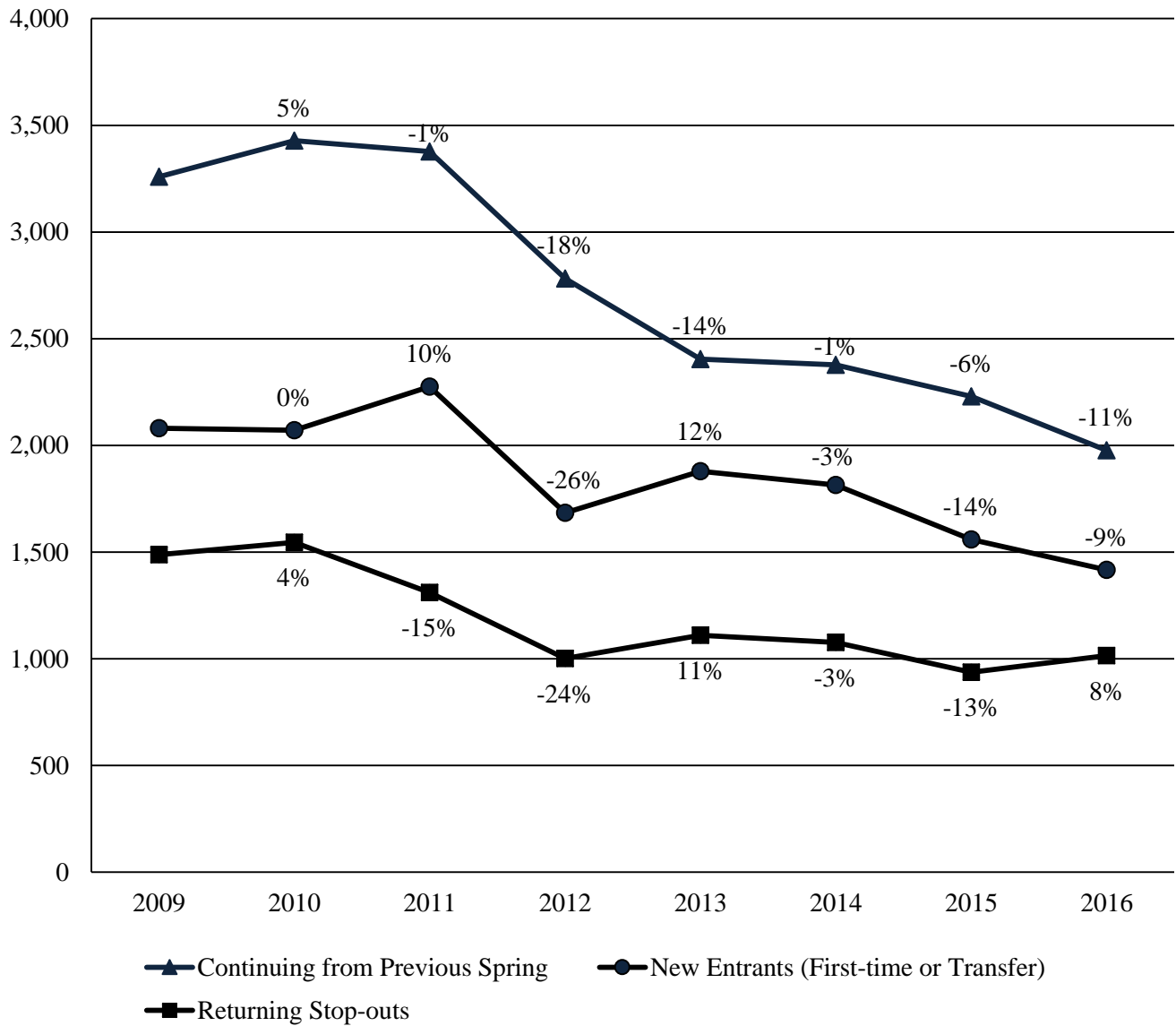
Further detail into the credit-side enrollment is shown in **Exhibit 10**. This exhibit breaks fall headcount enrollment at BCCC into three types of students: students continuing from the previous spring semester, students new to BCCC (either first-time students or transfers), and students returning after taking a leave of absence (stop-outs).

All three categories generally declined from fall 2011 to 2016. The largest decrease by headcount came from continuing students who fell almost 1,300, or about 39%. This could be a positive trend if there was data to indicate that such students were graduating in much higher numbers, but certificates and degrees awarded over this time period grew from only 466 to 538 annually, suggesting that there were not nearly enough graduates to account for the decline in enrollment. New students and returning stop-out students both declined by about 32% over the time period in this exhibit, although returning stop-out students did increase 8% in fall 2016.

The need to enroll new students would not be as great if BCCC could improve the retention rate of students who are already enrolled. Since fiscal 2013, the second-year retention of FT/FT students has not been above 52% and for first-time, part-time students, has not been above 30%. 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's college-ready students is high. 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. In other words, there is no single type of

student that is leaving BCCC. The President should comment on why students leave BCCC and where they go instead.

Exhibit 10
Change in Fall Credit Headcount Enrollment
Fall 2009-2016



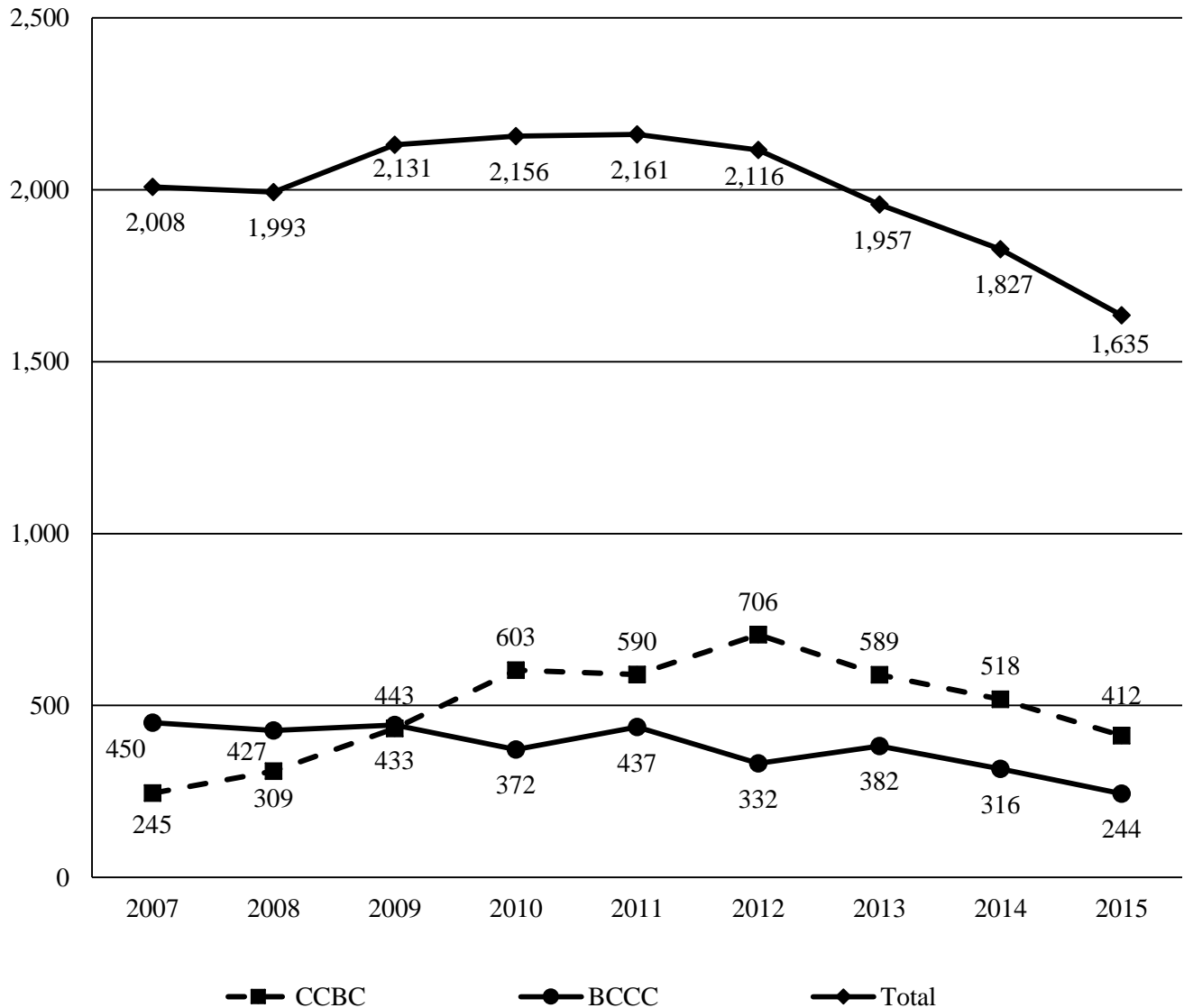
Source: Baltimore City Community College

Enrollment residency reports indicate that BCCC has lost some students to the three campuses of the Community College of Baltimore County (CCBC) located in Catonsville, Essex, and Dundalk. To examine the intake side further, **Exhibit 11** shows the number of graduates of public Baltimore City high schools who enrolled in postsecondary education within one year of high school graduation and enrollment at BCCC and CCBC. These two institutions were the top two destinations of recent Baltimore City high school graduates. While the number of Baltimore City's high school class enrolling in postsecondary education peaked in fall 2011, the highest number of high school students directly enrolling at BCCC was back in 2007. From fall 2007 to fall 2010, CCBC increased its first-time Baltimore City resident enrollment from 245 to 706. While this declined greatly beginning in fall 2013, as did the total number of city high school graduates, CCBC still has 150, or 68%, more city graduate enrollment in fall 2015 than it did in fall 2007. At the same time, BCCC's enrollment of city high school graduates fell by over 200 students, or about 46%. It would seem that students expressed a strong preference for CCBC over BCCC during this time period. The next community colleges enrolling the most city residents, Anne Arundel Community College, Garrett Community College, and Howard Community College, generally enrolled fewer than 30 city students in any year. To counteract this trend, BCCC reports that it is taking steps to improve its relationship with BCPSS.

Exhibit 11 indicates that many Baltimore City residents are willing to pay at least an additional \$200 per credit hour to attend CCBC as an out-of-service-area student over BCCC's statewide rate of \$88 of tuition per credit during this time period. In reverse, based on residency data from MHEC, Baltimore County residents would pay only \$88 per credit at BCCC but choose overwhelmingly to pay \$115 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 the competition to recruit recent Baltimore City high school graduates. The same source of information used in Exhibit 11 also indicates that Baltimore City high school graduates are also increasingly preferring to enroll directly into four-year institutions over two-year institutions.

BCCC's efforts, to date, have done little to stem the enrollment decline. Registration four days before the start of the spring 2017 semester indicated that BCCC was running about 250 students behind spring 2016 enrollment. 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. While dual enrollment declined in fall 2016 to 102, as shown in Exhibit 1, it grew to 143 students in spring 2017. In fiscal 2017, BCCC reports that it expanded dual enrollment outreach to five nearby Baltimore City high schools. At the same time, BCCC is providing Accuplacer testing for developmental education placement directly in 10 high schools and working with BCPSS to promote financial literacy related to higher education enrollment. Dual enrollment classes are primarily taught at the Liberty Campus, but there are other limited locations where BCCC instructors teach directly at the high school.

Exhibit 11
Destination of Public Baltimore City High School Graduates
Immediately Enrolling in Higher Education
Fall 2007-2015



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

Source: Baltimore Education Research Consortium

It should be noted that Coppin State University (CSU) is also looking to increase dual enrollment at its own campus, located only a half-mile south of BCCC. CSU is looking to increase its dual enrollment from 100 to 150 students and will seek permission to hold classes at the nearby BCPSS high schools. This is part of the B-Power (for Baltimore Power) initiative, which is designed to increase educational and career opportunities for Baltimore City students. Through leveraging of resources, CSU and the University of Baltimore (UB) will strengthen the pipeline of students from BCPSS by building partnerships with the city schools and other organizations serving Baltimore, including BCCC, the College Bound Foundation, and Junior Achievement of Central Maryland. A leadership group comprised of representatives from USM, UB, and CSU was established in September 2016 to develop an implementation plan, which is to include building networks of student support with BCCC. The ultimate goal is to increase the retention and graduation of BCPSS students in higher education. **Given the close proximity of BCCC and CSU and the new B-Power initiative, the President of BCCC should comment on how BCCC is working with CSU on dual enrollment opportunities for BCPSS students.**

Separately from B-Power, BCCC has also indicated that it is in talks with BCPSS and Baltimore Renaissance Academy to relocate this charter school to its Liberty Heights Campus to become an early college high school, effective in the fall 2017 semester. Baltimore Renaissance Academy is just over two miles from the Liberty Heights Campus and enrolls approximately 300 high school students, including between 50 and 60 grade 12 students. These students could become dually enrolled at BCCC or be put onto a pathway that leads to enrollment at BCCC in credit or noncredit programs. However, it is not clear what physical space on campus the school would occupy or whether BCCC would pay for its operations. **The President should comment on the potential partnership with Baltimore Renaissance Academy and how any potential collaboration would be funded.**

2. Turning BCCC Around

A comprehensive study of BCCC was completed during the 2016 interim. Most notably, the report recommends moving BCCC under the governance structure of USM. While BCCC strongly disagreed that changing its governance structure was necessary to improve institutional performance and student outcomes, it did generally agree with the other recommendations.

Budget Committees Request Comprehensive Review

BCCC is Maryland's only State-run two-year institution and primarily serves Baltimore City residents. In recent years, BCCC has struggled with several challenges, including five Presidents since 2002, large enrollment declines (discussed in Issue 1), and three accreditation issues raised since 2004. These events have hindered BCCC's ability to effectively fulfill its mission.

The fiscal 2016 operating budget bill (Chapter 310 of 2015) restricted \$0.5 million from BCCC's State support for the purpose of hiring an outside consultant to perform a comprehensive review of the college's operations, including budget and financial management, academic programs, personnel needs, and other pertinent subjects as determined by the research team. While BCCC did notify the budget committees that it had selected the Schaefer Center for Public Policy at the University

of Baltimore as the consultant in November 2015, there was not enough time remaining to complete the report in fiscal 2016. Funds restricted pending the receipt of the report were released and new budget bill language in the fiscal 2017 budget bill (Chapter 143 of 2016) withheld \$50,000 in general funds until BCCC submitted the comprehensive report on the college's operations and another \$50,000 in general funds until BCCC submitted a response to that report.

Consultant's Report on BCCC

The comprehensive report from the Schaefer Center, titled *Baltimore City Community College: Tapping into Unrealized Potential to Change Lives*, was received in August 2016. To write the report, the research team interviewed 91 internal and external stakeholders; distributed nearly 12,000 surveys to faculty, staff, and students; and reviewed financial and legal documents. The BCCC administration was an active and supportive partner in this process.

The report begins its discussion with the observation that “the importance of BCCC cannot be overstated” for Baltimore City residents, as it is the local institution for individuals looking for in-demand workforce training and quality associates degrees. However, the report found that there is a lack of strong leadership, a lack of accountability, and ineffective and inefficient use of resources across the college.

The extensive review generated 13 key findings related to the college, including:

1. BCCC's success is critical to the economic future of Baltimore City;
2. the governance structure does not support the institution's success;
3. leadership turnover has created systemic problems;
4. finances are unsustainable;
5. BCCC has failed to adjust its personnel levels to match the decline in enrollment;
6. transparency and accountability have not been characteristics of the institution;
7. academic offerings are aligned with local employment demand, but most students are not enrolled in these areas;
8. student enrollment is concentrated in general studies, and students enrolled in this area are not successful;
9. academic quality is uneven;

R95C00 – Baltimore City Community College

10. there is an opportunity to engage in a clearer focus on offerings in workforce development and noncredit programs;
11. technological infrastructure is outdated and impedes the college's effectiveness;
12. branding and marketing of BCCC is needed; and
13. the condition of the Bard Building (a vacant and deteriorating former academic building owned by BCCC in downtown Baltimore City) is detrimental to the reputation of BCCC, and redevelopment of the downtown property represents a significant opportunity.

Other than findings 1 and 10, the findings generally cite specific shortcomings at the institution. Some of the supporting information for these findings is highly critical of BCCC, such as the response that many external stakeholders consider the college "disconnected and irrelevant" to the city's economy and that "few employers know about the college." While BCCC could be a vital resource for the city and its employers, "at the present time, however, BCCC is not fulfilling the role that Baltimore City needs." Some of these findings have been highlighted in prior budget analyses of BCCC, such as uneven academic quality, misaligned financial planning, and leadership turnover.

To remedy these findings, the consultant's report proposed 12 recommendations of varying scope and cost. These include recommendations that BCCC should:

1. join USM;
2. convert the Board of Trustees to a Board of Visitors;
3. implement transformational leadership;
4. strategically focus its course offerings;
5. make workforce development a top educational priority;
6. focus on linking noncredit students to credit programs;
7. align its budget with realistic enrollment projections;
8. engage in a top-down review of positions and staff;
9. find ways to forge meaningful relationships with key constituencies and partners;
10. rebuild its brand;
11. address its IT needs; and

12. develop the Bard property to support BCCC (BCCC received BPW approval in January 2017 to demolish the Bard building).

The first recommendation is the most dramatic, as it would have BCCC join USM. This would be a significant change from BCCC's current status as an independent State agency, which it has been since 1992. The report highlights USM's expertise in oversight and advocacy of its own member institutions and community ties to the Baltimore region. This change moves in tandem with recommendation 2, which would also transform BCCC's Board of Trustees into a Board of Visitors. The remaining recommendations directly follow from specific findings. The conclusion of the report reiterates that BCCC is on an unsustainable financial path, and its governance structure has left the institution without effective advocacy, support, or accountability.

BCCC's Response to the Consultant's Report

In October 2016, BCCC submitted a response to the findings and recommendations contained in the consultant's report. To begin, BCCC points out that it is hindered by decisions made by previous presidents and that no other institution in the State operates as both a higher education institution and a State agency, which leads to a burdensome dual set of rules that only BCCC must follow. Overall, BCCC disagreed with findings 2 and 9 and agreed in whole, or in part, with the remaining findings. On the recommendations, the institution disagreed with the first 2 recommendations and agreed with the remaining 10 recommendations. In its response, BCCC asserts that USM lacks expertise in BCCC's access mission, curriculum, and student population, as it is distinctly unlike current USM institutions. Because it does not support joining USM, it does not find cause to alter the structure of its governance board. However, BCCC suggests that it is open to expanding its board's membership from 9 to 15 members to include representation from the Baltimore City Mayor's Office, BCPSS, and the nonprofit sector.

Where BCCC agrees with the recommendations, it has created a timeline with short- and long-term objectives for the institution to work toward. BCCC suggests a new strategy to massively scale up partnerships with BCPSS and CSU to create academic pathways from pre-kindergarten through college. Under this framework, BCCC could work more with high schools to address developmental needs and demand for dual enrollment opportunities and then to enroll lower division students on behalf of CSU, while CSU focuses on upper division and graduate coursework. Also, CSU could administratively support BCCC with its existing IT system and free BCCC from the lengthy process of upgrading its own outdated IT systems. BCCC indicates that it is pursuing negotiations with BCPSS and CSU, although nothing formal has been agreed to yet. As discussed in Update 1, BCCC is currently moving ahead with a major IT project.

A joint hearing of the budget committees was held in November 2016 to hear from the consultants, the college, and the USM Chancellor. Since then, BCCC has held two town hall meetings and communicated extensively with students, faculty, and staff regarding the two reports. In fiscal 2017, BCCC is celebrating its seventieth anniversary as an institution. At the same time, it stands at a crossroads now more than ever before and must seriously confront the findings in the Schaefer Center's report. **The President should comment on how BCCC can show its commitment**

to implementing the recommendations of the consultant's report and how BCCC's administration can be held accountable for turning the institution around.

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 \$750,000.

Explanation: This action holds Baltimore City Community College harmless to the working fiscal 2017 level of State support.

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

, provided that \$1,000,000 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 report to the budget committees on the institution's follow-up to the comprehensive report from the Schaefer Center. The new report shall include the recommendations from the Schaefer Center that BCCC agreed with and shall include a timeline for implementing the recommendations and accountability measures for the institution. The report is due by November 1, 2017.

The budget committees shall have 45 days to review and comment from the date of receipt of the report. Funds restricted pending receipt of the 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: BCCC has previously submitted a response to the Schaefer Center comprehensive report on BCCC's operations and management in which it agreed with most of the findings and recommendations. The budget committees request a new report wherein BCCC will identify how it will implement the recommendations it agreed with and how the institution can be held accountable for meeting those recommendations. State support of \$1 million is restricted pending receipt of the report, which is due November 1, 2017.

Information Request	Author	Due Date
Implementation of Schaefer Center recommendations	BCCC	November 1, 2017

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. During the 2014 legislative session, BCCC stated that the Request for Proposal (RFP) would go out in late fiscal 2015, but in fact, the draft RFP did not go to DoIT until July 2015, and a final RFP was resubmitted in October 2015. In June 2016, the initial round of bidding for the ERP produced only one proposal. This was considered not to provide for adequate competition and not in the State’s best interest. DoIT did not support an award to the single bidder and had the project rebid in fall 2016. This included expanding the scope of the ERP to include cloud-based services. Multiple bids have been received, and BCCC and DoIT expect to bring a vendor award to BPW by late spring 2017.

A revised January 2015 estimate of the cost for implementing the 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 2017, 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 \$3.4 million has been spent and the fiscal 2017 Project Implementation Request budget is \$3.7 million. BCCC continues to conduct personnel training and hold ERP stakeholder meetings.

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

Appendix 1
Current and Prior Year Budgets
Baltimore City Community College
(\$ in Thousands)

	General	Special	Federal	Other	Total	Restricted	
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Unrestricted</u>	<u>Unrestricted</u>	<u>Fund</u>	<u>Total</u>
Fiscal 2016							
Legislative							
Appropriation	\$40,776	\$0	\$0	\$26,179	\$66,955	\$21,660	\$88,615
Deficiency							
Appropriation	0	0	0	0	0	0	0
Budget							
Amendments	0	0	0	0	0	2,648	2,648
Reversions and							
Cancellations	0	0	0	-10,788	-10,788	-4,913	-15,701
Actual							
Expenditures	\$40,776	\$0	\$0	\$15,391	\$56,167	\$19,395	\$75,562
Fiscal 2017							
Legislative							
Appropriation	\$40,814	\$0	\$0	\$26,227	\$67,042	\$24,001	\$91,043
Cost							
Containment	-750	0	0	0	-750	0	-750
Budget							
Amendments	0	0	0	0	0	0	0
Working							
Appropriation	\$40,064	\$0	\$0	\$26,227	\$66,292	\$24,001	\$90,293

Note: Does not include targeted reversions, deficiencies, and contingent reductions. Numbers may not sum to total due to rounding.

Fiscal 2016

At the close of the fiscal year, \$10.8 million in other unrestricted funds were canceled. Of that amount, \$4.4 million reverted to the college's fund balance due to an Enterprise Resource Planning information technology project that remains behind schedule, and the remaining \$6.4 million was a shortfall in tuition, fee, and bookstore revenue from a decline in enrollment.

The current restricted appropriation increased by \$2.6 million to reflect new grants and contracts from a variety of sources, several of which were originally awarded and budgeted in fiscal 2015, but were either not received or expended. At the close of the fiscal year, \$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 2017

To date, the fiscal 2017 legislative appropriation has decreased by \$0.8 million in general funds due to cost containment. This will result in reduced spending for faculty and staff travel, equipment repairs, and services for facility maintenance.

Appendix 2
Major Information Technology Projects
Baltimore City Community College
Enterprise Resource Planning System

Project Status	Implementation.	New/Ongoing Project:	Ongoing.
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 Cost:	\$16.835 million (includes personnel costs not tracked by the Department of Information Technology and excluded from project costs shown below.)	Estimated Planning Project Cost:	\$2.3 million
Project Start Date:	August 2012.	Projected Completion Date:	December 2019.
Schedule Status:	The project was delayed due to the slow Request for Proposal (RFP) process – it will be rebaselined after the ERP vendor is selected.		
Cost Status:	The cost is moderate due to the delay of the vendor selection, more will be spent after the vendor selection.		
Scope Status:	The scope has changed due to the removal of Document Imaging sub-project, which is to be implemented based on the State's Content Management RFP.		
Project Management Oversight Status:	Changes: periodic staff changes and proposed changes from the System Development Life Cycle to Scaled Agile Framework methodology.		
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:	Once the vendor is selected, BCCC should see much progress due to the decision to implement a cloud-based ERP system.		

R95C00 – Baltimore City Community College

Fiscal Year Funding (\$ in Thousands)	Prior Years	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	Balance to Complete	Total
Personnel Services	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Professional and Outside Services	6,488,002	3,253,630	728,093	814,656	814,656	814,656	11,284,381	12,913,693
Other Expenditures	0.0	512,694	731,537	201,616	0.0	0.0	1,445,847	1,445,847
Total Funding	\$6,487,992	\$3,766,324	\$1,459,630	\$1,016,274	\$814,656	\$814,656	\$12,730,228	\$14,359,540

Appendix 3
Object/Fund Difference Report
Baltimore City Community College

<u>Object/Fund</u>	<u>FY 16 Actual</u>	<u>FY 17 Working Appropriation</u>	<u>FY 18 Allowance</u>	<u>FY 17 - FY 18 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	444.00	444.00	444.00	0.00	0%
02 Contractual	260.68	169.48	180.53	11.05	6.5%
Total Positions	704.68	613.48	624.53	11.05	1.8%
Objects					
01 Salaries and Wages	\$ 36,221,975	\$ 40,962,043	\$ 40,983,217	\$ 21,174	0.1%
02 Technical and Spec. Fees	11,413,431	8,062,348	7,707,366	-354,982	-4.4%
03 Communication	497,967	575,438	580,197	4,759	0.8%
04 Travel	411,229	690,828	625,828	-65,000	-9.4%
06 Fuel and Utilities	1,869,897	2,269,224	2,267,832	-1,392	-0.1%
07 Motor Vehicles	225,754	146,336	146,336	0	0%
08 Contractual Services	6,040,859	10,030,232	8,844,471	-1,185,761	-11.8%
09 Supplies and Materials	3,248,253	4,361,054	4,361,054	0	0%
10 Equipment – Replacement	173,792	586,369	630,071	43,702	7.5%
11 Equipment – Additional	516,654	1,703,930	1,446,821	-257,109	-15.1%
12 Grants, Subsidies, and Contributions	11,764,547	16,649,593	13,880,536	-2,769,057	-16.6%
13 Fixed Charges	3,112,602	3,446,669	3,464,304	17,635	0.5%
14 Land and Structures	65,139	808,998	808,998	0	0%
Total Objects	\$ 75,562,099	\$ 90,293,062	\$ 85,747,031	-\$ 4,546,031	-5.0%
Funds					
40 Unrestricted Fund	\$ 56,166,760	\$ 66,291,783	\$ 65,411,070	-\$ 880,713	-1.3%
43 Restricted Fund	19,395,339	24,001,279	20,335,961	-3,665,318	-15.3%
Total Funds	\$ 75,562,099	\$ 90,293,062	\$ 85,747,031	-\$ 4,546,031	-5.0%

Note: Does not include targeted reversions, deficiencies, and contingent reductions.

Appendix 4
Fiscal Summary
Baltimore City Community College

<u>Program/Unit</u>	<u>FY 16 Actual</u>	<u>FY 17 Wrk Approp</u>	<u>FY 18 Allowance</u>	<u>Change</u>	<u>FY 17 - FY 18 % Change</u>
01 Instruction	\$ 25,832,257	\$ 30,337,331	\$ 38,957,283	\$ 8,619,952	28.4%
03 Public Service	1,580,383	1,525,000	1,550,000	25,000	1.6%
04 Academic Support	4,642,192	4,948,309	4,978,141	29,832	0.6%
05 Student Services	5,605,636	7,605,024	7,649,251	44,227	0.6%
06 Institutional Support	13,896,834	19,457,227	18,077,624	-1,379,603	-7.1%
07 Operation and Maintenance of Plant	8,528,509	10,102,236	10,277,981	175,745	1.7%
08 Auxiliary Enterprises	3,601,459	4,250,235	4,256,751	6,516	0.2%
17 Scholarships and Fellowships	11,874,829	12,067,700	0	-12,067,700	-100.0%
Total Expenditures	\$ 75,562,099	\$ 90,293,062	\$ 85,747,031	-\$ 4,546,031	-5.0%
Unrestricted Fund	\$ 56,166,760	\$ 66,291,783	\$ 65,411,070	-\$ 880,713	-1.3%
Restricted Fund	19,395,339	24,001,279	20,335,961	-3,665,318	-15.3%
Total Appropriations	\$ 75,562,099	\$ 90,293,062	\$ 85,747,031	-\$ 4,546,031	-5.0%

Note: Does not include targeted reversions, deficiencies, and contingent reductions.