

**Board Budget Workshop
February 11, 2021
Via Zoom**

Members present: Sandra E. Moore, Chair; Paula J. Darrah, J.D., Vice Chair; Briana “Bri” Barone; James H. Johnson, Jr., Ph.D.; Jerome W. Klasmeier; Lawrence W. Ulvila, Jr.; Irene Zoppi Rodriguez, Ph.D.; and Dr. Dawn Lindsay, President

The public session of the Board of Trustees was called to order by Chair Sandra Moore at 8:36 a.m. The meeting was open to the public via Zoom Video Communications allowing attendees to hear and observe the public session. Ms. Moore informed participants the meeting is being recorded pursuant to state law.

Vice President Melissa Beardmore welcomed trustees and attendees, and thanked the Budget Committee, Andrew Little and Sue Callahan for time and effort preparing for this meeting. Ms. Beardmore noted that two documents were provided to the trustees including a packet with background materials, which would be referred to by page number during the presentation.

Ms. Beardmore reminded the trustees that all materials and data are in draft form until the board formally approves the budget at its meeting on February 23, 2021.

1. Update on FY 2021

Ms. Beardmore stated that this is the second budget in support of the current strategic plan. The theme for developing the budget over the past several years has been reallocation of existing resources in support of goals - a key role in funding solutions in support of the strategic plan. The budget shows about \$3.1 million in ongoing reallocation investments in support of strategic initiatives as the college moves into the new strategic plan.

Vice President Michael Gavin discussed the outcomes of budgetary investments. Dr. Gavin stated that the percentage of minority students, as a cohort, who are gaining awards has increased, but gaps remain in equity and completion. Significant national recognition has been received for this work. Dr. Gavin explained that data are reviewed regularly to ensure that the institution continues to succeed in its equity agenda. Where needed, interventions have been done with excellent results. Additionally, operational work is being completed with regards to equity, diversity and inclusion.

Dr. Zoppi Rodriguez asked about the interventions for minorities. Dr. Gavin shared an example of a major intervention in Learning which has had significant success. Beginning in 2017, a Model Course Initiative was introduced where three faculty had the opportunity to participate in a professional development program to learn about Critical Race Theory as well as how to approach learning in different populations such as veterans, gender or sexual identity, among others. These faculty learned to approach course content with a focus on how to reach students of different backgrounds. This was a year-long program in which faculty looked at course outcomes and course content while continuing to develop as excellent teachers in regards to equity, diversity and inclusion. In specific high enrollment courses among African American students, achievement gaps have narrowed or been eliminated. Collectively, twenty-five high enrollment courses have gone through this process, touching around 13,000 people each semester. Additionally, there has been significant work done in Learner Support Services on equity, diversity and inclusion from outreach to students to focusing on particular high schools where access may not be provided. There have been a number of interventions by faculty as well as Learner Support Services especially focused on those high enrollment courses.

Dr. Zoppi Rodriguez recognized the work being done and shared her wish to see more minority students coming into the college, particularly Latinos and veterans.

AACC, like other community colleges in the nation, has experienced a decline in enrollment, however, AACC has not experienced a decline in completion. Dr. Gavin noted this as a point of pride for the college. This is the result of intentional work being done to ensure students are achieving their goals.

Dr. Gavin noted that the college's percentage of minority population has increased. The college is honoring its promise that minority students graduate at a similar percentage that mirrors enrollment. Dr. Gavin explained this as a reflection of the supports systems put into place based on what has been learned about equity, diversity and inclusion.

Dr. Gavin stated the college has created meaningful credentials leading to well-paying jobs. Through completion based strategic planning, students are not remaining in community college any longer than needed. The English and math departments have focused on streamlining curriculum without sacrificing rigor, reducing the time it takes to complete the sequence. For community colleges, developmental education is an enrollment and revenue stream. When the amount of time a student spends in development education is reduced, there is a significant impact on FTE and revenue. The data show that the impact of this work has resulted in greater retaining of students. The college is seeing excellent graduation rates among Hispanic/Latinx students.

Dr. Gavin shared the creation of a new planning assessment and continuous improvement model that is pervasive throughout the institution. As a result of collaboration among the three divisions, and under the direction of Dr. Lindsay, the college has defined units where the work is aligned to the strategic plan, which can be assessed in terms of outcomes and financial acumen with regards to what the units are supposed to be doing. Dr. Gavin concluded that this model allows for collecting information yearly as to productivity and for assessing whether or not that productivity is aligned with the costs being put towards it. It may also help to understand where more resources may be needed to continue excellent work.

Vice President Beardmore addressed the work of the Administrative Services Review, which began in the spring of 2020 with the goal to consider how to align resources in support of the strategic plan. Working with a local firm which conducted the project, short term savings options were developed while maintaining a long-term view to greater efficiencies. This work was planned before COVID and has become more important than ever, ensuring that the college is a resilient institution. The findings will help move the mission of the college forward in a changed world. The firm took a dive into current administrative functions with the goal to maintain current service levels at a reduced cost, enhance services as appropriate, and address existing service pain points. The result is an efficiency roadmap towards improving services, making investments, and generating efficiencies into the future.

Vice President Beardmore reviewed recommendations in progress and stated that some are the result of creating greater efficiencies such as centralizing services and result in savings while others, such as creating the Vice President of Information Technology position, reflect necessary investments to support the strategic direction of the college. These recommendations will continue to be on the Board Budget Committee agenda and updates will be shared regarding progress. This will be a multi-year project as the college moves into implementation.

Ms. Moore asked for further explanation of the last bullet on slide 18 of the presentation "Increase average span from 3.7-4.0." Ms. Beardmore explained that this refers to 'Spans and Layers', an efficiency measure of workforce which looks at how many staff does a supervisor supervise. In order to create greater efficiencies, consideration will be given to benchmark standards which look at these numbers and help determine where efficiencies can be

implemented. These changes can affect costs as well as increase the effectiveness of leadership.

Mr. Little explained that he would be giving an update to the last presentation given on January 19th regarding additional funding coming under the Coronavirus Response and Relief Supplemental Appropriations Act. Current estimates indicate that the college is eligible to receive a little over \$7 million in institutional funding as well as a doubling of student emergency aid funds of up to \$4.3 million.

Dr. Johnson asked for an explanation of how these institutional and student funds are included in the current budget and the projected budget for 2022. Mr. Little explained that CARES Act funds are recorded in the Restricted Fund and looking at FY22 and beyond, there will be several funds that will be used to address strategic priorities. Moving forward, it will be important to look at the operating, capital and restricted funds that can be used to move the college in the direction of key strategic priorities. This will be one of the tools used as the college begins to respond to and address becoming the Online Premier Institution in the state of Maryland while continuing to provide general required services.

Mr. Little explained that on January 17th the college was awarded \$2,157,673 in Student Emergency Aid and on January 19th the college was awarded \$7,509,874 in additional Institutional Funding. The Stimulus Funding Team was established to help guide the institution towards deploying these funds in the most appropriate way. At this time the college is waiting for guidance from the Department of Education in using these additional funds. Until received, the college will continue to work under the direction of the original guidance.

Mr. Little explained that the primary focus is on the disruption of campus operations due to COVID, moving to a remote environment, and anything that helps build capacity to provide services remotely and to provide safe and socially distanced activities on campus.

Mr. Klasmeier inquired if these were appropriated funds. Mr. Little responded yes, the college received an award letter and the funds are specifically awarded for a specific time period. The additional funding was added onto the original funding. It is expected there will be an extension to the period of availability to minimally January 2022. Ms. Beardmore added that there will be information in the presentation showing these funds in the budget as restricted funds.

Mr. Klasmeier rephrased his question, asking if these funds were appropriated by the county council. Ms. Beardmore assured him that they were and the line item will be shown. Mr. Little clarified that there are actually two different things. At the county council level, regarding current restricted fund authorization, no issues are anticipated for FY 21 as unanticipated restricted funding for financial aid and other grants was built in. Also, there will be an appropriation request for FY22 that will reflect these additional funds.

Mr. Little provided an update on GEERS Funding – the funds distributed through the state, in support of education, primarily for workforce development programs. In round one, the college received \$980,405 in September 2020 and in round 2, \$725,500 in January 2021. These funds are being used to move forward programs identified as a strategic priority such as building capacity around the Workforce Development programs, creating scholarships for those programs, as well as providing instructional materials in support of the Clauson Center. Additionally, funds will be used to help students accelerate completion and support faculty equity analysis, thus using the stimulus funding in ways that help the college achieve long term goals within the strategic plan.

Ms. Beardmore presented an update on the Riverhawk Recovery Plan. The goal of this plan has been to learn from the last year and to innovate intentionally, building for the long term. This has been an opportunity to build on work beyond the recovery phases including the strategic plan, the Middle States Review, and the college's Master Facilities Plan. Through shared governance, feedback has been obtained from staff, faculty and students. Currently, planning is underway for an increased face-to-face campus presence in the fall.

Dr. Lindsay described the thinking behind becoming the Premier Online Institution. Online education continues to grow and the pandemic has created the opportunity to become the Premier Online Institution. In spring 2020, in a little more than three weeks, over 1,200 classes moved to face-to-face from in-person and our student support services moved entirely online.

The college's measure of success has changed from student access to student completion. The college is looking to leverage student competency by such things as giving credit for prior learning, and increasing the number of online courses and transfer agreements with other colleges. Dr. Gavin added that the goal of becoming the Premier Online Institution in the state of Maryland falls under the strategic plan. Dr. Lindsay emphasized the opportunity the college has to become the Premier Online Institution in Maryland, building on successes already achieved.

Dr. Zoppi Rodriguez expressed appreciation of Dr. Lindsay's vision and passion and shared her belief that it is spot on with the future, thanking her for her leadership. Mr. Klasmeier inquired as to where the impetus to be the Premier Online Institute come from. Dr. Lindsay shared that when looking at how to change this crisis into an opportunity that this was her vision and that the goal of being premier parallels what the college is already known for with in-person classes, with the same rigor and quality. Dr. Lindsay recognized the work of Learner Support Services to provide online tutoring and scheduling appointments for services.

Mr. Klasmeier inquired if students were included in conversations regarding online vs. in-person. Dr. Lindsay replied yes, and that the college is aware that students have different preferences and that the college is looking at understanding which groups do better with in-person instruction and working at bringing those classes back on campus first. The college is also looking to ensure student completion is possible for any modality the student chooses.

Mr. Ulvila commented on online learning as the way of the world now and that the college needs to have exceptional online capabilities. He applauded Dr. Lindsay for her focus. Ms. Barone offered, from a student's perspective, her appreciation for how the college structures its online courses and her belief that the college is a Premier Online Institution. She added, that from her experience, the online learning management system and support throughout COVID has been phenomenal. It is her belief that the support is there and that the work is in recognizing differing student learning styles and meeting needs through the different learning modalities.

Ms. Moore thanked Ms. Barone for her comments and inquired if there is anything offered such as an Introduction to Online Learning to help students be successful. Dr. Gavin provided information on the requirement for students to take an Online Orientation class before registering for online courses. In addition, plans are underway for differentiating the orientation that will address differing technology abilities and skills required to be successful.

Mr. Klasmeier asked Dr. Gavin if work has happened to compare the efficacy of in-person vs. online for the same course. Dr. Gavin explained that ongoing work is completed each semester, looking at data and equity gaps of modalities and work to eliminate those gaps. Mr. Klasmeier asked if it would be safe to say that a 'good' student will do well in either modality while a 'marginal' student will have more difficulty online. Dr. Gavin confirmed that that does seem to be the case and that many interventions have been put into place.

Mr. Klasmeier shared that anecdotally when speaking to some high school students, that some do not like online and look forward to getting back in the classroom. Ms. Moore commented that it would be necessary to tease out how much is the social aspect and how much is the actually learning online.

Dr. Lindsay asked that when referring to students, labels be avoided and students are considered in regards to different learning styles and modality preferences, and the focus remain on ensuring that all students accomplish their completion goals. Ms. Beardmore added that the emphasis for online learning is for those students who want that modality, and that we continue to offer a balance of on-campus in-person classes.

Mr. Klasmeier commented that during the pandemic, online learning became essential, and that post-pandemic there may be aspects of online learning that remain attractive to students, but, he noted, that there remains something essential that happens in the classroom that may be lost, and is concerned that this may result in a less effective education being received by the student online that they would be unaware of until a later time. Dr. Gavin shared that the pandemic has allowed for innovation with pedagogy such as synchronous education. He recognized the differences in modalities and the advantages of each and that in the future there will be many variations of the two.

Dr. Lindsay shared regarding her own experience in an online environment and acknowledged that faculty work hard to mimic the advantages of the in-person experience. Ms. Barone validated the work of the faculty and commended them for the structure of the courses. Ms. Barone shared that her online experiences have been as valuable as her in-person courses, and recognized the work that has gone into creating an excellent online experience.

Mr. Ulvila commented that online is how work is being done these days and how this experience by our students is preparing them for their future. Ms. Moore shared that in Zooms and Teams, the use of breakout rooms allows for students to work collaboratively in small groups.

In reference to Dr. Lindsay's comment about AACC being a destination college, Dr. Johnson commented that the board should think through this clearly because of the structure of the college as a Maryland state institution, structure of tuition (in-county, out-of-county, out-of-state), and other things. He also commented that the college has a mission to serve the surrounding area and asks that thought be given to this as the college implements and keeps the college competitive.

Dr. Patterson shared a few points regarding the Premier Online vision that are important - equity needs to be in the forefront particularly focused on how students access learning and resources; providing life balance and ensuring best practices; providing equity with technology and flexibility; maintaining compliance; and focusing on student development – ensuring accomplishment of goals. Dr. Patterson commented that she would expect by 2024 that students will be able to attend from anywhere.

Dr. Zoppi Rodriguez agreed with the vision and appreciated that the college has it.

Dr. Gavin spoke to the actual experience envisioned. Goals set prior to the pandemic had the college moving online associate and certificate programs as well as a program with the University of Maryland Global Campus (UMGC) that allows students to complete a BA in four years from AACC/UMGC. The pandemic provided an opportunity to accelerate goals. Quality control is being implemented to ensure courses maintain initial quality. Professional development has been implemented to support faculty in moving online. Future possibilities are

under consideration that will help leverage technology, increase innovation and expand programs online that other colleges do not offer.

Ms. Beardmore reviewed resources in place in support of online learning stating that funding from the CARES Act has helped with investments. Ms. Beardmore reviewed the Financial Status Report and referenced budget materials page 6. Looking at financial projections for the current fiscal year, a balanced budget is projected for the year. Underspensing in all categories of expenditures occurred. Ms. Beardmore reminded the board that contingencies were put in place when planning for FY21 due to the unexpected nature of the pandemic which has resulted in \$10.9 million in savings as of 12/31/20.

Mr. Klasmeier asked if the numbers reflected the CARES and GEERS money. Ms. Beardmore stated the information she reviewed pertained to the operating budget. CARES and GEERS money will be reflected in a restricted fund.

Ms. Beardmore shared that tuition and fees are tracking on budget and that the state rescinded FY 2021 funding of \$4.2 million. The college anticipates adding to the fund balance. Expenditure savings were created through holding open positions vacant and hiring only critical positions in support of student success and learning. Unemployment costs were also lower than expected.

Ms. Beardmore briefly reviewed the college vision, the college mission, the purpose of the budget to help meet the mission, as well as the accountability mission mandate. Ms. Beardmore commented that in the budget materials on pages 50 forward, the comparison data has not been updated due to delays in receiving data from MACC.

Ms. Beardmore emphasized the continual excellent fiscal management of the college. She stated that in 2017 the college received the inaugural award of the Government Finance Officers Association for Distinguished Budget Presentation and expressed her gratitude to Sue Callahan and Kathy Bolton for pursuing the award. Ms. Beardmore reviewed allocation of resources and shared that compared to other Maryland community colleges, AACC has the fifth lowest tuition. There will not be an in-county tuition rate increase for students in the FY 2022 budget. Ms. Beardmore reviewed the college's affordability measures regarding course materials.

Dr. Johnson asked a question about the difference in fees on page 27 of the background materials compared to slide 49 of the presentation (last bullet) regarding fee increases and asked for clarification. Ms. Beardmore reviewed the process for determining fees for specific courses. She explained that the \$47,000 in fees shown on page 27 is a result of a vetting process that justified charging a lab fee. The bullet on slide 49 is where other courses were assessed to look at all lab fees to determine which are necessary. These are separate analysis and the second analysis resulted in a refund to students.

Dr. Johnson asked if the proposed changes in fees from page 27 were not approved by the board. Ms. Beardmore replied that was correct and that those changes are incorporated into the budget and that the agenda item will include a note stating these fees were incorporated into the budget for approval. Dr. Johnson asks that a justification be included. Ms. Beardmore agreed. Mr. Klasmeier suggested highlighting increases and decreases in different colors.

Ms. Beardmore continued, reviewing efficiencies and cost containments that show savings generated through cost containment and the work of the Administrative Services Review. She noted that adjunct costs continue to be the largest and savings continue to be generated in this area.

Ms. Beardmore provided an update on compensation and benefits which is over 80% of the budget and a budget priority. Ms. Beardmore shared the college's review of its compensation system and practices. Through shared governance, the current compensation system was created. Ms. Beardmore emphasized the necessity of funding to maintain the fidelity of the system in order to keep pace with increasing labor markets. Ms. Beardmore reviewed the college's history of compensation increases and shared a comparison to other county entities, noting that there is an equity issue when comparing the college, county, public schools and library pay increases and college employees are falling below market. She shared that the impact for the college is that it continues to experience an increase in resignations and challenges in retaining and hiring qualified employees.

Dr. Johnson asked to confirm that the college is losing faculty and staff. Ms. Beardmore confirmed this and restated that it is difficult to recruit, sharing that this can result in having to do multiple searches for some positions.

Ms. Beardmore reminded the board of its goal that faculty salaries be in the top three of Maryland's large community colleges. She shared data on the average salaries of full-time faculty as compared to other state community colleges which showed the college's current ranking.

Dr. Johnson requested an explanation of the acronyms 'CY' and 'PY'. Ms. Beardmore explained that they refer to 'Current Year' and 'Past Year'. Dr. Johnson asked if a footnote could be added to which Ms. Beardmore agreed.

Ms. Beardmore shared data on adjunct faculty rates as compared to other Maryland colleges. Currently AACC ranked second among the largest Maryland community colleges for FY21. A new level is proposed for adjunct – Lecturer III. Rationale for the new level was shared along with data showing the financial impact of the proposal. Dr. Gavin added that this is a student success initiative as well, ensuring the best adjunct are retained. Data on the budget request and impact on FY 22 and FY23 was also shared.

2. Proposed FY 2022 Operating Budget

Ms. Beardmore reviewed the building of the budget which begins with a look at what expenditures are absolutely necessary in support of strategic priorities. The guiding principles of the budget development process were also reviewed. Ms. Beardmore referred the board to pages 9 and 13 of the background materials for more details and took a moment to thank Dr. Johnson for his leadership on the budget. The Budget Committee considered several scenarios and has brought forward a recommended scenario. Referring to page 12 and 13, Ms. Beardmore noted the process of creating the various scenarios and how they came to the recommended one. Ms. Beardmore shared a graphic representation of the Budget Development Process for FY2022, showing the number of projects and which departments were making the requests. Ms. Beardmore reviewed a summary of the budget showing reductions and base adjustments.

Ms. Beardmore provided more details on how the budget supports the college's compensation system. A pool of funds is proposed for college-wide compensation adjustments that reflects an average of 5% increase for the faculty and staff pool, as well as average 5% increase to the adjunct faculty pool. Technology budget items that were implemented during the pandemic with CARES Act funding were reviewed and will be assessed post-pandemic to determine which may be continued. Ms. Beardmore provided a recap of the budget summary showing the increase for the FY22 budget over the FY 21 budget is 1%.

Dr. Johnson asked about the number for strategic initiatives which is not shown on slide 75. He asked how that number is developed. Ms. Beardmore explained that the number is zero. Dr. Johnson added that he refers to another document which shows Strategic Initiative as \$492,887. Ms. Sue Callahan shared that the other document he is referring to shows that Strategic Initiatives are the Essential Technology and that on slide 75 of the presentation, Essential Technology is broken out separately, reflecting Strategic Initiatives as zero. Ms. Beardmore noted that Essential Technology items are in support of Strategic Initiatives and that in this budget there is no other allocation of new funds for other strategic initiatives which were funded through reallocation.

Dr. Johnson asked if those dollars should be shown as a reduction and re-added in order to be consistent. Ms. Beardmore explained that this is not a reduction of the budget but rather a reallocation of the funds.

Mr. Klasmeier asked how the request of nearly \$4 million to the county is reconciled to the budget increase of \$863,400. Ms. Beardmore noted that only expenditures have been reviewed and that clarity should come forth as revenue is reviewed.

Mr. Klasmeier asked if in the FY22 budget there are any new costs associated with the opening of the two new buildings. Ms. Beardmore noted that the nursing expansion is a big area of investment, but because it is funded through reallocation, it is not shown as a new expenditure in the budget. Mr. Klasmeier asked about additional expenses associated with the size of the new building. Ms. Beardmore referred to Ms. Callahan who confirmed that sufficient savings are reflected in the budget that will accommodate the new Health and Life Sciences Building. Mr. Klasmeier expanded on the importance as the college is presenting to the county, of being able to expand on the costs associated with opening the two new facilities. Mr. Andrew Little emphasized that our reallocations are being used and some costs will be factored into the FY23 operating budget. For FY22 there will be time to use restricted capital funds.

Ms. Beardmore continued with the revenue side of the budget. She reviewed state funding showing data for FY19 – FY22. Ms. Beardmore explained that state aid to community colleges has been underfunded over time which has had a great impact in lost funding to community colleges, resulting in increases in tuition. County funding has been a more reliable funding partner. The proposed request to the county is for an increase of \$4 million for FY22. The college will work closely with the county executive and the county council to achieve this.

Dr. Johnson asked if the stipend given last year was included in the FY2020 actual budget. Ms. Beardmore stated no, that those funds came in as one-time funds in the Restricted Fund.

Ms. Beardmore stated that our revenue is a three-legged stool, coming from state, county and tuition and fees.

Mr. Klasmeier asked about the slide 82 bullet “Provides funding for the college’s pay package ...” which is a discreet number elsewhere in the budget. It also says “...supports the expansion of our health professions programs.” which is not a discreet number in the budget. Ms. Beardmore explained the wording on this slide is for the board to show how the college came to the number requested of the county. It is not what will be presented to the county, and that it shows the expansion of the health professions programs as a component of the budget. Mr. Klasmeier asks if the county will be able to see the discreet costs associated with the expansion in the budget. Ms. Beardmore explained that there are not line items included in the presentation showing new expenditures for this because the expenses are funded via reallocation. Mr. Klasmeier expressed his concern that this will be very hard to defend. Mr. Little added that the other portion of this is the capital side and that the college will be making capital

draws from county funds for the Health and Life Sciences Building and that is where capital expenses will be reflected. He emphasized that the capital budget and the operating budget are two different buckets. Mr. Klasmeier emphasized his concern regarding the subtlety of the situation.

Dr. Johnson stated that the budget is actually a four-legged stool, with external resources bringing in revenue that hopefully will grow over time. Ms. Beardmore agreed.

Mr. Klasmeier shared from his experience that it is easy for the county to understand the costs associated for opening a building and believes emphasis in this area will help.

Ms. Beardmore reviewed Tuition & Fees as part of the FY22 Operating Budget which shows no tuition increase or fee increase for in-county or out of state students. Due to state law, out-of-county tuition and fees must follow a specific formula and will see an increase. The proposed FY22 budget shows a small decrease of 1% from the FY21 budget due to the way the calculation is done. The number is based on no increase in full time equivalent enrollment over FY21. Ms. Callahan shared that there are also some adjustments in waivers and that the majority of the decrease is credit.

Ms. Beardmore shared data showing the increase in out-of-county tuition. The Affordability Index was shared which shows how the college's tuition and fees over the past four years compares to median household incomes in various counties of peer institutions. The data shows the college continues to compare well.

Ms. Beardmore reviewed data on the Tuition Stabilization Fund (TSF) which includes a transfer from the TSF for FY22. Ms. Beardmore shared the board policy that the TSF be between 5-10% of the total proposed budget which the college is within.

Mr. Klasmeier asked if the budget committee had a recommended target for the TSF. Ms. Beardmore responded that the target is the board policy of 5-10% as shown on slide 89. Dr. Johnson added that the budget committee did not make a recommendation outside of the board policy. Mr. Klasmeier commented that it was a big target. Dr. Johnson responded that there was consideration of using funds for some one-time things, but the discussion had not finished. Ms. Beardmore added that giving current uncertainties, the college can share with the county the necessity of that level, thinking about strategic deployment needs post-pandemic. Mr. Ulvila agreed with Mr. Klasmeier's concerns in light of past experiences with the county and the TSF. He pointed out that the necessity of having contingencies to have surplus for the unexpected. Ms. Beardmore mentioned that the MOU for the TSF is in the board materials and documents the board policy and the agreement with the county.

Ms. Beardmore recapped the different sources of revenue, which ideally would be a third from the county, a third from the state, and a third from AACC. However, the state has lagged behind while the county has been a reliable source. Ms. Beardmore referred the board to page 15 of the supporting materials as she referenced the FY22 Budget Operating Summary. Ms. Beardmore gave an update on OPEB (Other Post-Employment Benefits) regarding future promises to employees. Funds are put into a trust by AACC that earn interest for paying this liability. The county is now contributing to the fund as well, on behalf of the college.

In addition to the operating budget, the college submits to the county a schedule of auxiliary, enterprise and restricted funds. Restricted funds include any funds given to the college for a specific purpose and includes CARES Act funding and is where the FY21 one-time \$1,500 stipend per employee was recorded. The county council does appropriate the line item for total auxiliary, enterprise and restricted funds. The college is able to spend up to that total amount

and for spending additional funds which may come in, the college must request additional appropriation authority from the county council. Dr. Johnson commented on the importance of understanding that under restricted funds the difference between FY21 and FY22 is the huge increase in the CARES Act funds. Ms. Beardmore noted that some contingency is built into each category.

Mr. Klasmeier asked to confirm that the restricted funds are not reflected in the operating budget, even though they support the operating budget. Mr. Little explained that these funds support strategic initiatives but are not reflected in the operating budget, that they must be contained within the fund. Mr. Klasmeier asked if the college did not have those funds, would operating budget money be spent. Mr. Little confirmed this is correct. He also commented that without the CARES Act funding, that the college would not have the resources that allowed for the acceleration of some of our strategic initiatives. Mr. Klasmeier asked if the funds supplant an operating budget expenditure - what happens when the funds go away. Mr. Little shared that the stimulus funding team is strategizing as to the best use of the funds so as to not create unfunded situations in future budgets. Some of this will be difficult, as most technology is now subscription based and requires annual renewals. The focus is on building capacity using one-time investments.

Dr. Johnson summarized that he could speak to the funding of the college with the following talking points:

- The college is proposing an increase in faculty and staff salaries and is asking the county to support that;
- The college is able to keep in-county tuition flat;
- The college is using internal transfers to fund strategic initiatives;
- CARES Act funding has allowed the college to accelerate some strategic initiatives;
- Items that we are funding through CARES dollars may require future funding.

Ms. Beardmore thanked Dr. Johnson for the recap and promised to provide them as talking points for the board.

Mr. Klasmeier emphasized the county's commitment to the college which is represented by what they do for the operating budget, for OPEB, and the capital budget. Ms. Beardmore added that they also provide direct funding to build the buildings as well as service the debt. She added that the Glen Burnie Town Center is an in-kind building that the county allows the college to use. Emphasizing the good partnership of the county and the college, Ms. Beardmore elaborated on the vaccine clinic and the county reforestation efforts that the college allowed to happen on campus as well as easements the college has granted to the county.

Mr. Ulvila added that the college generates future revenue for the county through its activities. Ms. Beardmore agreed and noted the Economic Impact Study done through EMSI through a Maryland Association of Community College (MACC) initiative. Erin Parker added another partnership with the county is the Anne Arundel County Workforce Corporation where the college is training the Anne Arundel County workforce.

3. Proposed FY 2022– 2027 Capital Budget

Ms. Beardmore reviewed the proposed capital budget which funds facility construction, renovations, repairs and maintenance and is funded through the county and state where funding is restricted to these projects. The Health and Life Sciences Building is on budget, on schedule and on time and no funding will be needed in FY22. All project funding will end in FY21. The building is on scheduled to open in August of this year. Planning for move in is underway for early summer and consideration is being given as to how to occupy the building safely within the COVID environment. Ms. Beardmore stated that capital projects usually have three phases:

design, construct, and equip. The capital budget reflects the 2016 Facilities Master Plan in which the number one priority was the Health and Life Science building, followed by the renovation and addition to the Dragun science building as well as renovation of the Florestano building. Prior to the pandemic an update to the Facilities Master Plan was planned which has been reinigorated. Ms. Beardmore stated that the pandemic has provided an opportunity to rethink how the college works, how students are served, and the associated facilities needs of the new paradigm.

Ms. Beardmore shared the deferred maintenance, repairs and replacements projects which are primarily funded by the county. Regarding the Information Technology project, Mr. Little added that the fiber infrastructure and basic building equipment are included in the Information Technology Enhancement line item.

Mr. Ulvila noted that the discussion is the same among the 16 largest Maryland community colleges and that going forth, new buildings will happen less and repurposing of existing structures will be the norm. Ms. Beardmore shared that this is an exciting time to reimagine our facilities.

4. Multi Year Budget Planning Tool

Ms. Beardmore reviewed the process of the board budget committee and emphasized the need to thoughtfully consider current decisions in light of what they will look like in the future. Use of scenario planning software has allowed the college to do scenario analysis to determine downstream impact quickly. Ms. Beardmore referred the board to the background materials on pages 58-64 in relation to this discussion.

Mr. Little noted that the scenario information is not a representation of future budget requests, but a numerical and visual representation of future outcomes of decisions made today and the effect of those on the operating budget.

Mr. Little reviewed the process of using the Multi-Year Budget Planning tool in developing future scenarios. Mr. Little explained that these scenarios help the college clarify the assumptions on which the budget is created, to consider historic trends and to create future scenarios such as what if things get better, get worse, or a lot worse. From there the college can consider strategies, innovations and investment changes to address the challenges of each possible scenario. Having used the tool for five years, the college has been able to create a balanced budget. The Multi Year Budget Planning Tool will continue to be an essential tool going forward and helps the college focus and check in on their progress and work.

Mr. Klasmeier commended the work of Sue Callahan and Andrew Little and the work they have done in perfecting the use of this tool.

Dr. Johnson noted the tool also is a help at looking at long term trends, and helpful for the college to guesstimate the future.

Mr. Klasmeier noted that this tool would be a great asset for the state as well.

Ms. Beardmore concluded the presentation and reminded the board that the item will appear on the Board agenda for approval at the February 23rd meeting before it is submitted to the county by March 1st. The county budget hearing is set for March 30th and will be followed by presentation to the County Council in May.

Mr. Klasmeier asked to have a straw vote prior to assure there will be no 'No' vote at the approval meeting. Ms. Moore asked that any concerns be sent to her as two board members had to drop off of the meeting early so that answers may be had in advance.

Ms. Moore thanked all who presented and Mr. Klasmeier and Dr. Zoppi Rodriguez concurred.

The meeting was adjourned at 11:44 a.m.