

**R95C00**  
**Baltimore City Community College**

***Operating Budget Data***

(\$ in Thousands)

	<b>FY 05</b>	<b>FY 06</b>	<b>FY 07</b>	<b>FY 06-07</b>	<b>% Change</b>
	<b><u>Actual</u></b>	<b><u>Working</u></b>	<b><u>Allowance</u></b>	<b><u>Change</u></b>	<b><u>Prior Year</u></b>
General Funds	\$30,425	\$32,814	\$35,110	\$2,296	7.0%
Other Unrestricted Funds	19,285	20,500	21,668	1,168	5.7%
Total Unrestricted Funds	49,710	53,314	56,778	3,464	6.5%
Restricted Funds	<u>22,348</u>	<u>23,182</u>	<u>23,552</u>	<u>370</u>	<u>1.6%</u>
<b>Total Funds</b>	<b>\$72,059</b>	<b>\$76,496</b>	<b>\$80,331</b>	<b>\$3,834</b>	<b>5.0%</b>

- A \$1,500,000 fiscal 2006 deficiency appropriation is requested to remediate mold at the Bard Building.
- No additional general funds are required to fund the Baltimore City Community College's (BCCC) formula in fiscal 2007. However, the allowance provides a \$2.3 million general fund increase.

***Personnel Data***

	<b>FY 05</b>	<b>FY 06</b>	<b>FY 07</b>	<b>FY 06-07</b>
	<b><u>Actual</u></b>	<b><u>Working</u></b>	<b><u>Allowance</u></b>	<b><u>Change</u></b>
Regular Positions	544.00	553.00	553.00	0.00
Contractual FTEs	<u>314.00</u>	<u>334.89</u>	<u>334.91</u>	<u>0.02</u>
<b>Total Personnel</b>	<b>858.00</b>	<b>887.89</b>	<b>887.91</b>	<b>0.02</b>

***Vacancy Data: Regular Positions***

Turnover, Excluding New Positions	17.64	3.19%
Positions Vacant as of 12/31/05	56.00	10.13%

- BCCC has 56 vacancies as of December 2005; 13 of which are faculty.
- No new positions have been added.

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

For further information contact: Andrew D. Gray

Phone: (410) 946-5530

## *Analysis in Brief*

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### Major Trends

***BCCC's Graduation Rate Remains Low and "Dropout" Rate Remains High:*** New data measures showing performance by degree status may provide a more accurate and favorable picture of BCCC student performance.

### Issues

***Proposed New Law Enforcement Agency:*** BCCC is proposing to introduce legislation during the 2006 session to form a new law enforcement agency. The first-year start-up costs are included in BCCC's above-the-formula funding; out-year costs are anticipated to be included in future budgets.

***BCCC's Search for a New President Nearing Conclusion:*** The updated timeline is for the Presidential Search Advisory Committee to make final recommendations to the Board of Trustees by March 2006 and for the Board of Trustees to select a final candidate by mid April 2006. **BCCC should discuss the status of selecting a president and plans for a presidential transition period.**

***Former Employees Suing Over Grant Supervision:*** On December 31, 2005, the *Baltimore Sun* reported that two former employees, a vice president and a dean, are suing BCCC for wrongful termination regarding their academic grant oversight work at BCCC. **BCCC should explain the grant review and administration process and methods used to safeguard against by-passing oversights.**

***Other Leadership Turnover:*** A new Vice President of BCCC's Business and Continuing Education Center was appointed in November 2005. An interim Vice President of Academic Affairs has been appointed, but the Director of Financial Services left on January 3, 2006. **BCCC should discuss reasons for turnover in its senior employees, impacts turnover has had on its operations, and measures it has in place to mitigate the turnover.**

***Middle States Commission on Higher Education Monitoring Team Report:*** The commission's monitoring team reviewed nine issues brought up subsequent to BCCC's accreditation in 2003. **BCCC should comment on its efforts to institutionalize planning and to connect the strategic plan with action plans and its budget.**

## **Recommended Actions**

	<b><u>Funds</u></b>
1. Reduce funds contingent on the failure of legislation creating a law enforcement agency.	
2. Reduce general funds for BCCC.	\$ 250,000
<b>Total Reductions</b>	<b>\$ 250,000</b>

## **Updates**

*New Mission Statement:* As part of its strategic plan development process, BCCC has expanded its mission statement from its former sole focus on careers and technical training to include college transfer and life-skills training (enrichment/developmental education).

*R95C00 – Baltimore City Community College*

**R95C00**  
**Baltimore City Community College**

***Operating Budget Analysis***

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**Program Description**

Baltimore City Community College (BCCC) is a State-sponsored, two-year degree granting college on two campuses with more than 80 off-campus community sites throughout Baltimore. BCCC offers both credit and continuing education training programs and courses and extensive outreach for educational opportunities. The college's Business and Continuing Education Center (BCEC) works in partnership with local businesses, government agencies, and institutions offering contract customized training, apprenticeships, and other industry-related programs both on campus and off campus. BCCC provides employee training and other programs contributing to Baltimore's economic development initiatives. The college's administrative and academic control differs from other community colleges in the State since there is minimal local unrestricted funding. Baltimore City must provide at least \$800,000 annually to support education at BCCC. Of this amount, at least \$500,000 must be expended for tuition reimbursement and scholarships.

BCCC works towards achieving the following goals:

- improve retention of students to graduation or transfer to a baccalaureate-granting college or university;
- improve responsiveness to Baltimore's workforce needs;
- promote community outreach and service; and
- ensure affordability for Baltimore City residents.

**Performance Analysis: High Dropout Rates and Developmental Completer Success**

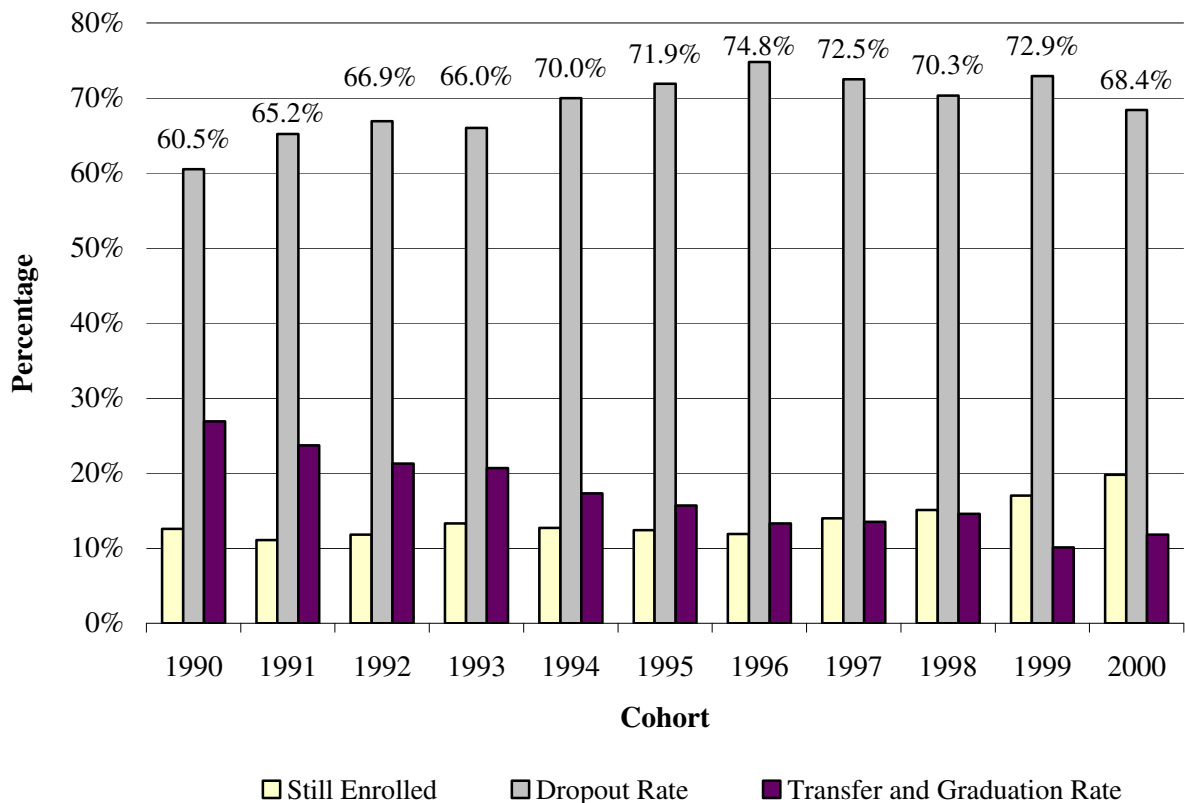
BCCC's Managing for Results (MFR) submission provides an incomplete picture of student performance. While the MFR includes an objective that measures the transfer and graduation rates of its community college students, it does not include dropout rates, nor does it include a measure to capture the phenomenon of stopouts (students who do not graduate in six years and effectively dropout but nonetheless return to the home institution to continue their schooling in the future). Most importantly, the MFR does not include a breakdown of student performance by degree status and provide a measure for comparison with other community colleges.

The overall four-year dropout rate for full-time BCCC students increased by 13.1% between the entering classes of 1990 and 2000. Over the same period, the four-year transfer and graduation rate decreased by 56.1%. Perhaps to reflect reduced expectations, BCCC has decreased its

fiscal 2006 goal of a 15% transfer and graduation rate to 14.5% for the fiscal 2007 MFR; this follows a similar decrease from the fiscal 2005 goal of 18%. Regardless of the current graduation and transfer rate goal, BCCC is still well below the actual graduation and transfer rate of 26.9% achieved in the 1990 cohort.

**Exhibit 1** shows the outcomes for all first-time full-time BCCC students from the entering classes of 1990 through 2000. As shown in Exhibit 1, the transfer and graduation rate has dropped each year from 26.9% in 1990 to the current figure of 11.8%. While the dropout rate for six consecutive cohorts (1994 – 1999) exceeded 70%, for the 2000 cohort the dropout rate decreased to 68.4% from 72.9% in 1999, and the number of students still enrolled increased from 17.0% to 19.8%. Despite these gains, the transfer and graduation rate is still 2.7 percentage points below the goal of 14.5%.

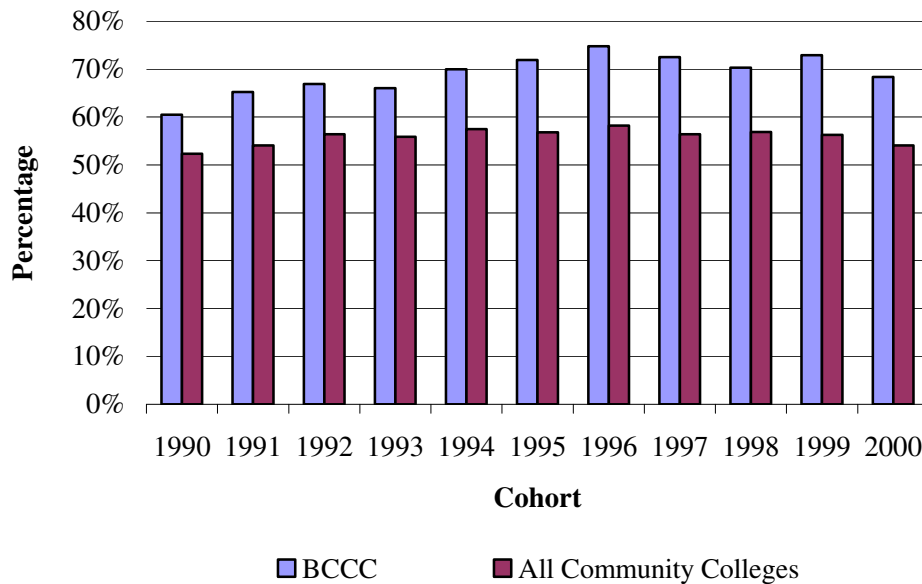
**Exhibit 1**  
**Transfer and Graduation Rates of All First-time**  
**Full-time BCCC Students**  
**Cohorts from 1990 – 2000**



Source: Maryland Higher Education Commission

Students at BCCC are also more likely to drop out than their counterparts at other community colleges. **Exhibit 2** shows the disparity in dropout rates for BCCC students as compared to all community colleges students. Over the cohorts from 1990 through 2000, BCCC’s dropout rate increased by 13.1%, as compared to a 3.4% increase for all community college students. Although BCCC’s dropout rate decreased for the 2000 cohort, this was matched by a decrease in the overall community college student dropout rate.

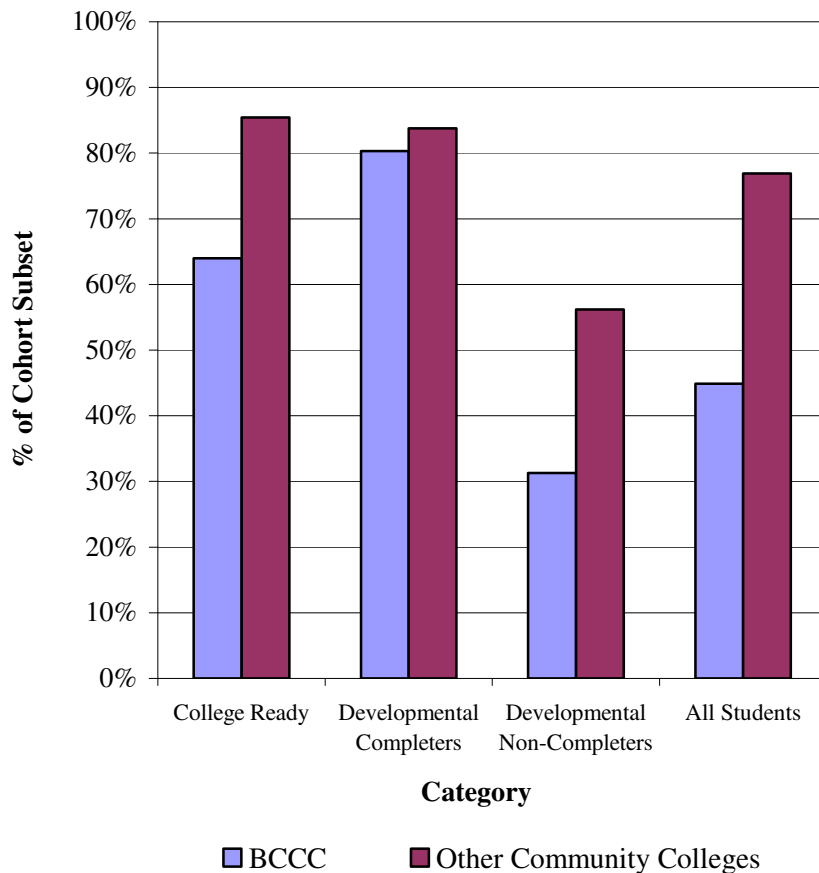
**Exhibit 2**  
**Dropout Rate at BCCC vs. All Community Colleges**  
**Cohorts from 1990 – 2000**



Source: Maryland Higher Education Commission

A recent proposal to the Maryland Higher Education Commission (MHEC) to utilize new performance measures provides a window onto how subsets of BCCC students perform. If approved by MHEC, the new data will be reported annually beginning in July 2006. The new data provided by the Maryland Association of Community Colleges includes the degree progress four years after initial enrollment for a cohort of students that take at least 18 credit hours within two years of entering the community college. The cohort of students is further categorized as college ready, developmental completers (completed required remedial courses); and developmental non-completers. **Exhibit 3** shows that BCCC’s percentage of developmental completers that are “successful (graduated or transferred to a four-year institution) or still enrolled” is comparable to the average of other community colleges’ developmental completers. However, the majority of BCCC’s developmental completers are in the still enrolled category as opposed to transferred or graduated. In addition, the percent of BCCC college ready and developmental non-completers who are successful or still enrolled is well below the other community colleges’ averages. It appears that BCCC students who complete remedial courses at BCCC are more successful than both developmental non-completers and, more surprisingly, students who are considered college ready.

**Exhibit 3**  
**Degree Progress Four Years After Initial Enrollment**  
**Successful or Still Enrolled**  
**BCCC vs. Other Community Colleges**  
**Fall 2000 Cohort**



Note: Successful or still enrolled students complete no less than 30 credit hours with a GPA no less than 2.00 and have either transferred from or are still enrolled at the home institution.

Note: Other Community Colleges does not include Baltimore City, Baltimore County, and Garrett County Community Colleges.

Source: Maryland Association of Community Colleges

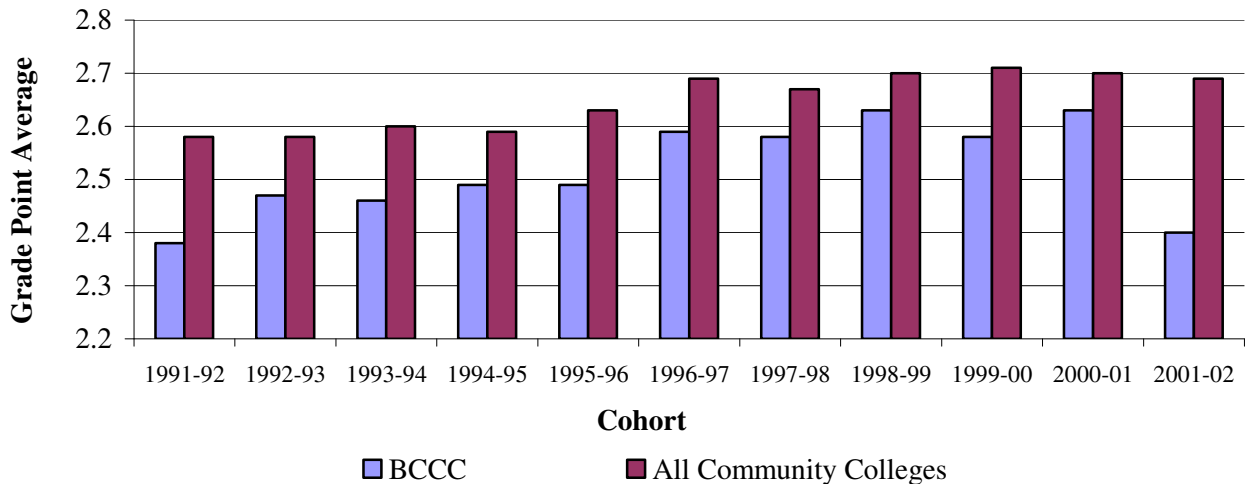
BCCC has anecdotal evidence that suggests that developmental non-completers are not receiving required developmental coursework because financial difficulties are forcing students to dropout. BCCC views students not as dropouts, but as stopouts. A stopout is a student who has not graduated, transferred, or returned in four years but who will return to BCCC at a later date.

BCCC should discuss the factors that prevent BCCC’s college ready and developmental non-completer students from graduating or transferring at the same levels as their community college counterparts. In addition, the Department of Legislative Services (DLS) recommends that BCCC work with the MHEC and the Maryland Association of Community Colleges on a definition and measure for stopouts. This measure should be compared longitudinally to other community colleges.

### Student Performance at Maryland Public Four-year Institutions After Transfer Significantly Below Performance of Other Community Colleges

BCCC also includes a fiscal 2007 MFR goal to improve the grade point average (GPA) of students who transfer to a Maryland public four-year institution to 2.55; this is a decrease from the fiscal 2006 MFR goal of a 2.70 GPA. As shown in **Exhibit 4**, BCCC students have a lower GPA one year after transferring than the average for all community colleges. For the 2001 – 02 cohort, BCCC students had a 2.40 GPA compared to a GPA of 2.69 for all community college students. The 2.40 GPA for BCCC’s 2001 cohort is the second lowest GPA of the last 11 BCCC cohorts and represents a 9% decrease from the 2000 cohort’s GPA.

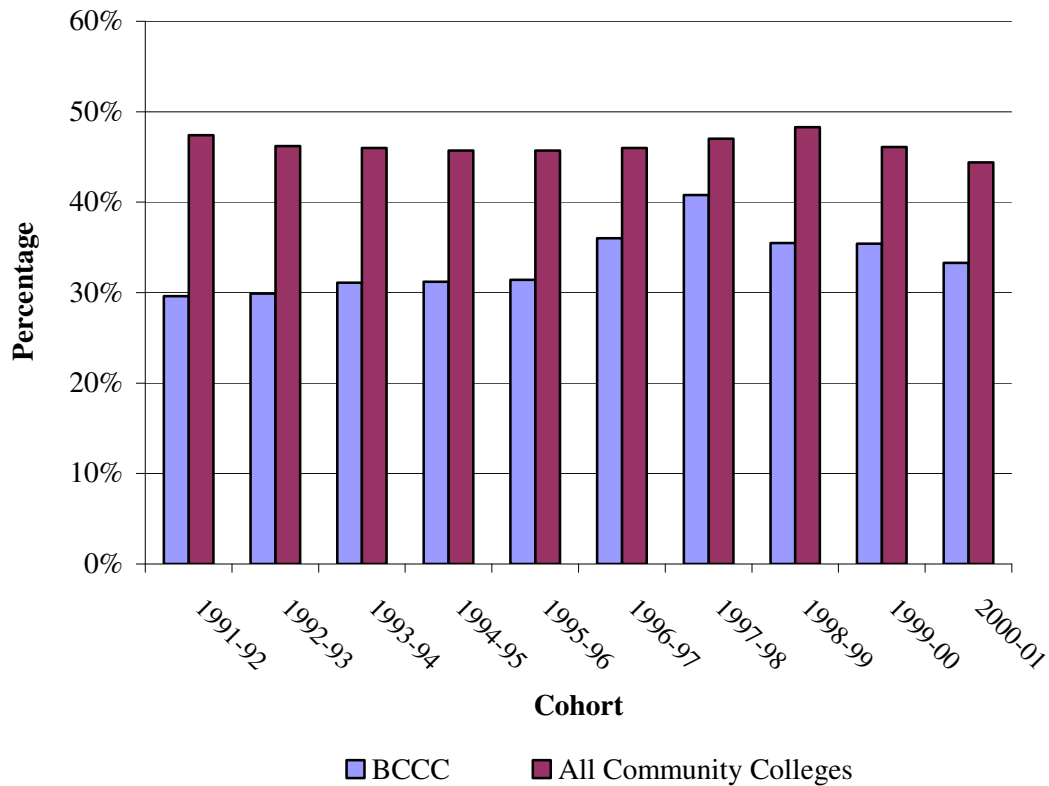
**Exhibit 4**  
**GPA of BCCC vs. All Community Colleges**  
**One Year After Transfer to Maryland Public Four-year Institution**  
**Cohorts from 1991 – 2001**



Source: Maryland Higher Education Commission

Another measure that tracks the movement of students after they transfer from BCCC is graduation rates. **Exhibit 5** compares to all community college students from 1991 through 2000 the percentage of BCCC students who transfer and graduate with a bachelors degree from a four-year Maryland public institution. As with Exhibit 4, BCCC students lag behind the average for all community colleges. The percentage of all community college transfer students graduating with a bachelors degree has consistently remained above 40%, while only BCCC's 1997 – 98 cohort exceeded the 40% graduation rate. The percent of BCCC transfer students graduating with a bachelors degree has since decreased to 33.3% for the 2000 – 01 cohort.

**Exhibit 5**  
**Transfer Students Earning Bachelors Degrees**  
**Four Years After Transfer**  
**BCCC vs. All Community Colleges**  
**Cohorts from 1991 – 2000**



Source: Maryland Higher Education Commission

## Fiscal 2006 Actions

### Proposed Deficiency

BCCC requests a \$1.5 million deficiency appropriation to remediate mold at the Bard Building. Water has infiltrated the Bard building through exterior tiles since the 1970s. More recently, a heating, ventilation, and air conditioning (HVAC) unit failed to keep humidity levels at 50%. Significant mold was discovered in May 2005. BCCC reports that the preliminary cost to complete Phase 1 of the mold remediation is approximately \$1.85 million and that it will contribute \$350,000 in operating funds. The Phase 2 costs to renovate the building and repair/upgrade the HVAC system range from \$12 – 22 million and will be funded through the capital budget in future years.

### Governor’s Proposed Budget

Under State law, BCCC is guaranteed funding through a formula that is tied to State support per full-time equivalent students (FTES) at selected public four-year colleges. As shown in **Exhibit 6**, the Governor’s fiscal 2007 allowance increases by approximately \$3.8 million, or 5.0%. General funds increase by 7.0%; this is approximately \$2.3 million higher than the statutorily required formula amount. Due to the above-the-formula increase, BCCC will not receive any of the funds budgeted in the Department of Budget and Management (DBM) for a 2% cost-of-living increase for State employees.

**Exhibit 6**  
**Governor’s Proposed Budget**  
**Baltimore City Community College**  
 (\$ in Thousands)

	<b>FY 05</b> <u>Actual</u>	<b>FY 06</b> <u>Working</u>	<b>FY 07</b> <u>Allowance</u>	<b>FY 06-07</b> <u>Change</u>	<b>% Change</b> <u>Prior Year</u>
General Funds	\$30,425	\$32,814	\$35,110	\$2,296	7.0%
Other Unrestricted Funds	19,285	\$20,500	21,668	\$1,168	5.7%
Total Unrestricted Funds	49,710	53,314	56,778	\$3,464	6.5%
Restricted Funds	22,348	\$23,182	23,552	\$370	1.6%
<b>Total Funds</b>	<b>\$72,058</b>	<b>\$76,496</b>	<b>\$80,330</b>	<b>\$3,834</b>	<b>5.0%</b>

Note: Numbers may not sum to total due to rounding

**Exhibit 7** shows that BCCC will use approximately \$1.5 million of the \$2.3 million above-the-formula increase to fund increases in employee increments, a cost-of-living allowance, and other fringe benefits. Health insurance increases were already budgeted into the flat formula funding. The remaining \$0.8 million will be used to fund a new law enforcement agency (the creation of which requires legislation), and to reduce a \$2.5 million deferred maintenance/infrastructure backlog. The reduction in the English for Speakers of Other Languages (ESOL) grant between fiscal 2006 and 2007 accounts for the difference between the above-the-formula and general fund increases.

**Exhibit 7**  
**Fiscal 2006 – 2007 General Fund Increase**  
**(\$ in Thousands)**

<b>Required Personnel</b>	
Employee Increments	\$663
Cost-of-living allowance (COLA)	631
Fringe Benefits	202
<b>Programmatic Enhancements</b>	
Deferred Maintenance	565
New Law Enforcement Agency	252
<b>Subtotal (FY 06-07 Above-the-formula Funding)</b>	<b>\$2,313</b>
Reduction in ESOL Grant	-18
<b>Total Increase</b>	<b>\$2,295</b>

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

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### **Unrestricted Funds**

**Exhibit 8** shows the changes in unrestricted funds. General funds continue to account for more than 60% of BCCC's unrestricted revenue, but they are down from the approximately 68% they accounted for in fiscal 2002. Tuition and fees continue to generate about 25% of the revenue while auxiliary enterprises increased the most from fiscal 2002 to account for 10% of BCCC's unrestricted revenue in fiscal 2007. Most of the revenue growth in fiscal 2007 is dedicated to operation and maintenance of plant, followed by academic support, then instruction; this is an apparent change in priorities from the fiscal 2006 focus on student services and instruction. Overall, operation and maintenance of plant is the only program since fiscal 2002 that has increased significantly in funding as a percentage of education and general expenditures.

**Exhibit 8**  
**BCCC Budget Changes for Current Unrestricted Funds by Program**  
**Fiscal 2002, 2006, 2007**  
**(\$ in Thousands)**

	<b>FY 2002</b> <b><u>Actual</u></b>	<b>FY 2006</b> <b><u>Working</u></b>	<b>FY 2007</b> <b><u>Allowance</u></b>	<b>FY 06-07</b> <b><u>% Change</u></b>
<b>Expenditures</b>				
Instruction	\$17,321	\$18,339	\$19,606	6.9%
Academic Support	2,804	2,519	2,699	7.1%
Student Services	4,682	6,044	6,423	6.3%
Institutional Support	12,058	12,822	13,433	4.8%
Operation and Maintenance of Plant	6,449	8,000	8,984	12.3%
Scholarships and Fellowships	154	0	0	NA
<b>Subtotal Education and General</b>	<b>\$43,469</b>	<b>\$47,724</b>	<b>\$51,144</b>	<b>7.2%</b>
Auxiliary Enterprises	445	5,590	5,634	0.8%
<b>Total</b>	<b>\$43,913</b>	<b>\$53,314</b>	<b>\$56,778</b>	<b>6.5%</b>
<b>Revenues</b>				
Tuition and Fees	\$10,750	\$14,253	\$14,989	5.2%
General Funds	29,740	32,814	35,110	7.0%
Other	2,463	723	1,013	40.1%
<b>Subtotal</b>	<b>\$42,953</b>	<b>\$47,790</b>	<b>\$51,113</b>	<b>7.0%</b>
Auxiliary Enterprises	353	5,524	5,666	2.6%
<b>Total</b>	<b>\$43,307</b>	<b>\$53,314</b>	<b>\$56,778</b>	<b>6.5%</b>
<b>Current Unrestricted Fund Balance</b>	<b>\$6,999</b>	<b>\$4,877</b>	<b>\$4,877</b>	<b>0.0%</b>

Source: Governor's Budget Books, fiscal 2007

## BCCC's Funding Formula Exceeded by Governor's Allowance

Chapters 568 and 569, Acts of 1998 established a funding formula for BCCC. Under the formula, State support per FTES for BCCC was set at 60.0% of the prior year State appropriation per FTES at selected public four-year colleges for fiscal 1999, 63.0% for fiscal 2000, and 66.0% for every year thereafter. However, under the Budget Reconciliation and Financing Act of 2002, the General Assembly reduced the percentage from 66.0 to 60.9% for fiscal 2003 and 2004, 63.4% in fiscal 2005, and 66.0% in fiscal 2006 and every year thereafter.

BCCC's funding formula, found in §16-512(b) of the Education Article, states that the Governor's allowance for BCCC must not be less than the prior year's appropriation. As modified by the Budget Reconciliation and Financing Act of 2004 (Chapter 430), this language is now consistent with other funding formulas affecting higher education institutions, which also require that the allowance be at least the prior year's appropriation.

The fiscal 2007 Governor's allowance exceeds the State formula funding by 7.2% and is demonstrated in **Exhibit 9**. Under the formula, BCCC would not receive any increase in fiscal 2007.

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### Exhibit 9 BCCC State Formula Funding and Governor's Allowance Fiscal 2007

#### State Formula Aid per FTES at BCCC

Fiscal 2006 aid per FTES at selected four-year public institutions	\$7,926.56
Formula percentage	66.0%
BCCC aid per FTES	\$5,231.53

#### State Formula Aid for BCCC

Aid per FTES	\$5,231.53
Audited Fiscal 2005 FTES	6,115
Total State Aid to BCCC according to formula	\$31,990,804

**Education Article 16-512(b) Hold Harmless Adjustment** **\$322,740**

**English for Speakers of Other Languages (ESOL) Annual Grant Adjustment** **\$481,408**

**Fiscal 2007 Formula** **\$32,794,952**

**Fiscal 2007 Governor's Allowance** **\$35,110,000**

**Difference Between Fiscal 2007 Formula and Allowance** **\$2,315,048\***

**Percent Increase (without ESOL grant) Between Fiscal 2006 Appropriation and Fiscal 2007 Actual Allowance** **7.2%**

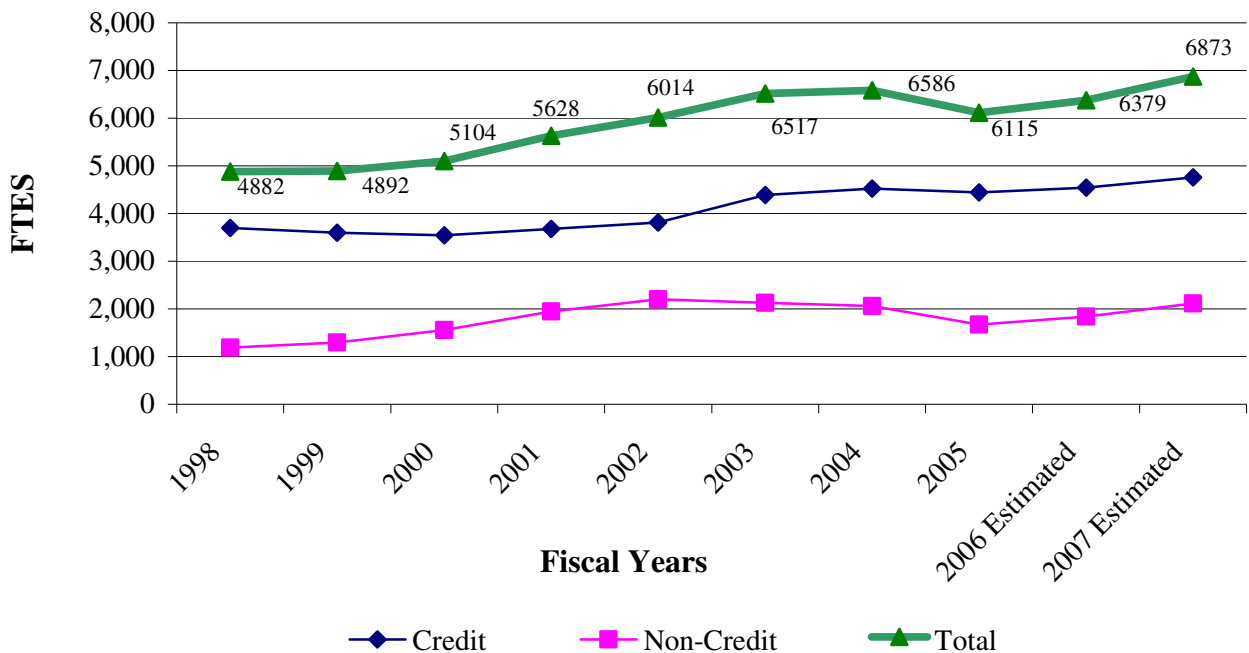
\* The increase in the fiscal 2007 allowance of \$2,296,456 reflects a \$18,600 reduction in the ESOL grant.

Source: Maryland Higher Education Commission

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BCCC’s appropriation needs to be viewed in light of enrollment trends since BCCC’s formula is dependent upon enrollment in the second prior fiscal year, i.e., fiscal 2007 formula uses fiscal 2005 enrollment. **Exhibit 10** demonstrates total enrollment growth as well as credit and non-credit enrollment trends from fiscal 1998 to 2007 estimates. In the last five years, BCCC has experienced enrollment growth in all but fiscal 2005. The fiscal 2005 enrollment dropped 7.2% from fiscal 2004 primarily because of an 18.9% decrease in non-credit students. However, the fiscal 2005 enrollment drop of 7.2% is partially offset by the 4.0% increase in the fiscal 2007 aid per FTES. BCCC reports that the non-credit student decrease was due to flux in the Business and Continuing Education Center (BCEC) leadership.

**Exhibit 10**  
**BCCC Total Enrollment**  
**Fiscal 1998 – 2007**



Source: Baltimore City Community College

Total enrollment has increased 3.8% annually between fiscal 1998 and 2005. Trends in credit and non-credit enrollment vary. Non-credit enrollment increased 5.9% during this period while credit enrollment only increased 3.1%. BCCC projects total enrollment to increase 6% annually between fiscal 2005 and 2007. **DLS recommends that BCCC discuss what measures have been taken to ensure a future enrollment drop such as the one in fiscal 2005 does not occur.**

## Other Community Colleges State Appropriation Percent Increase

As shown in **Exhibit 11**, BCCC's fiscal 2007 State funding increases 0.3 percentage points more than other community colleges. BCCC's fiscal 2006 full formula funding was reduced by \$815,556 to bring BCCC's growth in per pupil general fund support in line with the 6.7% spending affordability limit. However, if the fiscal 2006 budget reduction is accounted for (which BCCC would have received in fiscal 2007 under the hold harmless adjustment), then BCCC's increase is 2.4% less than other community colleges.

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### Exhibit 11 State Appropriation Annual Change BCCC vs. Cade Formula for Other Community Colleges

	Annual Change <u>FY 05-06</u>	Annual Change <u>FY 06-07</u>
BCCC	7.9%	7.2%
BCCC without FY 2006 \$815,556 reduction	10.6%	4.5%
Other Community Colleges	5.1%	6.9%

Note: State Appropriation excludes the ESOL grant.

Note: Other Community Colleges includes the Cade formula and Aid to Small Community Colleges grants.

Source: Governor's Budget Books, Maryland Higher Education Commission

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## Per FTE Per Credit-hour Tuition Increases

Tuition and fees at BCCC have remained among the lowest of all Maryland community colleges. Per credit-hour resident tuition remained unchanged at \$69 between fiscal 2004 and 2005; however, BCCC raised the per credit-hour resident tuition to \$78 in fiscal 2006. BCCC reports that it has no plans to increase the credit tuition rate in fiscal 2007; however, a Tuition and Fees Committee created by the Board of Trustees will provide recommendations to the board in February 2006 concerning fee adjustments for fiscal 2007.

**Exhibit 12** shows that there have been increases in the combination of tuition and mandatory student fees. The combination of tuition and mandatory student fees increased 5.0% annually between fiscal 2002 and 2007 and was driven mostly by tuition rate increases. The largest tuition rate increase, between fiscal 2005 and 2006, reflects the \$9 increase in credit-hour tuition.

**Exhibit 12**  
**Resident Tuition and Fees**  
**Fiscal 2002 – 2007**

	<u>Fiscal</u> <u>2002</u>	<u>Fiscal</u> <u>2003</u>	<u>Fiscal</u> <u>2004</u>	<u>Fiscal</u> <u>2005</u>	<u>Fiscal</u> <u>2006</u>	<u>Fiscal</u> <u>2007</u>	<u>Annual Chg.</u> <u>FY 05 – 07</u>	<u>Annual Chg.</u> <u>FY 02 – 07</u>
Full-time Tuition	\$1,800	\$1,890	\$2,070	\$2,070	\$2,340	\$2,340	6.3%	5.4%
Fees	180	180	190	190	190	190	0.0%	1.1%
<b>Total</b>	1,980	2,070	2,260	2,260	2,530	2,530	5.8%	5.0%

Note: Full-time tuition is 30 credit-hours per year.

Note: Fees do not include lab fees and one-time application fee.

Source: Baltimore City Community College

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## ***Issues***

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### **1. Proposed New Law Enforcement Agency**

Crime statistics indicate that BCCC had approximately 85 crimes in 2003 and 70 crimes in 2004. To address these crime concerns, BCCC plans to introduce legislation during the 2006 session to establish a new law enforcement agency. The legislation will likely include all BCCC police in the Law Enforcement Officers' Bill of Rights and include certain police officers in the Law Enforcement Officers' Pension System. BCCC requested funding separate from the formula, similar to the ESOL program, in order to fund the law enforcement agency. The Governor's allowance provides \$250,000 above-the-formula funding for the law enforcement agency.

Legislation for a new law enforcement agency was introduced during the 2005 session by a representative from the staff union. However, BCCC's management was under the impression that an informal agreement had been reached with the staff union during the most recent round of collective bargaining, whereby the legislation would be introduced jointly. In addition, BCCC's management was unprepared to introduce legislation in the 2005 legislative session because funding for the law enforcement agency had not yet been determined. The legislation was withdrawn.

In the future, BCCC plans to make use of federal funds to help fund the new law enforcement agency. Pension plan, equipment, training, and other start-up costs are expected to require a higher funding level the first year. BCCC plans to mitigate the start-up costs by phasing in the pension plan, equipment, and training expenditures and plans to fund these phased-in future costs with additional State funds.

### **2. BCCC's Search for a New President Nearing Conclusion**

BCCC reported to the House Appropriations Subcommittee on Education and Economic Development in November 2005 that the search for a new president was expected to conclude with the selection of a new president by March 1, 2006; that timeline has since slipped by about a month. A request for proposal for a professional search consultant was issued on September 6, 2005. This followed a first request for proposal that was unsuccessful in Spring 2005. The consulting firm Association of Community College Trustees – Board Leadership Services has been contracted and began work on January 9, 2006.

During the delay in procuring a professional search consultant, BCCC formed a Presidential Search Advisory Committee and created a web site for updates. This committee held three forums about the search for a new president with the following stakeholders: BCCC faculty/staff; the Baltimore community at large; and BCCC students. BCCC faculty/staff expressed an interest in someone capable of obtaining public and private funding; students expressed an interest in a more accessible president. Only two members of the Baltimore community at large attended that particular forum and so aggregate community concerns were not expressed.

The updated timeline is for the Presidential Search Advisory Committee to make final recommendations to the Board of Trustees by March 2006 and for the Board of Trustees to select a final candidate by mid April 2006. **BCCC should discuss the status of selecting a president and plans for a presidential transition period.**

### **3. Former Employees Suing Over Grant Supervision**

On December 31, 2005, the *Baltimore Sun* reported that two former employees, a vice president and a dean, are suing BCCC for wrongful termination regarding their academic grant oversight work at BCCC. The two former employees contend that they were fired after suggesting that an administrative office overseeing grants was being by-passed by other college administrators. BCCC notes that the Office of Legislative Audits July 2005 audit found no irregularities in the grant process and that the 2005 year-end audit conducted by Abrams, Foster, Nole & Williams, P.A. concluded with an unqualified opinion.

BCCC manages grants administration through the Contracts and Grants Administration office. This office is responsible for ensuring compliance with all grantors requirements including federal, State, and local reporting requirements. **BCCC should explain the grant review and administration process and methods used to safeguard against by-passing oversights.**

### **4. Other Leadership Turnover**

Senior employee turnover continues to be a problem at BCCC. While progress is shown by the filling of a position open for two years, a key academic position remains in flux and recently a position in the financial office opened as well.

A new Vice President of BCCC's BCEC was appointed in November 2005 to fill the position previously held in an acting capacity. The position had been open since the previous vice president was separated from BCCC in October 2003 and during a period in which discussions were held about combining BCCC's credit and non-credit components into one academic branch. BCCC since has decided to keep the credit and non-credit components separate and appointed a new vice president.

The Vice President of Academic Affairs position has been open since March 2005, when the previous jobholder was separated from BCCC. An interim Vice President of Academic Affairs has been appointed, and BCCC is searching for a new candidate. Most recently on January 3, 2006, the Director of Financial Services left BCCC. **BCCC should discuss reasons for turnover in its senior employees, impacts turnover has had on its operations, and measures it has in place to mitigate the turnover.**

## **5. Middle States Commission on Higher Education Monitoring Team Report**

BCCC went through the decennial accreditation process by the Middle States Commission on Higher Education (Commission) in 2003 and had its accreditation reaffirmed after the Spring 2003 evaluation. The commission requested a follow-up progress letter by December 15, 2003, and a monitoring report by April 1, 2005. Following receipt of the monitoring report, a commission monitoring team visited BCCC on April 13 – 14, 2005. The educational evaluation conducted by the monitoring team updated the commission on BCCC's progress towards addressing the nine issues following:

- Issue #1 – Implementation of the Strategic Planning Process
- Issue #2 – Development of a Comprehensive Plan for the Assessment of Student Learning
- Issue #3 – Clarification of the Organizational Structure
- Issue #4 – Development of an Academic Master Plan that Addresses Issues of Remediation, Program Review and Program Development
- Issue #5 – Institution-wide Participation in Process for Developing the Institutional Strategic Plan, the Plan for the Assessment of Student Learning, and the Academic Master Plan
- Issue #6 – Administrative Leadership and Stability
- Issue #7 – Clarification Regarding Board Role and Responsibilities
- Issue #8 – Improved Communication Among All College Constituencies
- Issue #9 – Steps Taken to Assure that the Institution Complies with Accreditation Standard 6 (Integrity)

The monitoring team found much progress including publication of the strategic plan “Vision for Excellence, 2005 – 2010”, a new organizational chart, and a draft academic master plan; work towards a plan for the assessment of student learning; plans to re-establish the Board of Trustees’ academic affairs committee; overall improved communication; and transparent reports of progress. The monitoring team made suggestions including publication of a planning calendar with all report and action due dates (academic master plan, strategic plan, and plan for the assessment of student learning); filling leadership positions (President and Chief Academic Officer); and institutionalization of planning. In addition, the monitoring team commented on the lack of connection between the strategic plan and actual budgeting with the understanding of the preliminary nature of the strategic plan. **BCCC should comment on its efforts to institutionalize planning and to connect the strategic plan with action plans and its budget.**

## Recommended Actions

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1. Add the following language:

, provided that this appropriation is reduced by \$250,000 contingent upon the failure of legislation creating a new law enforcement agency

**Explanation:** BCCC was allocated \$250,000 in the fiscal 2007 allowance for the creation of a law enforcement agency. The full funding for this law enforcement agency is made contingent upon enactment of legislation creating the law enforcement agency.

	<b><u>Amount Reduction</u></b>
2. Reduce general funds for Baltimore City Community College. The proposed reduction provides a 5.6% increase over fiscal 2006, not counting the law enforcement funds.	\$ 250,000 UF
<b>Total Unrestricted Fund Reductions</b>	<b>\$ 250,000</b>

## *Updates*

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### **1. New Mission Statement**

As part of its strategic plan development process, BCCC has expanded its mission statement from its former sole focus on careers and technical training to include college transfer and life-skills training (enrichment/developmental education).

## ***Current and Prior Year Budgets***

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### **Current and Prior Year Budgets Baltimore City Community College (\$ in Thousands)**

	<b><u>General Fund</u></b>	<b><u>Other Unrestricted Fund</u></b>	<b><u>Total Unrestricted Fund</u></b>	<b><u>Restricted Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2005</b>					
Legislative Appropriation	\$30,425	\$19,823	\$50,248	\$25,691	\$75,939
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	-385	-385	-2,997	-3,382
Reversions and Cancellations	0	-153	-153	-346	-499
<b>Actual Expenditures</b>	<b>\$30,425</b>	<b>\$19,285</b>	<b>\$49,710</b>	<b>\$22,348</b>	<b>\$72,058</b>
<b>Fiscal 2006</b>					
Legislative Appropriation	\$32,814	\$20,079	\$52,893	\$22,406	\$75,299
Budget Amendments	0	421	421	776	1,197
<b>Working Appropriation</b>	<b>\$32,814</b>	<b>\$20,500</b>	<b>\$53,314</b>	<b>\$23,182</b>	<b>\$76,496</b>

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

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## **Fiscal 2005**

A budget amendment decreased unrestricted funds by \$384,689 due to a proposal for a central supply store and copy center that was not implemented.

Budget amendments decreased restricted funds by a net \$2,996,857. The majority of the decrease is accounted for by a \$3,504,390 decrease due to grants that did not materialize. This restricted fund decrease was partially offset by a \$507,533 budget amendment, which increased restricted funds to relocate the college's public radio station off campus due to the renovation of the main building on the Liberty Campus.

## **Fiscal 2006**

Amendments increased unrestricted funds by \$421,368 to reflect revenue generated by a tuition increase. The tuition increase was linked with a realignment of expenditures due to the \$815,556 reduction in the fiscal 2006 State Appropriation request. Restricted funds increased by a net \$776,387, which reflected increased federal grants and local grants and contracts.

## ***Audit Findings***

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Audit Period for Last Audit:	July 1, 2001 – August 4, 2004
Issue Date:	July 2005
Number of Findings:	13
Number of Repeat Findings:	1
% of Repeat Findings:	8%
Rating: (if applicable)	n/a

- Finding 1:** Purchases and Disbursements: A contract for legal services to develop a collective bargaining agreement had no maximum amount and was not approved by the Board of Public Works and DBM.
- Finding 2:** Purchases and Disbursements: Certain contracts were not procured in compliance with State requirements.
- Finding 3:** Purchases and Disbursements: Lack of proper internal controls over the processing of purchasing and disbursement transactions were found.
- Finding 4:** Cash Receipts: Inadequate controls over cash receipts collected by the Liberty Campus were found.
- Finding 5:** Payroll: A faculty employee was paid despite leaving the State and failing to prepare and sign records of hours worked.
- Finding 6:** Payroll: Administrative leave was granted to six terminated employees without Board of Trustees approval.
- Finding 7:** Corporate Purchasing Cards: Inadequate corporate purchasing card issuance procedures and purchase monitoring were found as well as one case of inadequate reporting of improper card activity.
- Finding 8:** Bookstores: Inadequate controls over inventory and certain vendor payments at Liberty and Harbor Campus bookstore operations were found.
- Finding 9:** Bookstores: Liberty Campus bookstore collection controls were found to be inadequate.
- Finding 10:** Information Systems Security and Control: Inadequate critical system account, password, and access controls were found.

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**Finding 11:** Information Systems Security and Control: The computer network was inadequately secured.

**Finding 12:** **Equipment: Equipment was found to be insufficiently accounted for and controlled.**

**Finding 13:** Student Accounts Receivable: Inadequate collection efforts for delinquent non-credit course payments were found.

\*Bold denotes item repeated in full or part from preceding audit.

**Object/Fund Difference Report  
Baltimore City Community College**

<u>Object/Fund</u>	<u>FY05 Actual</u>	<u>FY06 Working Appropriation</u>	<u>FY07 Allowance</u>	<u>FY06 - FY07 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	544.00	553.00	553.00	0	0%
02 Contractual	314.00	334.89	334.91	0.02	0%
<b>Total Positions</b>	<b>858.00</b>	<b>887.89</b>	<b>887.91</b>	<b>0.02</b>	<b>0%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 29,712,910	\$ 34,121,306	\$ 37,018,385	\$ 2,897,079	8.5%
02 Technical & Spec Fees	10,211,365	10,686,621	11,001,312	314,691	2.9%
03 Communication	618,585	572,007	547,007	-25,000	-4.4%
04 Travel	436,818	462,494	462,494	0	0%
06 Fuel & Utilities	1,211,327	1,244,644	1,244,644	0	0%
07 Motor Vehicles	30,059	26,841	28,233	1,392	5.2%
08 Contractual Services	5,111,394	5,149,620	5,419,048	269,428	5.2%
09 Supplies & Materials	3,888,283	4,557,143	4,538,986	-18,157	-0.4%
10 Equip – Replacement	316,420	45,357	45,357	0	0%
11 Equip – Additional	1,896,789	1,887,575	1,768,416	-119,159	-6.3%
12 Grants, Subsidies, and Contributions	16,457,615	15,445,336	15,395,336	-50,000	-0.3%
13 Fixed Charges	1,574,748	1,735,393	1,799,393	64,000	3.7%
14 Land & Structures	592,408	561,923	1,061,923	500,000	89.0%
<b>Total Objects</b>	<b>\$ 72,058,721</b>	<b>\$ 76,496,260</b>	<b>\$ 80,330,534</b>	<b>\$ 3,834,274</b>	<b>5.0%</b>
<b>Funds</b>					
40 Unrestricted Fund	\$ 49,710,382	\$ 53,313,911	\$ 56,778,145	\$ 3,464,234	6.5%
43 Restricted Fund	22,348,339	23,182,349	23,552,389	370,040	1.6%
<b>Total Funds</b>	<b>\$ 72,058,721</b>	<b>\$ 76,496,260</b>	<b>\$ 80,330,534</b>	<b>\$ 3,834,274</b>	<b>5.0%</b>

Note: The fiscal 2006 appropriation does not include deficiencies, and the fiscal 2007 allowance does not reflect contingent reductions.

**Fiscal Summary  
Baltimore City Community College**

<u>Program/Unit</u>	<u>FY05 Actual</u>	<u>FY06 Wrk Approp</u>	<u>FY07 Allowance</u>	<u>Change</u>	<u>FY06 - FY07 % Change</u>
01 Instruction	\$ 22,003,406	\$ 24,674,839	\$ 26,307,632	\$ 1,632,793	6.6%
03 Public Service	1,549,598	1,295,000	1,299,160	4,160	0.3%
04 Academic Support	2,402,148	2,519,295	2,698,959	179,664	7.1%
05 Student Services	5,327,134	6,043,831	6,422,544	378,713	6.3%
06 Institutional Support	11,852,195	12,821,863	13,432,858	610,995	4.8%
07 Operation and Maintenance of Plant	7,646,694	7,999,561	8,984,080	984,519	12.3%
08 Auxillary Enterprises	4,765,655	5,590,385	5,633,815	43,430	0.8%
17 Scholarships and Fellowships	16,511,891	15,551,486	15,551,486	0	0%
<b>Total Expenditures</b>	<b>\$ 72,058,721</b>	<b>\$ 76,496,260</b>	<b>\$ 80,330,534</b>	<b>\$ 3,834,274</b>	<b>5.0%</b>
Unrestricted Fund	\$ 49,710,382	\$ 53,313,911	\$ 56,778,145	\$ 3,464,234	6.5%
Restricted Fund	22,348,339	23,182,349	23,552,389	370,040	1.6%
<b>Total Appropriations</b>	<b>\$ 72,058,721</b>	<b>\$ 76,496,260</b>	<b>\$ 80,330,534</b>	<b>\$ 3,834,274</b>	<b>5.0%</b>

Note: The fiscal 2006 appropriation does not include deficiencies, and the fiscal 2007 allowance does not reflect contingent reductions.