

**MEETING OF THE BUSINESS AFFAIRS COMMITTEE
OF THE BOARD OF TRUSTEES**

Community College of Philadelphia

Wednesday, June 24, 2020 – 9:00 A.M.

Join Zoom Meeting

<https://ccp.zoom.us/j/99201608809>

Meeting ID: 992 0160 8809

+16465588656,99201608809# US (New York)

Present: Lydia Hernández Vélez, Esq. (Chair), Mr. Rob Dubow, Mr. Steve Herzog, Mr. Harold Epps, Mr. Michael Soileau, Mr. Jeremiah J. White, Jr., Dr. Donald Guy Generals, Dr. Judith Gay, Mr. Jacob Eapen, Mr. William Bromley, Mr. Michael Fohner, Ms. Marsia Henley, Mr. Gim Lim, Mr. Derrick Sawyer, Mr. James P. Spiewak, Dr. Lynne Sutherland, Victoria L. Zellers, Esq., and Ms. Sabrina Maynard (Guest)

AGENDA – PUBLIC SESSION

(1) 2020-21 Property and Casualty Insurance Renewal Package (Action Item):

Discussion: Mr. Eapen stated that Attachment A contains the summary of the insurance premiums and coverages based upon the insurance renewal process conducted by Willis Towers Watson (WTW), the College's broker. The insurance premiums decreased from \$952,044 in 2019-20 to \$948,149 in 2020-21. Mr. Spiewak provided additional detail concerning the renewal process. He noted that the insurance market has been hardening and the College expected moderate increases for some lines of insurance. The incumbent carriers' renewal quotes for property, general liability and excess liability coverages were higher than anticipated but CM Regent, a carrier that currently writes policies for eight Pennsylvania community colleges, provided rate quotes that were below the expiring rates.

Mr. Spiewak detailed the changes to carriers by insurance line. Staff recommend that the property coverage be placed with CM Regent whose quote was significantly below the incumbent's quote (Affiliated FM). Staff also recommend that the general liability and excess liability coverage be placed with CM Regent. Their quote for these two lines of coverage was also significantly below the incumbent's quote (United Educators). He noted that an additional benefit to CM Regent's general liability policy is that there is no deductible. The UE policy had a \$25,000 per claim deductible with a \$100,000 annual deductible cap. Mr. Spiewak further explained that CM Regent could only offer \$20 million of excess liability coverage whereas the incumbent provided \$25 million of coverage. WTW secured an additional \$5 million policy from Crum & Foster so that the College was able to maintain \$25 million of excess liability coverage. CM Regent will also provide the crime coverage but since they would only write a \$1 million policy, an additional \$4 million of coverage is being provided by Travelers, who is the incumbent carrier. CM Regent requires their customers to purchase their general liability, excess liability and crime coverages as a package.

Action: Mr. Dubow moved and Mr. Herzog seconded the motion that the Committee recommend to the full Board the approval of the 2020-21 insurance program, with a total cost of \$1,003,149 including the broker fee. The motion passed unanimously.

(2) New Age Development Group Change Order One – Library & Learning Commons Project (Action Item):

Discussion: Mr. Eapen stated that this change order provides for plywood underlayment for Phase 2 & 3 of the Library Learning Commons Project as well as adding new flooring to a hallway. This change order for the plywood underlayment is required to provide a base for the new flooring, allowing the electric (ConnectTrac) to be run under the finish floor. This change includes over 12,700 square feet of plywood fastened to the concrete floor with tapcon screws and metal pins. Additionally, the College is requesting that new flooring be placed in the hallway which runs from the Bonnell Building to the Mint Building. The total cost of this change order is \$124,949. The contractor is New Age Development Group, the General Contractor for the Library Learning Commons project. Mr. Eapen noted that the original contract amount for New Age Development Group was approximately \$7.6 million

Mr. Fohner explained that the Phase 2 subflooring is required for floor elevation differences and glass wall mounting hardware at a cost of \$65,708.15. Phase 3 subflooring also is required for floor elevation differences and glass wall mounting hardware at a cost of \$38,473.25. The College requested re-flooring the Library & Learning Commons Entrance Hallway from Bonnell to Mint (1st floor) at a cost of \$20,767.30. In response to Committee members' questions, Mr. Eapen stated that the subflooring requirement was a design omission and that the hallway flooring was a College-desired addition that was not in the original RFP scope of work. Ms. Zellers informed the Committee that the architect was put on notice concerning this design omission and that they have worked with the College and contractors to perform redesign work related to unforeseen conditions at no additional cost.

Action: Mr. Epps moved and Mr. Herzog seconded the motion that the Committee recommend to the full Board the approval of the New Age Development Group Change Order One for the Library & Learning Commons Project in the amount of \$124,949. The motion passed unanimously.

(3) Hobsons' Starfish Student Degree Planning and Predictive Analytics Reporting – 3-Year Renewal Agreement with Hobsons, Inc. (Action Item):

Discussion: Mr. Eapen stated that the College is proposing to enter into a 3-year renewal agreement with Hobsons, Inc. for services delivered through the Starfish software platform. The Starfish Enterprise Success Platform - Scale & Succeed guides students along their academic pathway to achieve their goals through academic planning and proactive advising that allows faculty and staff to identify, track, and engage students with the resources aligned to their specific needs. It includes academic planning, case management, intervention inventory, & student-level analytics tools, as well as, strategic consulting and professional services. He noted that there are 170 consulting hours included in the first year of the contract and 140 hours of consulting time in years two and three of the contract. The cost for the first year will be \$140,000. The cost for the second year will be \$152,000. The cost for the third year will be \$172,000.

Dr. Sutherland detailed how the College has utilized the platform and how it can assist with student success initiatives moving forward. She noted that over 14,000 advisor appointments and 19,000 counselor appointments were initiated with Starfish. Since Starfish can act as a case management system, all contact information related to individual students can be seen by College staff who can use filters to define the data that they need to see in order to assist students. Dr. Sutherland discussed how useful this tool has been recently as the College is working in a remote mode. She noted that more than 450 faculty use the platform as an early alert system and that approximately 12,000 students per semester have contacts via Starfish. She further noted that more than 1200 students were referred to Single Stop and other outside agencies for assistance and these referrals can be tracked.

Committee members discussed the need to provide appropriate data from the Starfish platform to the Student Outcomes Committee of the Board and that some consulting hours should be utilized to determine the best reports and data points to be shared amongst College staff and with the Board. It was also noted that the College needs to ensure that all faculty utilize Starfish.

Action: Mr. Dubow moved and Mr. Herzog seconded the motion that the Committee recommend to the full Board that the College enter into a 3-year renewal contract with Hobsons, Inc. at a total amount of \$464,000 for services delivered through the Starfish software platform effective July 17, 2020. The motion passed unanimously.

(4) CSG Global Consulting Telephone Upgrade (Action Item):

Discussion: Mr. Eapen stated that the College has made significant investments in the existing phone systems infrastructure and capabilities that now requires additional features and functionality to address the “new normal” and working from home. There are several upgrades to the phone systems servers, applications and licensing that all need to be addressed to modernize and respond to new needs brought about by the recent pandemic.

Mr. Bromley noted that there are 4 specific applications & servers that require upgrades.

a. Mobility Application – Avaya Workplace IX - NEW

This will allow for remote use by Recruiters, Records and Registration staff, Financial Aid staff, and IT Support Desk & After hours staff. The software application can run on a desktop/laptop or mobile device.

b. Contact Center Upgrades – Avaya Aura Contact Center

This upgrade allows for contact center staff to work from ANY remote location and allows supervisors to manage the call center remotely as if on-site.

c. Intelligent Callback Application - NEW

This upgrade allows for automatic callback of clients leaving voicemail or requesting appointments for on-hold callers in call center queues.

d. Call Pilot Telephony menus - Upgrade/migration

This upgrade will rebuild analog menus to a CM digital platform, remove application security concerns around the old platform, and move to Virtual VM servers.

In response to Committee members' questions, Mr. Eapen stated that the capital component of these upgrades would be funded from the IT Refresh Reserve and that the operating component of the upgrades is included in the FY 2020-2021 operating budget.

Action: Mr. Soileau moved and Mr. Herzog seconded the motion that the Committee recommend to the full Board that the College proceed with upgrading its telephone system with CSG Global Consulting in the amount of \$142,599. The motion passed unanimously.

(5) Temporary Tuition Discount for International Students Living Abroad (Action Item):

Discussion: Ms. Zellers stated that the Community College of Philadelphia currently has tuition rates as follows: \$159 per credit for Philadelphia residents; \$318 for other Pennsylvania residents living outside of Philadelphia; and \$477 per credit for non-Pennsylvania residents (including international students).

Mr. Zellers stated that part of the Community College of Philadelphia's Strategic Plan includes increasing the number of international students who diversify the College's student body and add to the cultural experience for all students. During this time of global COVID-19 pandemic, maintaining international student enrollment and recruiting new international students has become increasingly difficult. Additionally, both current and new international students are having difficulty obtaining and maintaining VISAs. In accordance with Section 1908-A, subsection (e) of the Public School Code of 1949, the College has requested that the Pennsylvania Department of Education approve a one-year tuition reduction for international students living outside of the United States and taking courses online who are unable to obtain VISAs to come to the United States for the 2020-2021 Academic Year provided the College's Board of Trustees vote in favor of the temporary discount. Since these students will not have access to the College's Main Campus and Regional Centers as the College partially opens up to provide in-person services, the College would like to offer these students a tuition rate of \$357.75 per credit. This rate is still \$39.75 per credit higher than the rate charged to in state students and \$198.75 per credit higher than the rate charged to Philadelphia residents.

Ms. Zellers explained that the Pennsylvania Department of Education had indicated that it will approve this temporary tuition discount if approved by the College's Board of Trustees.

Action: Mr. Dubow moved and Mr. Epps seconded the motion that the Committee recommend to the full Board a tuition rate for the 2020-2021 Academic Year of \$357.75 per credit for international students living abroad who are unable to obtain VISAs taking online classes. The motion passed unanimously.

EXECUTIVE SESSION

The Business Affairs Committee, along with Dr. Generals, Mr. Eapen, Ms. Zellers, Mr. Spiewak and Mr. Sawyer went into Executive Session to discuss an update on labor negotiations and legal matters.

PUBLIC SESSION

(6) 2020-2021 College Budget (Action Item)

Mr. Eapen reviewed the revenues and expenditures associated with both the College's Operating and Capital Budgets. Please refer to Attachment B. He noted that the Catto Scholarship Program is shown in a separate column. Mr. Eapen stated that in order to balance the budget with reduced student revenues from projected lower enrollments, the projected \$2.8 million of excess revenues for the FY 2019-2020 year and \$2.975 million of reserve funds will be utilized. He asked for Committee recommendation of the proposed budget to the full Board.

Action: Mr. Soileau moved and Mr. Herzog seconded the motion that the Committee recommend to the full Board the adoption of the 2020-2021 College Budget. The motion passed by a vote of 4-1 with Mr. Epps opposing the motion.

(7) Next Meeting Date:

The next meeting date **is scheduled for Wednesday, August 19th at 9:00 A.M.**

ATTACHMENT A
2020-21 Property and Casualty Insurance
Renewal Package

Introduction

The College insurance program is reviewed annually prior to the July 1 renewal with its broker, Willis Towers Watson (WTW). During the renewal strategy meeting held on February 12, 2020, it was decided that WTW would approach the incumbent carriers with the intent of securing identical coverage at premiums as close to expiring as possible and approach other selective carriers. After several years of a "soft" market, the insurance market has been hardening and was expecting premium cost increases higher than what has been experienced over the past several years. The COVID-19 environment has amplified the situation. WTW was successful in marketing several of the College's lines of coverage and securing lower rates with CM Regent; a program insurance carrier that writes for the PSBA; including 8 of the 14 Pennsylvania Community Colleges for the College's general liability, umbrella liability, property, crime and automobile lines of insurance coverage.

General Liability

United Educators (UE) quoted a renewal rate of \$222,965, which is 10.6% higher than the expiring premium. The College's general liability coverage has been with United Educators (UE) for the past eighteen years. Willis Towers Watson has opined that UE has the best General Liability (GL) policy form available in the higher education market, offering the most comprehensive coverage. As in past years, the College was granted a 6% premium rate credit based upon specific risk management initiatives that were undertaken during the year. WTW approached CM Regent. Their GL program closely matches the form that United Educators provided. Their premium is \$148,811, which represents a 26% reduction from expiring, and a 33.3% reduction from UE's quoted renewal. In the past, with United Educators, there was a \$25,000 deductible per claim with a \$100,000 cap per year. With the switch to CM Regents, there will no longer be a deductible.

Umbrella Liability

The College's umbrella liability coverage (\$25 million for any one loss) has also been with United Educators for the past eighteen years. United Educators offered a renewal rate of \$130,024 which is 32.6% higher than the expiring premium. CM Regent offered an Umbrella liability limit of \$20 million at a premium rate of \$57,964. They could not offer Umbrella liability limits beyond the \$20 million threshold. WTW was able to acquire an additional \$5 million in Umbrella liability coverage from Crum & Foster at a premium of \$18,820 bringing the total cost of the \$25 million coverage to \$76,784 which is 21.6% below expiring.

Workers' Compensation

The College was anticipating a rate increase of 7.4% based on changes in the experience modification factor. PMA quoted a rate of \$320,453, which is \$21,562 or 7.2% higher than the expiring premium of \$298,891. The College's PA experience modification factor for the New Year increased from .909 to 1.019, a 12% increase. The Human Resources Office and the College's Safety Committee continue to review all work-related claims and offer recommendations and training efforts where needed. The College's Safety Committee again

received re-certification from the PA Department of Labor; this automatically makes the College eligible for a 5% reduction in premium.

Property

The incumbent carrier, Affiliated FM, offered a renewal rate of \$231,828, which is \$43,284 or 23% higher than the expiring premium. This coverage was marketed, and the College received competitive pricing from CM Regent, who offered a renewal rate of \$197,892. The College will maintain a blanket limit of \$368,226,281 and maintain a deductible of \$25,000 per loss. This policy also provides \$7 million of business interruption insurance.

Educator's Legal Liability

The College's ELL policy has a limit of \$10 million per claim, provides protection for the College's Board of Trustees and the Foundation's Board of Trustees, employment practices liability, employed lawyer's liability, and professional liability for faculty and staff. United Educators (UE), the incumbent carrier, provided a renewal quote of \$150,666 or \$35,427 higher than the expiring premium. Because the College is switching its general liability and umbrella policy to another carrier, the 15% multi-line discount that had been applied in the past is not available. This has impacted the renewal rate for this line of coverage.

Automobile

The incumbent carrier, Philadelphia Insurance Co., offered a renewal rate of \$28,590, which is \$8,091 higher than the current year. WTW secured a quote from CM Regent at a premium rate of \$17,257 or \$3,602 less than the expiring policy. The automobile policy covers employees' liability while driving College-owned, rented, or hired vehicles as well as providing physical loss or damage protection (collision and comprehensive coverage) for the College's (9) vehicles.

Student Medical Malpractice Liability

CNA quoted a rate of \$7,423 that is \$702 less than the expiring premium. The number of students participating in clinical settings affects the cost of this insurance. Due to COVID-19 and Fall classes being held on-line, the number of students expected to be in clinical environments decreased from 760 to 571. There has been no rate increase for this coverage over the past several years. This policy provides \$1 million in coverage per claim and \$5 million in the aggregate to the College and students and faculty related to their activities in a clinical setting.

Crime

Travelers, the incumbent carrier's, provided a renewal rate of \$7,490 or \$1,709 higher than the expiring policy. Willis secured a quote from CM Regent at a premium rate of \$3,280; however, the policy only provides \$1 million in coverage versus the \$4 million that had been provided with Travelers. Willis was able to secure an additional \$4 million of coverage from Travelers at a premium of \$8,646, bringing the total cost to \$11,926. This policy provides the College with protection against 1st party (employee) theft and 3rd party theft and fraud for a limit of \$1 million. It also covers "social engineering fraud/ funds transfer" should an employee

unwittingly transfer College assets to a fraudulent third party due to deceptive activities. Both CM Regent and Travelers have offered options to increase their respective limits for Social Engineering to \$500,000, which would provide the College with \$1,000,000 in total limits. The additional premium to increase coverage would be a total of \$1,038 (\$524 for CM Regent and \$514 for Travelers). Staff recommends purchasing the additional limits as the frequency and severity of Social Engineering claims have continued to increase, and the premium that the additional limits are being offered at is minimal. In order to have General Liability and Umbrella coverage with CM Regent, they also require that a crime policy be purchased from them.

International Liability

This policy provides foreign-based general liability, automobile liability, and workers' compensation coverage as well as travel, medical and security assistance services for faculty and staff traveling abroad. This policy also includes kidnap and extortion coverage. The College purchased a three-year policy in fiscal year 2018-19 at an annual cost of \$2,356.

Security and Privacy Breach Expenses and Liability (Cyber Liability)

Chubb, the incumbent carrier, offered a renewal rate of \$12,228 or \$744 higher than the expiring policy. This insurance offers protection to the College if there were data security breaches or compromises of student and/or employee "private" information (as determined by federal and state jurisdiction). The carrier will provide forensic and legal assistance from a panel of experts to help determine the extent of the breach and the steps required to comply with applicable laws, include the following: notification to persons who must be notified under applicable law or on a voluntary basis; offer 12 months of 3-bureau credit monitoring to affected individuals; identify theft-related fraud resolution services for individuals enrolled in credit monitoring who become victims of identity theft; and extend coverage for theft, loss or unauthorized disclosure of information held by business associates as defined by HIPPA. First party benefits include protection for data recovery and business interruption, extortion threats, and regulatory defense and penalties. The policy also protects the College against 3rd party legal action for damages arising from the alleged breach (including defense costs). The College currently has a policy limit of \$3 million and offers notification and credit monitoring services for up to 250,000 affected individuals in addition to \$1 million of coverage for reputational loss in the event of a data security breach.

Broker Fee

The annual fee for 2020-21 is \$55,000 which is the same fee as the prior year.

Recommendation

College staff recommends that the College procure insurance as detailed below.

Coverage	Carrier	Expiring (2019-20) Premium	Renewal (2020-21) Premium
Property	CM Regent	\$188,544	\$197,892
General Liability (\$1M)	CM Regent	201,420	148,811
Automobile	CM Regent	20,859	17,257
Workers' Compensation	PMA	298,891	320,453
Umbrella (\$20M) - Excess Liability	CM Regent	98,030	76,784
International Liability	Navigators	2,356	2,356
Crime (\$1M) - Excess Crime	CM Regent	5,781	12,964
Educators Legal Liability (\$10M)	UE	115,239	150,666
Student Medical Professional Liability (\$1M)	CNA	8,125	7,423
Travel Accident	AIG	1,315	1,315
Security & Privacy	Chubb	11,484	12,228
TOTAL INSURANCE PREMIUMS		952,044	948,149
Broker Fee*	Willis Towers Watson	\$ 55,000	\$ 55,000
*Service Agreement runs - July 1, 2018 - July 2021			

ATTACHMENT B

**Budget Summary –
Funding Sources and Application of Funds
For the Fiscal Year July 1, 2020 – June 30, 2021**

BUDGET SUMMARY - FUNDING SOURCES AND APPLICATION OF FUNDS
FOR THE FISCAL YEAR JULY 1, 2020 - JUNE 30, 2021

FUNDING SOURCES	Operating	Capital	Catto Scholarship Program	Total
Student Tuition	\$43,646,733			\$43,646,733
Student Technology Fee	8,412,315			8,412,315
Credit Course Fee	2,794,754			2,794,754
Distance Education Fee	1,861,700			1,861,700
Adult Literacy Program Fee	43,500			43,500
Senior Citizen Fee	6,700			6,700
Other Non-Instructional Fees	935,153			935,153
City of Philadelphia	33,494,660	\$5,814,547	\$4,800,952	44,110,159
Commonwealth of Pennsylvania	32,437,263	5,812,135		38,249,398
Interest Income	657,200			657,200
Indirect Cost Allowances	404,600			404,600
Vocational Education Support Funds	350,000			350,000
Miscellaneous Income	598,718			598,718
CARES Act & Other Special Funds	<u>1,009,882</u>			<u>1,009,882</u>
Total Current Operating Revenues	126,653,178		4,800,952	143,080,812
Student General, and Other Fees	595,944	205,200		801,144
Grant Capital Revenues		<u>400,000</u>		<u>400,000</u>
Total Educational and General Revenues	127,249,122		4,800,952	132,050,074
Auxiliary Enterprises	785,792			785,792
Transfer from Carry-Over Funds - FY20	2,811,893			2,811,893
Transfer from Carry-Over Funds	2,975,604			2,975,604
Transfer from Quasi-Endowment Fund	<u>699,896</u>			<u>699,896</u>
TOTAL SOURCES OF FUNDS	<u>\$134,522,307</u>	<u>\$12,231,882</u>	<u>\$4,800,952</u>	<u>\$151,555,141</u>
APPLICATION OF FUNDS				
Operating Budget Salary Expenses	\$74,318,611			\$74,318,611
Operating Budget Staff Benefits Expenses	35,440,063			35,440,063
All Other Operating Budget Expenses	21,966,100			21,966,100
PowerUp Your Business	800,000			800,000
Catto Scholarship Program Expenses			<u>\$4,800,952</u>	<u>4,800,952</u>
Reduced Current Operating Expenses	132,524,774		4,800,952	137,325,726
Student Activities & Commencement	<u>1,664,671</u>			<u>1,664,671</u>
Total Educational and General Expenditures	134,189,445		4,800,952	138,990,397
Auxiliary Enterprises	332,862			332,862
Capital Acquisitions		\$605,200		605,200
Debt Service		<u>11,626,682</u>		<u>11,626,682</u>
TOTAL USES OF FUNDS	134,522,307	12,231,882	4,800,952	151,555,141
TOTAL APPLICATION OF FUNDS	<u>\$134,522,307</u>	<u>\$12,231,882</u>	<u>\$4,800,952</u>	<u>\$151,555,141</u>