

**ANNE ARUNDEL COMMUNITY COLLEGE
BOARD OF TRUSTEES BUDGET WORKSHOP**

February 12, 2019

Present: Lawrence W. Ulvila, Chair; Sandra E. Moore, Vice Chair; Paula J. Darrah, J.D.; Jerome W. Klasmeier; Walter J. Hall; Dr. James H. Johnson, Jr., Dr. Dawn Lindsay, President; Melissa A. Beardmore, Vice President Learning Resources Management; Dr. Michael H. Gavin, Vice President, Learning; Dr. Felicia L. Patterson, Vice President, Learner Support Services; Andrew P. Little, Associate Vice President for Learning Resources Management; Sue Callahan, Budget Director; Tracie Thomas, Executive Secretary to the Board of Trustees

The meeting was called to order at 9:00 a.m.

Mr. Ulvila welcomed all and advised that Trustee Rev. Dr. Dixon-Proctor and Student Trustee Schaeffer were unable to attend the workshop. Dr. Lindsay thanked the board budget committee for the discussions and meetings leading up to the workshop. She also thanked Vice President Melissa Beardmore and her team for their dedication and hard work in developing and preparing the budget. Lastly, Dr. Lindsay thanked the vice presidents for their collaborative efforts and direction during the budget process.

Ms. Beardmore advised that a GoToMeeting site was established for video participation, in the event inclement weather impacted the workshop participation. She indicated that all material and data contained in the presentation is for informational purposes and will serve as background information for the Board of Trustees ("board"), until the board approves the budget at the February 26, 2019, public session. Ms. Beardmore advised that the board will not vote during the workshop but will provide feedback so the college can formally present its budget for approval at the February public session. Thereafter, the college will present the approved budget to the county executive and he will submit his budget to the county council on May 1, 2019. Ms. Beardmore reported that the budget committee met several times over the past few months to discuss assumptions, guiding principles and priorities for the FY 2020 budget. She thanked the committee for their input to help form the budget which involved reallocating existing resources to successfully align with the strategic plan. She pointed out that while the budget is a one year activity, the investments made will impact future fiscal years.

1. Update on FY 2019

A. Engagement Matters: Pathways to Completion Update

The board reviewed updates from the strategic plan: Engagement Matters: Pathways to Completion. Vice President Dr. Michael Gavin shared three goals from the strategic plan and advised that the overall purpose was to increase completion for students while maintaining academic excellence with equity as the priority. Those initiatives have nationally positioned the college to be recognized as a leader college by Achieving the Dream – a distinction that was achieved in three years. Dr. Gavin advised that the college is data centric with key performance indicators of student performance. Goals are qualitative but key performance indicators are quantitative. The quantitative dashboards are shared quarterly with the Board Chair to monitor progress; the full board receives enrollment dashboards on a weekly basis in the president's weekly update as key performance indicators. Dr. Gavin reported that the strategic plan and budget is a multi-year process that impacts student success. That success is indicative of the college's 5% completion increase since engagement matters work began.

Dr. Gavin shared that the college embraces equity, and continuously and intentionally designs the college experience to give students what they need in order to achieve. The addition of seven advisors have been assigned to each Field of Interest to enhance the students' first year experience. The college also has maximized professional development funds for faculty by bringing OnCourse to campus which changes the way faculty teach. Content-based curriculum has also evolved into an outcomes-based curriculum.

Dr. Gavin emphasized that work is being done to implement strategic initiatives by rewriting job descriptions, rethinking processes and reallocating positions. Ms. Beardmore added that most of this work is embedded in the carrying forward of the FY 2020 budget with existing resources.

B. Financial Status Report

The board reviewed the FY 2019 operating budget status report as of December 31, 2018. The FY 2019 operating budget is currently balanced and the college is operating within its appropriation authority. Although tuition and fee revenue is 3% under budget, the expenditure savings of \$3.8 million will offset the shortfall. Ms. Beardmore advised that the college budgeted a \$3.46 million transfer in FY 2019 from the tuition stabilization fund ("TSF"), but is projecting to spend only \$823,367. Ms. Beardmore noted that although the FY 2019 budget did not include funding for critical technology infrastructure expenditures, some current year savings may be utilized for some critical items.

2. Proposed FY 2020 Operating Budget

The board reviewed the college's vision, mission and purpose of the budget; the guiding principles of developing the budget; and some measures of fiscal responsibility.

Ms. Beardmore provided an update on the status of faculty and staff compensation, noting that the college has been operating under the new compensation systems. For FY 2020, the goal is to apply any compensation increases in a manner that is consistent with the compensation philosophy while continuing to address compression and maintain competitive salaries.

Ms. Beardmore reported that the board budget committee met several times to discuss the underlying assumptions related to the operating budget. Although budget planning is aligned with, and supportive of, the strategic plan, Ms. Beardmore reported that the college could not fund all of the budget requests from the college community.

The proposed FY 2020 budget is a 2% increase over the FY 2019 budget, with the majority of the increase relating to compensation adjustments. The budget does not roll over from year-to-year. A 2.5% increase has been included for health insurance rate costs and the turnover rate increases from 5.66% to 7.14%. The proposed budget provides a compensation adjustment pool of 3% for faculty and staff; 2.5% rate increase pool for adjunct faculty; and funds for faculty and staff promotions.

Discussion occurred regarding revenue and operating expenses associated with the Teague Road lease, fiscal improvements for the bookstore, enrollment at Arundel Mills and the pricing structure for the child development center.

On the revenue side, Ms. Beardmore reported that the college is funded through the Cade funding formula for community colleges. It is a formula that ties a percentage of the annual state aid allocated per full-time equivalent (FTE) student at select USM institutions to the state aid granted per FTE to the community colleges. The governor's budget includes an additional \$474,400 in state funding for the college. The college is asking for an increase of \$4 million from the county, which brings the county funding to 41% of the budget. With that additional funding, the college is able to maintain affordability for students with a moderate tuition increase of \$4 per credit hour, in-county. Under the law that authorized the governor's Promise Scholarship Program, the maximum amount that the college can raise tuition is 4%. Ms. Beardmore explained that tuition and fees are based on student enrollment and the tuition rate. State funding is formulaic and while there is no formula for the county funding, the county has to at least maintain its effort at the same dollar level as the previous year, in order to be eligible for any new state funding.

The board reviewed a summary of the proposed FY 2020 operating budget with all items suggested by the Budget Committee. Ms. Beardmore summarized that the administration's FY 2020 planning and

budget development process focused on reallocating resources in support of initiatives developed under the strategic plan to support student completion.

3. Proposed FY 2020-2025 Capital Budget

The board reviewed the proposed FY 2020-2025 capital budget. The number one priority for the college is the continued funding of the Health & Life Sciences Building. In terms of new projects, the college's main priority is the funding of the Dragun science building renovation and addition. Ms. Beardmore pointed out the modular building project and other repairs, replacements and improvement projects are consistent with the facilities master plan and the college is asking for county funding in FY 2020 in support of those projects. She added that there is a new state funding grant of \$475,000 for deferred maintenance projects which is included in the systemics project that will be used for Cade roof replacement. She reminded the board that in order to be considered for state funding for the Dragun building, we need to have county support. Ms. Beardmore shared that state funding for community college projects is supposed to increase from \$60 million to \$80 million in FY 2021.

4. Multi-Year Budget Planning Tool

The board reviewed the multi-year budget planning tool. Mr. Little reminded the board that budgeting is not a single 12 month period activity. It involves investments made over a period of years. The multi-year budget planning tool is designed to assist with decision making, project costs and highlight challenges. Mr. Little reviewed the planning tool with the board, including the assumptions and the revenue and expenditure estimates. He reported there are fiscal constraints on the revenue side. These constraints are the driving challenges that are associated with investments made in support of the strategic plan.

Mr. Ulvila thanked the college for their hard work and spectacular presentations for the board budget workshop.

The meeting was adjourned at 12:00 p.m.

Respectfully submitted,



Dr. Dawn Lindsay
Secretary-Treasurer