



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

May 11, 2017

MEMORANDUM

TO: Karen R. Toles, Chair
Health, Education, and Human Services Committee (HEHS)

THRU: David H. Van Dyke, County Auditor *DHVD*

FROM: Inez N. Claggett, Senior Legislative Auditor *INCL*

RE: Prince George's Community College
Fiscal Year 2018 Budget Review

Budget Overview

The FY 2018 Proposed Budget for the Prince George's Community College is \$112,462,500, an increase of \$4,468,800, or 4.1%, over the approved FY 2017 budget. This increase is primarily due to an increase in the County's contribution, an increase in tuition revenue, and the use of Fund Balance.

Budget Comparison

Approved Fiscal Year 2017 to Proposed Fiscal Year 2018

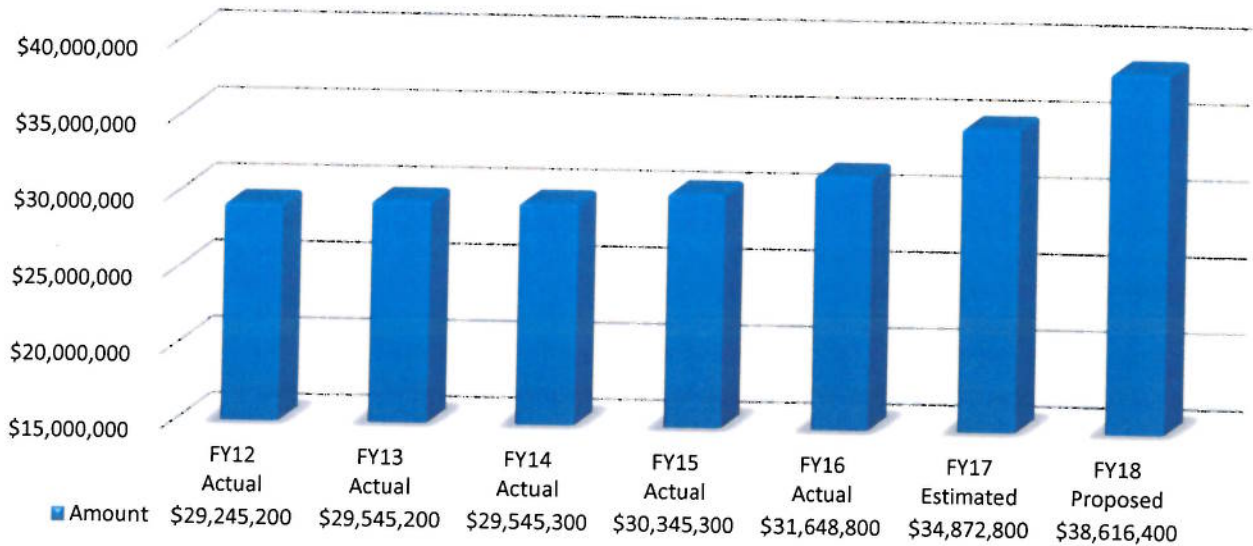
Funding Source	FY 2016 Actual	FY 2017 Approved	FY 2017 Estimated	% Change - Est vs App	FY 2018 Proposed	\$ Change	% Change
County Contribution	\$ 31,648,800	\$ 34,872,800	\$ 34,872,800	0.0%	\$ 38,316,400	\$ 3,443,600	9.9%
State Aid	26,072,536	28,500,300	28,500,300	0.0%	28,500,300	-	0.0%
Tuition and Fees	40,797,060	39,970,000	38,748,200	-3.1%	40,495,200	525,200	1.3%
Other Revenues	2,097,376	2,102,000	2,102,000	0.0%	2,102,000	-	0.0%
Fund Balance	-	2,548,600	2,967,400	16.4%	3,048,600	500,000	19.6%
Total	<u>\$ 100,615,772</u>	<u>\$ 107,993,700</u>	<u>\$ 107,190,700</u>	<u>-0.7%</u>	<u>\$ 112,462,500</u>	<u>\$ 4,468,800</u>	<u>4.1%</u>

Expenditures	FY 2016 Actual	FY 2017 Approved	FY 2017 Estimated	% Change - Est vs App	FY 2018 Proposed	\$ Change	% Change
Compensation	60,772,028	66,280,700	66,327,600	0.1%	68,761,000	2,480,300	3.7%
Fringe Benefits	17,168,645	16,734,700	16,637,800	-0.6%	18,053,100	1,318,400	7.9%
Operating Expenses	20,518,609	24,542,300	23,796,500	-3.0%	25,212,400	670,100	2.7%
Capital Outlay	559,284	436,000	428,800	-1.7%	436,000	-	0.0%
Total	<u>99,018,566</u>	<u>107,993,700</u>	<u>107,190,700</u>	<u>-0.7%</u>	<u>112,462,500</u>	<u>4,468,800</u>	<u>4.1%</u>

Budget Comparison – Revenues

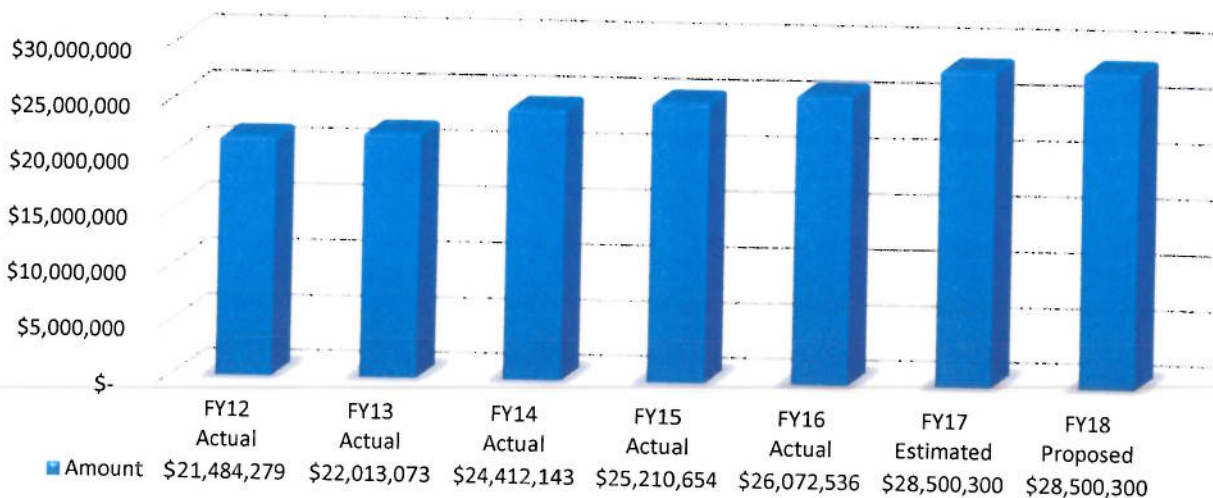
- The proposed FY 2018 County contribution to the College is \$38,316,400, an increase of \$3,443,600, or 9.9%, over the FY 2017 approved level. The County's contribution to the College has increased approximately \$9.4 million since FY 2012 and comprises 34.1% of the College's total funding. (See the chart below.)

County Contribution Comparison



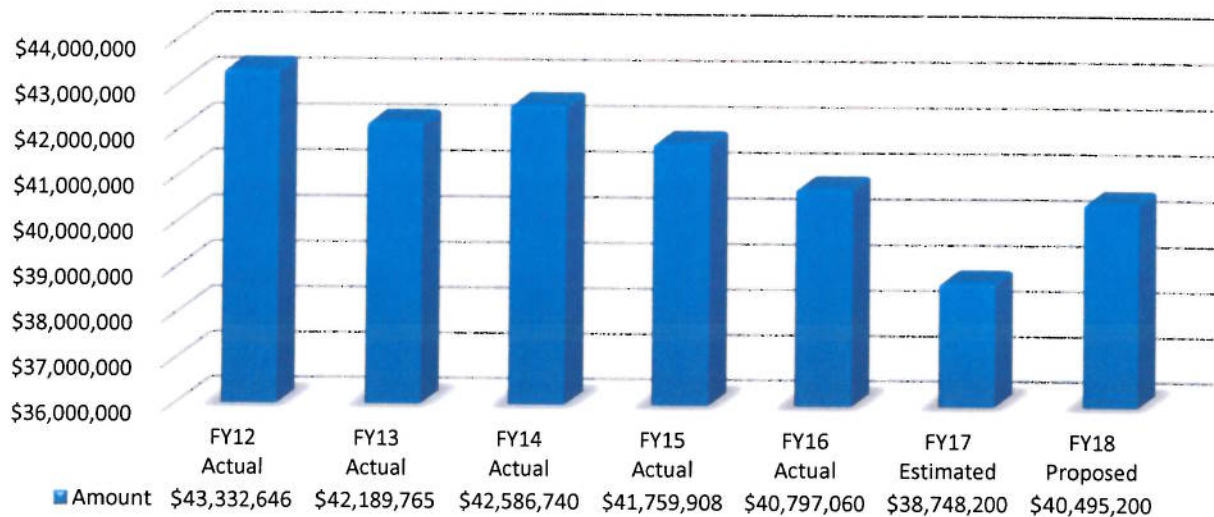
- Projected State Aid for FY 2018 remains unchanged at \$28,500,300, from the FY 2017 Approved Budget. State Aid comprises 25.3% of the College's total funding. State Aid has increased approximately \$7.0 million since FY 2012. (See the chart below.)

State Aid Contribution Comparison



- FY 2018 Tuition and Fees revenue is proposed at \$40,495,200, an increase of \$525,200, or 1.3%, over the FY 2017 approved level. Tuition and fees comprises 36.0% of the College's total funding. Revenue generated from tuition and fees has decreased approximately \$2.8 million since FY 2012. The decrease is partly attributed to fluctuations in enrollment. (See the chart below.)

Tuition and Fees Comparison



- Projected full-time student enrollment in credit classes (7,057 students), and projected full-time enrollment in non-credit classes (4,706 students) are anticipated to increase slightly for FY 2018, when compared to FY 2017 estimated enrollment. An analysis of student enrollment for FY 2015 through FY 2018 is shown in the chart provided as the College's response to *First Round Budget Review Question 21*.
- The College is proposing an increase in tuition rates and instructional services fees for FY 2018. The 2017 Databook published by the Maryland Association of Community Colleges ranks the College's Fall 2016 in-county tuition and fees per credit hour for full-time students as the 5th highest, and out-of-county tuition and fees as the 7th highest, among the 16 community colleges throughout the State. Tuition and fee rates for FY 2018 are summarized below.

<u>Tuition</u>	<u>Current Rate</u>	<u>Proposed Rate</u>
Prince George's County resident	\$105/credit	\$ 107/credit
MD Resident, other counties	\$193/credit	\$ 202/credit
Out-of-State resident	\$290/credit	\$ 304/credit
Instructional Services Fee, per credit hour	\$ 45/credit	\$ 48/credit

- The College proposes to use \$3,048,600 from Fund Balance during FY 2018, an increase of \$500,000, or 19.6%, over the approved FY 2017 level. Unrestricted Fund Balance for the College as of June 30, 2016 is \$23,341,043.

Budget Comparison – Expenditures

Approved Fiscal Year 2017 to Proposed Fiscal Year 2018

Category	FY 2016 Actual	FY 2017 Approved	FY 2017 Estimated	% Change Est vs App	FY 2018 Proposed	\$ Change	% Change
Instruction	\$ 32,556,785	\$ 33,641,400	\$ 33,754,500	0.3%	\$ 36,236,300	\$ 2,594,900	7.7%
Academic Support	18,417,700	21,631,000	21,319,000	-1.4%	23,780,000	2,149,000	9.9%
Student Services	9,451,633	10,469,300	10,109,600	-3.4%	10,398,800	(70,500)	-0.7%
Plant Operations	9,839,004	10,406,300	10,381,500	-0.2%	11,173,300	767,000	7.4%
Institutional Support	28,190,247	30,777,200	30,594,600	-0.6%	29,897,800	(879,400)	-2.9%
Scholarship and Fellowships	286,419	713,800	673,000	-5.7%	598,000	(115,800)	-16.2%
Public Service	276,778	354,700	358,500	1.1%	378,300	23,600	6.7%
Agency Total	\$ 99,018,566	\$107,993,700	\$107,190,700	-0.7%	\$112,462,500	\$ 4,468,800	4.1%

Anticipated Staffing Count

Category	FY 2017 Approved		FY 2018 Proposed		Change Amount		Change Percentage	
	FT	PT	FT	PT	FT	PT	FT	PT
Instruction	240	860	241	911	1	51	0.4%	5.9%
Academic Support	212	114	212	114	0	0	0.0%	0.0%
Student Services	111	40	111	40	0	0	0.0%	0.0%
Plant Operations	98	30	98	30	0	0	0.0%	0.0%
Institutional Support	166	16	166	16	0	0	0.0%	0.0%
Scholarship and Fellowships	0	0	0	0	0	0	0.0%	0.0%
Public Service	4	0	4	0	0	0	0.0%	0.0%
Total	831	1,060	832	1,111	1	51	0.1%	4.8%

Staffing Changes and Compensation

- Funds are provided for 832 full-time and 1,111 part-time positions in FY 2018, an increase of 1 full-time and 51 part-time positions when compared with the FY 2017 Approved Budget. A summary of full-time and part-time instructional staff by type of credential is shown in the chart provided as the College's response to *First Round Budget Review Question 24*.
- The College, as of March 2017, had 163 full-time and 12 part-time vacant positions. (*See the College's response to First Round Budget Review Question 2, and Exhibit A provided as the response to Question 3.*)
- The proposed FY 2018 compensation budget includes approximately \$1.9 million which provides for a 3.5% salary enhancement (2% effective July 1, 2017 and 1.5% effective January 1, 2018) for all eligible employees, and \$230,000 for a \$30 per credit hour increase for credit adjunct faculty. According to information obtained from the 2016 Databook published by the Maryland Association of Community Colleges, the College's 10-month full-time credit instructional faculty's overall weighted average salary ranks 5th highest among the 16 Maryland Community Colleges.
- The College's attrition rate as of March 2017 is 6.5%, and as of June 30, 2017, there will be 223 staff members eligible for retirement.

Fringe Benefits

- Fringe benefits expenditures are proposed to increase by \$1,318,400, or 7.9%, over the approved FY 2017 level to reflect anticipated costs.
- A five year trend analysis of fringe benefit expenditures is provided in the chart below.

Fringe Benefits Historical Trend					
	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimated	FY 2018 Proposed
Fringe Benefits Expenditures	\$ 13,804,000	\$ 15,814,094	\$ 17,168,645	\$ 16,637,800	\$ 18,053,100
As a % of Compensation	23.4%	25.6%	28.3%	25.1%	26.3%
Annual % Change		14.6%	8.6%	-3.1%	8.5%

Operating Expenses

- FY 2018 operating expenses are proposed at \$25,212,400, and are comprised of the following major items:
 - Operational Contracts \$ 10,879,100
 - Utilities \$ 3,809,100
 - Operating and Office Supplies \$ 2,269,600
 - Office & Building Rental/Lease \$ 2,128,200
 - Miscellaneous \$ 1,748,000
- Operating expenses are proposed to increase in FY 2018 by \$670,100, or 2.7%, above the approved FY 2017 level as a result of resources needed to support the Promise Scholarship Program, and the increasing cost of utilities, partially offset by savings in equipment leases. *(See the Operating Objects chart on the next page.)*
- Utility expenses are proposed to increase \$425,000, or 12.6%, as a result of a budgetary alignment with anticipated costs.
- General Office Supply expenses are proposed to increase \$169,000, or 8.0%, as a result of anticipated increases in office supply costs, and the anticipated purchase of additional supplies and materials for new and/or expanded programs.
- Equipment Lease expenses are proposed to decrease \$252,600, or 23.2%, as a result of a budgetary alignment of anticipated expenditures to a 3 year average of historical costs.
- Telephone expenses are proposed to decrease \$60,700, or 9.3%, as a result of recognized costs savings.
- The College's accrued liability for Other Post-Employment Benefits (OPEB) based on the last actuarial review as of July 1, 2015, was \$77,107,000. Based on the actuarial value of plan assets of \$23,660,000, the unfunded accrued liability was estimated at \$53,447,000. Later this fiscal year, the College plans to contribute between \$1,500,000 and \$2,200,000 toward the OPEB liability.
- Additional information regarding increases/decreases in operating expenses is shown on page 5 within the College's response to *First Round Budget Review Question 9*.

Operating Objects	FY 2017 Approved Budget	FY 2018 Proposed Budget	FY 2017 - FY 2018	
			\$ Change	% Change
Utilities	3,384,100	3,809,100	425,000	12.6%
General Office Supplies	2,100,700	2,269,700	169,000	8.0%
Insurance Premiums	793,400	903,400	110,000	13.9%
Training	257,900	365,300	107,400	41.6%
Operating Contracts	10,786,700	10,879,000	92,300	0.9%
Office/Building Rental/Lease	2,072,900	2,128,200	55,300	2.7%
Advertising	603,200	657,200	54,000	9.0%
Travel: Non-Training	55,000	61,200	6,200	11.3%
Membership Fees	258,200	263,900	5,700	2.2%
Postage	296,000	296,000	-	0.0%
Miscellaneous	1,748,000	1,748,000	-	0.0%
Printing	441,300	399,800	(41,500)	-9.4%
Telephone	655,000	594,300	(60,700)	-9.3%
Equipment Lease	1,089,900	837,300	(252,600)	-23.2%
TOTAL	\$ 24,542,300	\$ 25,212,400	\$ 670,100	2.7%

Capital Outlay

- Capital outlay expenses are proposed to remain flat funded at \$436,000 for FY 2018 as a result of the College's planned replacement schedule for equipment. Included in capital outlay is funding for equipment, vehicles, computer software for the classroom, and technology services initiatives and priorities.

HIGHLIGHTS

- The bi-monthly nonprofit magazine, Washington Monthly, ranked Prince George's Community College among the top 20 of the best colleges in the country for adult learners – 2 year colleges in their September/October 2016 issue. The College ranked 19th out of 1,171 community colleges reviewed by the Washington Monthly publication.
- Led by an external consultant, the College completed an institutional realignment, supported by the Board of Trustees, and approved by the President in fall 2016. The institutional realignment consisted of an intensive assessment, involving input from major stakeholders that sought to bring balance to the College's critical issues. Implementation of many aspects of the realigned structure will be occurring in spring 2017 with many employees shifting positions and carrying out new or enhanced job responsibilities, while possibly working with, or reporting to, different areas than in the past. Although the full impact of the realignment has yet to be realized, anticipated efficiencies are beginning to be seen.
- In collaboration with the Prince George's County Public Schools, the College is in its sixth year of offering the Academy of Health Sciences (Academy) program. The program continues to focus on preparing students to enter a college program within the health sciences field, with an opportunity to earn a public high school diploma and an Associate Degree in General Studies. The Academy proudly boasts a one hundred percent (100%) high school completion rate, a ninety-two percent (92%) associate degree completion rate, a one hundred percent (100%) four-year college acceptance rate, and over \$26 million in combined scholarship

offerings for the graduating classes of 2015 and 2016.

Information Technology

- The College's technology initiatives for FY 2018 include:
 - ❖ the continuation of upgrades to Enterprise Storage and the CommVault License due to the lack of available storage;
 - ❖ the purchase of 50 PCs for the new Culinary Arts building for academic labs and offices;
 - ❖ the redesign and restructuring of the College's website to incorporate new capabilities which will create a customer service oriented, relationship building site;
 - ❖ the installation of smart classroom technology on that second floor of the University Town Center location;
 - ❖ the continuation of the data center refresh which replaces ERP servers and other end of life devices and technology; and
 - ❖ the continuation of the campus wireless system upgrade.

Initiatives/Programs

- A full implementation of the Guided Pathways Project is anticipated to begin in fall of 2018. During the fall of 2015, the College was selected, by the Gates Foundation, as one of the thirty colleges nationwide to participate in this unique project. Staff anticipates that the Guided Pathways Project will bring significant changes to the student experience leading to broad-reaching cultural shifts, along with changes in policies and procedures, and the approach taken by staff to their day-to-day work. The Guided Pathways Project is expected to have a significant impact on resources and workload. Staff continue to proactively explore grant opportunities to assist in the final planning and implementation of the Guided Pathways Project. Resource needs are being identified and will be incorporated into the FY 2019 budget.
- The County Executive has proposed funding of \$1,700,000 for the College's Promise Scholarship Program to support graduates of Prince George's County Public Schools who enroll at the College. The funds will provide scholarships to pay for tuition and mandatory fees, not covered by federal or state aid.
- The English as a Second Language (ESL) sequence non-native English speakers for course work in the American academic setting. Eight courses are offered in three levels of competency with a focus on reading and grammar/writing, and global oral communication. Courses are taught by full-time and adjunct faculty who are fluent speakers of other languages such as Spanish, French, Flemish, Russian, Hebrew, Arabic, Latin, etc. Recently, the ESL sequence was redesigned to include three (3) fewer courses, thereby allowing students to complete the sequence quicker, in turn significantly speeding up their progress toward the goal of taking credit courses in their programs of study. (See the College's response to *First Round Budget Review Question No. 29* for additional details on efforts to meet the operational and service needs for those who speak a language other than English.)
- In serving on the task force for Prince George's County's Primary Healthcare Strategic Plan, the College's President has been in active discussions with Dimensions Healthcare Systems and the University of Maryland Medical Systems as plans move forward for the Regional Medical Center in Largo. The College is expecting to be a major training partner for the new center. The College continues to expand affiliation agreements with healthcare facilities and organizations to provide students with clinical setting learning experiences to ensure they achieve their academic, personal and professional goals. Extensive details of the

College's collaboration efforts with other outside organizations are discussed and explained in the College's response to *First Round Budget Review Question No. 14*.

- The College continues to work closely with Prince George's County Public Schools to provide innovative pathways for College completion through the Academy of Health Sciences, Dual Enrollment, Prince George's 3D Scholars Program, the Information Technology Early College, and the Teacher Preparation Academy. (See the College's response to *First Round Budget Review Question No. 17* for a detailed discussion of each Program.)

Facilities

- The College has several major renovations and construction projects that are ongoing and planned as follows:
 - ❖ Renovate Marlboro Hall – Design of the project is anticipated to begin in FY 2018. The anticipated plan is to renovate and modernize 130,156 square feet of classroom and faculty office space to meet current educational program needs.
 - ❖ Queen Anne Academic Center – Project construction is approximately 20% completed, with project completion anticipated for June 2018. The project renovates 33,455 square feet of pre-existing space, and adds an additional 136,545 square feet of new space. The project corrects space and facility issues by adding needed classroom lab, office, study, tutoring, and support space dedicated to performing and communication arts.
 - ❖ Lanham Hall – Project construction is approximately 31% complete, with project completion anticipated for December 2017. The renovation will address facility issues and correct space and programmatic issues for Workforce Development and Continuing Education, student support programs and services, the print shop, supply room and mail room operations, as well as expands the Academy of Health Sciences.
 - ❖ Culinary Arts Center – Project construction is approximately 18% complete and is anticipated to be completed in September 2017. This project provides for an approximate 18,000 to 20,000 gross square foot professional facility. The facility will assist in producing more qualified and skilled personnel in food and beverage operations at all levels for the hospitality and tourism industry in the County. The completed facility is anticipated to accommodate 150 degree seeking students per year.
 - ❖ College Improvements – Ongoing college improvements consists of exterior concrete patio and sidewalk replacements, roofing, carpeting, stair treads, and the installation of Americans with Disabilities Act (ADA) compliant door closures. The College also plans to hire a firm to replace three (3) boilers in Bladen Hall, to renovate the Student Club Space in the Largo Student Center, to replace the emergency air compressor in Kent Hall and to replace exterior mounted doors at the Continuing Education Building.
- The County's Office of Central Services has recommended the firm of Gantt, Hart and Burnett to assist the College with the potential for a South County campus location.
- The College's future capital improvement program needs include plans for the construction of a Health and Wellness Center, the renovation and addition of Kent Hall, the renovation of the Largo Student Center, and the construction of a Parking Garage.