

**MEETING OF THE BUSINESS AFFAIRS COMMITTEE
OF THE BOARD OF TRUSTEES
Community College of Philadelphia
Wednesday, October 15, 2014– 9:00 A.M.**

Present: Mr. Jeremiah White, Jr., presiding *via* teleconference; Ms. Suzanne Biemiller *via* teleconference, Ms. Jennie Sparandara, Stella Tsai, Esq., Dr. Donald Generals, Dr. Samuel Hirsch, Mr. Todd Murphy, Mr. James P. Spiewak and Jill Garfinkle Weitz, Esq.

AGENDA – PUBLIC SESSION

(1) Security Consulting Firm RFP (Action Item):

Information: Mr. Spiewak stated that an RFP process was recently completed to identify a firm to provide consulting services to the College relative to its security operations and emergency response planning. Attachment A provides a detailed description of the security RFP process and an analysis of the four firms that were determined to be finalists for the contract. Staff recommended that the contract be awarded to Margolis Healy & Associates, LLC for the following reasons:

- Margolis Healy & Associates is a professional services firm specializing in campus safety, security, and regulatory compliance for higher education and K-12 schools.
- In 2013, Margolis Healy & Associates were awarded a contract authorized by Congress to establish and operate the National Center for Campus Public Safety.
- Margolis Healy & Associates presented a strong team for the project with team members holding appropriate degrees and credentials and varied work experiences in higher education, in governmental planning, emergency management and training, and in law enforcement.
- Margolis Healy & Associates has worked with an extensive number of higher education entities and clearly understands compliance issues in addition to security and emergency response concerns.
- Margolis Healy & Associates' fee was the lowest of the finalists.

Please refer to Attachment B which contains the handout provided to Committee members that includes the PowerPoint presentation given by Margolis Healy & Associates to the RFP team members on October 2, 2014.

In response to a question from Ms. Sparandara concerning qualifications of all of the finalists firms, Mr. Spiewak noted that all staff felt that all firms proposed a team of very qualified individuals. Ms. Weitz mentioned that Margolis Healy & Associates are the "crème of the crop" in the industry and only deal with higher education school security and compliance issues. She noted that during reference checks, clients indicated that, from their perspectives, Margolis Healy tailored their approach to their institution and did not use a "canned" approach. Dr. Hirsch mentioned that an important element of Margolis Healy's approach was to communicate with as many individuals as possible, including faculty and students, and to engage with the College community to show that security is a priority for the College.

Ms. Biemiller asked if this type of security analysis had ever been done before at the College and staff responded that it had not. Ms. Biemiller then asked about the College's use of contracted security services and whether this will be re-examined. Mr. Spiewak responded that the College was currently undertaking an RFP process for contracted security since the current contract was expiring. He indicated that staff will delay the RFP process until this aspect of the College's operations was reviewed by the consultants.

Mr. White noted that it is probable that additional budgetary needs will result from the analysis and that in addition to capital needs, it could involve additional operating budget needs. Mr. White also inquired if the consultant will be speaking with the PA Homeland Security Office and City police and other local law enforcement agencies. Mr. Spiewak stated that staff will make sure that the consultants involve these organizations. Dr. Generalis stated that concurrent with this security analysis, staff were evaluating alternative mass communication companies. Staff recently had a presentation from *Send Word Now* that has the ability to integrate with other alert systems used by the College and had other technological advantages over the e2Campus system currently used by the College. It is expected that all students and staff would automatically be entered into the mass communication database and would need to opt out as opposed to the current process now of opting in.

Action: Ms. Sparandara moved and Ms. Biemiller seconded the motion that the College enter into a contract for security consulting with Margolis Healy & Associates, LLC in the amount of \$96,000 including expenses. The motion passed unanimously.

(2) 2014-15 Budget Update (Information Item):

Mr. Spiewak provided an overview of the College's budget status for fiscal year 2014-15. Early projections for the 2014-15 budget were provided based upon late summer and fall credit enrollments and expenditure patterns in the first quarter of the year. Attachment C was provided by Mr. Spiewak who briefly explained enrollment, revenue and expense projection variances from the original budget.

Mr. Spiewak noted that credit enrollments for the fall semester were about 1% lower than the previous year and a 1% increase had been budgeted. If this scenario continues into the spring semester, student tuition and fees would be approximately \$1 million lower than originally budgeted.

The approved state budget included additional funds for community colleges and no increase had been included in the College's original budget. CCP's share of the additional state appropriation is \$462,000. In relation to expenses, Mr. Spiewak noted that it is still too early to definitively determine variances. However, based upon final fiscal year 2013-14 expenses, Mr. Spiewak indicated that there are a few budget categories where budgets may not be fully expended. He mentioned that these categories include part-time salaries, early retirement incentives, some fringe benefits, utilities and supplies that collectively total \$1.2 million. As a result of the updated projections noted above, the projected deficit for fiscal year 2015 is reduced to \$427,000.

In response to a question from Mr. White, Dr. Hirsch noted that student headcount was up .5% but students are taking less credits and the full-time student count is down. He noted that enrollment services was doing a lot to communicate with students, including using the new customer relations management system and messaging their admission processes. A new initiative was started this year, *Complete with 15*. Dr. General noted that this initiative was part of the completion agenda. The strategy is to advise students who are only enrolled for 12 credits to take an additional course at no additional cost if advisors are confident the student can handle the additional course. Dr. General also mentioned that a winter session is being investigated which could result in additional enrollments for the spring semester. He also noted that the Main Campus will again offer classes on Saturdays and that new student numbers continue to be up. Mr. White noted that the College may need to spend more for investments in new educational models and degree completion efforts. He stated contingency funds and shifting of other unspent budget dollars can be made available to fund new initiatives.

Dr. General and Dr. Hirsch informed the Committee that the College was negotiating with Civitas Learning, another initiative that is within the completion agenda. This company provides high level predictive analysis using a highly sophisticated model that draws information from different databases used by the College. Colleges are using it to analyze persistence trends and success probabilities based upon historical information. It will allow a college to see what effects their support services are having over time and allow colleges to plan for and develop strategies to support students that are "predicted" to need additional support. Dr. General noted that this will put the College in an elite group using this type of data-driven process. In response to a question from Ms. Sparandara, staff stated that no additional staff will be needed to implement Civitas Solutions software. Mr. White mentioned that this information should be shared with the Students Outcomes Committee. Ms. Biemiller stated that she was delighted that the College was moving in this direction.

(3) Ebola Communication Strategies (Information Item):

Dr. Hirsch described the Ebola communication strategies the College will be using to quell fears and stop rumors. Student Affairs will be providing a fact sheet *via* a website as well as providing ongoing education.

(4) 2014 Financial Performance Indicators (Information Item):

Mr. Spiewak stated that the annual financial performance indicators were developed in collaboration with the Board to provide a snapshot of the College's current financial operating characteristics. He presented the 2014 Financial Performance Indicators to the Committee. (Please refer to Attachment D.) Mr. Spiewak stated that these indicators incorporate the financial results for the 2013-14 fiscal year and, in some cases, include preliminary projections for the current year.

(5) Next Meeting Date

The next meeting of the Committee is scheduled for Wednesday, November 19, 2014 at 9:00 A.M. in the Isadore A. Shrager Boardroom, M2-1.

ATTACHMENT A

SECURITY CONSULTING FIRM RFP PROCESS

RFP Process for Security Consulting Firm

Background Information

Dr. Generals had requested that the College seek expert assistance for emergency planning and response. His request was reinforced by recent events. Additionally, the College would seek a thorough review of its safety and security operations including: use of technology and mass communication strategy, staffing, policies and procedures, internal and external communications, and training and awareness campaigns. Mr. Spiewak, Interim VP for Finance and Facilities, led a team of staff members who identified consulting firms and created a Request for Proposal. The staff members on the team in addition to Mr. Spiewak were: Lynette Brown-Sow, VP for Marketing and Government Relations; Sam Hirsch, VP for Student Affairs, Jill Weitz, VP for Human Resources and General Counsel, Harry Moore, AVP for Facilities and Construction Planning, Charles Schaffner, Manager of Safety and Security, and Marsia Henley, Manager of Purchasing.

RFP Process

Invitations to bid on a security consulting project for Community College of Philadelphia were sent to ten security firms. Seven firms participated in a pre-bid teleconference. All firms were given the option to tour the College's facilities.

The RFP included the following in the scope of work:

1. Review current emergency response management plan and provide appropriate recommendations.
2. Review and become familiar with College buildings and sites.
3. Seek input from appropriate stakeholders to include, but not limited to, President, Cabinet members, Director of Safety & Security, AVP, Facilities Operations, IT staff, Security staff, Emergency Response Management Team.
4. Review current Safety and Security policies and procedures related to emergencies and provide appropriate recommendations.
5. Review the roles and responsibilities of decision makers, security staff, emergency response management team, and other relevant personnel involved in emergencies and provide appropriate recommendations.
6. Review and evaluate the organizational structure and staffing level of the Department of Safety & Security and provide appropriate recommendations.

7. Provide recommendations as to the creation, amending, and/or monitoring of policies, procedures and objectives relative to emergencies.
8. Evaluate current facilities and technology (security cameras, access control, mass notification systems) in order to provide recommendations for most effective use.
9. Evaluate compliance with local, state and federal guidelines and provide appropriate recommendations.
10. Develop acquisition cost and total cost of ownership estimates for recommended facilities and technology improvements.
11. Review communication plans for both external and internal communications and provide appropriate recommendations.
12. Provide plans for the training of students, faculty, and staff to identify and respond to potential threats.
13. Provide plans for strengthening the overall awareness of security issues and the College's emergency response plans of students, faculty, and staff.
14. Provide a summary document of findings and recommendations (written report).
15. Provide project management to track progress, provide interim documentation and solicit input from stakeholders as needed.

Six vendors presented formal proposals. Four of the firms were invited to make presentations to College staff. The four finalists with their proposed costs are:

<u>Firm</u>	<u>Fee</u>	<u>Expenses</u>
FTI Consulting	\$139,200	\$ 5,800
Margolis Healy & Associates	96,000	none
Witt O'Brien's	178,980	19,063
Elert & Associates	91,850	11,888

Witt O'Brien's was dropped from consideration since their presentation was not received as positively by the team as the other three finalists and their cost was almost 40% higher than the next highest proposal.

Margolis Healy & Associates is a professional services firm specializing in campus safety, security, and regulatory compliance for higher education and K-12 schools. This firm of approximately 30 employees was formed in 2008 with the merger of Margolis & Associates and Strategic Security Consulting and is headquartered in Burlington, VT. In 2013, they were awarded a contract authorized by Congress to establish and operate the National Center for Campus

Public Safety. Recent clients listed as references include Tulsa Community College, Seattle University, and Rice University.

Margolis Healey & Associates presented a strong team for the project. The four individuals identified all have appropriate degrees and credentials. They have varied work experiences in higher education, in governmental planning, emergency management and training, and in law enforcement. The firm has worked with an extensive number of higher education entities. They clearly understand compliance issues in addition to security and emergency response concerns. Margolis Healey & Associates offered the lowest fee but also have allocated the lowest number of hours (480) to this engagement.

In regards to training efforts, Margolis Healey & Associates proposed to design and deliver an emergency exercise following NIMS standards; conduct a four-hour tabletop exercise; and to develop, in conjunction with staff, a curriculum for an emergency management orientation session for members of the College's executive staff, emergency response management team, essential employees and safety committee.

Eler & Associates is a security and technology consulting firm established in 1984. This firm has approximately 40 employees and is headquartered in Stillwater, MN with offices in five other states. Recent clients listed as references include City Colleges of Chicago, Front Range Community College in Colorado, and Connecticut State Colleges and Universities.

Eler & Associate's proposed team of five has solid credentials but limited work experiences in higher education. The two senior security consultants worked primarily in law enforcement; however, their presentation displayed that they have an excellent understanding of the risks facing an entity such as CCP. Although many of their higher education projects were primarily security technology-related, they were recently awarded a contract to conduct comprehensive security and vulnerability assessments for the Connecticut State Colleges & University system which includes 12 community college campuses. Eler & Associates offered the second lowest fee and allocated 548 hours to the project.

In regards to training, Eler & Associates presented six separate training programs.

FTI Consulting is a global business advisory firm that added a risk management practice in 2013 through the acquisition of Risk Solutions International. This firm is headquartered in New York, NY with offices in many major business centers throughout the world and has close to 3,900 employees worldwide. Recent clients listed as references include LaGuardia Community College, Teachers College and Central Connecticut State University.

FTI Consulting presented a strong team for the project. The four individuals identified all have unique work experiences that collectively, include higher education, risk management, and law enforcement. Of all the finalists, their client list was the most varied and included many Fortune 500 companies. They will use a minority consultant to perform the review of the College's security technology. Their proposed fee was the highest but they also allocated the most hours (746) to the project. In addition to their base fee, the firm quoted a fee of \$50,000 to develop and web-host an on-line, updatable version of the College's emergency response plan.

FTI proposed the most hours devoted to training and exercises. Their proposal included two separate classroom sessions (which the College could videotape) related to NIMS and Incident Command Systems as well as a four-hour tabletop exercise. They would also plan training for the various College departments including the College's executive staff, emergency response management team, essential employees, department heads and safety committee.

ATTACHMENT B

**EMERGENCY RESEPNSE AND
SAFETY PROGRAM ASSESSMENT
MARGOLIS HEALY & ASSOCIATES, LLC**

Community College of Philadelphia

Emergency Response and Safety & Security Program Assessment

Margolis Healy & Associates, LLC

October 2, 2014



MARGOLIS HEALY
SOLUTIONS FOR SAFE CAMPUSES

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Agenda

- About MHA
- Project Deliverables
- Timeline
- Total Project Hours
- Policy/Practice Revisions
- Critical Issues for Students, Faculty & Staff
- Emergency Plan Revisions
- Key Assumptions
- Assigned Resources
- Questions



Agenda

- Daniel R Pascale, CPP – Sr. Director of Security & Emergency Management Services
 - Sr. Director of Emergency Preparedness, Communications & Security – University of Chicago
 - Director of Emergency Management – Rutgers University
 - Past President of NJ College & University Public Safety Association
 - Past Chair – ASIS International School Safety Council
- Christopher Neuwirth, MA, MEP – Manager of Emergency Management Services
 - Police Officer, Firefighter, EMT, Emergency Manager
 - Oversaw Hurricane Sandy Public Health Recovery for State of NJ
 - Regional EOC Manager/Disaster Planner over jurisdiction with 250+ k-12, 2 community colleges and a university



About Margolis Healy

Margolis Healy & Associates, LLC is a professional services firm that **specializes in campus safety and security consulting** for educational institutions throughout the United States and Canada.

- Emergency management program development, plan reviews, plan development, training & exercises;
- Safety and Security Program Assessments™ (SSPA);
- Public Safety Management Studies™ (PSMS);
- Clery Act & Title IX compliance audits and related training;
- Independent reviews;
- Expert witness/litigation consultation.



Qualifications

- Led by highly-regarded former campus public safety executives with decades of higher education experience:
 - Selected to develop and manage the National Center for Campus Public Safety (September, 2013);
 - Campus safety and security thought leaders in the field;
 - Manage multiple federal and state grants to enhance campus safety.
- Extensive experience with projects of similar size and scope;
- Seasoned expert teams are assembled to meet the specific goals of the project using MHA's methodology;
- Significant higher education/community college experience

JMK1



Sample of Relevant Client Experience

- Tulsa Community College
- Community College of Rhode Island
- Amherst College
- Seattle University
- Grinnell College
- St. Michael's College
- The College of Westchester
- Emerson College
- VirginiaTech
- Stetson University
- Suffolk College
- Touro College
- Rice University
- Wake Forest University
- Delaware State University
- Boise State University
- Baylor University
- Colorado State University
- Northeastern University
- Duke University
- George Mason University
- University of Idaho
- Yeshiva University
- Babson College



Project Deliverables - Emergency Planning

- MHA will provide the following emergency management services:
 - Conduct a Hazard, Vulnerability & Impact Assessment to develop a relative risk matrix of technological, human-made and natural emergencies;
 - Assess the College's Emergency Operations Plan(s) relative to its administrative framework, response framework and associated threat and hazard specific annexes;
 - Assess emergency communication system(s), plans, policies/procedures;
 - Assess Executive, Faculty, Staff & Student Training programs;
 - Community education and awareness efforts.



Project Deliverables - Emergency Planning

- Analyze our findings and compare the College's current efforts against recognized national (contemporary) standards in higher education; including federal, state and local requirements.
- Identify challenges, gaps and opportunities including training opportunities for Executive Policy Group, Emergency Management Team, Security staff and students.
- Provide reasonable, actionable, sequenced recommendations to close gaps, exploit opportunities and meet regulatory compliance.
- Identify roles and responsibilities of Executive Policy Group, Emergency Management Team and First Responders; plus, test the schools plan through a formal exercise.



Emergency Operation Plan Elements

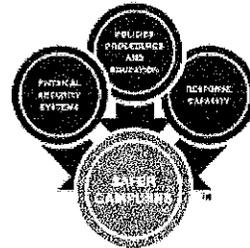
- Promulgation Statement
- Approval, Implementation & Authority
- Record of Changes & Distribution
- Purpose
- Situation Overview
- Assumptions
- Concept of Operations
- Organization & Assignment of Responsibilities
- Direction, Control & Coordination
- Information Collection & Analysis
- Training & Exercises
- Administration, Finance and Logistics
- Evacuation
- Lockdown
- Shelter in Place
- Accounting for all Persons
- Communication and Notification
- Continuity of Operations
- Recovery
- Public Health, Medical & Mental Health
- Security
- Rapid Assessment
- Severe Storm
- Earthquake
- Tornado
- Hazardous Materials
- Mass Casualty Incident
- Active Threat
- Disease Outbreak
- Bomb Threat or Explosion



Project Deliverables
Safety & Security Program Assessment

Approach

- Interview key stakeholders to include: College Administration, Safety & Security, Facilities, Risk Management, Human Resources, Student Government, etc. to better understand the culture of the College, safety/security concerns and the desired state of security.
- Physical inspection of buildings and property.
- Evaluate way-finding signage placement.
- Assess:
 - ✓ Lighting (relative to acceptable security standards);





Project Deliverables
Safety & Security Program Assessment

- ✓ Visitor Management;
- ✓ Key Control;
- ✓ Digital Signage;
- ✓ Parking & Traffic;
- ✓ Campus Connectors (pathways);
- ✓ Mass gathering areas (Libraries, Dining Halls, Lecture Halls, etc.);
- ✓ High risk areas (computer/chemical labs);



Project Deliverables
Safety & Security Program Assessment

- Use of security systems and technology compared to contemporary standards to include:
 - ✓ Equipment and Facility Design standards;
 - ✓ Disparate/Legacy systems;
 - ✓ Systems integration;
 - ✓ Program Management;
 - ✓ Acceptable use policies;
 - ✓ Centralization;
 - ✓ End user (Operator) training;
 - ✓ Sustainability.
- Develop *projected cost estimate(s)* for recommended security system enhancements including, purchase, licensing, installation, training and sustainability*



Project Deliverables
Safety & Security Staff Analysis

(continued)

- Analysis of current staffing resources;
- Review of command structure;
- Review of staff training;
- Selection and Retention Policies;
- Position Descriptions and Responsibilities;
- Institutional Expectations.



Margolis Healy Bi-Dimensional Staffing Formula™

- Space Analysis
 - Staff Readiness
 - Call Volume
 - Number of Different Types of Buildings
 - Total Campus Area
 - Campus Mission
- Shift Activity Analysis
- Staffing Formula
- Calls For Service Analysis
- Building Security Activities
- Proactive/Directed Patrol Activities



Project Timeline

- ① October 1, 2014 – Award Date
- ② November 2014 – Site Visit #1
- ③ December 2014 – Site Visit #2 (as needed)
- ④ January 2014 – Draft Analysis, Draft Report and Discussion
- ⑤ February 2014 – Report Revisions and Legal Review
- ⑥ March 2014* – Final Report



Estimated Projection of Total Project Hours

- Emergency Response Planning – 160 Hours
- Safety & Security Program Assessment – 120 Hours
- Safety & Security Staffing Analysis – 60 Hours
- Total Project Hours – 340*

** Exclusive of administrative support and legal review*



Policy/Practice Verification

How do we verify security policies/practices are known and understood by all and followed?

- Educational campaign to include;
 - Orientation(s)
 - Website
 - Mobile Apps
 - Posters
 - Top-down support

- Conduct exercise(s) and or campus-wide drill and after action to identify challenges leading to:
 - Policy review and change
 - Training or retraining
 - New or Enhanced Community Education Efforts



Critical Issues – Students, Faculty & Staff

What are the most important issues about which to educate the College's students, faculty and staff in regards to safety?

- Resource Identification (Safety & Security, Sexual Assault Victim/Witness Assistance, Counseling Services);
- How to report a crime or being the victim of a crime;
- College Safety & Security Policies & Expectations;
- Emergency Communications (notification);
- Immediate Action and Response – *what to do*.



Emergency Management Plan Revisions

How will we develop a revised Emergency Response Plan with defined responsibilities for all participants?

- Thorough analysis of existing plans vs contemporary standards;
- Understanding of college culture, emergency management team member roles, redundancy and training;
- Collaboration with college administration to obtain necessary information and develop plan;
- Identify roles and responsibilities of Executive Police Group, Emergency Management Team and First Responders;
- Test plan and team through formal exercise;
 - Hot wash/debrief, lessons learned.



Key Assumptions

1. The College is fully **committed** to an open, objective assessment of the areas outlined in the RFP.
2. The College will **fully assist** with the gathering of documents, coordination of site visits and interviews, and general support in completing the project.
3. The College will assign a senior liaison and logistics coordinator/project manager.



Margolis Healy Resources

- **Daniel R Pascale, CPP** – *Sr. Director of Security & Emergency Management Services*
- **Joseph P Allen, MPA** – *Manager of Security & Emergency Management Services*
- **Christopher A Neuwirth, MA, MEP** – *Manager of Security & Emergency Management Services*
- **Robert L Evans** – *Manager of Organizational Assessment Services*
- **Katherine Forman, MPA** – *Director of Client Relations*
- **Jeffrey Nolan, Esq.** – *Sr. Associate*
- **John Matherson** – *Associate*

10/14/2014

www.margolishealy.com Twitter: @margolishealy



Questions?

ATTACHMENT C

2014-15 BUDGET UPDATE

Community College of Philadelphia
Enrollment Information (FTEs) for Fiscal Year 2014-15

	<u>Actual FY 13-14</u>	<u>Budgeted FY 14-15</u>	<u>Actual / Projected FY 14-15</u>	<u>Projected FY 15 vs Actual FY 14</u>	<u>% Variance</u>	<u>Projected FY 15 vs Budgeted FY 15</u>	<u>% Variance</u>
<u>CREDIT</u>							
Summer 2	1,865	1,866	1,718	(148)	-7.91%	(148)	-7.91%
Fall	12,950	13,099	12,800	(150)	-1.16%	(299)	-2.28%
Spring	12,739	12,892					
Summer 1	2,547	2,658					
Credit Year-to-date Totals - Annual FTEs	15,051	15,257					
<u>NONCREDIT</u>							
Summer 2	58	95	54	(4)	-6.90%	(41)	-43.16%
Fall	525	658	658	133	25.33%	0	0.00%
Spring	382	615					
Summer 1	133	236					
Noncredit Year-to-date Totals - Annual FTEs	549	802					

21,197,544
Operating Budget Projections
Fiscal Year 2014-15

	<u>Original Budget</u>	<u>Current Projection as of October 15, 2014</u>
<u>REVENUES</u>		
Student Tuition and Fees	\$76,692,948	\$75,613,699
Commonwealth of Pennsylvania	28,226,906	28,689,415
City of Philadelphia	21,197,544	21,197,544
Other Income	<u>1,867,400</u>	<u>1,867,400</u>
TOTAL REVENUES	\$127,984,798	\$127,368,059
<u>EXPENSES</u>		
Salaries, Net of Lapsed Funds	\$73,584,960	\$72,924,960
Fringe Benefits	34,499,400	34,364,400
Other Expenses	20,775,737	20,305,737
Student Financial Aid	<u>200,000</u>	<u>200,000</u>
TOTAL EXPENSES	\$129,060,097	\$127,795,097
OPERATING BUDGET STATUS	<u>(\$1,075,299)</u>	<u>(\$427,038)</u>

**Community College of Philadelphia
Operating Budget Projection
Fiscal Year 2014-2015**

	Original Budget	Current Projection as of October 15, 2014	Comment
<u>OPERATING REVENUES</u>			
State Funding	\$28,036,906	\$28,499,415	Final state budget included unexpected increase.
State Lease funding	190,000	190,000	
Total State Revenues	28,226,906	28,689,415	
Tuition - Credit Students , net of write-offs, discounts and other offsets	60,902,899	59,806,511	Based upon projected enrollment level.
Technology Fee	10,684,719	10,613,675	Based upon projected enrollment level.
Course Fees	3,469,330	3,486,551	
Net Contribution from: Contracted Noncredit Instruction; Other Noncredit Instruction; Adult Community Noncredit Instruction	511,500	511,500	
Student Regulatory Fees	1,124,500	1,195,462	
Total Student Tuition & Fees	76,692,948	75,613,699	
City Operating Funds	21,197,544	21,197,544	
Investment Income	645,400	645,400	
Vocational Education Funding	200,000	200,000	
Indirect Costs, Administrative Allowances	300,000	300,000	
Parking Proceeds & Miscellaneous Income	722,000	722,000	
Total Other Income	1,867,400	1,867,400	
TOTAL OPERATING REVENUES	<u>\$127,984,798</u>	<u>\$127,368,059</u>	

**Community College of Philadelphia
Operating Budget Projection
Fiscal Year 2014-2015**

	Original Budget	Current Projection as of October 15, 2014	Comment
OPERATING EXPENSES			
Salaries			
Full-Time Administrative Salaries	16,279,579	16,319,579	
Less: Projected Lapsed Salaries	(700,000)	(800,000)	
Net Full-Time Administrative Salaries	15,579,579	15,519,579	
Full-Time Faculty Salaries	30,016,112	30,016,112	
Less: Projected Lapsed Salaries	(150,000)	(150,000)	
Net Full-Time Faculty Salaries	29,866,112	29,866,112	
Full-Time Classified Salaries	10,820,129	10,820,129	
Less: Projected Lapsed Salaries	(500,000)	(500,000)	
Net Full-Time Classified Salaries	10,320,129	10,320,129	
Subtotal - Full-Time Salaries	55,765,820	55,705,820	
Part-Time & Overload Credit Salaries	10,703,459	10,703,459	
Summer Credit Instruction	4,186,542	3,986,542	
Noncredit Instructional Salaries	466,302	466,302	
All Other Salaries	2,012,837	1,712,837	Revised budget projection based upon FY13-14 spending pattern.
Early Retirement Incentive Payments	450,000	350,000	
Subtotal - Other than Full-Time Salaries	17,819,140	17,219,140	
Total Salaries	73,584,960	72,924,960	
Fringe Benefits			
Medical Program	23,243,400	23,243,400	
Retirement	5,625,900	5,625,900	
FICA	3,112,400	3,112,400	
Tuition Remission	721,000	646,000	Revised budget projection based upon FY13-14 activity.
Group Life	475,000	475,000	
Unemployment Compensation	381,000	321,000	
Workers' Compensation	350,000	350,000	
Unused Vacation	100,000	100,000	
Disability Premium	305,700	305,700	
Forgivable Education Loan	185,000	185,000	
Total Fringe Benefits	34,499,400	34,364,400	

**Community College of Philadelphia
Operating Budget Projection
Fiscal Year 2014-2015**

	Original Budget	Current Projection as of October 15, 2014	Comment
Facility Expenses			
			Revised budget projection based upon FY13-14 spending pattern.
Utilities	2,061,196	1,916,196	
Contracted Security	1,520,880	1,520,880	
Contracted Cleaning	1,058,611	1,058,611	
All Other Facility Expenses	2,132,807	2,132,807	
Total Facility Expenses	6,773,494	6,628,494	
All Other Expenses			
Leased Equipment & Software	4,534,486	4,534,486	
Catalogs and Advertising	1,243,403	1,243,403	
			Revised budget projection based upon FY13-14 spending pattern.
Supplies-Pool	1,493,840	1,193,840	
Contracted Services	1,725,650	1,725,650	
Consultant	514,100	514,100	
Maintenance & Repairs	506,987	506,987	
			Revised budget projection based upon FY13-14 spending pattern.
Postage	395,100	370,100	
Insurance	666,750	666,750	
Legal Fees	450,000	450,000	
Other Expenses	2,471,927	2,471,927	
Total All Other Expenses	14,002,243	13,677,243	
King Scholarship	200,000	200,000	
TOTAL OPERATING EXPENSES	\$129,060,097	\$127,795,097	
Projected (Deficit) Surplus *	(\$1,075,299)	(\$427,038)	

* Prior to impact of GASB45 accrual

ATTACHMENT D

**2014 FINANCIAL PERFORMANCE REPORT
OCTOBER 15, 2014**

**2014 FINANCIAL PERFORMANCE REPORT
OCTOBER 15, 2014**

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 eleven fiscal years. Initially budgeted deficits in 2011, 2012, 2013 and 2014 were eliminated and small surpluses achieved.
- Strong liquidity. Average daily cash and investment balances in excess of \$40.5 million.
- Moody's bond rating (A1) was reassessed and reaffirmed in June 2012.
- Audits are consistently unqualified with no significant control weakness findings.
- Facility expansions and renewals 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.
- Many successive years of responding to tight budget scenarios has greatly limited degrees of freedom to respond to future revenue shortfalls.
- Slight decrease in credit enrollments.

CCP FINANCIAL PERFORMANCE MEASURES

OCTOBER 2014

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%

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. Current projections are that the College's liquidity position for 2014-15 will be similar to levels for 2013-14.

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) Accrual**

Fiscal Year	Unrestricted (Carry-Over) Funds		Unrestricted Carry-Over Funds as a Percent of Budget
	Prior to Recording Post-Employment Benefit Accrual	Operating 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%*

*Prior to recording GASB 45 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. The above chart shows the value of the College's unrestricted carry-over funds without the impact of reporting the GASB 45 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 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).

Current Status: The 2014-15 fiscal year is currently projected to end with a small deficit. The ratio will remain essentially flat.

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) Accrual

Fiscal Year	Cumulative Value of GASB 45 Annual Accrual	Reported Value of Unrestricted Carry-Over Funds Including Quasi- Endowment Funds With GASB 45 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)

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. The GASB 45 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 2014-15.

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

* 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 2014 totaled \$16.1 million. Including these funds, the College's current ratio is 1.65. 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 2014-15 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%

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 2014-15 the debt service payment associated with the 2008 bond decreases by \$1.26 million. Debt payments will remain relatively constant in the near future.

FIGURE V
Revenue Dispersion - Operating Budget Revenues by Source

Operating Revenue by Source	FY 11-12	% of Total	FY 12-13	% of Total	FY 13-14	% of Total
State Appropriation	\$28,036,906		\$28,036,906		\$28,036,906	
State Lease Appropriation	192,403		202,918		142,404	
TOTAL STATE	28,229,309	23.39%	28,239,824	23.32%	28,179,310	22.53%
City Operating Appropriation	17,652,221	14.73%	18,063,705	14.92%	18,346,138	14.67%
Student Tuition & Course-related Fees	70,832,589		72,014,866		75,490,544	
Student Regulatory Fees	808,692		1,190,926		1,195,462	
TOTAL STUDENT	71,641,281	59.09%	73,205,792	60.47%	76,686,006	61.31%
Other	2,350,126	1.96%	1,547,115	1.28%	1,865,665	1.49%
Total	\$119,872,937		\$121,056,437		\$125,077,119	

Comment: No change was made in the State operating appropriation for fiscal years 2012 through 2014. The City operating appropriation represents dollars remaining from the total City allocation after all City capital obligations are met. 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: State operating funding for FY 2015 increased by \$462,000 from FY 2014 and the City appropriation increased by \$500,000. The current realities of City and State revenue receipts are likely to result in funding at or near current levels. The College will need to seek alternative revenue streams in order to lessen the dependence on continuing tuition and fee increases.

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%*

*Estimate

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 2014, 61.3 percent of revenues were generated by students. Of these student revenues, a growing percentage is being paid *via* federal financial aid (Pell). In FY 2014, 35.3 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 2014-15 year.

FIGURE VII

Tuition and Fee Changes

	<u>2008-09⁽³⁾</u>	<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>
Tuition ⁽¹⁾	\$115 per cr. hr.	\$122 per cr. hr.	\$128 per cr. hr.	\$138 per cr. hr.	\$148 per cr. hr.	\$153 per cr. hr.	\$153 per cr. hr.
General College Fee	\$4.00 per cr. hr.						
Technology Fee	\$28.00 per cr. hr.						
Average Course Fee	\$6.53 per cr. hr.	\$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.
Average Total Annual Costs for Full-time Study ⁽²⁾	\$3,685	\$3,849	\$3,991	\$4,263	\$4,504	\$4,624	\$4,624

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 \$75 to \$300 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 2014-15 fiscal year is \$4,440.

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

Current Status: Tuition and fee charges for the 2015-16 year cannot currently be predicted pending more information on probable levels of City and State support.

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	-4%	\$7,020	5.3%	3.9%
2007-08 ⁽¹⁾	13,942	2.8%	\$7,113	1.3%	2.4%
2008-09 ⁽¹⁾	14,208	1.9%	\$7,198	1.2%	3.2%
2009-10 ⁽¹⁾	15,808	11.3%	\$6,779	-5.5%	-0.2%
2010-11 ⁽¹⁾	16,091	1.8%	\$7,166	5.4%	1.9%
2011-12 ⁽¹⁾	15,796	-1.8%	\$7,355	2.6%	2.8%
2012-13 ⁽¹⁾	15,115	-4.3%	\$7,707	4.8%	1.8%
2013-14 ⁽¹⁾	15,051	-4%	\$7,931*	2.9%*	1.3%

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

*Estimated

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) expenses. The value of this accrual for 2013-14 was \$8.6 million or \$572 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 slight decrease in enrollments, coupled with the increase in College expenditures, will result in a modest increase in cost per FTE for the 2014-15 year.

FIGURE IX

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

	<u>Fall 2010</u>	<u>Fall 2011</u>	<u>Fall 2012</u>	<u>Fall 2013</u>	<u>Fall 2014</u>
Faculty and Lab Aides					
Average Salary	\$67,266	\$66,236	\$66,137	\$66,862	\$66,878
Percent Increase	+2.9%	-1.5%	0%	+1.1%	0%
Administrators					
Average Salary	\$74,652	\$75,744	\$75,731	\$74,804	\$75,630
Percent Increase	+3.8%	+1.5%	0%	-1.2%	+1.1%
Classified and Confidential					
Average Salary	\$41,307	\$40,944	\$40,609	\$41,322	\$41,312
Percent Increase	+4.4%	-9%	-8%	+1.8%	0%

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 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 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 and will also occur in 2014-15. 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 2014-15 will result in the salaries of continuing employees being approximately 3% higher in fall, 2015. However, employee turnover due to resignations and retirements are expected to result in a fall, 2015 average salary increase of less than 3% over the fall, 2014 salaries.