

R95C00
Baltimore City Community College

Operating Budget Data

(\$ in Thousands)

	<u>FY 08</u> <u>Actual</u>	<u>FY 09</u> <u>Working</u>	<u>FY 10</u> <u>Allowance</u>	<u>FY 09-10</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$40,448	\$41,001	\$45,025	\$4,024	9.8%
Contingent & Back of Bill Reductions	0	0	-2,743	-2,743	
Adjusted General Fund	\$40,448	\$41,001	\$42,282	\$1,281	3.1%
Other Unrestricted Funds	15,681	23,812	25,265	1,453	6.1%
Contingent & Back of Bill Reductions	0	0	-49	-49	
Adjusted Other Unrestricted Fund	\$15,681	\$23,812	\$25,216	\$1,404	5.9%
Total Unrestricted Funds	56,129	64,813	70,289	5,476	8.4%
Contingent & Back of Bill Reductions	0	0	-2,792	-2,792	
Adjusted Total Unrestricted Funds	\$56,129	\$64,813	\$67,497	\$2,684	4.1%
Restricted Funds	21,290	23,713	26,732	3,019	12.7%
Contingent & Back of Bill Reductions	0	0	-18	-18	
Adjusted Restricted Fund	\$21,290	\$23,713	\$26,714	\$3,001	12.7%
Adjusted Grand Total	\$77,418	\$88,526	\$94,211	\$5,685	6.4%

- General funds increase \$4.0 million, or 9.8%, in the Governor’s allowance. However, after adjusting for contingent reductions, the increase falls to \$1.3 million, or 3.1%.
- Other unrestricted funds increase \$1.4 million, or 5.9%, in the 2010 allowance.
- Overall, Baltimore City Community College’s (BCCC) adjusted budget increases \$5.7 million, or 6.4%.
- Pending actions, such as a Board of Public Works reduction to recognize furlough savings, are not accounted for in these numbers.

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

For further information contact: Richard H. Harris

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Personnel Data

	<u>FY 08 Actual</u>	<u>FY 09 Working</u>	<u>FY 10 Allowance</u>	<u>FY 09-10 Change</u>
Regular Positions	563.00	527.00	527.00	0.00
Contractual FTEs	<u>280.57</u>	<u>306.60</u>	<u>297.45</u>	<u>-9.15</u>
Total Personnel	843.57	833.60	824.45	-9.15

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	14.91	2.83%
Positions and Percentage Vacant as of 12/31/08	54.50	10.34%

Analysis in Brief

Major Trends

Successful Persistence Rates: The successful persistence gap between college-ready students and students who complete developmental education prior to enrolling in credit-bearing coursework is the smallest it has been in many years. However, this is due mainly to the decrease in success of developmental completers rather than an increase in success of college-ready students. **The President should comment on the falling successful persistence rate of developmental completers, the college’s developmental education initiative, and why the college is projecting them to reverse through fiscal 2010.**

Credit and Non-credit Enrollment: Although overall full-time equivalent student (FTES) enrollment grew by nearly 200 between fiscal 2007 and 2008, the increase was due solely to growth in non-credit enrollment. Credit enrollments fell by 202 while non-credit enrollment grew by 383. **The President should comment on declining credit FTES enrollments and the projected stabilization of enrollment trends.**

Issues

Affordability: BCCC strives to be an affordable higher education alternative for Baltimore City residents. While institutional scholarships are largely awarded for merit and mission, the proportion of awards offered on a need basis is growing and will likely be the majority in coming years. Additionally, the Scholarships and Fellowships budget grows 6.1% annually between fiscal 2008 and 2010, a much higher rate than the 0.1% recorded between fiscal 2004 and 2008. **The President should comment on efforts to increase affordability and need-based institutional scholarships for BCCC students.**

Legislative Audit Report: The Office of Legislative Audits issued a report for BCCC covering the period between August 2004 and August 2007. The major findings were related to awarding contracts without Board of Public Works approval and unauthorized purchases using a non-State approved credit card. **The President should comment on changes made at BCCC to comply with the State’s procurement regulations. The President should comment on the findings of BCCC’s internal audit as well as on efforts to ensure the college does not use non-State approved credit cards.**

Recommended Actions

	<u>Funds</u>
1. Require service area tuition rates be held at academic 2008-2009 rates in academic 2009-2010.	
2. Add a technical amendment to implement the reduction.	
3. Reduce formula grant by \$2,383,467 to allow for 3.1% growth over working appropriation.	\$ 2,383,467
Total Reductions	\$ 2,383,467

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Baltimore City Community College

Operating Budget Analysis

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 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 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 \$1.0 million annually to support education at BCCC. Of this amount, at least \$400,000 must be expended for tuition reimbursement and scholarships.

BCCC works toward achieving the following goals:

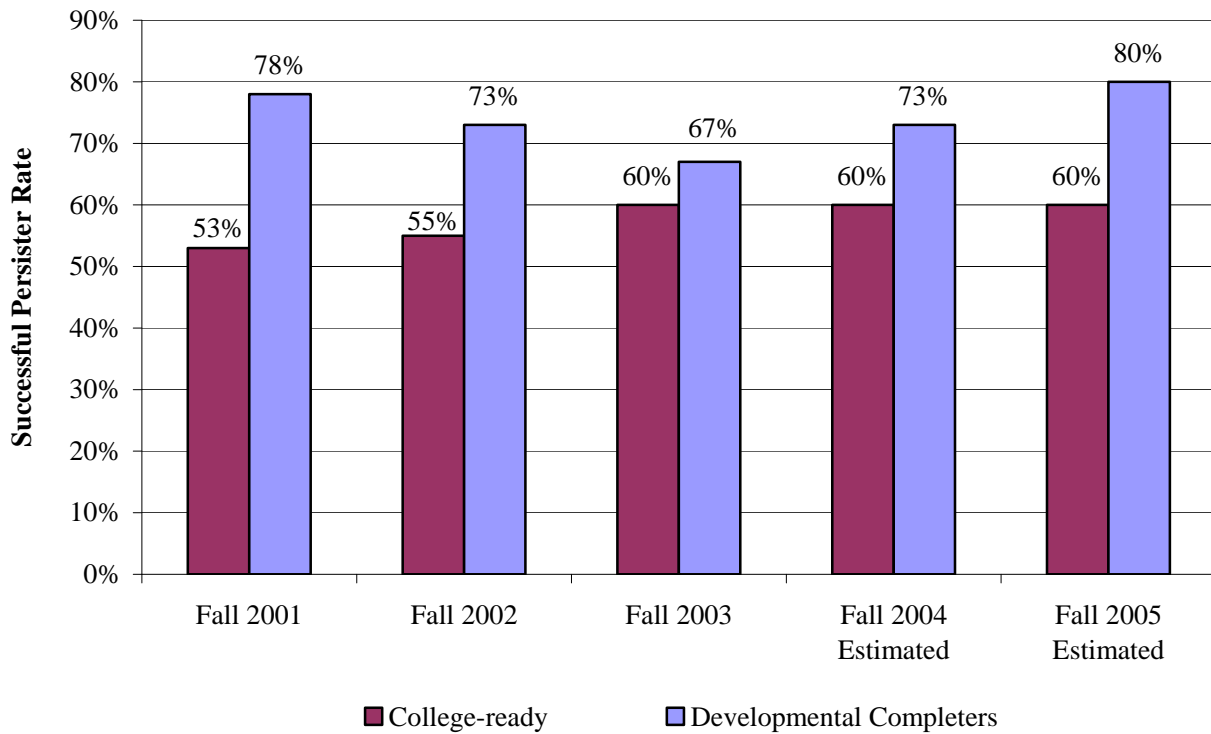
- improve retention of students to graduation or transfer to a baccalaureate-granting college or university;
- improve responsiveness to Baltimore's workforce needs;
- promote community outreach and service; and
- ensure affordability to Baltimore City residents.

Performance Analysis: Managing for Results

Like all of the State's community colleges, BCCC students often have goals which differ from students enrolling at a four-year institution. A larger percentage of them require developmental education before beginning credit-bearing course work, in addition to having employment and family commitments. As such, the school's primary performance measure is successful persistence. A successful persister is a student who attempted to take 18 or more credits in the first two years and has graduated, transferred, or is still enrolled at the college four years later.

Four-year successful persister rates for students entering in fall 2000 to 2005 are shown in **Exhibit 1**. BCCC's goal is to reach 84% for developmental completers and 60% for college-ready students for fall 2006 enrollees. While the goal has already been met for college-ready students in the fall 2003 cohort, the developmental completer success rate declined to 67%, the lowest level in many years. The college expects the rate for college-ready students to hold steady and is projecting an increase of developmental completer success due to a new developmental education initiative.

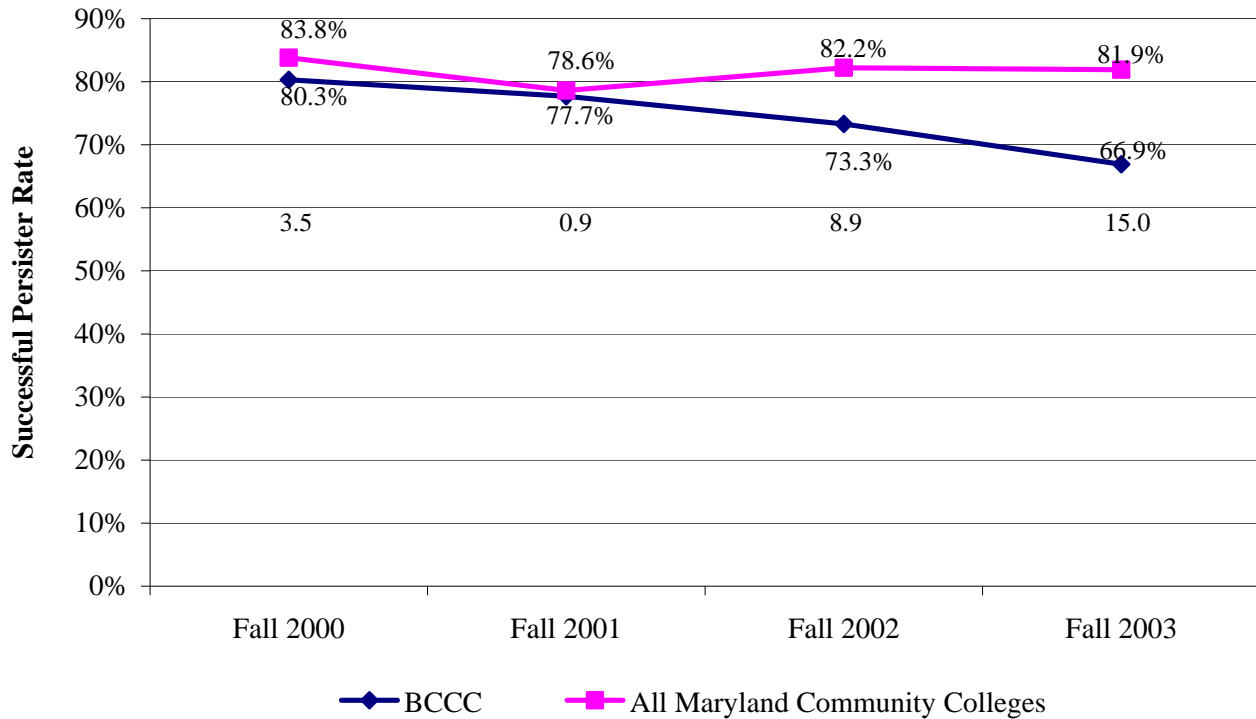
Exhibit 1
Four-year Successful Persister Rates
Cohorts 2001-2005



Source: Governor’s Budget Books, Fiscal 2008-2010

Historically, BCCC’s successful persister rates of developmental completers were comparable with other Maryland community colleges. A year ago, a gap of 8.9 percentage points opened up. As shown in **Exhibit 2**, this rate widened to 15.0 percentage points for the fall 2003 cohort. **The President should comment on the falling successful persister rate of developmental completers, the college’s developmental education initiative, and why the college is projecting rates to increase through fiscal 2010.**

Exhibit 2
Successful Persister Rates
BCCC and All Maryland Community Colleges
Fall 2000-2003 Cohorts



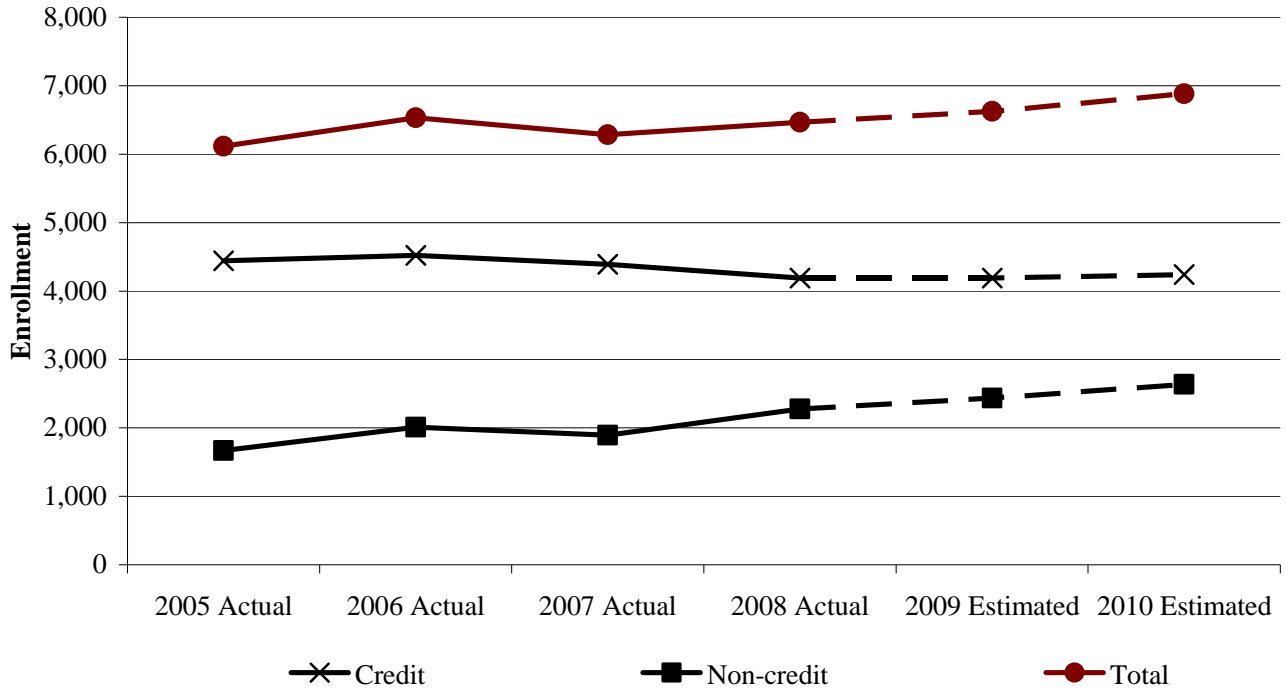
BCCC: Baltimore City Community College

Source: Maryland Association of Community Colleges

Enrollment Trends

Between fiscal 2006 and 2007, the number of full-time equivalent students (FTES) fell by 244, from 6,530 to 6,286. The reduction was split roughly even between credit and non-credit enrollments. From fiscal 2007 to 2008, FTES enrollments increased by 181, to 6,467. This time, the growth was accounted for entirely from non-credit enrollments. As shown in **Exhibit 3**, non-credit FTES enrollment grew by 383 while credit enrollments fell 202. BCCC reports this is due in part to the limited access of the main Liberty Campus. On-campus parking is very limited, and although it is located on bus lines, many prospective students have trouble commuting to the campus. Meanwhile, many non-credit courses are offered at more accessible off-campus locations. BCCC projects continued growth in non-credit enrollments and stabilizing of credit enrollments. **The President should comment on the trend and outlook for credit FTES enrollments.**

**Exhibit 3
Credit and Non-credit FTES Enrollment
Fiscal 2005-2010**



FTES: full-time equivalent student

Source: Governor’s Budget Books, Fiscal 2008-2010

Fiscal 2009 Actions

Impact of Cost Containment

Although most State agencies have had their budgets reduced by the Board of Public Works (BPW) in fiscal 2009, reductions have not yet occurred for BCCC. The college was not exempt from the statewide furlough, however, and BCCC’s budget will be reduced by \$501,725. The number of days of furlough depends on salary level. Employees earning less than \$30,000 are required to take one day. Higher paid employees are required to have more days off, up to six days for the college’s President. Student employees, part-time staff, and adjunct faculty are exempt.

Proposed Budget

Under State law, BCCC is funded through a formula that is tied to the State’s prior year support for selected public four-year institutions on a per-FTES basis. After accounting for contingent reductions in fiscal 2010, general fund support grows 3.1%, or \$1.3 million, as shown in **Exhibit 4**. Overall, the budget increases by 6.4%, or \$5.7 million.

Exhibit 4
Governor’s Proposed Budget
Baltimore City Community College
(\$ in Thousands)

	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>	<u>FY 09-10</u>	<u>% Change</u>
	<u>Actual</u>	<u>Working</u>	<u>Adjusted</u>	<u>Change</u>	<u>Prior Year</u>
General Funds	\$40,448	\$41,001	\$42,281	\$1,280	3.1%
Other Unrestricted Funds	15,681	23,812	25,216	1,404	5.9%
Total Unrestricted Funds	56,129	64,813	67,497	2,684	4.1%
Restricted Funds	21,290	23,713	26,714	3,001	12.7%
Total Funds	\$77,418	\$88,526	\$94,211	\$5,685	6.4%

Note: Fiscal 2009 does not include anticipated furlough reductions. Numbers may not sum due to rounding.

BCCC’s Funding Formula

Chapters 568 and 569 of 1998 established a funding formula for BCCC. Under the formula, State support per FTES at BCCC was set at 60.0% of prior year State appropriations to selected public four-year institutions. It was set to gradually enhance to 66.0%, although the Budget Reconciliation and Financing Act (BRFA) of 2002 reset the formula to 60.9% and allowed enhancements to return to 66.0% by fiscal 2006. In the 2006 session, BCCC’s formula was amended to enhance to 71.0% over the course of several years. Statute requires the fiscal 2010 percentage to be 68.0%, as shown in **Exhibit 5**. The exhibit also shows the components of BCCC’s funding formula.

Exhibit 5
BCCC Allowance and Contingent Reductions
Fiscal 2010

	<u>Current Allowance</u>	<u>Adjusted Allowance</u>
State Formula Aid Per FTES at BCCC		
Fiscal 2009 aid per FTES at selected four-year public institutions	\$10,093.54	\$10,093.54
Formula percentage	68.0%	68.0%
BCCC aid per FTES	\$6,863.61	\$6,863.61
State Formula Aid for BCCC		
Aid per FTES	\$6,863.61	\$6,863.61
Audited Fiscal 2008 FTES	6,467	6,467
Total State Aid to BCCC According to Formula	\$44,388,545	\$44,388,545
State aid to BCCC after BRFA		\$42,005,078
Formula reduction in BRFA		-\$2,383,467
Prior-year funding per FTES after accounting for furlough		\$9,942.56
BCCC aid per FTES after BRFA		\$6,495.06
Formula percentage after BRFA		65.33%
Across-the-board reduction		-\$359,781
Final State Aid to BCCC		\$41,645,297
Final BCCC aid per FTES		\$6,439.43
Final State aid expressed as the formula percentage		64.77%
English for Speakers of Other Languages annual grant adjustment	636,000	636,000
Fiscal 2010 Governor's Allowance	\$45,024,545	\$42,281,297
Difference from statutory formula		-\$2,743,248

BCCC: Baltimore City Community College
BRFA: Budget Reconciliation and Financing Act
FTES: full-time equivalent student

Source: Governor's Budget Books, Fiscal 2010

The left hand column shows the current formula appropriation as required by statute. The calculation of fiscal 2009 funding does not account for pending furlough reductions to the select four-year institutions, however. When accounting for that adjustment in fiscal 2009, as well as the across-the-board contingent reductions in fiscal 2010, BCCC's formula percentage becomes 64.8%, and the appropriation is \$41,645,297. The adjusted appropriation figure is \$2.7 million less than the statutorily required amount.

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The major contingent reduction for BCCC is in the BRFA of 2009, which will reduce BCCC’s formula grant by \$2.4 million. An additional reduction deletes 25.0 positions and totals \$0.4 million. These reductions together allow for 3.1% growth over the current fiscal 2009 working appropriation.

Similar to the BRFA of 2002, the BRFA of 2009 also alters BCCC’s formula in the out-years. As shown in **Exhibit 6**, the fiscal 2011 formula percentage would be 63.0%. The Department of Budget and Management intended to level fund the grant at \$42,005,078 in fiscal 2011, but the 63.0% in the BRFA is projected to total only \$41,507,134. To level fund BCCC in fiscal 2011, the formula would need to be set at 63.76%.

Exhibit 6
BCCC Funding Levels and Projected Appropriations
Fiscal 2010-2015

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
BRFA Recommendation Based on Prior Year State Appropriation						
Funding Level in BRFA	--	63.00%	65.00%	67.00%	69.00%	71.00%
Projected Appropriation	\$42,005,078	\$41,507,134	\$44,677,135	\$48,128,694	\$51,875,971	\$56,152,183
Funding per FTES	\$6,495	\$6,323	\$6,706	\$7,117	\$7,558	\$8,060
Corrected BRFA						
Funding Level in BRFA	--	63.76%	65.00%	67.00%	69.00%	71.00%
Projected Appropriation	\$42,005,078	\$42,005,078	\$44,677,135	\$48,128,694	\$51,875,971	\$56,152,183
Funding per FTES	\$6,495	\$6,400	\$6,706	\$7,117	\$7,558	\$8,060
DLS Recommendation Based on Current Year State Appropriation						
Funding Level	64.71%	62.03%	63.00%	64.50%	66.00%	68.50%
Projected Appropriation	\$42,005,078	\$42,005,078	\$44,586,522	\$47,776,158	\$51,426,374	\$56,169,531
Across-the-board Reduction	-\$359,781					
Actual Appropriation	\$41,645,297					
Funding per FTES	\$6,495	\$6,399	\$6,692	\$7,065	\$7,492	\$8,062
Difference Between DLS Recommendation and Corrected BRFA						
	\$0	\$0	-\$90,613	-\$352,536	-\$449,597	\$17,348

BCCC: Baltimore City Community College
BRFA: Budget Reconciliation and Financing Act
DLS: Department of Legislative Services
FTES: full-time equivalent student

Source: House Bill 101, Senate Bill 166 – Budget Reconciliation and Financing Act of 2009; Department of Legislative Services

Truing Up

Because State aid to BCCC is determined based on the prior year's State funding per FTES of selected public four-year institutions, when public institutions receive larger appropriations in good economic times, BCCC benefits from the increase the following year. Conversely, in weak economic conditions, BCCC could take a large reduction. Current year funding to the college may be reduced, as well as funding to the select four-year institutions – reductions that flow into the following year's formula. By "truing up" the per FTES formula so that it does not lag a year, BCCC's funding would share in the funding growth of the four-year institutions in the same year. Additionally, the full cost of an increase in the higher education budget will be realized up front instead of over the course of two years. Exhibit 6 shows BCCC's estimated appropriation from fiscal 2010 based on current year per FTES funding if the formula is level funded in fiscal 2010 and 2011, and then returns to 68.5% in fiscal 2015.

The Department of Legislative Services (DLS) recommends concurring with the Governor's reduction of \$2,383,467 to BCCC's formula grant. This will allow for a 3.1% increase in fiscal 2010 after other across-the-board reductions are accounted for. As a requirement for accepting this increase, however, BCCC must not increase service area tuition rates.

Additionally, DLS recommends adjusting BCCC's formula calculation to incorporate current year per FTES funding at selected public four-year institutions. DLS further recommends that BCCC's formula be set at 62.03% for fiscal 2011 and enhance back to 68.5% in fiscal 2015 as shown in Exhibit 6. DLS recommends returning the formula to 68.5% as opposed to the 71.0% in current statute to account for the jump in funding truing up would otherwise create in the out-years.

Other Fiscal 2010 Cost Containment Actions

Contingent across-the-board reductions for fiscal 2010 will reduce BCCC's budget by a total of \$2,810,310. In addition to the BRFA reduction of \$2,383,467, \$359,781 in unrestricted funds are reduced with the deletion of 25 positions. Another reduction deletes the State's deferred compensation match: \$48,697 in unrestricted funds and \$18,365 in restricted funds. Additional reductions to the university's budget may occur as part of an unallocated \$30 million across-the-board reduction.

Personnel

In addition to the across-the-board reduction reducing BCCC's regular positions by 25.0, contractual positions decline by 9.15. For instruction, the addition of 16.0 contractual positions was due to expected enrollment and program growth, as well as experience from fiscal 2008. For the other changes, the college reports the levels were based on fiscal 2008 workloads. The changes by budget program are as follows:

- Instruction: 16.0 FTEs
- Academic Support: -0.7 FTE
- Student Services: -5.04 FTEs
- Institutional Support: -19.16 FTEs
- Operations and Maintenance of Plant: 4.54 FTEs
- Auxiliary: -4.79 FTEs

The college currently has 54.5 regular position vacancies.

Expenditures by Program

Unrestricted funds broken down by expenditures and revenues are shown in **Exhibit 7**. The largest increase is in the Operations and Maintenance of Plant program, which grows \$3.7 million, or 32.2%, in the allowance. Of this increase, \$1.2 million is due to the expected purchase of land, and \$1.5 million is to cover increased rent charges for a new program at the University of Maryland, Baltimore's (UMB) BioPark, the Life Sciences Institute. The \$1.0 million increase in the Instruction program is also largely attributable to the new program.

The Life Sciences Institute is a new program established to link BCCC's science programs with the growing research and technology center. Certificate courses will help train students for careers as laboratory technicians, and associate degree programs will allow for easy transfer from college into UMB's undergraduate programs. BCCC decided on the BioPark for its proximity location to UMB as well as many science and technology companies where students can intern and gain experience.

Exhibit 7
BCCC Budget Changes for Current Unrestricted Funds by Program
Fiscal 2008-2010
(\$ in Thousands)

	<u>2008</u> <u>Actual</u>	<u>2009</u> <u>Working</u>	<u>2008-09</u> <u>% Change</u>	<u>2010</u> <u>Adjusted</u>	<u>2009-10</u> <u>\$ Change</u>	<u>2009-10</u> <u>% Change</u>
<u>Expenditures</u>						
Instruction	\$19,983	\$21,519	7.7%	\$22,481	\$962	4.5%
Academic Support	2,836	3,557	25.4%	3,766	\$209	5.9%
Student Services	6,055	6,814	12.5%	7,341	\$527	7.7%
Institutional Support	12,647	15,502	22.6%	15,786	\$283	1.8%
Operation and Maintenance of Plant	8,925	11,350	27.2%	15,009	\$3,659	32.2%
Subtotal Education and General	\$50,446	\$58,742	16.4%	\$64,382	\$5,640	9.6%
Auxiliary Enterprises	5,682	6,071	6.8%	5,907	-\$163	-2.7%
Contingent Reductions				-2,792		
Total	\$56,129	\$64,813	15.5%	\$67,497	\$2,684	4.1%
<u>Revenues</u>						
Tuition and Fees	\$15,384	\$16,285	5.9%	\$18,072	\$1,787	11.0%
General Funds	40,448	41,001	1.4%	42,281	1,280	3.1%
Other	3,791	3,552	-6.3%	3,866	314	8.8%
Subtotal	\$59,622	\$60,838	2.0%	\$64,220	\$3,382	5.6%
Auxiliary Enterprises	3,482	3,975	14.2%	3,278	-697	-17.5%
Transfers to Fund Balance	-6,976		-100.0%			
Total	\$56,129	\$64,813	15.5%	\$67,497	\$2,684	4.1%

BCCC: Baltimore City Community College

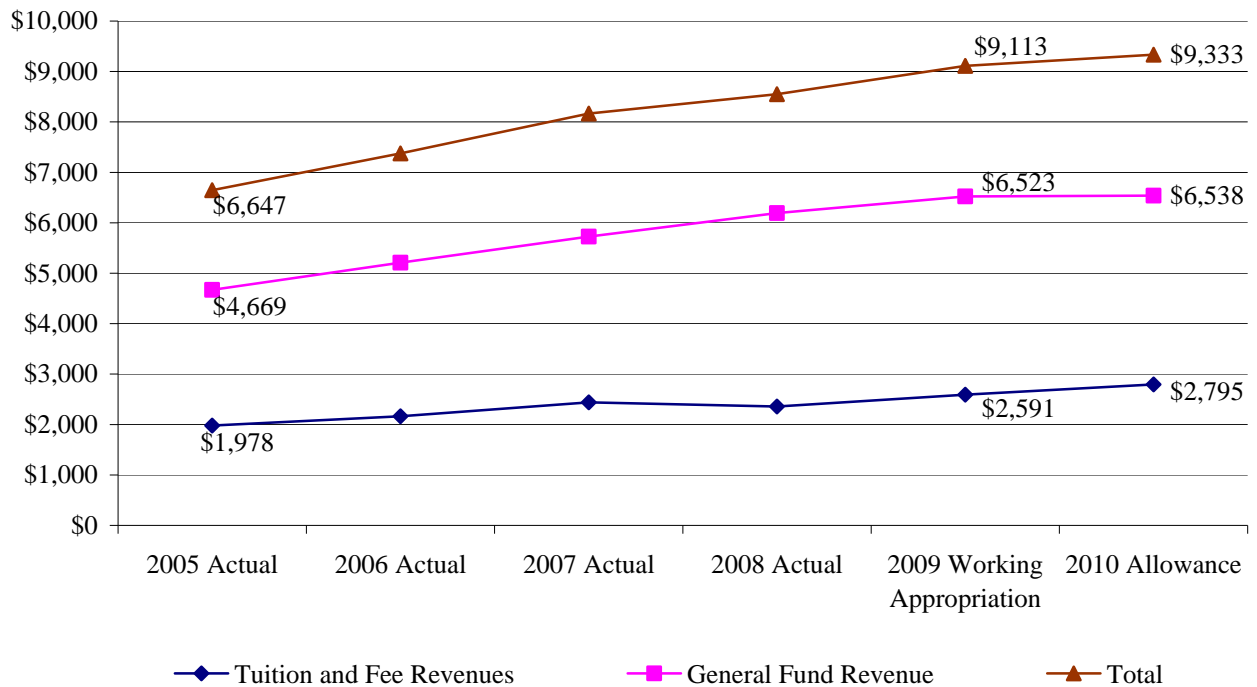
Source: Governor's Budget Books, Fiscal 2010

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On the revenues side, the largest increase is in tuition and fee revenues, which grows \$1.8 million, or 11.0%. General funds, when adjusting for across-the-board reductions, grow \$1.3 million, or 3.1%.

General funds and tuition and fee revenues per FTES from fiscal 2005 to 2010 are shown in **Exhibit 8**. Compared to the fiscal 2009 working appropriation, total revenues per FTES grow 2.4% in the Governor’s allowance. General funds increase 0.2%, or \$15, to \$6,338 per FTES. Tuition and fee revenues increase at a faster rate, by 7.9%, or \$204, to \$2,795 per FTES.

Exhibit 8
Tuition and Fee and General Fund Revenues Per Full-time Equivalent Student
Fiscal 2005-2010



Source: Governor’s Budget Books, Fiscal 2008-2010

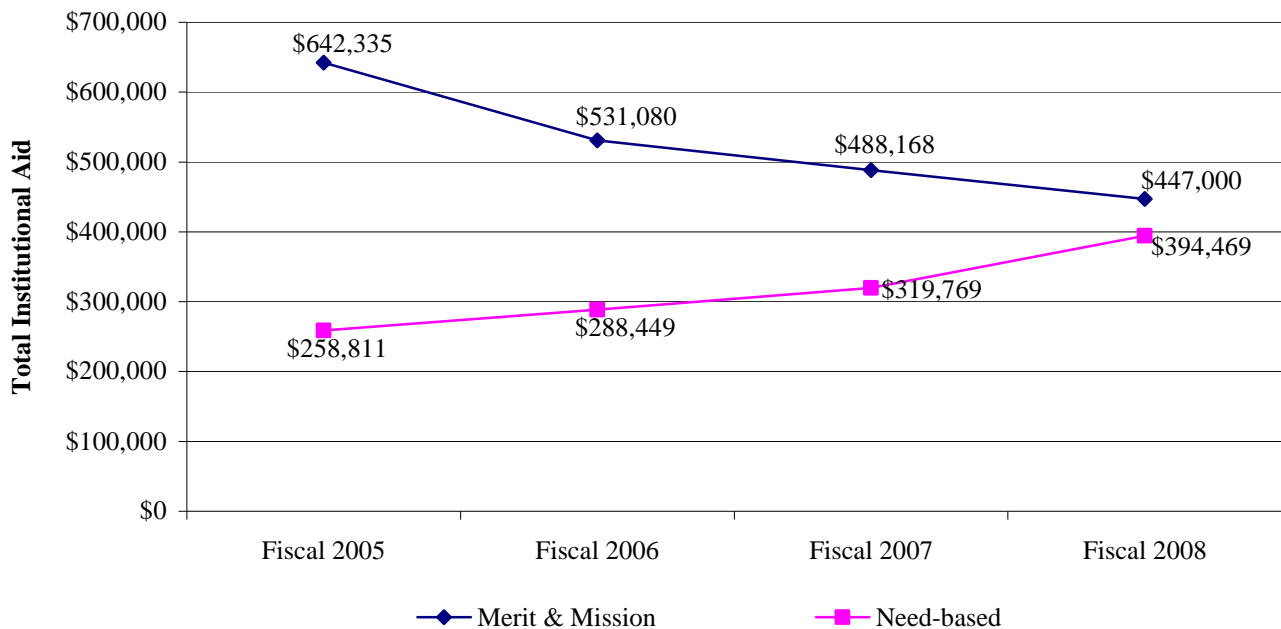
Issues

1. Affordability

One of BCCC’s primary goals is to be an affordable higher education option for Baltimore City residents. Of all of the State’s community colleges, BCCC is the third least expensive. Although rates increased \$10 per credit in fiscal 2009, or \$240 for full-time enrollment, they did not increase at all in fiscal 2008 and grew by only \$3 in fiscal 2007.

Exhibit 9 shows institutional scholarship awards between fiscal 2005 and 2008. In fiscal 2005, a much larger share of the aid budget was offered for merit and mission. Throughout the period, the percentage of awards made on a need basis grew considerably, from 29 to 47%. Although merit and mission awards still represented the majority of the institutional scholarship budget in fiscal 2008, if current trends continue, need-based awards will become the majority of awards. **The President should comment on efforts to increase affordability and need-based institutional scholarships for BCCC students.**

Exhibit 9
Baltimore City Community College Institutional Scholarships
Fiscal 2005-2008



Source: Baltimore City Community College

In terms of BCCC’s entire Scholarships and Fellowships budget, **Exhibit 10** shows growth in that budget program compared to the tuition and fee rates. From fiscal 2008 to 2010, scholarships and fellowships grow 6.1% annually. This is much higher than the average growth from fiscal 2004 to 2008, 0.1%. Tuition and fee rates grew at the same rate between fiscal 2008 and 2010, 6.1%. This is due solely to the fiscal 2009 rate increase, however, and is lower than growth between fiscal 2004 and 2008 when rate increases averaged 9.5% annually.

Exhibit 10
BCCC – Tuition and Fee Rates
Fiscal 2004-2010

	<u>2004</u>	<u>2008</u>	<u>Annual % Change, 2004-2008</u>	<u>2010</u>	<u>Annual % Change 2008-2010</u>	<u>Annual % Change 2004-2010</u>
Scholarships and Fellowships	\$15,949,700	\$16,023,050	0.1%	\$18,048,986	6.1%	2.1%
Tuition and Fee Rates	1,890	2,722	9.5%	3,062	6.1%	8.4%

BCCC: Baltimore City Community College

Source: Governor’s Budget Books, Fiscal 2006-2010; Maryland Association of Community Colleges

2. Legislative Audit Report

The Office of Legislative Audits (OLA) published a report on BCCC in May 2008. It covered August 2004 to August 2007 and contained 14 findings, two of which are repeated from the college’s previous OLA audit. Findings covered procurement procedures, financial management, and electronic information security.

Service contracts were not always procured in accordance with State regulations, a finding repeated from the previous OLA audit. In three instances, contracts were awarded without competition, although the value of the contract was over the limit for no-bid contracts (\$25,000). One contract, for cafeteria and catering services, was structured to pay the college a fee based on profit, if any was generated. OLA was unable to determine if the college was owed or paid any money, however.

BCCC reports it has hired a new procurement officer to focus on contracts, and that two of the three contracts will go to the Board of Public Works for approval. For catering and cafeteria services, BCCC instead decided to work with the Division of Rehabilitation Services, and it will not go to bid. BCCC also reports the previous cafeteria vendor operated at a loss, so no money was owed to the college. **The President should comment on changes made at BCCC to comply with the State’s procurement regulations.**

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An additional finding of the audit determined the college inadequately tracks fixed asset inventory. BCCC's physical inventory in 2007 differed from a separate inventory list by several million dollars. The college reported that much on the existing list was outdated, and they have received Department of General Services approval to write off much of it.

OLA also found the unauthorized use of a credit card that did not have State approval. Questionable purchases were made using this card, which the college claims were for student prizes at school-sponsored events. Although no record was kept of purchases for student awards, BCCC will document all prize winners in the future. They also discontinued use of non-State approved credit cards and conducted an internal audit into the unauthorized use cited in the audit. **The President should comment on the findings of BCCC's internal audit as well as on efforts to ensure the college does not use non-State approved credit cards.**

Recommended Actions

1. Add the following language to the unrestricted fund appropriation:

. provided that this appropriation shall be reduced by \$1,622,889 contingent upon Baltimore City Community College establishing a service area tuition rate for the 2009-2010 academic year which exceeds the service area tuition rate of the 2008-2009 academic year. Baltimore City Community College shall report to the budget committees the service area tuition rates for the 2009-2010 academic year by July 15, 2009.

Explanation: This action requires Baltimore City Community College hold service area tuition rates for the 2009-2010 academic year at the 2008-2009 academic year level. Otherwise, the grant to the college will be level funded at the fiscal 2009 level. Baltimore City Community College must report to the budget committees the service area tuition rates by July 15, 2009.

Information Request	Author	Due Date
Baltimore City Community College service area tuition rates	Baltimore City Community College	July 15, 2009

2. Strike the following language from the unrestricted fund appropriation:

~~, provided that this appropriation shall be reduced by \$2,383,467 contingent upon the enactment of legislation to reduce the required appropriation for Baltimore City Community College~~

Explanation: This action is a technical amendment to implement the reduction to the Baltimore City Community College appropriation.

	<u>Amount Reduction</u>
3. Reduce the formula grant by \$2,383,467. This reduction will allow for 3.1% growth over the working appropriation, after accounting for across-the-board reductions in the Governor's fiscal 2010 budget plan.	\$ 2,383,467 UF
Total Unrestricted Fund Reductions	\$ 2,383,467

Current and Prior Year Budgets

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

	<u>General Fund</u>	<u>Special Fund</u>	<u>Other Unrestricted Fund</u>	<u>Total Unrestricted Fund</u>	<u>Restricted Fund</u>	<u>Total</u>
Fiscal 2008						
Legislative Appropriation	\$40,198	\$0	\$23,225	\$63,423	\$24,249	\$87,672
Deficiency Appropriation	750	0	0	750	0	750
Budget Amendments	0	0	0	0	0	0
Cost Containment	-500	0	0	-500	0	-500
Reversions and Cancellations	0	0	-7,544 *	-7,544	-2,959	-10,503
Actual Expenditures	\$40,448	\$0	\$15,681	\$56,129	\$21,290	\$77,418
Fiscal 2009						
Legislative Appropriation	\$41,001	\$0	\$23,812	\$64,813	\$23,713	\$88,526
Cost Containment	0	0	0	0	0	0
Budget Amendments	0	0	0	0	0	0
Working Appropriation	\$41,001	\$0	\$23,812	\$64,813	\$23,713	\$88,526

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

* Figure includes \$1.3 million returned to the State for unspent Other Post Employment Benefits costs in fiscal 2007.

Fiscal 2008

The fiscal 2008 legislative appropriation was \$40,197,646 in general funds and a total of \$63,422,848 in total unrestricted funding. A deficiency appropriation of \$750,000 was approved during the 2008 session for the purchase of new land. This amount was reduced by a Board of Public Works cost containment action that reduced the agency's budget by \$500,000.

The legislative appropriation included \$24,248,977 in restricted funds.

The college cancelled both unrestricted funds and restricted funding at the end of the fiscal year. Due to a number of reasons, \$7,544,181 in unrestricted funds were cancelled. Unspent health insurance funds from fiscal 2007 totaling \$1,314,514 were returned to the State. Vacant positions and deferred equipment and real estate purchases made up the remaining amount. Restricted funds were cancelled due largely to the common problem of the difficulty in projecting grant awards over the next year. Federal scholarships and grants were \$1,681,000 less than projected. The remaining \$1,278,149 was due to many smaller State and local grants being lower than projected, for a total of \$2,959,149 cancelled restricted funds.

Fiscal 2009

The legislative appropriation was \$41,001,037 in general funds and a total of \$64,812,885 in unrestricted funds. The school received \$23,713,065 in restricted funding.

Audit Findings

Audit Period for Last Audit:	August 5, 2004 – August 31, 2007
Issue Date:	May 2008
Number of Findings:	14
Number of Repeat Findings:	2
% of Repeat Findings:	14%
Rating: (if applicable)	n/a

The following are from a performance audit report on Baltimore City Community College.

- Finding 1:** BCCC should comply with State Procurement Regulations and consolidate ongoing services on the basis of competitive bids and request approval from the Board of Public Works for these contracts. Services for the college’s bookstore, cafeteria, and advertising did not receive proper BPW review and approval.
- Finding 2:** BCCC should ensure that all non-cash credits be reviewed and approved by supervisory personnel prior to being recorded to the central collections unit (CCU).
- Finding 3:** Approval from CCU must be obtained before BCCC can write off delinquent debts of under \$30. BCCC should maintain proper documentation for all student accounts and should refer all previously written off delinquent accounts to CCU to obtain the required approval.
- Finding 4:** Controls over bookstore collections need to be tightened. Specifically, BCCC did not verify the continuity of transaction numbers, allowing a cashier to potentially misappropriate collections without detection. Additionally, cashiers should sign daily cash reports to certify they had been counted.
- Finding 5:** BCCC should ensure timely collection of bookstore vendor refunds. Additionally, it should collect \$83,000 of outstanding refunds owed to it.
- Finding 6:** Purchasing cards should not be applied for and distributed by the same employee. Purchasing cards should also not be issued to employees who do not regularly use them. Inactive cards should be cancelled.
- Finding 7:** BCCC should not establish credit card accounts without approval from the Treasury’s General Accounting Division. Questionable purchases made with a specific card should be investigated and referred to the Attorney General if fraudulent purchases were made. In addition, proper records should be kept of purchases for student awards.

- Finding 8:** Equipment records should be updated and maintained. The college’s electronic inventory should match a physical inventory. BCCC should comply with the inventory and equipment record keeping requirements of the Department of General Services’ *Inventory Control Manual*.
- Finding 9:** Federal financial aid awards should not be issued prior to receiving the supporting federal funds.
- Finding 10:** BCCC should restrict network level access to the college’s critical network device. BCCC should also regularly review the logs of critical network devices for significant security events.
- Finding 11:** Network level access to key administrative servers should be restricted for only those users who require access to those servers.
- Finding 12:** Security of BCCC’s credit card payment system needs improvement. Different service providers should be used to manage credit card verification and payment settings as well as to process credit card payments. Additionally, passwords for its credit card processing and payment systems should be unavailable to regular network users and changed when employees with knowledge of the passwords leave BCCC.
- Finding 13:** Controls over account and passwords were not adequate. BCCC should comply with requirements of the Department of Budget and Management’s *Information Technology Security Policy and Standards*.
- Finding 14:** BCCC should strengthen controls over changes made to student grades. Employees who do not require access to student grades to perform their duties should not have access to the system. In addition, proper documentation should be kept to ensure changes to student grades were authorized and accurately recorded.

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

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

<u>Object/Fund</u>	<u>FY08 Actual</u>	<u>FY09 Working Appropriation</u>	<u>FY10 Allowance</u>	<u>FY09 - FY10 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	563.00	527.00	527.00	0	0%
02 Contractual	280.57	306.60	297.45	-9.15	-3.0%
Total Positions	843.57	833.60	824.45	-9.15	-1.1%
Objects					
01 Salaries and Wages	\$ 33,964,165	\$ 40,453,828	\$ 41,082,571	\$ 628,743	1.6%
02 Technical and Spec. Fees	10,458,155	11,356,430	11,215,397	-141,033	-1.2%
03 Communication	745,208	829,418	895,837	66,419	8.0%
04 Travel	518,902	488,977	503,192	14,215	2.9%
06 Fuel and Utilities	1,750,615	1,771,548	2,124,613	353,065	19.9%
07 Motor Vehicles	52,249	39,773	61,669	21,896	55.1%
08 Contractual Services	6,266,538	6,425,501	8,435,981	2,010,480	31.3%
09 Supplies and Materials	3,858,898	4,809,118	4,288,410	-520,708	-10.8%
10 Equipment – Replacement	39,791	491,226	552,500	61,274	12.5%
11 Equipment – Additional	1,590,936	1,296,092	1,654,457	358,365	27.6%
12 Grants, Subsidies, and Contributions	16,084,178	17,201,055	17,952,705	751,650	4.4%
13 Fixed Charges	1,455,852	3,149,676	4,406,982	1,257,306	39.9%
14 Land and Structures	633,008	213,308	3,847,383	3,634,075	1703.7%
Total Objects	\$ 77,418,495	\$ 88,525,950	\$ 97,021,697	\$ 8,495,747	9.6%
Funds					
40 Unrestricted Fund	\$ 56,128,667	\$ 64,812,885	\$ 70,289,290	\$ 5,476,405	8.4%
43 Restricted Fund	21,289,828	23,713,065	26,732,407	3,019,342	12.7%
Total Funds	\$ 77,418,495	\$ 88,525,950	\$ 97,021,697	\$ 8,495,747	9.6%

Note: The fiscal 2009 appropriation does not include deficiencies. The fiscal 2010 allowance does not include contingent reductions.

**Fiscal Summary
Baltimore City Community College**

<u>Program/Unit</u>	<u>FY08 Actual</u>	<u>FY09 Wrk Approp</u>	<u>FY10 Allowance</u>	<u>Change</u>	<u>FY09 - FY10 % Change</u>
01 Instruction	\$ 24,228,027	\$ 26,300,331	\$ 29,689,645	\$ 3,389,314	12.9%
03 Public Service	1,253,194	1,583,000	1,475,000	-108,000	-6.8%
04 Academic Support	2,836,095	3,557,333	3,765,886	208,553	5.9%
05 Student Services	5,823,458	6,813,767	7,340,651	526,884	7.7%
06 Institutional Support	12,646,838	15,502,265	15,785,696	283,431	1.8%
07 Operation And Maintenance Of Plant	8,925,427	11,349,750	15,008,559	3,658,809	32.2%
08 Auxiliary Enterprises	5,682,406	6,070,518	5,907,274	-163,244	-2.7%
17 Scholarships And Fellowships	16,023,050	17,348,986	18,048,986	700,000	4.0%
Total Expenditures	\$ 77,418,495	\$ 88,525,950	\$ 97,021,697	\$ 8,495,747	9.6%
Unrestricted Fund	\$ 56,128,667	\$ 64,812,885	\$ 70,289,290	\$ 5,476,405	8.4%
Restricted Fund	21,289,828	23,713,065	26,732,407	3,019,342	12.7%
Total Appropriations	\$ 77,418,495	\$ 88,525,950	\$ 97,021,697	\$ 8,495,747	9.6%

Note: The fiscal 2009 appropriation does not include deficiencies. The fiscal 2010 allowance does not include contingent reductions.