

**MEETING OF THE BUSINESS AFFAIRS COMMITTEE
OF THE BOARD OF TRUSTEES
Community College of Philadelphia
Wednesday, November 16, 2011 – 9:00 A.M.**

Present: Mr. Matthew Bergheiser (presiding); Ms. Varsovia Fernandez, Mr. Gil Wetzel, Mr. Jeremiah White, Jr. (*via* teleconference), Dr. Stephen M. Curtis, Mr. Gary Bixby, Dr. Thomas R. Hawk, Ms. Marsia Henley, and Mr. James P. Spiewak.

AGENDA – PUBLIC SESSION

(1) 2011-12 Budget Update (Information Item):

Staff provided an overview of the College's budget status for fiscal year 2011-12. Attachment A contains the report which was presented to the Committee. The overall projection for the budget has not changed significantly from the one which was approved by the Board at the June 2011 meeting. The approved budget included a planned use of carry-over funds equal to \$2.398 million. The current projected amount for the use of carry-over funds is \$2.385 million. To date, credit enrollments for the year are at the level which was budgeted. Summer II enrollments were 57 semester FTEs higher and fall enrollments were 83 FTEs lower than assumed in the budget. Non-credit enrollments for the fall 2011 term are 131 FTEs lower than assumed at the time the budget was prepared. The College received notice after the budget was approved that State funding for the ABE program would not be provided for the 2011-12 year and those enrollments were lost. Because non-credit FTEs do not contribute significant revenues to the College, the decline in non-credit FTEs does not have an impact on the College's financial position.

The largest change in the College's budget status from the approved budget resulted from the notice received by the College in October 2011 that the 2011-12 City allocation would be reduced by two percent or \$508,000. Federal funding received *via* the Perkins Vocational Education Program and indirect cost reimbursement is projected to be approximately \$100,000 less than assumed at the time the budget was prepared.

No significant changes in salary expenditures are currently projected. Mr. Spiewak stated that it was too early in the fiscal year to know whether the assumptions about the amount of salary dollars which would lapse due to temporarily-vacant positions was accurate or not. In the past several years, the actual amount of lapsed salary dollars has been greater than the amount that is currently projected for the 2012 fiscal year. A better feel for potential salary savings will be available at the time of the next budget status report to the Committee in February 2012. Overall, fringe benefits are projected to be \$452,064 less than projected. The primary factor associated with this change is in the healthcare area where Medco drug cost recoveries were significantly greater than anticipated. In addition, early claims experienced in the self-insured medical program have been lower than the actuarial assumptions made at the time the budget was developed. Facility operating expenses are currently projected to be \$185,000 greater than budgeted based upon the need to undertake critical repairs in

the areas of the Mint Courtyard roof, the Gym floor, the parking lot where sealing and striping was required, and sidewalk repairs which were damaged during the construction projects. Overall, operating expenditures are currently projected to be \$316,364 less than budgeted. Staff commented that it was too early in the budget year to make an estimate of projected residual savings which may occur at year end. Efforts will be sustained throughout the year to control expenditures and to attempt to reduce the use of carry-over funds below the level that is currently projected.

(2) 2011 Financial Performance Indicators (Information Item):

The annual financial performance indicators were developed in collaboration with the Business Affairs Committee several years ago to provide a snapshot of the College's current financial operating characteristics and to inform board decision making with respect to College finances. Attachment B contains the 2011 Performance Indicators. These indicators incorporate the financial results for the 2010-11 fiscal year and include preliminary projections for the current year. The College is meeting the targeted level of liquidity which ensures that the College is able to deal with unanticipated fluctuations in the timing of City and State funding, as well as meeting unusual expense requirements that might occur in a particular time period. As discussed with the Board on numerous occasions, the increasing value of the GASB 45 post-retirement healthcare benefit accrual is annually reducing the College's unrestricted fund balances. As of the end of the 2011 fiscal year, fund balances were at a level of \$9.4 million, or 7.79 percent of the budget. This is below the 15 percent target which was originally established by the Board of Trustees. Because of GASB 45, the close of the 2012 fiscal year will likely see the unrestricted fund balance decline to a level of approximately \$1 million. Both the College's short-term and long-term debt ratios are meeting targets set by the Board to prevent undesirable levels of short-term or long-term debt.

A major issue for the College is the increasing dependency of the College budget on student tuition and fee revenue. In fiscal year 2011, 57.3 percent of the College's total revenues came from student tuition and fee charges. In parallel to this increase, there has been a decrease in the percentage of the revenues coming from the City and the State. The growing dependence on student revenues is a concern for several reasons. Increasingly the College's financial stability is dependent upon achieving enrollment growth to generate additional student revenues. This is further complicated by the fact that a significant portion (over 50 percent) of the student tuition and fee revenue is paid *via* federal (Pell) and state (PHEAA) financial aid programs. This means that the College is vulnerable to shifts in aid program funding levels and to changes to eligibility criteria for federal and state financial aid programs. The Pell requirements with respect to academic progress have been made much more stringent for the 2011-12 fiscal year. It is expected that a higher percentage of current-year students will become ineligible for aid in the 2012-13 fiscal year based upon their failure to complete the Pell-required percentage of credits. In addition, financial aid opportunities for summer school students have been reduced. Even greater eligibility requirements are being proposed for the 2012-13 fiscal year as a part of the ongoing federal budget debates. Dr. Hawk noted that the significant changes in the Pell program are making it increasingly more difficult to undertake enrollment projections with confidence. He noted that the Student Affairs staff are very concerned that the College's enrollments

may shrink in summer 2012 and in the 2012-13 fiscal year based upon the changes which are taking place in the federal financial aid programs.

Figures VI and VII show tuition and fee charges in recent years, as well as cost per credit FTE information. Over the past five years, the average annual increase in tuition and fees has been 3.59 percent which compares favorably with other Pennsylvania community colleges and the four-year public and private colleges and universities. It was noted that throughout much of its history, tuition and fee charges at Community College of Philadelphia had been higher than is in place at other Pennsylvania community colleges. However, over the last few years, many of the other colleges are beginning to raise tuition and fees to levels which are approaching those charged by the College. The Committee discussed the fact that at a full-time cost per year of approximately \$4,000, the College was still a great bargain relative to four-year colleges and universities; and that this fact, coupled with the College's success in promoting successful student transfer, should be used to market the benefits of beginning a higher education experience at the College. Figure VII shows the total cost per credit FTE which, in the most recent year, was \$7,541. The cost is significantly below the national average for community colleges, which is \$10,000, and greatly below average expenditures per student for all U.S. higher education institutions.

Mr. White recommended that the financial information contained within the performance indicators be used as background information by the Board of Trustees at its upcoming Board Retreat. He emphasized the importance of the Board understanding the implications of the changing patterns of financial support that the College was undergoing, and to fully analyze their implications for the future operation of the College.

(3) Contract Extension for the Completion of Construction Management Services for the Completion of the Bonnell, Mint and West (BMW) Building Renovations Project (Action Item):

Discussion: The current Construction Management services contract for the Pavilion and Bonnell, Mint, and West Building construction and renovations will expire December 31, 2011. This contract is held with the Gilbane Construction Company. As a result, performance issues by the Architect (Burt, Hill) and the resulting need to divide the Main Campus Project into two parts, the Pavilion and BMW, the BMW component of the project is being completed later than originally assumed and additional construction management services will be required. The original target for the completion date was January 2012. The BMW project is now expected to be completed as of September 2012.

Proposals for construction management of the BMW project were solicited from two firms: Gilbane and Reynolds. Due to the complexity of the construction and the associated internal phasing issues, the College cannot bring in outside service providers who are not familiar with the project and expect them to be successful starting mid-term in the project. Gilbane, the current service provider, and Reynolds, who has done extensive consulting work on the BMW project, are both thoroughly knowledgeable and capable of completing the project without delays or additional start-up costs. Proposals

received were similar in amount: Gilbane - \$415,000; Reynolds - \$396,000. Despite the slightly higher projected cost, staff recommended retaining Gilbane as the construction manager. Gilbane will play an important role in supporting the College's financial claim against Burt, Hill. Because additional issues supporting the Burt, Hill claim are expected to occur in the final stages of the project, having Gilbane's first-hand knowledge and support for the veracity of the claim is in the College's best interest.

Mr. Bixby noted that the two proposals were "not to exceed" and that staff would manage the project to control the construction management costs as much as possible.

Action: Mr. Wetzel moved and Ms. Fernandez seconded the motion that the Committee recommend to the full Board that Gilbane serve as Construction Manager for the remaining BMW project construction period for a fee amount not to exceed \$415,000. The motion passed unanimously.

(4) Update on Construction Projects (Information Item):

Staff summarized progress to date on the current construction projects; provided a status report on the construction budgets; and presented an update on minority, women and disabled business owner participation in the College's construction projects.

Mr. Bixby reported that work is underway to complete the final components of the Pavilion Building punch list. A number of changes to the Culinary Arts kitchens were made over the fall term to address some mechanical and appliance issues that were not initially correct for the Culinary Arts kitchens. These issues have now all been resolved. The Bonnell, Mint and West Building (BMW) project is being completed in stages. The current completion schedule for all components of the project is targeted to be September 2012. A major milestone for the final phase of the BMW project will occur in two weeks when the structural steel for the Bonnell Building expansion will begin to be erected. The goal is to complete the enclosure in front of the Bonnell Building during the remainder of the current calendar year to avoid, as much as possible, exterior work during the extremely cold and icy conditions that typically occur in January and February.

Attachment C contains charts showing the current status of the project budgets for both the Northeast and Main Campus projects. In addition to the currently-projected expenditure levels, the original budget for the projects is shown as is the budget projection as of January 2011, the last time that an update on the project budgets was given to the Committee. With respect to revenues, there are no major changes in projected revenues from those presented to the Board in January 2011. Mr. Spiewak noted that interest earnings on bond proceeds have been minimal based upon the historically low short-term interest rates. A key change from the original budget is that the originally-projected use of \$5 million of College resources is now expected to not be necessary to complete the project. The amount of remaining dollars available for contingencies and landscaping is \$901,235.

The originally-approved budget for the Northeast Regional Center project was \$31.7 million. The final all-in project cost was \$31.4 million. However, included in the final expense totals, is a total renovation of the existing Northeast Building which under

the original project plan was scheduled to receive only minor changes. The last page of Attachment C contains a listing of the major changes that were made to the original building at the Northeast Regional Center that were not included in the original project plan. Among the major achievements in the existing building was the replacement of the HVAC systems with the new geothermal systems like those installed for the new building, ensuring that the original building as well as the new building will receive the ongoing operating cost efficiencies associated with a highly efficient geothermal system. The original roof was replaced, and longstanding exterior water penetrations in the walls and windows of the original building were addressed to eliminate any form of water penetration. Interior finishes throughout the existing building were totally redone.

The originally-approved budget for the Pavilion Building was for \$31.4 million. The final cost was \$31.3 million. While the original bids received for the Pavilion Building were lower than the final projections for the cost for the Pavilion Building, a large number of architectural design errors and site condition problems added significant costs to the amounts that were originally bid for the construction of the project. These project changes were reviewed and approved by the Board over the course of completing the Pavilion Building. In addition to the added costs within the scope of the original project, a number of enhancements that were not originally planned in the Pavilion budget were achieved. These included: renovation of two large tiered classrooms (W2-47 and W2-48); enhanced upgrades to the Bookstore area in both storage and HVAC systems; a significantly enhanced entrance to the West Building; and advanced AV and video systems for the Pavilion Building which will create state-of-the-art communications technology within the building.

The original cost that was projected for the BMW project was \$24.1 million. The current projected cost is \$19.0 million. Mr. Bixby emphasized that among the factors that were contributing to significantly lower costs for the BMW component of the project was significant value engineering which was undertaken with respect to the West Building projects. Originally, the architectural and construction management programs were scheduled to be relocated to the current Counseling Center on the second floor of the West Building. After a careful reconsideration of the design concepts, it was determined that the Counseling Center location was not adequate to meet the current program goals for the architecture and construction design programs, and this phase of the project was deleted from the scope. The current plan is that the architecture and construction design programs will remain on the fourth floor of the West Building, and renovation of their current space will be undertaken as a new capital project at a later date.

Attachment D includes a summary of the efforts which were taken to develop minority, women and disabled business owner participation in the construction projects, as well as the results to date that have been achieved. The first page of Attachment D includes a summary of the steps that were taken from the pre-bid part of the construction process through construction and project management. As shown in Attachment D, for the Northeast Project at the aggregate level the College's overall ownership goals were met. Minority and women ownership participation was below the targeted level, while disabled ownership exceeded the targeted level. Overall, 39

percent of the contract value awarded for the Northeast Project went to minority, women and disabled-ownership firms.

For the Pavilion Project, only 24 percent of the ownership dollars went to minority, women and disabled ownership firms. The College achieved its goal with respect to women-owned businesses and fell short with respect to minority businesses. Mr. Bixby explained that the failure to achieve the overall goals in the Pavilion Building came as a result of the performance of one large contractor who had submitted a plan which would have enabled the College to achieve its ownership goals. However, as the contractor began to award subcontracts, a number of the minority and women-owned sub-contractors who had been assumed to participate did not submit bids and other firms submitted bids so high that it became much more cost-effective for the prime contractor to undertake the work without sub-contracts. Mr. Bixby noted that the contractor had provided comprehensive documentation of effort which demonstrated the contractor was in full compliance with the College's contractual expectations.

Mr. Bixby noted that the results for the Pavilion Building were less successful despite the fact that 20 prime contractors had been used in the construction of the Pavilion Building with the expectation that by dividing the business into so many prime contractors, that several minority or women-owned firms would be successful in the bid process. Unfortunately, this turn out not to be the case, and all of the involvement for minority and women-owned firms resulted through the subcontract process.

The results for the BMW project have been extremely positive. To date, 47 percent of the contract values have gone to minority and women-owned businesses. The BMW results are more favorable because one of the nine prime contractors is a minority-owned firm. In addition, each of the primes has been able to achieve their sub-contracting participation goals.

Ms. Fernandez stated that the College's efforts to develop minority and women-owned businesses had been thoughtfully undertaken. She noted that all of the RFPs for the projects have been sent through the Latino, African-American and Asian Chambers of Commerce on a timely basis to ensure that the minority business owners were fully aware of the opportunities at the College. She noted that the College was to be commended for the balance it was achieving in minority and women-owned businesses. Often in major construction projects, participation is achieved by heavy reliance upon women-owned businesses as opposed to minority-owned businesses.

Mr. Bixby stated that based upon the projected participation level for the BMW project, it is expected that the overall results for the Main Campus project will be consistent with the original goals for participation that were set for the projects.

(5) Next Meeting Date

The next regularly scheduled meeting of the Committee is scheduled for Wednesday January 18, 2012 at 9:00 A.M. No meeting will be held in December.

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Attachments
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ATTACHMENT A
2011-12 BUDGET UPDATE

Community College of Philadelphia
Enrollment Information (FTEs) for Fiscal Year 2011-2012

	<u>Actual FY 10-11</u>	<u>Budgeted FY 11-12</u>	<u>Actual FY 11-12</u>	<u>Actual FY 12 vs Actual FY 11</u>	<u>% Variance</u>	<u>Actual FY 12 vs Budgeted FY 12</u>	<u>% Variance</u>
<u>CREDIT</u>							
Summer 2	1,921	1,921	1,978	56	2.93%	57	2.95%
Fall	13,550	13,550	13,467	(83)	-0.61%	(83)	-0.61%
Spring	13,706	13,710					
Summer 1	3,005	3,000					
Credit Year-to-date Totals - Annual FTEs	16,091	16,090		(13)	-0.17%	(13)	-0.17%
<u>NONCREDIT</u>							
Summer 2	99	99	82	(17)	-17.17%	(17)	-17.17%
Fall	858	861	730	(128)	-14.92%	(131)	-15.21%
Spring	776	705					
Summer 1	295	265					
Noncredit Year-to-date Totals - Annual FTEs	1,014	965		(73)	-7.15%	(74)	-7.67%

**Community College of Philadelphia
Operating Budget Projections
as of November 16, 2011**

	<u>Original Budget</u>	<u>November, 2011 Projection</u>	<u>Change</u>
<u>REVENUES</u>			
Student Tuition and Fees	\$73,634,082	\$73,648,318	\$14,236
Commonwealth of Pennsylvania	28,251,906	28,251,906	0
City of Philadelphia	17,796,985	17,579,358	(217,627)
Other Income	<u>1,938,666</u>	<u>1,838,166</u>	<u>(100,500)</u>
TOTAL REVENUES	\$121,621,639	\$121,317,748	(\$303,891)
<u>EXPENSES</u>			
Salaries, net of Lapsed Funds	\$73,839,803	\$73,839,803	\$0
Fringe Benefits	30,552,426	30,100,362	(452,064)
Other Expenses	19,492,124	19,627,824	135,700
Student Financial Aid	<u>135,000</u>	<u>135,000</u>	<u>0</u>
TOTAL EXPENSES	\$124,019,353	\$123,702,989	(\$316,364)
OPERATING BUDGET STATUS prior to recording the \$5,928,516 GASB 45 post-retirement expense accrual.	<u>(\$2,397,714)</u>	<u>(\$2,385,241)</u>	<u>\$12,473</u>

**Community College of Philadelphia
Operating Budget Projection
as of November 16, 2011**

	<u>Original Budget</u>	<u>November, 2011 Projection</u>	<u>Change</u>
<u>OPERATING REVENUES</u>			
State Funding	\$28,036,906	\$28,036,906	\$0
State Lease funding	215,000	215,000	0
Total State Revenues	28,251,906	28,251,906	0
Tuition - Credit Students	59,777,182	59,698,718	(78,464)
Technology Fee	11,197,800	11,189,000	(8,800)
Net Contribution from: Contracted Noncredit Instruction; Other Noncredit Instruction; Adult Community Noncredit Instruction	702,000	702,000	0
Course Fees	3,417,000	3,492,000	75,000
Student Regulatory Fees	886,800	847,000	(39,800)
Tuition Adjustments - Student Receivable Write-offs, Collection Costs, Credit Card Costs & Senior Citizen Discount	(2,346,700)	(2,280,400)	66,300
Total Student Tuition & Fees	73,634,082	73,648,318	14,236
City Operating Funds	17,796,985	17,579,358	(217,627)
			Reflects anticipated reduction in City appropriation of \$508,000 offset by reduced capital spending and debt service on SPSBA 2011 loan.
Investment Income	780,000	780,000	0
Vocational Education Funding	250,500	200,000	(50,500)
Indirect Costs, Administrative Allowances	350,000	300,000	(50,000)
Parking Proceeds & Miscellaneous Income	558,166	558,166	0
Total Other Income	1,938,666	1,838,166	(100,500)
TOTAL OPERATING REVENUES	\$121,621,639	\$121,317,748	(\$303,891)

**Community College of Philadelphia
Operating Budget Projection
as of November 16, 2011**

	<u>Original Budget</u>	<u>November 2011 Projection</u>	<u>Change</u>
<u>OPERATING EXPENSES</u>			
<u>Salaries</u>			
Full-Time Administrative Salaries	15,249,995	15,249,995	
Less: Projected Lapsed Salaries	(800,000)	(800,000)	
Net Full-Time Administrative Salaries	14,449,995	14,449,995	0
Full-Time Faculty Salaries	28,927,371	28,927,371	
Less: Projected Lapsed Salaries	(200,000)	(200,000)	
Net Full-Time Faculty Salaries	28,727,371	28,727,371	0
Full-Time Classified Salaries	10,670,207	10,670,207	
Less: Projected Lapsed Salaries	(600,000)	(600,000)	
Net Full-Time Classified Salaries	10,070,207	10,070,207	0
Subtotal - Full-Time Salaries	53,247,573	53,247,573	0
Part-Time & Overload Credit Salaries	11,086,985	11,086,985	0
Summer Credit Instruction	4,254,934	4,254,934	0
Part-Time & Overload Non-Credit Salaries	395,859	395,859	0
All Other Salaries	4,404,452	4,404,452	0
Early Retirement Incentive Payments	450,000	450,000	0
Subtotal - Other than Full-Time Salaries	20,592,230	20,592,230	0
Total Salaries	73,839,803	73,839,803	0
<u>Fringe Benefits</u>			
Medical Program	19,871,042	19,185,042	(686,000)
Retirement	5,537,075	5,675,000	137,925
FICA	2,844,433	3,000,000	155,567
Tuition Remission	635,166	675,000	39,834
Group Life	372,000	340,429	(31,571)
Unemployment Compensation	377,654	347,654	(30,000)
Workers' Compensation	320,468	346,625	26,157
Unused Vacation	225,138	200,138	(25,000)
Disability Premium	282,000	243,024	(38,976)
Forgivable Education Loan	87,450	87,450	0
Total Fringe Benefits	30,552,426	30,100,362	(452,064)

**Community College of Philadelphia
Operating Budget Projection
as of November 16, 2011**

	<u>Original Budget</u>	<u>November 2011 Projection</u>	<u>Change</u>
Facility Expenses			
Utilities	2,602,706	2,602,706	0
Contracted Security	1,237,000	1,237,000	0
Contracted Cleaning	1,211,011	1,211,011	0
All Other Facility Expenses	1,723,865	1,908,865	185,000
			Increase related to required major repairs: Mint Courtyard roof, Gym floor, parking lot sealing and sidewalk.
Total Facility Expenses	6,774,582	6,959,582	185,000
All Other Expenses			
Leased Equipment & Software	4,176,920	4,131,920	(45,000)
Catalogs and Advertising	1,360,201	1,360,201	0
Supplies-Pool	1,329,116	1,329,116	0
Contracted Services	1,006,034	1,006,034	0
Consultant	752,300	752,300	0
Maintenance & Repairs	637,511	637,511	0
Postage	540,150	500,150	(40,000)
Insurance	559,950	595,650	35,700
			Insurance costs higher than budgeted.
Legal Fees	200,000	200,000	0
Other Expenses	2,155,360	2,155,360	0
Total All Other Expenses	12,717,542	12,668,242	(49,300)
King Scholarship	135,000	135,000	0
TOTAL OPERATING EXPENSES	\$124,019,353	\$123,702,989	(\$316,364)
OPERATING BUDGET STATUS prior to recording the \$5,928,516 GASB 45 post-retirement expense accrual.	<u>(\$2,397,714)</u>	<u>(\$2,385,241)</u>	<u>\$12,473</u>

ATTACHMENT B

2011 FINANCIAL PERFORMANCE INDICATORS

CCP FINANCIAL PERFORMANCE MEASURES

NOVEMBER, 2011

FIGURE I

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

	<u>Average Monthly Amount of Operating Cash and Investments</u>	<u>% of Budget</u>
2004-05	\$25,328,414	26.8%
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%

Comment: An upward positive 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 in the second half of the 2010-11 fiscal year reduced the College's liquidity. Recent tightening of federal cash drawn down procedures for federal student financial aid dollars has delayed College access to these funds. Current projections are that the College's liquidity position will not change greatly from the average levels held for the 2010-11 year.

FIGURE 11
Unrestricted Reserves Including Quasi Endowment Funds
as Percent of Operating Budget.

Fiscal Year	Unrestricted Reserves Including Quasi-Endowment Funds	Operating Budget	Reserves 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 with GASB 45	\$17,154,757	\$102,513,725	16.73%
2008-09 with GASB 45	\$14,553,315	\$106,942,052	13.61%
2009-10 with GASB 45	\$14,588,450	\$112,444,701	12.97%
2010-11 with GASB 45	\$9,352,894	\$120,084,822	7.79%

Comment: Growth of unrestricted reserves provides a resource to ensure stability in College operations in a year of under-funding, as well as provides potential resources for one-time needs not fundable out of current-year budget resources. The GASB 45 post-retirement benefit accrual reduces the amount of unrestricted reserves but has no impact on the College's cash position.

Target: At the end of fiscal 2006, the Board set a target to maintain unrestricted reserves at a level equal to 15% of the operating budget (prior to impact of GASB 45). The impact of GASB 45 has been to reduce the reported level of reserves below the target level.

Current Status: The 2011-12 fiscal year is projected to end with a required use of prior year carry-over funds. However, as it did in fiscal years 2008 through 2011, the accrued post-retirement liability will again result in a reported reserve level that is below 15% of the operating budget level.

FIGURE III

Current Asset to Current Liability Ratio

	<u>As Reported in Financial Statements</u>	<u>Including the Value of Liquid Long-Term Investments</u>
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

Comment: A positive trend in this ratio is indicative of a growing capacity to handle current debt obligations. The 2011 ratio was reduced by the movement of some cash to liquid long-term investments. An additional \$10,000,000 of core cash was invested in longer-term (non-current) fixed-income investments in 2010-11. Without this investment shift, the College's current ratio would have been 1.66. Because the longer-term fixed-income investments can be liquidated without penalty, the current 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 will occur during the 2011-12 year.

FIGURE IV

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

	<u>Total Debt Payments Made from City Dollars</u>	<u>Debt Payments Made from City Dollars as Percent of Total Operating Revenue</u>
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%

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 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. A decline in the percentage of 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: Debt payments will remain relatively constant through fiscal year 2014 at which point the debt issued in 1999 will have been retired.

FIGURE V
Revenue Dispersion - Operating Revenues by Source

Operating Revenue by Source	FY 08-09	% of Total	FY 09-10	% of Total	FY 10-11	% of Total
State Appropriation	31,218,045		31,368,722		31,152,104	
State Lease Appropriation	217,434		225,674		191,123	
TOTAL STATE	31,495,479	28.85%	31,594,396	26.62%	31,343,227	25.78%
City Operating Appropriation	19,380,266	17.75%	19,073,934	16.07%	18,091,851	14.88%
Student Tuition & Course-related Fees	56,079,737		64,327,916		68,811,100	
Student Regulatory Fees	984,209		979,620		899,739	
TOTAL STUDENT	57,063,946	52.27%	65,307,563	55.02%	69,701,839	57.32%
Investment Income	178,425	0.16%	1,587,209	1.33%	700,181	0.58%
Other	1,060,133	0.97%	1,135,227	0.96%	1,753,815	1.44%

Comment: The value reported for FY 2010 and 2011 State funding includes the amount provided by the State out of federal stimulus funds, \$2,844,299. These funds were not replaced for the 2012 year by the State when federal stimulus funding expired. As a result, FY 2012 State funding is projected to be \$3.1 million less than received in FY 2011. The City operating appropriation value represents dollars remaining from the total City allocation after all City capital obligations are met. Investment income was significantly higher in fiscal year 2010 based upon the increase in fixed-income rates and fixed-income unit values which occurred as a result of market recovery during the fiscal year. Interest rates were stable in 2011 and, as a result, significant unit value appreciation did not occur. 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, is a potential concern.

Target: To reduce dependence on student revenues over time.

Current Status: On a percentage basis, State funding will be lower in fiscal 2012 and will provide an estimated 23.3 percent of operating revenues. In October 2011, the City administration informed the College that it will receive \$.51 million less in fiscal 2012 than in fiscal 2011. After this reduction, the City will provide an estimated 14.3 percent of operating revenues. The current realities of City and State revenue receipts are likely to require a greater dependency on tuition and fee revenue for at least the next several years, if not permanently.

FIGURE VI

Tuition and Fee Changes

	<u>2006-07⁽³⁾</u>	<u>2007-08⁽³⁾</u>	<u>2008-09⁽³⁾</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Tuition ⁽¹⁾	\$112	\$115	\$115	\$122	\$128	\$138
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.
Technology Fee	\$26.00 per cr. hr.	\$28.00 per cr. hr.	\$28.00 per cr. hr.	\$28.00 per cr. hr.	\$28.00 per. cr. hr.	\$28.00 per cr. hr.
Average Course Fee	\$6.48 per cr. hr.	\$6.65 per cr. hr.	\$6.53 per cr. hr.	\$6.39 per cr. hr.	\$6.31 per. cr. hr.	\$7.15 per cr. hr.
Average Total Annual Costs for Full-time Study ⁽²⁾	\$3,564	\$3,688	\$3,685	\$3,849	\$3,991	\$4,252

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 12 credit hours plus student activity, technology fees per semester, and average course fees.
- (3) The College charges course fees in high cost course areas such as allied health and laboratory sciences. Course fees range from \$75 to \$300 per course.

Comment: Course fees are charged for 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 2011-12 fiscal year is \$4,080. Over the past five years, the average annual increase in tuition and fees has been 3.59%.

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

Current Status: Tuition and fee charges for the 2012-13 year cannot currently be predicted.

FIGURE VII

Total Credit Enrollments and Cost Per FTE Credit Student

	<u>Total Credit FTEs</u>	<u>Percent Increase/Decrease in Enrollment</u>	<u>Cost Per FTE Credit Student</u>	<u>Percent Increase/Decrease⁽¹⁾ in Cost Per FTE</u>	<u>Philadelphia All Urban CPI Increase</u>
2004-05	15,294		\$5,808		
2005-06	13,629	-10.9%	\$6,668	14.8%	4.1%
2006-07	13,569	-.4%	\$7,020	5.3%	3.9%
2007-08 ⁽¹⁾	13,942	2.8%	\$7,486	6.6%	2.4%
2008-09 ⁽¹⁾	14,208	1.9%	\$7,563	1.0%	3.2%
2009-10 ⁽¹⁾	15,808	11.3%	\$7,191	-5.0%	-0.2%
2010-11 ⁽¹⁾	16,091	1.8%	\$7,541	4.9%	1.9%

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

Comment: FTE credit enrollments were at the highest level in the College's history for fiscal 2011. However, the 2011 fiscal year percentage increase in the College's operating budget was greater than the percentage increase in the College's enrollments resulting in a 4.9% increase in the average cost per credit FTE. Beginning in fiscal 2008, the cost per student includes the impact of the GASB 45 post-retirement expense accrual. This accrued expense added \$375 to the cost per credit FTE student in fiscal 2011.

Target: To keep percent increase in cost per credit FTE at or below the Philadelphia Consumer Price Index increase.

Current Status: A projection of stable enrollments, coupled with continuing restraints on College expenditures, will result in a small increase in cost per student for the 2011-12 year.

FIGURE VIII

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

	<u>Fall 2007</u>	<u>Fall 2008</u>	<u>Fall 2009</u>	<u>Fall 2010</u>	<u>Fall 2011</u>
Faculty and Lab Aides					
Average Salary	\$62,144	\$63,408	\$65,381	\$67,266	\$66,236
Percent Increase	+2.4%	+2.0%	+3.1%	+2.9%	-1.5%
Administrators					
Average Salary	\$69,450	\$70,863	\$71,910	\$74,652	\$75,744
Percent Increase	+1.4%	+2.0%	+1.5%	+3.8%	+1.5%
Classified and Confidential					
Average Salary	\$37,866	\$38,936	\$39,553	\$41,307	\$40,944
Percent Increase	+2.7%	+2.8%	+1.6%	+4.4%	-.9%

Comment: Data for each year are points-in-time values as of the middle of the fall term based upon all filled positions as of that date. Vacant positions and associated salaries 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 expired on August 31, 2011. The five year contract provides for average annual salary increases of 3.62% for full-time employees over the life of the contract. However, through the opportunities provided by employee turnover and retirement, the goal has been to keep overall average salary increases below the 3.62% increase for continuing employees over the five year contract period.

Current Status: The fall 2011 salaries are based upon the circumstance that no College employee has received a salary increase for the 2011-12 year. As a result, turnover of existing staff resulted in a decline in average salaries for both faculty and classified/confidential employees. Some previously-vacant high-graded administrative positions were filled for the fall, 2011 term. This resulted in the modest increase in average administrative salaries.

ATTACHMENT C

**STATUS REPORT ON CONSTRUCTION BUDGETS
AS OF NOVEMBER 2011**

11/1/2011

SUMMARY REVENUE & EXPENSES - COMBINED CONSTRUCTION BUDGETS

	Total Project Original Budget	Total Project Budget as of January, 2011	Total Project Budget as of November, 2011
NERC	31,649,627	30,878,680	31,388,681
Pavilion	31,382,235	30,472,304	31,291,792
BMW	24,120,138	19,491,792	19,011,866
Total Projected Costs -- All Project Components	87,152,000	80,842,776	81,692,339
Funding Sources			
Bond Proceeds	74,000,000	74,000,000	74,000,000
Bond Proceeds Interest Earnings	1,699,781	1,102,795	1,082,765
Projected Use of College Resources	5,000,000		
Remaining Proceeds from 1809 Sale	374,724	510,809	510,809
Capital Campaign Proceeds			
Barnes and Noble	1,000,000	1,000,000	1,000,000
EDA Grant	1,641,473	1,641,473	1,641,473
Federal SBA Grant	282,000	282,000	282,000
State Redevelopment Grant	1,000,000	1,000,000	1,000,000
Other Capital Campaign Proceeds	<u>3,076,527</u>	<u>3,076,527</u>	<u>3,076,527</u>
Total -- Capital Campaign	7,000,000	7,000,000	7,000,000
Total Revenues Used	88,074,505	82,613,604	82,593,574
Dollars Reserved for Landscaping, External Signage and Contingency	922,505	1,770,828	901,235

Projected Costs -- Northeast Regional Center	NERC ORIGINAL BUDGET	NERC as of January, 2011 - New Building	NERC as of January, 2011 - Existing Building Renovations	NERC as of November, 2011 - New Building	NERC as of November, 2011 - Existing Building Renovations	Combined Costs
General Trades	\$7,789,104	6,538,826	1,163,482	6,561,254	1,163,482	7,724,736
Site Work	1,611,712	1,421,008		1,421,750		1,421,750
Structural Steel	1,223,000	990,207		995,807		995,807
Roofing	390,000	518,327	264,000	532,634	264,000	796,634
Aluminum, Glass	1,693,000	1,275,802		1,282,463		1,282,463
Food Service	392,000	350,349		350,349		350,349
Plumbing	1,177,284	1,131,248	22,136	1,252,538	22,136	1,274,674
Fire Protection	442,000	293,415	129,089	293,415	129,089	422,504
EDA HVAC Package	6,889,451	6,454,795		6,579,383		6,579,383
Electrical	3,003,000	3,474,017	634,491	3,659,673	634,491	4,294,164
Security Systems	1,000,000	377,198		377,198		377,198
Architect	1,460,145	1,998,527	21,000	1,998,527	21,000	2,019,527
Construction Manager	910,250	1,146,113		1,146,113		1,146,113
Public Art	207,182	135,405		135,405		135,405
Independent Testing	414,365	35,077		35,340		35,340
Commissioning	335,000	150,000		150,000		150,000
Professional Fees	100,000	43,448		43,448		43,448
Early Costs-Program Development	113,512	149,859		121,669		121,669
Other Costs		45,160		95,560		95,560
Contingency	<u>398,622</u>	-	<u>100,000</u>			-
Construction	29,549,627	26,528,782	2,334,198	27,032,525	2,234,198	29,266,723
Outfitting	<u>2,100,000</u>	<u>2,015,700</u>	<u>200,000</u>	<u>2,121,958</u>	<u>200,000</u>	<u>2,321,958</u>
Total	\$31,649,627	\$28,544,482	\$2,534,198	\$29,154,483	\$2,434,198	31,588,681
Projected Recoveries		<u>-\$200,000</u>	-	<u>-\$200,000</u>	-	<u>-\$200,000</u>
Net Project Costs		\$28,344,482	\$2,534,198	\$28,954,483	\$2,434,198	\$31,388,681

11/01/11

Projected Costs -- Pavilion Building	Pavilion	Pavilion	Pavilion
	Building ORIGINAL BUDGET	Building as of January 2011	Building as of November 2011
Site work	1,737,755	2,366,030	2,263,235
Drilled Piers	690,000	609,498	609,498
Concrete	955,800	1,186,245	1,123,178
Masonry	133,650	289,190	344,207
Steel	2,049,800	1,639,025	1,633,462
Miscellaneous Metals	418,000	428,968	568,786
Millwork	140,400	358,716	354,898
Metal Panels	1,076,291	943,840	1,020,524
Roofing	869,430	669,642	678,345
Glazing/Curtain wall	1,467,413	812,774	834,297
General Trades	2,443,000	3,194,686	3,302,820
Painting	114,589	108,155	115,857
Flooring	294,300	336,332	367,268
Ceramic Tile	141,450	157,740	157,294
Kitchen Equipment	1,875,000	1,610,726	1,676,986
Elevators	405,000	725,000	746,922
Mechanical Piping	1,965,814	1,735,543	1,814,154
Plumbing	1,149,850	1,302,454	1,402,555
Sheet metal	1,235,000	1,061,778	1,125,754
Fire Protection	322,000	316,001	298,956
Electrical	2,317,193	2,789,408	3,129,660
Security and Access Systems	600,000	61,968	61,698
<i>Subtotal</i>	22,401,735	22,703,719	23,630,354
Architect	3,200,000	3,272,000	3,272,000
Construction Manager	2,250,000	2,650,000	2,650,000
Public Art	450,000	156,700	156,700
Independent Testing Services	150,000	225,000	250,000
Commissioning	225,000	175,000	175,000
Other Professional Fees	200,000	221,115	225,000
Early Costs - Program Development	5,500	317,326	312,442
Other (permits, utility service, misc.)		184,676	193,969
Utility Relocation	600,000	716,768	688,022
Contingency	900,000	-	35,000
Construction	30,382,235	30,622,304	31,588,487
Outfitting	1,000,000	1,000,000	678,305
Total	\$31,382,235	\$31,622,304	\$32,266,792
Projected Recoveries		<u>-\$1,150,000</u>	<u>-\$975,000</u>
Net Project Costs		\$30,472,304	\$31,291,792

11/1/2011

Projected Costs -- Bonnell/Mint/West Renovations	BMW Renovations ORIGINAL BUDGET	BMW Renovations as of January 2011	BMW Renovations as of November 2011
Site work/Landscaping	694,901	779,593	117,192
Drilled Piers	147,000		596,100
Steel	202,000		
Miscellaneous Metals	1,052,000	838,156	748,697
Metal Panels	1,902,761	1,498,793	1,463,000
General Trades	7,542,292	5,373,838	5,317,578
Painting	408,000	308,750	225,747
Elevators	700,000	300,000	265,724
Mechanical Piping	3,500,000	3,331,293	3,143,569
Plumbing	728,621	508,677	502,877
Sheet metal			
Fire Protection	690,798	672,806	568,774
Electrical	2,651,616	3,326,384	3,128,494
Security and Access Systems	400,000	78,114	78,114
Existing Floor Abatement		175,000	250,000
Independent Testing Services	225,000	125,000	75,000
Commissioning			
Other Professional Fees	150,000	100,000	75,000
Early Costs - Program Development			
Other (Additional Permits, gas lines)			
Utility Relocation			
Contingency	625,149	175,388	100,000
Construction	21,620,138	17,591,792	16,655,866
Construction Administration - Jan - Aug 2012			546,000
Architect - Landscaping			110,000
Outfitting	2,500,000	2,500,000	2,300,000
Total	\$24,120,138	\$20,091,792	\$19,611,866
Projected Recoveries		-\$600,000	-\$600,000
Net Project Costs		\$19,491,792	\$19,011,866

Significant ADDITIONAL Project Accomplishments within original budget

Northeast Regional Center

- Addition of Emergency Generator
- Addition of Major uninterruptable power supply for redundant server room
- Addition of enhanced classroom technology (Smart integrated podium / screen / projector / lighting)
- Addition of integrated video surveillance system
- Advanced security access control (CBORD)
- Original Building upgrades / renovations:
 - Replace HVAC to geothermal heat pumps
 - Complete replacement of the building roof
 - Repair of every window installation (from original construction)
 - Replace flooring throughout
 - Remodeled All restrooms w/ upgrades
 - Replaced lighting throughout
 - Redefined space for Computer forensics and IT
 - Added storage area for computer classroom

Pavilion

- Relocation of MAJOR underground utilities
 - PECO primary service
 - PECO infrastructure to and from substation
 - Verizon copper and fiber communications
 - Redefined routing “Under building” – modified caisson patterns
- Renovation of W2-47 and W2-48
- Enhanced Bookstore storage area w/expansion
- Upgrade to Bookstore HVAC system
- Enhanced lobby entrance to West building
- Addition of Advanced A/V systems and video systems

ATTACHMENT D

**SUMMARY OF EFFORTS TAKEN
AND RESULTS TO DATE
WITH RESPECT TO ACHIEVING
MINORITY, WOMEN AND DISABLED BUSINESS OWNER
PARTICIPATION IN THE CONSTRUCTION PROJECTS**

Development of Construction EOP Effort

Pre-Bid efforts

- Organized and held Minority Vendor Fairs directed to MBE contractors
- Established Equal Opportunity Plan template and goals in conjunction with the City of Philadelphia's Office of Economic Opportunity (formerly MBEC)
- Conducted planning sessions with construction management teams
- Data sharing meetings with Hispanic, Asian and African-American Chambers of Philadelphia to maximize MBE / WBE and DBE involvement
- Lessons learned meetings with Convention Center Construction Manager, Project Manager and construction executives
- Strategy planning with the Greater Philadelphia Urban Affairs Council
- Conducted seminar for minority firms and Chambers to help overcome bonding issues
- Met with AFL-CIO Trades Union to discuss participation from within the ranks for both City and minority selection
- Developed and documented plans for compliance procedures for Architect, Construction Managers, Contractors and CCP Facilities Department
- Directed Architects to design for maximum participation for minority firms.
- Scopes and specification written to limit the size of effort so that smaller minority firms could participate in bidding and production.
- Forty-one bid packages developed for the two major projects.
- CCP Equal Opportunity Plan was attached to each Request for Proposal and subsequent contracts

(3) Construction MBE/WBE monitoring

- Conducted pre-construction "EOP kick-off" meeting to introduce minority sub-contractors to prime contractors.
- Collect / assemble reports of daily workforce demographics
- Collect / assemble reports in comparison to the goals established above
- Identify contractors who are not meeting the goals and develop corrective measures where possible
- Monitor labor unions for participation in the project. Meet with Business agents to develop corrective measures as agreed to above.
- Establish review meetings with prime contractors to review their individual EOP goals and progress

Contract requirements

- Documented meaningful, measurable and verifiable efforts to achieve EOP goals.
- Within 15 days after award, the contractor is to deliver their comprehensive EOP to CCP
- Within 30 days after award of contract, the contractor is required to submit demographic details of the intended workforce to be used on site of the project.
- Within 30 days after award of contract, the contractor is to report on all efforts expended and pending to comply with the goals as identified above. CCP approval must be given prior to commencement of contract efforts.
- Once the project begins, the contractor is to supply all the contractually required information about ownership and workforce demographics to CCP or the Construction Manager. Failure to submit required information could be considered as default on the contract with potential termination.

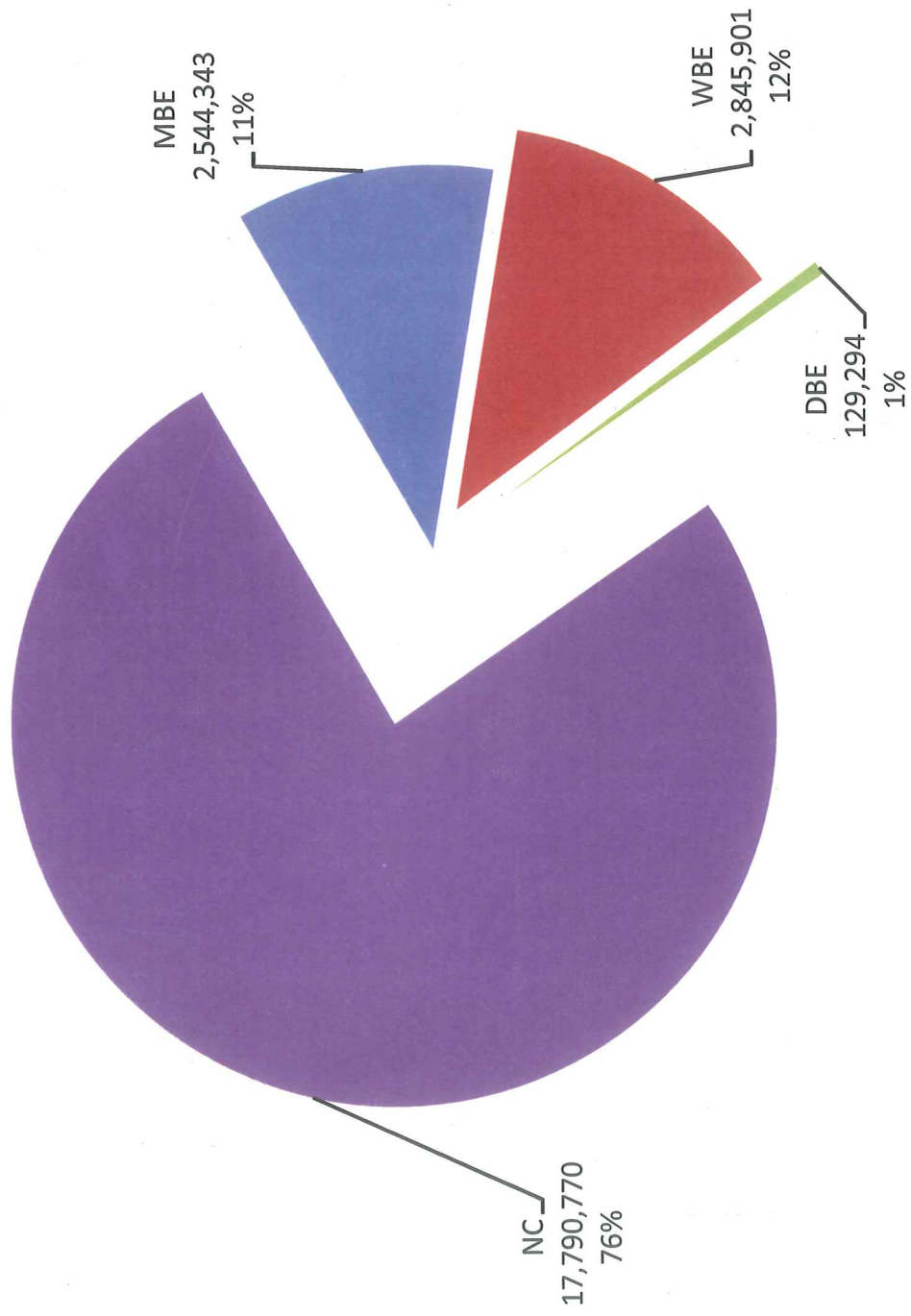
Northeast Regional Ownership EOP Actual



Pavilion Ownership FINAL EOP Actual

EOP Goals

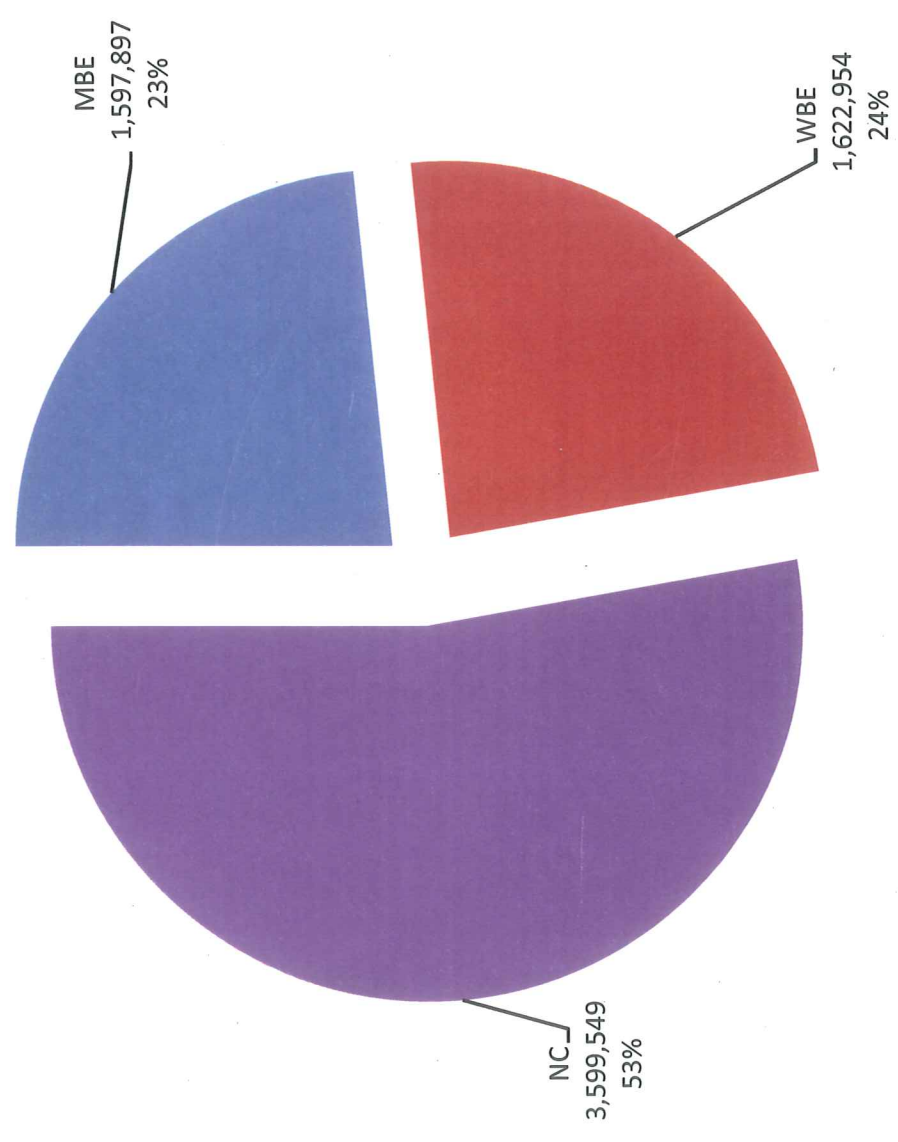
- MBE (25%)
- WBE (10%)
- DBE (2%)
- NC <63%



BMW Ownership to date participation

EOP Goals

- MBE (25%)
- WBE (10%)
- DBE (2%)
- NC <63%



Note: This data represents approximately 40% contract completion. Not all contractor efforts have been fully engaged at this point.