

**MEETING OF THE BUSINESS AFFAIRS COMMITTEE
OF THE BOARD OF TRUSTEES
Community College of Philadelphia
Wednesday, October 19, 2016 – 10:00 A.M.**

TO: Business Affairs Committee of the Board of Trustees
FROM: Jacob Eapen 
DATE: October 14, 2016
SUBJECT: **Committee Meeting**

A meeting of the Business Affairs Committee of the Board of Trustees will be held on **Wednesday, October 19, 2016 at 10:00 A.M. in the College's Isadore A. Shrager Board Room, M2-1.** For those members who are dialing into the meeting, the following is the conference bridge information: **DIAL-IN NUMBER: 1-888-675-6779; PARTICIPANT PASSCODE: 2050590#**

AGENDA – PUBLIC SESSION

(1) Biology Flooring Change Order and Biology Renovations Project - Casework (Action Item):

COR-01-001 Smith Construction: Flooring and Casework

The original scope of work had flooring (Usually part of a General Contractor effort) set apart as a prime contract. The College did not receive qualified responses during bidding and as such, to avoid delaying the project, this effort needs to be placed within the scope of work for the General Contractor.

The flooring portion of the Change Order = \$310,385.00

The original phasing of the project required the College to pre-purchase long-lead casework in order to have the product in-time for the completion date. The College re-evaluated the phasing in support of greater continuity of courses and enrollments and subsequently adjusted the project schedule which removed the requirement to pre-order products. This case work was originally in the General Trades scope of work and now needs to be placed back into that effort.

The Casework portion of the Change Order = \$251,499.25

Adjustment to Bond costs \$497.63

Total COR-01-001 = \$562,381.88

This Change Order Request has been approved by the architect and the staff requests Board approval.

(2) 2016-17 Budget Update (Information Item):

Staff will provide an overview of the College's budget status for fiscal year 2016-17. (Please refer to Attachment A.) Early projections for the 2016-17 budget results will be provided based upon enrollments and expenditure patterns in the first quarter of the year.

(3) 2016 Financial Performance Indicators (Information Item):

The annual financial performance indicators were developed in collaboration with the Board to provide a snapshot of the College's current financial operating characteristics. Staff will present the 2016 Financial Performance Indicators. (Please refer to Attachment B.) These indicators incorporate the financial results for the 2015-16 fiscal year and include preliminary projections for the current year.

(4) Next Meeting Date:

The next regularly scheduled meeting of the Committee is scheduled for Wednesday, November 16, 2016 at 9:00 A.M. in the Isadore A. Shrager Boardroom, M2-1.

AGENDA – EXECUTIVE SESSION

JE/lm
Attachments

cc: Mr. Jeremiah White
Dr. Donald Generals
Mr. Todd E. Murphy
Mr. James P. Spiewak
Victoria Zellers, Esq.

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ATTACHMENT A

2016-17 BUDGET UPDATE

Community College of Philadelphia
Enrollment Information (FTEs and Credit Hours)
Fiscal Year 2016-17

| | Actual Credit Hours FY 15-16 | | Budgeted FTEs FY 16-17 | | Budgeted Credit Hours FY 16-17 | | Actual Credit Hours FY 16-17 | | Credit Hour Variance - Budgeted vs. Actual | | % Variance |
|---|---------------------------------|---------------------------------|---------------------------|-----------------------------------|-----------------------------------|---------------------------------|--------------------------------------|--------------|--|--|------------|
| | Actual FTEs FY 15-16 | Actual Credit Hours FY 15-16 | Budgeted FTEs FY 16-17 | Budgeted Credit Hours FY 16-17 | Actual FTEs FY 16-17 | Actual Credit Hours FY 16-17 | Variance - Budgeted vs. Actual | % Variance | | | |
| CREDIT | | | | | | | | | | | |
| Summer 2 | 1,730 | 20,760 | 1,730 | 20,763 | 1,559 | 18,709 | (2,054) | -9.9% | | | |
| Fall | 12,963 | 160,200 | 12,964 | 160,215 | 12,316 | 152,204 | (8,011) | -5.0% | | | |
| Winter | 47 | 558 | 47 | 558 | | | | | | | |
| Spring | 12,056 | 149,185 | 12,182 | 149,622 | | | | | | | |
| Summer 1 | 2,216 | 26,595 | 2,217 | 26,600 | | | | | | | |
| Credit Year-to-date Totals - Annual FTEs | 14,506 | 357,298 | 14,570 | 357,758 | 6,937 | 170,913 | (10,065) | -5.6% | | | |

Community College of Philadelphia
 Operating Budget Projections
 Fiscal Year 2016-17

| | <u>Original Budget</u> | <u>Current Budget as of October 19, 2016</u> |
|-----------------------------------|------------------------|--|
| <u>REVENUES</u> | | |
| Student Tuition and Fees | \$76,149,622 | \$72,337,273 |
| Commonwealth of Pennsylvania | 31,570,427 | 30,874,869 |
| City of Philadelphia | 23,160,383 | 23,965,033 |
| Other Income | 1,829,354 | 1,969,354 |
| Use of Prior Year Surplus | <u>915,800</u> | <u>1,262,966</u> |
| TOTAL REVENUES | \$133,625,586 | \$130,409,495 |
| <u>EXPENSES *</u> | | |
| Salaries, Net of Lapsed Funds | \$76,593,094 | \$75,004,521 |
| Fringe Benefits | 35,566,700 | 35,566,700 |
| Other Expenses | <u>21,465,791</u> | <u>20,138,274</u> |
| TOTAL EXPENSES | \$133,625,585 | \$130,709,495 |
| EXCESS REVENUES (EXPENSES) | <u>\$0</u> | <u>(\$300,000)</u> |

* Prior to impact of GASB 45 and 68 accruals

**Community College of Philadelphia
Operating Budget Projection
Fiscal Year 2016-17**

| | Original Budget | Current Budget as of October 19, 2016 | Comment |
|---|----------------------|---|---|
| OPERATING REVENUES | | | |
| State Funding | \$31,428,037 | \$30,732,479 | Original budget anticipated a higher increase in State funds. |
| State Lease funding | 142,390 | 142,390 | |
| Total State Revenues | 31,570,427 | 30,874,869 | |
| Tuition - Credit Students, net of write-offs, discounts and other offsets | | | |
| | 58,832,922 | 55,942,203 | Revenues based upon enrollments 5% lower than budgeted |
| Technology Fee | 11,044,800 | 10,423,170 | Revenues based upon enrollments 5% lower than budgeted |
| Course Fees | 4,106,720 | 4,106,720 | |
| Net Contribution from: Contracted Noncredit Instruction; Other Noncredit Instruction; Adult Community Noncredit Instruction | | | |
| | 806,250 | 506,250 | Revenues based upon revised projections. |
| Student Regulatory Fees | 1,358,930 | 1,358,930 | |
| Total Student Tuition & Fees | 76,149,622 | 72,337,273 | |
| City Operating Funds | | | |
| | 23,160,383 | 23,965,033 | Additional \$200,000 in City funds received for operating budget and using the \$500,000 of city funds originally earmarked for capital purchases for operating purposes. |
| Investment Income | 484,000 | 484,000 | |
| Vocational Education Funding | 275,000 | 300,000 | |
| Indirect Costs, Administrative Allowances | 350,000 | 365,000 | |
| Parking Proceeds & Miscellaneous Income | 720,354 | 820,354 | Revenues based upon revised projections. |
| Total Other Income | 1,829,354 | 1,969,354 | |
| TOTAL OPERATING REVENUES | \$132,709,786 | \$129,146,529 | |
| Use of Prior Year Carry-Forward Funds | \$915,800 | \$1,262,966 | Additional use of carry-forward funds required to balance the budget. |
| TOTAL SOURCES OF FUNDS | \$133,625,586 | \$130,409,495 | |

Community College of Philadelphia
Operating Budget Projection
Fiscal Year 2016-17

| | Original Budget | Current Budget as of October 19, 2016 | Comment |
|---|-------------------|---|--|
| <u>OPERATING EXPENSES *</u> | | | |
| Salaries | | | |
| Full-Time Administrative Salaries | 17,569,445 | 17,569,445 | |
| Less: Projected Lapsed Salaries | (800,000) | (1,000,000) | |
| Net Full-Time Administrative Salaries | 16,769,445 | 16,569,445 | Revised projection based upon hold on filling vacant positions. |
| Full-Time Faculty Salaries | \$25,118,003 | 25,118,003 | |
| Less: Projected Lapsed Salaries | (200,000) | (200,000) | |
| Net Full-Time Faculty Salaries | 24,918,003 | 24,918,003 | |
| Full-Time Classified Salaries | 10,914,549 | 10,914,549 | |
| Less: Projected Lapsed Salaries | (500,000) | (525,000) | |
| Net Full-Time Classified Salaries | 10,414,549 | 10,389,549 | Revised projection based upon hold on filling vacant positions. |
| Subtotal - Full-Time Salaries | 52,101,997 | 51,876,997 | |
| Part-Time & Overload Credit Salaries | 11,137,494 | 10,317,494 | Revised projection based upon lower number of sections running as compared to budgeted sections. |
| Summer Credit Instruction | 4,266,153 | 4,266,153 | |
| Noncredit Instructional Salaries | 379,014 | 379,014 | |
| All Other Salaries | 8,258,436 | 7,714,863 | Budget Reductions made across several part-time salary budget lines. |
| Early Retirement Incentive Payments | 450,000 | 450,000 | |
| Subtotal - Other than Full-Time Salaries | 24,491,097 | 23,127,524 | |
| Total Salaries | 76,593,094 | 75,004,521 | |

**Community College of Philadelphia
Operating Budget Projection
Fiscal Year 2016-17**

Original Budget Current Budget as
of October 19,
2016

| | Original Budget | Current Budget as of October 19, 2016 | Comment |
|---------------------------------|-------------------|---|---------|
| Fringe Benefits | | | |
| Medical Program | 24,377,000 | 24,377,000 | |
| Retirement Contributions | 5,883,200 | 5,883,200 | |
| FICA | 3,136,700 | 3,136,700 | |
| Tuition Remission | 650,000 | 650,000 | |
| Group Life Insurance | 470,000 | 470,000 | |
| Unemployment Compensation | 200,000 | 200,000 | |
| Workers' Compensation Insurance | 282,800 | 282,800 | |
| Unused Vacation | 100,000 | 100,000 | |
| Disability Insurance | 302,000 | 302,000 | |
| Forgivable Education Loan | 165,000 | 165,000 | |
| Total Fringe Benefits | 35,566,700 | 35,566,700 | |
| Facility Expenses | | | |
| Utilities | 2,011,970 | 2,011,970 | |
| Contracted Security | 1,737,000 | 1,737,000 | |
| Contracted Cleaning | 1,198,272 | 1,198,272 | |
| All Other Facility Expenses | 2,377,557 | 2,377,557 | |
| Total Facility Expenses | 7,324,799 | 7,324,799 | |

**Community College of Philadelphia
Operating Budget Projection
Fiscal Year 2016-17**

| | Original Budget | Current Budget as of October 19, 2016 | Comment |
|--|-------------------|---|---|
| All Other Expenses | | | |
| Leased Equipment & Software | 3,604,002 | 3,490,505 | |
| Catalogs and Advertising | 1,441,856 | 1,441,856 | |
| Supplies-Pool | 1,446,276 | 1,279,090 | Budget reductions made to level of prior year expenses. |
| Contracted Services | 1,815,132 | 1,497,138 | Reduced budget for certain departments. |
| Consulting | 854,550 | 804,650 | |
| Maintenance & Repairs | 580,617 | 564,200 | |
| Institutional & Departmental Contingency | 990,720 | 278,758 | Eliminated vice president contingencies and 50% of institutional contingency. |
| Insurance | 695,335 | 695,335 | |
| Legal Fees | 680,000 | 680,000 | |
| Other Expenses | 2,032,504 | 2,081,943 | |
| Total All Other Expenses | 14,140,992 | 12,813,475 | |

TOTAL OPERATING EXPENSES \$133,625,585

Excess Revenues (Expenses) \$0

* Prior to impact of GASB 45 and 68 accruals

TOTAL OPERATING EXPENSES \$130,709,495

Excess Revenues (Expenses) (\$300,000)

ATTACHMENT B

2016 FINANCIAL PERFORMANCE INDICATORS

**2016 FINANCIAL PERFORMANCE REPORT
OCTOBER 19, 2016**

Current Evidence of Financial Viability

- Through successful operational efficiencies and cost containment strategies, the College has finished the fiscal year with slight operating budget surpluses in each of the last twelve fiscal years. Initially budgeted deficits in 2011, 2012, 2013, 2014, 2015 and 2016 were eliminated and small surpluses achieved.
- Strong liquidity. Average daily cash and investment balances in excess of \$43.6 million.
- Audits are consistently unqualified with no control weakness findings.
- Facility expansions and renewals and enhanced retention efforts are creating important enrollment growth opportunities.

Current Financial Challenges

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

CCP FINANCIAL PERFORMANCE MEASURES

OCTOBER 2016

FIGURE I

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

| | Average Monthly Amount of Operating Cash and Liquid Investments | % of Annual Expense |
|---------|---|------------------------|
| 2005-06 | \$28,909,469 | 30.4% |
| 2006-07 | \$33,923,655 | 34.6% |
| 2007-08 | \$40,065,045 | 39.1% |
| 2008-09 | \$42,902,426 | 40.1% |
| 2009-10 | \$45,390,373 | 40.4% |
| 2010-11 | \$48,696,232 | 40.6% |
| 2011-12 | \$42,258,724 | 35.3% |
| 2012-13 | \$43,316,313 | 36.1% |
| 2013-14 | \$40,687,625 | 33.1% |
| 2014-15 | \$43,055,758 | 33.7% |
| 2015-16 | \$43,591,749 | 34.0% |

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

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

Current Status: The purchase of the 15th and Hamilton Street property in the amount of \$5.8 million using College cash resources in the second half of the 2010-11 fiscal year reduced the College's liquidity. Recent tightening of federal cash-draw-down procedures for federal student financial aid dollars has delayed College access to these funds and also reduced average monthly liquidity. The College's liquidity position for 2016-17 is projected to remain relatively stable.

FIGURE II-A

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

| Fiscal Year | Unrestricted (Carry-Over) Funds Prior to Recording Post-Employment Benefit Accrual | Operating Budget | Unrestricted Carry-Over Funds as a Percent of Budget |
|--------------------|---|-------------------------|---|
| 2004-05 | \$9,692,958 | \$94,728,456 | 10.23% |
| 2005-06 | \$11,682,218 | \$95,054,502 | 12.29% |
| 2006-07 | \$17,051,787 | \$98,088,111 | 17.38% |
| 2007-08 | \$22,349,410* | \$102,513,725 | 21.80%* |
| 2008-09 | \$24,578,300* | \$106,942,052 | 22.99%* |
| 2009-10 | \$31,164,140* | \$112,444,701 | 27.72%* |
| 2010-11 | \$31,967,219* | \$120,084,822 | 26.62%* |
| 2011-12 | \$32,240,063* | \$119,272,435 | 27.03%* |
| 2012-13 | \$32,317,599* | \$119,945,027 | 26.94%* |
| 2013-14 | \$32,490,145* | \$122,839,164 | 26.45%* |
| 2014-15 | \$32,907,380* | \$127,867,268 | 25.74%* |
| 2015-16 | \$35,611,168* | \$128,280,361 | 27.76% |

*Prior to recording GASB 45 and GASB 68 accrual.

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

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

Current Status: The 2016-17 fiscal year is currently projected to end with a small surplus. The ratio will remain essentially stable.

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

| Fiscal Year | Cumulative Value of GASB 45 and GASB 68 Annual Accrual | Reported Value of Unrestricted Carry-Over Funds Including Quasi- Endowment Funds with GASB 45 and GASB 68 Accrual |
|-------------|---|--|
| 2004-05 | 0 | \$9,692,958 |
| 2005-06 | 0 | \$11,682,218 |
| 2006-07 | 0 | \$17,051,787 |
| 2007-08 | \$5,194,673 | \$17,154,757 |
| 2008-09 | \$10,367,219 | \$14,553,315 |
| 2009-10 | \$16,575,690 | \$14,588,450 |
| 2010-11 | \$22,614,325 | \$9,352,894 |
| 2011-12 | \$30,225,327 | \$2,014,736 |
| 2012-13 | \$38,755,360 | (\$6,437,761) |
| 2013-14 | \$47,396,561 | (\$14,906,416) |
| 2014-15 | \$58,227,563 | (\$25,320,183) |
| 2015-16 | \$70,428,317 | (\$36,372,774) |

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

Current Status: An additional accrual for the post-employment healthcare benefit will occur in 2016-17.

FIGURE III

Fiscal Year End Current Asset to Current Liability Ratio

| | As Reported in Financial Statements | Including the Value of Liquid Long-Term Investments |
|---------|--|--|
| 2004-05 | 1.22 | 1.22 |
| 2005-06 | 1.29 | 1.29 |
| 2006-07 | 1.57 | 1.57 |
| 2007-08 | 1.47 | 1.65 |
| 2008-09 | 1.54 | 1.70 |
| 2009-10 | 1.50 | 1.65 |
| 2010-11 | 1.11* | 1.66 |
| 2011-12 | 1.08* | 1.61 |
| 2012-13 | 1.02* | 1.52 |
| 2013-14 | 1.10* | 1.65 |
| 2014-15 | 1.16* | 1.61 |
| 2015-16 | 1.32* | 1.97 |

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

Comment: A positive trend in this ratio is indicative of a growing capacity to handle current debt obligations. Beginning in 2011, the nominal value for the current ratios was reduced by the movement of some core cash into liquid long-term investments. Long-term liquid investments in 2016 totaled \$16.7 million. Including these funds, the College's current ratio is 1.97. Because the longer-term fixed-income investments can be liquidated without penalty, the longer-term investment strategy did not create any significant operational risk for the College. The above chart shows the current ratio without and with the inclusion of liquid long-term investments.

Target: Ratio: 1.2 or higher

Current Status: No major change in this ratio is expected to occur during the 2016-17 year.

FIGURE IV

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

| | Total Debt Payments Made from City Dollars | Debt Payments Made from City Dollars as Percent of Total Operating Revenue |
|---------|---|---|
| 2004-05 | \$3,378,206 | 3.56% |
| 2005-06 | \$3,378,259 | 3.46% |
| 2006-07 | \$3,469,762 | 3.37% |
| 2007-08 | \$3,848,690 | 3.57% |
| 2008-09 | \$6,819,821 | 6.25% |
| 2009-10 | \$6,183,563 | 5.20% |
| 2010-11 | \$6,471,559 | 5.32% |
| 2011-12 | \$6,576,665 | 5.49% |
| 2012-13 | \$6,822,960 | 5.64% |
| 2013-14 | \$6,785,455 | 5.43% |
| 2014-15 | \$5,316,296 | 4.15% |
| 2015-16 | \$5,541,800 | 4.25% |

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

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

Current Status: In fiscal year 2015-16, the College borrowed funds to finance the Biology Lab Renovation Project (\$5.9 million) and the West Building Escalator Replacement Project (\$1.8 million). The Biology Lab Renovation Project's debt service was funded 50% by the State. Beginning fiscal year 2016-17, the State will begin funding 50% of the West Building Escalator Replacement Project. This State contribution, along with the retirement of debt associated with a 5-year loan issued in 2011, will result in debt service payments from City funds being slightly lower.

FIGURE V
Revenue Dispersion - Operating Budget Revenues by Source

| Operating Revenue by Source | FY 12-13 | % of Total | FY 13-14 | % of Total | FY 14-15 | % of Total | FY 15-16 | % of Total |
|---------------------------------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|
| State Appropriation | \$28,036,906 | | \$28,036,906 | | \$28,499,415 | | \$29,963,712 | |
| State Lease Appropriation | 202,918 | | 142,404 | | 132,174 | | 164,616 | |
| TOTAL STATE | 28,239,824 | 23.32% | 28,179,310 | 22.53% | 28,631,589 | 22.37% | 30,128,328 | 23.10% |
| City Operating Appropriation | 18,063,705 | 14.92% | 18,346,138 | 14.67% | 21,353,866 | 16.69% | 23,367,407 | 17.91% |
| Student Tuition & Course-related Fees | 72,014,866 | | 75,490,544 | | 75,226,747 | | 73,359,959 | |
| Student Regulatory Fees | 1,190,926 | | 1,195,462 | | 1,173,147 | | 1,287,923 | |
| TOTAL STUDENT | 73,205,792 | 60.47% | 76,686,006 | 61.31% | 76,399,894 | 59.68% | 74,647,882 | 57.22% |
| Other | 1,547,115 | 1.28% | 1,865,665 | 1.49% | 1,609,122 | 1.26% | 2,296,953 | 1.77% |
| GRAND TOTAL | \$121,056,437 | | \$125,077,119 | | \$127,994,471 | | \$130,440,570 | |

Comment: The State operating appropriation for fiscal year 2015-16 increased by \$1.464 million. The City operating appropriation represents dollars remaining from the total City allocation after all City capital obligations are met. The total City appropriation was \$2 million more than fiscal year 2014-15. In addition, the City provided an additional \$1.4 million for capital purchases. Other income includes investment income, Federal Perkins operating budget support for career programs, and other miscellaneous income. Revenue dispersion, lack of overdependence on one revenue source, is viewed as an important indicator of financial stability. The growth in College dependence on student revenues, and indirectly on State and Federal Student aid programs (see Figure VI), is a concern.

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

Current
 Status:

The Governor's budget contained an increase to the Operating Budgets for Community Colleges; CCP's share of the increase is \$.769 million. The City provided a \$1 million increase with \$.8 million earmarked for small business development. No additional funds were provided specifically for capital.

FIGURE VI

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

| Year | Annual Tuition and Fee Revenues (in \$000) | Percent of Operating Revenues Dependent Upon Student Tuition and Fees | Percent of Student Revenues Paid by Federal and State Aid Grants | Percent of Operating Budget Dependent on Federal and State Aid Programs |
|----------|---|---|--|---|
| 2004-05 | \$45,811 | 48.4% | 45.3% | 21.9% |
| 2005-06 | \$45,330 | 47.6% | 45.0% | 21.4% |
| 2006-07 | \$48,944 | 49.8% | 47.3% | 23.6% |
| 2007-08 | \$54,020 | 49.6% | 47.3% | 23.5% |
| 2008-09 | \$56,844 | 52.3% | 46.5% | 24.3% |
| 2009-10 | \$65,308 | 55.0% | 56.2% | 30.9% |
| 2010-11 | \$69,701 | 57.3% | 61.1% | 34.9% |
| 2011-12 | \$71,641 | 59.8% | 60.0% | 35.9% |
| 2012 -13 | \$73,206 | 60.5% | 58.3% | 35.3% |
| 2013-14 | \$76,686 | 61.3% | 56.6% | 35.3% |
| 2014-15 | \$76,400 | 59.7% | 60.9% | 36.4% |
| 2015-16 | \$74,648 | 57.2% | 60.5% | 34.6% |

Comment: Over the last two decades, the College has become increasingly dependent on student-generated revenues as the largest source of operating revenues for the College. In fiscal 2016, 57.2 percent of revenues were generated by students. Of these student revenues, a growing percentage is being paid *via* federal financial aid (Pell). In FY 2016, 34.6 percent of College operating revenues came from federal and State (primarily Pell) aid awards. Levels of funding and eligibility standards for Pell awards are subject to a political environment in Washington which is frequently less supportive of higher education funding. The College is increasingly dependent on a revenue stream with growing unpredictability.

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

Current Status: The distribution of operating revenues by source is not expected to change significantly for the 2016-17 year.

FIGURE VII

Tuition and Fee Changes

| | <u>2009-10⁽³⁾</u> | <u>2010-11⁽³⁾</u> | <u>2011-12⁽³⁾</u> | <u>2012-13⁽³⁾</u> | <u>2013-14⁽³⁾</u> | <u>2014-15⁽³⁾</u> | <u>2015-16⁽³⁾</u> | <u>2016-17⁽³⁾</u> |
|---|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Tuition ⁽¹⁾ | \$122 per cr. hr. | \$128 per cr. hr. | \$138 per cr. hr. | \$148 per cr. hr. | \$153 per cr. hr. | \$153 per cr. hr. | \$153 per cr. hr. | \$153 per cr. hr. |
| General College Fee | \$4.00 per cr. hr. | \$4.00 per cr. hr. | \$4.00 per cr. hr. | \$4.00 per cr. hr. | \$4.00 per cr. hr. | \$4.00 per cr. hr. | \$4.00 per cr. hr. | \$4.00 per cr. hr. |
| Technology Fee | \$28.00 per cr. hr. | \$28.00 per cr. hr. | \$28.00 per cr. hr. | \$28.00 per cr. hr. | \$28.00 per cr. hr. | \$28.00 per cr. hr. | \$28.00 per cr. hr. | \$30.00 per cr. hr. |
| Average Course Fee | \$6.39 per cr. hr. | \$6.31 per cr. hr. | \$7.15 per cr. hr. | \$7.66 per cr. hr. | \$7.68 per cr. hr. | \$7.66 per cr. hr. | \$8.08 per cr. hr. | \$9.30 per cr. hr. |
| Average Total Annual Costs for Full-Time Study ⁽²⁾ | \$3,849 | \$3,991 | \$4,263 | \$4,504 | \$4,624 | \$4,624 | \$4,634 | \$4,711 |

Source: The College.

- (1) Per credit hour for Philadelphia residents. Other Pennsylvania residents pay double tuition and out-of-state students pay triple tuition.
- (2) Assumes full-time enrollment (12 credits in fall and spring terms). Amount includes: tuition, student activity fee, technology fee, and average course fees.
- (3) The College charges course fees in high cost course areas such as allied health and laboratory sciences. Course fees range from \$85 to \$345 per course.

Comment: Course fees are charged in disciplines where instructional delivery costs are above average based upon factors such as class size constraints, faculty workloads, and instructional materials costs. As a result, full-time student charges vary by program of study. The lowest possible charge for a full-time student in the 2016-17 fiscal year is \$4,488.

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

Current Status: Tuition for the 2016-17 year will remain the same as the prior two years. The technology fee has increased from \$28 to \$30 per credit hour and course fees were increased by an average of 15 percent.

FIGURE VIII

Total Credit Enrollments and Operating Cost Per FTE Credit Student

| | Total Credit FTEs | Percent Increase/Decrease in Enrollment | Total Operating Cost Per FTE Credit Student⁽¹⁾ | Percent Increase/Decrease in Cost Per FTE | Change in Philadelphia All Urban CPI Increase** |
|------------------------|--------------------------|--|--|--|--|
| 2005-06 | 13,629 | | \$6,668 | | |
| 2006-07 | 13,569 | -0.4% | \$7,020 | 5.3% | 1.6% |
| 2007-08 ⁽¹⁾ | 13,942 | 2.8% | \$7,113 | 1.3% | 5.1% |
| 2008-09 ⁽¹⁾ | 14,208 | 1.9% | \$7,198 | 1.2% | -2.0% |
| 2009-10 ⁽¹⁾ | 15,808 | 11.3% | \$6,779 | -5.5% | 1.9% |
| 2010-11 ⁽¹⁾ | 16,091 | 1.8% | \$7,166 | 5.4% | 2.8% |
| 2011-12 ⁽¹⁾ | 15,796 | -1.8% | \$7,355 | 2.6% | 1.3% |
| 2012-13 ⁽¹⁾ | 15,115 | -4.3% | \$7,707 | 4.8% | 1.5% |
| 2013-14 ⁽¹⁾ | 15,051 | -0.4% | \$7,918 | 2.7% | 1.8% |
| 2014-15 ⁽¹⁾ | 14,851 | -1.3% | \$8,145 | 2.9% | 0.2% |
| 2015-16 | 14,505 | -2.3% | \$8,518* | 4.6% | 0.1% |

(1) Excludes the impact of GASB 45 post-retirement expense accrual.

* Estimated.

** Percent change from 12 months prior - June

Comment: This chart reports total institutional operating cost per full-time equivalent (FTE) credit students. Because many of the College's costs are relatively fixed, a significant increase or decrease in enrollments will have a major impact on costs per FTE student. The drop in cost per FTE in 2009-10 is explained by the large enrollment increase. Similarly the relatively large increase in cost per FTE for 2012-13 reflects the drop in credit enrollments which occurred for the year. The costs per FTE shown in this chart do not include the future expense accrual for post-employment benefit (GASB 45 and GASB 68) expenses. The value of this accrual for 2015-16 was \$11.663 million or \$804 per credit FTE.

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

Current Status: The currently projected decrease in enrollments, coupled with the slight increase in College expenditures, will result in an increase to the cost per FTE for the 2016-17 year.

FIGURE IX

**Average Annual Salary and
Annual Percentage Increase in Average Salary**

| | Fall 2011 | Fall 2012 | Fall 2013 | Fall 2014 | Fall 2015 | Fall 2016 |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Faculty and Lab Aides | | | | | | |
| Average Salary | \$66,236 | \$66,137 | \$66,862 | \$66,878 | \$66,980 | \$68,583 |
| Percent Increase | -1.5% | 0% | +1.1% | 0% | 0% | +2.4% |
| Administrators | | | | | | |
| Average Salary | \$75,744 | \$75,731 | \$74,804 | \$75,630 | \$78,572 | \$79,017 |
| Percent Increase | +1.5% | 0% | -1.2% | +1.1% | +3.9% | +6% |
| Classified/Confidential | | | | | | |
| Average Salary | \$40,944 | \$40,609 | \$41,322 | \$41,312 | \$42,194 | \$43,408 |
| Percent Increase | -9% | -8% | +1.8% | 0% | +2.1% | +2.9% |

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

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

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