1. Board members practice respectful dialogue that serves the best interests of the college.

2. Each board member works to integrate servant-leadership into the board culture.

3. Each board member has the opportunity to speak uninterrupted.

4. Board members come prepared – board chair needs to understand what is required and set time and material appropriately.

5. Board chair acts as caretaker for the board – acts as filter, evaluates agenda for time well spent.

6. Board chair speaks for the board to the media.

7. Consent materials are available 10 days in advance; remaining board materials are available seven days in advance.

8. Board members should route any requests for additional information to the board chair or the president at least two business days prior to the board meeting.

9. Board members may utilize email to communicate individually; however, email communications among a quorum of the board or the full board such as “reply all” responses are restricted in compliance with Maryland’s Open Meetings Law.
Howard Community College’s
*Dragon Principles*

We promise to help our students, employees, and community members “get there from here.”

We pledge to...

Be friendly  
Be helpful to our students and community  
Be considerate of each other

And we pledge to…

**Be Fiscally Responsible**
Agenda
Board of Trustees
Audit and Finance Committee

November 11, 2014
8:30 a.m.
The Rouse Company Foundation Student Services Hall
Room 401

1. Salary and Benefits Committee Recommendation
2. Quarterly Purchasing Reports
   (July 1 – September 30, 2014)
3. Fiscal Year 2014 Single Audit
4. Fiscal Year 2015 Budget Outlook and Discussion
5. Bad Debt Report
6. Debt Policy and Procedure
7. IRS Notice 972CG
8. Howard County Health Benefits Audit
9. Course Fees for the Health Sciences Division
10. Course Fees for the Business and Computer Division
11. Course Fees for the Social Sciences and Teacher Education Division
12. Course Fees for the Arts and Humanities Division
13. Request to Reduce Tuition for Dually Enrolled Howard County Public School System Students
14. Other

Future meetings of the audit and finance committee are scheduled for March 17 and May 12, 2015.
1 – Salary and Benefits Committee Recommendation

Background: Howard Community College’s (HCC) administration receives salary and benefits recommendations from two primary sources:

- Compensation studies conducted through the office of human resources and with support of private consultants, as appropriate, and
- Recommendations submitted by HCC’s salary and benefits committee.

Salary and Benefits Committee Recommendations
The salary and benefits committee includes representatives from the employee constituency groups. The committee meets each year to consider employee salary and benefits issues and to make recommendations to the president on those issues. This year, in preparation for the fiscal year (FY) 2016 budget process, the committee has made the following recommendations:

- a salary increase of five percent;
- an increase in adjunct faculty pay rates by at least $35 per credit hour in each tier;
- a new salary study to specifically review HCC’s raise calculation formula and to standardize hourly employee grades and pay rates
- removal of the sentence, “Requests for schedules with half-hour lunch break or four-day work weeks cannot be administered fairly and cannot be considered” from the flexible scheduling policy (63.04.12) to provide greater flexibility to staff where appropriate for their positions and with supervisory/VP approval;
- an increase in the tuition reimbursement limit for HCC’s full-time employees from $3,000 to $3,300 per fiscal year for courses taken at other institutions, and half the amount for part-time employees;
- increase from 15-credit to 30-credit tuition waiver per year for spouses and dependent children of full-time budgeted employees who enroll in credit courses at Howard Community College; and
- one day of paid volunteer service leave for each budgeted employee (prorated for part-time budgeted employees), to be used at the discretion of the employee and with advance supervisory approval.

Members of the college’s salary and benefits committee will present their findings to trustees at this committee meeting.

Purpose: To discuss recommendations from the salary and benefits committee (committee report follows this item)

Timeline: FY16
The administration requests that the audit and finance committee review the report from the salary and benefits committee.

**Source of funds:** FY16 operating budget

**Compliance:** This request is in compliance with board bylaws, Article II, Responsibilities and Powers of the Board of Trustees, Funds and Maryland Annotated Code, Education, 16-103, Powers of Board of Trustees and administrative procedure 61.02.01 – Internal Governance.
SALARY AND BENEFITS COMMITTEE REPORT

Prepared in Fiscal Year 2015 for Fiscal Year 2016 Budget
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<th>Page</th>
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<tr>
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<td>18</td>
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Committee Membership – FY15

Jessica Klug – Chair
Purchasing Coordinator, Finance (Professional/Technical)

Kimberley Pins – Vice Chair
Director, Children’s Learning Center (Administrators)

Matthew Lochman – Secretary
Instructor, Mathematics (Faculty)

Renee Barger
Assistant Professor, Dance; Director of Dance & Theatre; Director, Arts Collective Dance Company; Rep Stage Resident Choreographer (Faculty)

Mark Edelen
Assistant Professor, Physics/Engineering (Faculty)

Belinda Green
Material Handler Clerk (Support)

Kim Jewer
Office Associate V (Professional/Technical)

Missy Mattey
Director of Development/Executive Director, Educational Foundation (Administrators)

Stephanie May
Data Evaluation & Report Specialist (Professional/Technical)

Sean Musgrove
Student Life Associate (Support)

Nancy Tarr Hart
Rep Stage Managing Director (Administrators)

Candace Thomas
Office Associate, Health Sciences (Support)

Ex Officiis:

Janet Cullison
Associate Vice President of Finance (Administrators)

Melissa Cahill
Benefits Manager (Professional/Technical)

David Jordan
Associate Vice President of Human Resources (Administrators)

Portia Logan
Compensation & HRIS Manager (Professional/Technical)
Executive Summary
The mission of the Salary and Benefits Committee is to advise the college administration on the current and future directions of the total compensation program including salary and employee benefits to support the workforce needed for Howard Community College's creative learning community. To that end, the Salary and Benefits Committee will prepare and submit annually a set of recommendations to the Audit and Finance Committee for use in the subsequent fiscal year’s budget development process. This report was developed in part by a financial market analysis of the county, Maryland community colleges, the Baltimore-Washington region, and feedback from all constituency groups at Howard Community College. The committee's proposal for FY 16 includes a recommendation for salary increases of 5%, increased adjunct pay, a study to review the current raise calculation formula, a revision to the flexible schedule policy regarding five day work weeks and hour lunch breaks, tuition reimbursement increases, and a volunteer service leave day option.

Assumptions
1. College policies and procedures direct the college to attract and retain high-quality faculty and staff. Salaries and benefits must remain competitive in order for the college to attract and retain the most qualified faculty and staff to support the college’s strategic goals.
2. The published salary ranges indicate the current market rate for each employee position.
3. The college offers benefits to employees, dental, vision, and health coverage options are offered to all budgeted employees. The college covers a portion of the costs of these benefits for full-time budgeted employees, but not for part-time budgeted employees.

Merit Increase

Recommendation
Based on the information presented below, the Salary and Benefits Committee recommends a salary increase of 5%.

Justification
1. Table #1, below, gives a recent history of average annual merit increases at HCC from FY08 to FY15. It is clear that there has been a merit gap (recommended merit less actual merit received) during the last eight fiscal years (FY08 – FY15). As a result, 78% of HCC employees are paid below market value. This number is a direct result of low FY10, FY11, FY12, and FY13 merit increases. Data on long-term trends in average annual merit increases and salary schedule adjustments at HCC, are displayed in Table #2 on page 5.

<table>
<thead>
<tr>
<th>Table #1</th>
<th>Merit Increase FY08-FY15</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY08</td>
</tr>
<tr>
<td>Recommended Merit Increase</td>
<td>9.000</td>
</tr>
<tr>
<td>Actual Merit Increase</td>
<td>6.859</td>
</tr>
<tr>
<td>Merit Gap</td>
<td>2.140</td>
</tr>
</tbody>
</table>
Table #2
HCC Salary Schedule and Salary Improvement History

<table>
<thead>
<tr>
<th>FY</th>
<th>COLA</th>
<th>Average Merit</th>
<th>Adjustment % to Salary Schedules</th>
<th>Adjustment % to Salary Schedules</th>
<th>Adjustment % to Salary Schedules</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Faculty</td>
<td>Staff</td>
<td>Information Technology (Staff)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Minimum</td>
<td>Maximum</td>
<td>Minimum</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Average</td>
<td>Merit</td>
<td>Adjusted</td>
</tr>
<tr>
<td>FY00</td>
<td>-</td>
<td>7.0%</td>
<td>The Hendricks Study was implemented on 7/1/99. The changes to salary schedules varied according to the compensation study. The shadow schedule for Information Technology (grades 8 - 16) was implemented at 15% above the staff ranges.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY01</td>
<td>-</td>
<td>5.5%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>FY02</td>
<td>-</td>
<td>5.65%</td>
<td>8.0%</td>
<td>8.0%</td>
<td>8.0%</td>
</tr>
<tr>
<td>FY03</td>
<td>-</td>
<td>3.0%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>FY04*</td>
<td>-</td>
<td>3.0%</td>
<td>5.0%</td>
<td>13.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>FY05*</td>
<td>-</td>
<td>4.2%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>FY06</td>
<td>-</td>
<td>5.0%</td>
<td>8.0%</td>
<td>12.0%</td>
<td>5.0% - 9.0%</td>
</tr>
<tr>
<td>FY07</td>
<td>-</td>
<td>6.39%</td>
<td>Associate Division Chair (ADC) range added</td>
<td>Grade 19 added &amp; grade 16 adj. to match new ADC range</td>
<td>n/a</td>
</tr>
<tr>
<td>FY08</td>
<td>-</td>
<td>6.859%</td>
<td>8.0%</td>
<td>8.0%</td>
<td>8.0 - 11.4%</td>
</tr>
<tr>
<td>FY09*</td>
<td>-</td>
<td>5.0%</td>
<td>0 - 8.0%</td>
<td>4.0 - 14.0%</td>
<td>-8.0 - 3.0%</td>
</tr>
<tr>
<td>FY10*</td>
<td>-</td>
<td>0.0%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>FY11*</td>
<td>-</td>
<td>1.5%</td>
<td>2.0%</td>
<td>11.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td>FY12</td>
<td>-</td>
<td>1.0%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>FY13</td>
<td>-</td>
<td>1.0%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>FY14*</td>
<td>-</td>
<td>4.0%</td>
<td>2.0%</td>
<td>-</td>
<td>2.0%</td>
</tr>
<tr>
<td>FY15</td>
<td>-</td>
<td>3.0%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

*Notes:
1. FY04: There was no increase to the division chair range on the faculty schedule.
2. FY05: Employees received a retroactive merit payment for May & June 2004. This payment was given in July 2004.
3. FY09: The comprehensive compensation study was implemented on 7/1/08. The staff schedule changed from 19 to 20 grades.
4. FY10: No merit or increases to ranges due to budget constraints.
5. FY11: The 1.5% average merit increase included two separate increases: July 2010 (1%) and January 2011 (.5%). The adjustments to salary schedules are effective Jan 2011.
6. FY14: The midpoints were adjusted for all ranges based on the 2% increase to the minimums. The Assistant Instructor rank was removed from the faculty schedule.

2. Although HCC’s salary ranges are within the upper one-third of the system (Appendix B and C), actual salaries at HCC are significantly lower than the salary range midpoint for three of the four academic positions as shown in Table #3. Salaries of current HCC faculty are not keeping up with market rate due in part to the low merit increases in previous years. This is of concern to the committee as it may impact future hiring and retention of outstanding, well-qualified faculty.

Table #3
HCC FY15 10-Month Faculty Salary Midpoint versus Actual Salary

<table>
<thead>
<tr>
<th>Academic Position</th>
<th>Salary Range Midpoint</th>
<th>Actual Salary Average</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Professor</td>
<td>$80,126</td>
<td>$84,356</td>
<td>$4,230</td>
</tr>
<tr>
<td>Associate Professor</td>
<td>$71,699</td>
<td>$67,542</td>
<td>$-4,157</td>
</tr>
<tr>
<td>Assistant Professor</td>
<td>$64,220</td>
<td>$62,013</td>
<td>$-2,207</td>
</tr>
<tr>
<td>Instructor</td>
<td>$58,028</td>
<td>$55,245</td>
<td>$-2,783</td>
</tr>
</tbody>
</table>
3. The college defines the midpoint of HCC’s salary ranges as the market rate. However, as of September 2014, 86% of staff and 59% of faculty (78% of all employees) were paid below market rate. The number of employees below their respective midpoints has grown significantly over the years due to minimal or no merit increases in FY10 through FY13. Although the percentage of employees below the midpoint has decreased, the percentage for staff is still extremely high at 86%, even with FY13 and FY14 merit increases. Table #4 below shows the percentage of employees paid below their respective market value over the last several years. The college’s formula for calculating annual raises relies on a competitive merit increase to accelerate employees to the midpoint. In the years where a competitive merit increase did not occur, the College experienced a high percentage of employees below the midpoint. Therefore, the College essentially has not made any progress in moving employee salaries towards the midpoint since 2008.

Table #4
HCC Employees Paid Below Midpoint

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>% of Employees Paid Below Midpoint</th>
<th># of Employees Paid Below Midpoint</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY08</td>
<td>77%</td>
<td>413</td>
</tr>
<tr>
<td>FY09</td>
<td>81%</td>
<td>465</td>
</tr>
<tr>
<td>FY10</td>
<td>82%</td>
<td>462</td>
</tr>
<tr>
<td>FY11</td>
<td>83%</td>
<td>489</td>
</tr>
<tr>
<td>FY12</td>
<td>86%</td>
<td>527</td>
</tr>
<tr>
<td>FY13</td>
<td>85%</td>
<td>536</td>
</tr>
<tr>
<td>FY14</td>
<td>81%</td>
<td>521</td>
</tr>
<tr>
<td>FY15</td>
<td>78%</td>
<td>516</td>
</tr>
</tbody>
</table>

Figure #1 shows the distribution of employees and how far their salaries are from the midpoint of their salary range. The majority of staff are significantly below the market rate.

Figure #1
Distribution of Employees Below the Market Rate

![Bar chart showing distribution of employees below the market rate]
4. **Market Analysis**

Compensation for employees at HCC is a pure merit pay system unlike total compensation packages which include COLA and merit. A merit system demands higher productivity and engagement from faculty and staff, but the intended incentive has not achieved the actual reward of a pay increase. Incentives matter and people respond to incentives, however, minimum merit, exclusive of COLA, has resulted in a relative decrease in HCC salaries.

Table #5 below shows that since 2010, cumulative inflation has been 12.7%, compared to cumulative salary increases of 10.9%. Inflation has exceeded and consumed all of the merit earned, so in real dollar value, employees who have been working at HCC over the last five years have essentially lost 1.8% in buying power.

<table>
<thead>
<tr>
<th>Table #5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cumulative Inflation vs. Cumulative Merit</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merit</td>
<td>0</td>
<td>1.5</td>
<td>1.0</td>
<td>1.0</td>
<td>4.0</td>
</tr>
<tr>
<td>Cumulative Merit</td>
<td>0</td>
<td>1.5</td>
<td>2.52</td>
<td>3.54</td>
<td>7.68</td>
</tr>
<tr>
<td>Annual Inflation</td>
<td>2.7</td>
<td>1.5</td>
<td>3.0</td>
<td>1.7</td>
<td>1.5</td>
</tr>
<tr>
<td>Cumulative Inflation</td>
<td>2.7</td>
<td>4.24</td>
<td>7.37</td>
<td>9.19</td>
<td>10.8</td>
</tr>
<tr>
<td>GAP</td>
<td>-2.7</td>
<td>-2.74</td>
<td>-4.85</td>
<td>-5.65</td>
<td>-3.12</td>
</tr>
</tbody>
</table>

The Howard County Public School System (HCPSS) teachers, in four out of the past five years, have received higher salary increases than HCC employees (see Table #6 below). In the midst of a weak economy and limited governmental funding, HCPSS has managed to provide consistently higher raises to its teachers. It seems appropriate that HCC salary increases should at least keep pace with those at HCPSS.

<table>
<thead>
<tr>
<th>Table #6</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average Salary Increases Compared to HCPSS Teachers</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY08</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
</tr>
</thead>
<tbody>
<tr>
<td>HCPSS Salary Increase</td>
<td>6.9</td>
<td>5</td>
<td>1.2</td>
<td>2</td>
<td>1.5</td>
<td>1.9</td>
<td>2.1</td>
</tr>
<tr>
<td>HCC Salary Increase</td>
<td>6.86</td>
<td>5.0</td>
<td>0.0</td>
<td>1.5</td>
<td>1.0</td>
<td>1.0</td>
<td>4.0</td>
</tr>
<tr>
<td>Salary Gap</td>
<td>-0.04</td>
<td>0</td>
<td>1.2</td>
<td>0.5</td>
<td>0.5</td>
<td>0.9</td>
<td>-1.9</td>
</tr>
</tbody>
</table>
Howard County and central Maryland have a higher cost of living than the rest of the state of Maryland. The ACCRA cost of living index shows that, on the average, the cost of living in Howard County is about 24% higher than the national average. Table #7 shows the cost of living in selected Maryland counties and the U.S. In Maryland, Howard County is the second most expensive county to live in. Table #8 provides information on where HCC employees are living as of FY14.

### Table #7
2012 Cost of Living in Selected Maryland Counties, and the U.S.

<table>
<thead>
<tr>
<th>Region</th>
<th>Cost of Living Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Montgomery County</td>
<td>127.9</td>
</tr>
<tr>
<td><strong>Howard County</strong></td>
<td><strong>124.1</strong></td>
</tr>
<tr>
<td>Anne Arundel County</td>
<td>117.7</td>
</tr>
<tr>
<td>Baltimore County</td>
<td>110.9</td>
</tr>
<tr>
<td>Prince George’s County</td>
<td>110</td>
</tr>
<tr>
<td>Frederick County</td>
<td>109.5</td>
</tr>
<tr>
<td>United States National Average</td>
<td>100</td>
</tr>
<tr>
<td>Baltimore City</td>
<td>99</td>
</tr>
<tr>
<td>Allegany</td>
<td>86.7</td>
</tr>
</tbody>
</table>

Source: Maryland Department of Business & Economic Development

Howard County is located in the Baltimore-Washington combined metropolitan statistical area. This area is one of the richest metropolitan areas and has about a 20% higher cost of living than the average U.S. metropolitan area. In August 2014, the Department of Labor reported that the unemployment rate was 6.1% nationally, 5.8% in Maryland, and 4.2% in Howard County. In periods of low unemployment, competition for the most qualified employee pool increases, especially when combined with a high cost of living. A salary range reflecting fair market rate (HCC salary midpoint) is essential to recruit and retain a knowledgeable, skilled and talented employee pool. This is particularly relevant as HCC continues to experience growth in enrollment, as well as in programs and infrastructure which will require additional faculty and staff to support and maintain.
### Table #8

**FY14 Where Howard Community College Employees Live**

#### All Employees*

<table>
<thead>
<tr>
<th></th>
<th>Howard County</th>
<th>Out of County</th>
<th>Out of State</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
<td>%</td>
<td>N</td>
<td>%</td>
</tr>
<tr>
<td>Faculty</td>
<td>112</td>
<td>59.6%</td>
<td>73</td>
<td>38.8%</td>
</tr>
<tr>
<td>Administrators</td>
<td>38</td>
<td>45.8%</td>
<td>45</td>
<td>54.2%</td>
</tr>
<tr>
<td>Professional/Technical</td>
<td>175</td>
<td>58.7%</td>
<td>119</td>
<td>39.9%</td>
</tr>
<tr>
<td>Support</td>
<td>57</td>
<td>61.3%</td>
<td>36</td>
<td>38.7%</td>
</tr>
<tr>
<td>Adjunct Faculty</td>
<td>314</td>
<td>48.7%</td>
<td>308</td>
<td>47.8%</td>
</tr>
<tr>
<td>Temporary</td>
<td>51</td>
<td>63.0%</td>
<td>29</td>
<td>35.8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Howard County</th>
<th>Out of County</th>
<th>Out of State</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
<td>%</td>
<td>N</td>
</tr>
<tr>
<td>Faculty</td>
<td>66</td>
<td>52.8%</td>
<td>57</td>
</tr>
<tr>
<td>Administrators</td>
<td>15</td>
<td>35.7%</td>
<td>27</td>
</tr>
<tr>
<td>Professional/Technical</td>
<td>106</td>
<td>56.4%</td>
<td>78</td>
</tr>
<tr>
<td>Support</td>
<td>47</td>
<td>62.7%</td>
<td>28</td>
</tr>
<tr>
<td>Adjunct Faculty</td>
<td>248</td>
<td>45.8%</td>
<td>274</td>
</tr>
<tr>
<td>Temporary</td>
<td>46</td>
<td>63.0%</td>
<td>26</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Howard County</th>
<th>Out of County</th>
<th>Out of State</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
<td>%</td>
<td>N</td>
</tr>
<tr>
<td>Faculty</td>
<td>7</td>
<td>46.7%</td>
<td>8</td>
</tr>
<tr>
<td>Administrators</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Professional/Technical</td>
<td>4</td>
<td>36.4%</td>
<td>6</td>
</tr>
<tr>
<td>Support</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Adjunct Faculty</td>
<td>30</td>
<td>31.6%</td>
<td>57</td>
</tr>
<tr>
<td>Temporary</td>
<td>1</td>
<td>16.7%</td>
<td>5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Howard County</th>
<th>Out of County</th>
<th>Out of State</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
<td>%</td>
<td>N</td>
</tr>
<tr>
<td>Faculty</td>
<td>7</td>
<td>46.7%</td>
<td>8</td>
</tr>
<tr>
<td>Administrators</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Professional/Technical</td>
<td>4</td>
<td>36.4%</td>
<td>6</td>
</tr>
<tr>
<td>Support</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Adjunct Faculty</td>
<td>30</td>
<td>31.6%</td>
<td>57</td>
</tr>
<tr>
<td>Temporary</td>
<td>1</td>
<td>16.7%</td>
<td>5</td>
</tr>
</tbody>
</table>

* data shown for employees paid on 9/15/14

Note: Adjunct Faculty includes credit and noncredit
Adjunct Pay Rates

Recommendation
In line with last year’s report and the recommendations contained therein requesting adjunct faculty pay rate increases, the salary and benefits committee recommends that the adjunct faculty pay rates be increased by $35 per credit hour for all tiers (i.e., Adjunct, Senior and Master) to bring Howard Community College’s rates closer to direct hiring competitors.

Justification
1. The committee reviewed adjunct pay rates at eight neighboring community colleges in Maryland. A direct comparison of the minimum pay rates at these institutions shows that Howard Community College is currently at the median, but Howard County has the second highest cost of living among the counties listed. It is also important to note how Howard Community College’s adjunct pay compares to our partner institutions at the Laurel College Center (Prince George’s) and Mt. Airy College Centers (Frederick and Carroll).

<table>
<thead>
<tr>
<th>Community College</th>
<th>Min Pay Per Credit Hour, Level I</th>
<th>Pay Per Credit Hour, Level II</th>
<th>Max Pay Per Credit Hour, Level III</th>
</tr>
</thead>
<tbody>
<tr>
<td>Montgomery</td>
<td>$870.83</td>
<td>$911.81</td>
<td>$947.66</td>
</tr>
<tr>
<td>Harford</td>
<td>$838.89</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Prince Georges*</td>
<td>$765</td>
<td>$785</td>
<td>$805</td>
</tr>
<tr>
<td>CCBC</td>
<td>$745</td>
<td>$810</td>
<td>$875</td>
</tr>
<tr>
<td>Howard Community College</td>
<td>$710</td>
<td>$760</td>
<td>$810</td>
</tr>
<tr>
<td>Carroll</td>
<td>$705</td>
<td>NA</td>
<td>$792</td>
</tr>
<tr>
<td>Anne Arundel</td>
<td>$682</td>
<td>$805</td>
<td>$1277**</td>
</tr>
<tr>
<td>Frederick</td>
<td>$676</td>
<td>$728</td>
<td>$780</td>
</tr>
<tr>
<td>Baltimore City</td>
<td>$610.94</td>
<td>$699.30</td>
<td>$767.55</td>
</tr>
</tbody>
</table>

*Prince George’s CC has a fourth level, Emeritus Status, paid at a rate of $825/credit hour.
**This level is explained as “Distinguished Senior Lecturer.”
NA indicates that this level adjunct does not exist at the institution.

2. The committee also collected anecdotal reports that adjuncts are not hired at the minimum advertised pay rate at other community colleges, but instead are started in the middle of the community college’s pay scale based on qualifications and prior experience. Salary adjustment for new adjuncts is impossible under HCC’s current adjunct hiring process. All new adjunct faculty are required to start at the minimum pay, regardless of their experience.

3. It is estimated that an additional increase of $35 per credit hour would cost approximately $333,410.

4. The figure below provides a visual representation of the above pay per credit hour data. As can be seen from the graph, there are three community colleges with lower cost of living indexes and higher minimum adjunct pay. Of the four community colleges with higher adjunct pay, three of them (CCBC, PG, and Montgomery) compete directly with HCC for adjuncts. This could restrict the pool of quality adjuncts we’re able to recruit since those who live in surrounding counties have a higher paying alternative that is closer to home.
Figure #2

Adjunct Pay vs Cost of Living for MD Community Colleges

Cost of Living Index

Minimum Pay

- Baltimore City
- CCBC
- Prince George's
- Frederick
- Anne Arundel
- Harford
- Montgomery
- HCC

$500 $600 $700 $800 $900

90 100 110 120 130
Compensation Study

Recommendation
The salary and benefits committee recommends that the college perform a new salary study to specifically review HCC’s raise calculation formula and to standardize hourly employee grades and pay rates.

Justification
In Spring 2014, a survey was conducted among all employees to determine what the top concerns were for the constituency groups. (Appendix A)

- Of the 760 employees (including adjunct faculty and temporary employees) who responded to the survey 39.4% (302 employees) responded that they would like to revise the raise calculation formula to strengthen the "midpoint acceleration factor" designed to increase raises for those below the midpoint (and decrease raises for those above). This was the highest response percent for the entire survey.
- In addition to this, 27.3% (209 employees) responded that they would like the raise calculation simplified to make it easier to understand.
- Also, 30.9% (237 employees) responded that they would like standardization of compensation for hourly employees to ensure comparable pay for positions with the same grade or job description.

Additional responses to this and past surveys have emphasized the importance our employees place on the clarity, equity, and effectiveness of our compensation system. Reoccurring comments focus on the following three main topics:

- The importance of our compensation system as a way of recognizing hard work through our merit system. Data in this report consistently indicates that the current compensation system is ineffective and needs reconsideration.
- Ensuring that salary calculations allow employees to be compensated at fair market value after a reasonable amount of time being continuously employed at HCC (i.e. being able to reach the midpoint of their salary scale).
- Combatting the deterioration of employee buying power due to inflation and the increasing cost of living in Central Maryland.

In the past, HCC has conducted compensation studies approximately every 7 years. The first Hendrick’s Study was completed in late FY99 and another full compensation study was conducted in 2007. Another 7 years has past and with the continual increase in cost of living and the call for review of our raise calculation formula, a new study seems merited. The salary and benefits committee recommends that the college perform a new salary study and that the study specifically reviews the raise calculation formula to address the main concerns brought forward by the constituency groups that have been outlined above.

### Table #10
Analysis of Budgeted Salaries Below Midpoint
As of September 30, 2014

<table>
<thead>
<tr>
<th></th>
<th>Employee Count</th>
<th>Below Midpoint</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
<td>%</td>
</tr>
<tr>
<td>Faculty</td>
<td>189</td>
<td>29%</td>
</tr>
<tr>
<td>Staff</td>
<td>473</td>
<td>71%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>662</td>
<td>100%</td>
</tr>
</tbody>
</table>
Revision of Flexible Scheduling Policy

Recommendation

The salary and benefits committee recommends removal of the sentence, “Requests for schedules with half-hour lunch break or four-day work weeks cannot be administered fairly and cannot be considered” from the flexible scheduling policy (63.04.12) to provide greater flexibility to staff where appropriate for their positions and with supervisory/VP approval.

Flexible scheduling of employees could benefit departments or offices that provide services beyond the traditional 8:30am-5:00pm schedule. Employees could be scheduled to work 37.50 hours within a four-day workweek, extending the workday. This could eliminate the need to hire hourly, less experienced staff to work evenings, possibly increasing productivity and efficient use of staff time. This could also provide non-eligible teleworking positions and employees the ability to limit the number of travel days to campus and help address the issue of limited parking on campus, as well as promote sustainability.

Justification

1. On previous salary and benefit surveys many comments were received from staff who wanted more flexibility in their work schedules. Given that a policy exists allowing flexible schedules (63.04.12) the committee analyzed the current policy and thought the exclusion of the sentence, “Requests for schedules with half-hour lunch break or four-day work weeks cannot be administered fairly and cannot be considered” seemed to be the exact things staff were asking for.

To be clear that was the case, the administrative and professional groups were polled. The current policy was sent for their review and asked this question: "If the flexible scheduling policy was revised to strict this sentence (see above) would this satisfy your request for more flexible scheduling?" We also explained that this change would require approval of the supervisor and that not every position would be eligible for these options, similar to the new teleworking policy implemented in FY15.

2. The administrator group (85) provided 11 responses, or a 13% response rate. The majority (8) were in favor of this change. Two chose not to respond because their staff would not be eligible. Comments included:
   - This will allow offices to provide better coverage with full-time staff, where a longer day for four days will provide improved customer service
   - Give staff salary increases instead so everyone benefits not just a few
   - This policy cannot be administered fairly

3. The professional group (310) provided 19 responses, or a 6% response rate. The majority (18) were in favor of this change. One chose not to respond because it did impact them. Comments included:
   - Staff are simply looking for more work/life balance (several responses)
   - Being able to fine tune schedules around work load would be helpful
   - Four day workweeks will help with parking issues (several responses)
   - Taking a shorter lunch break allows for a shorter work day; providing more time to spend with or care for family, attend appointments, or take care of personal business
   - Removing this section seems to be in line with the new telework policy

4. The support staff leadership chose not to send the survey out to staff, but agree with the recommendation.
Tuition Reimbursement

Recommendation
The salary and benefits committee proposes an increase in the tuition reimbursement limit for HCC’s full-time employees from $3,000 to $3,300 per fiscal year for courses taken at other institutions, and half the amount for part-time employees. In addition, the committee proposes an increase from 15-credit to 30-credit tuition waiver per year for spouses and dependent children of full-time budgeted employees who enroll in credit courses at Howard Community College.

Justification
1. According to FY14 tuition reimbursement data, 19.7% of HCC’s budgeted employees took advantage of the tuition reimbursement benefit, which equates to 129 employees. 30 employees, or 23.2% of those who received tuition reimbursement, reached the maximum amount ($3,000 for FY14). Based on the funds used by the budgeted employees who applied for tuition reimbursement in FY14, it is estimated that the college will need an additional $9,000 added to the tuition and fee waiver/reimbursement account to increase the tuition reimbursement limit from $3,000 to $3,300. For reference, the cost to register for six graduate credits at the University of Maryland, College Park is $3,700.

2. At HCC, full-time budgeted employees are eligible for dependent tuition reimbursement of up to 15 credits per fiscal year, per family member, and 8 credits for part-time employees. In FY14, 90 employees took advantage of the 15-credit tuition waiver limit and 15 of those employees used the max of 15 credits. The total dollar amount of tuition that the college waived for dependents in FY14 was $48,000. It is estimated that the total cost of implementing this change would be $48,800, increased to cover the FY15 $2 tuition increase and assuming this change will add a second semester of cost. Only two other Maryland community colleges place an annual limit on the number of credits eligible for tuition reimbursement.

<table>
<thead>
<tr>
<th>College</th>
<th>Tuition Reimbursement Per Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allegany</td>
<td>unlimited tuition reimbursement for credit courses</td>
</tr>
<tr>
<td>Anne Arundel</td>
<td>unlimited credits; some noncredit eligible</td>
</tr>
<tr>
<td>Baltimore City</td>
<td>unlimited tuition reimbursement for credit courses</td>
</tr>
<tr>
<td>Baltimore County</td>
<td>unlimited tuition reimbursement for credit courses</td>
</tr>
<tr>
<td>Carroll</td>
<td>unlimited tuition reimbursement for credit courses</td>
</tr>
<tr>
<td>Cecil</td>
<td>unlimited tuition waiver for credit courses</td>
</tr>
<tr>
<td>Chesapeake</td>
<td>tuition waiver for 36 credits for credit courses</td>
</tr>
<tr>
<td>College of Southern MD</td>
<td>unlimited tuition waiver for credit courses</td>
</tr>
<tr>
<td>Frederick</td>
<td>unlimited tuition waiver for credit courses</td>
</tr>
<tr>
<td>Garrett</td>
<td>unlimited tuition reimbursement for credit courses (grade of C or better)</td>
</tr>
<tr>
<td>Hagerstown</td>
<td>70 credits over the IRS defined lifetime of the dependent</td>
</tr>
<tr>
<td>Harford</td>
<td>unlimited tuition waiver for credit courses</td>
</tr>
<tr>
<td>Howard</td>
<td>15 credit tuition reimbursement limit for credit courses</td>
</tr>
<tr>
<td>Montgomery</td>
<td>unlimited tuition reimbursement for credit courses</td>
</tr>
<tr>
<td>Prince Georges</td>
<td>unlimited tuition reimbursement for credit courses</td>
</tr>
<tr>
<td>Wor-Wic</td>
<td>unlimited tuition reimbursement for credit courses</td>
</tr>
</tbody>
</table>
Volunteer Service Day

Recommendation:
The Salary and Benefits Committee recommends that the college institute one day of paid Volunteer Service Leave for each budgeted employee (prorated for part-time budgeted employees), to be used at the discretion of the employee and with advance supervisory approval. The employee is able to use the leave at any nonprofit organization, other than HCC. Service that focuses only on the promotion of specific religious or political beliefs will not be considered. The employee must provide documentation of the service signed by a representative of the nonprofit.

Justification

Benefits in the Workplace
United Health Group and the Optum Institute find that volunteering is linked to better physical, mental and emotional health. The Doing Good is Good for You: 2013 Health and Volunteering Study reveals that 76% of U.S. adults who volunteer report that volunteering has made them feel physically healthier and 78% report that volunteering lowers their levels of stress. The study reveals four key benefits of volunteering that make a positive impact on people's health:

- Health: volunteers say that they feel better-physically, mentally and emotionally
- Stress: volunteering helps people manage and lower their stress levels
- Purpose: volunteers feel a deeper connection to communities and to others
- Engagement: volunteers are more informed health care consumers, and are engaged and involved in managing their health.

The study also reveals that volunteering is good for employers: the health benefits volunteers enjoy also benefit the workplace – employers can expect lower health care costs and higher productivity from employees who volunteer. Additionally:

- Volunteers in the study report lower stress levels; other research shows that reducing employees stress contributes to higher productivity and levels of engagement
- Volunteering can develop an employee's work skills
- Volunteers report that volunteering helps them build teamwork and time-management skills; fosters stronger relationships with colleagues; and supports professional networking
- Volunteer activities lead to stronger positive feelings toward an employer when volunteer programs are supported in the workplace.

On top of that, a Bureau of Labor Statistics survey found that 94% of companies feel that Employee Volunteer Programs help employee morale and 97% found an improvement in company teamwork.

Emerging Trend
A 2013 benefits survey by the Society for Human Resources Management (SHRM) found that 20% of employers are now offering this benefit. A Washington Post article says that it is becoming increasingly common for employers to offer it as a recruitment/retention/engagement tool and cites such leave policies at area employers including PNC Bank and Charles Schwab brokerage. A Wall Street Journal article on the same topic says that 76% of adults consider the leave important and that it is offered by firms such as Morgan Stanley, ING, and UPS.

A number of other higher education institutions offer volunteer service leave to their employees, among them: Piedmont Community College (16 hours), Seton Hall University (7 hours), Northeastern State University (20 hours), University of North Carolina (24 hours), North Carolina State University (24 hours), Old Dominion University (16 hours), Virginia Tech University (16 hours), George Mason
University (16 hours), University of California (24 hours), Appalachian State University (24 hours), Gettysburg College (1 day), University of Louisville (1 day), Pfeiffer University (6 days).

Although none of the Maryland community colleges currently offer volunteer service leave, at least one other is considering it. In a time of limited budgets, this is a benefit that has little or no direct costs but a significant potential benefits for employees and the college. When HCC implements this new benefit it will again be demonstrated that Howard Community College is a great place to work.
Summary of FY16 Recommendations

Salary Increase Recommendation
Given the facts presented in this report and with consideration of the current economy, the committee recommends a 5% merit increase for FY16. This increase will allow salaries to keep pace with inflation over the past few years, during which cumulative salary increases have not matched cumulative inflation. A 5% increase would also continue addressing the issue of faculty and staff catching up to their respective midpoints. Implementing a 5% salary increase will also help maintain HCC’s competitive position in the marketplace and recognize the high quality of instruction and services provided to students by the faculty and staff.

Adjunct Salary Increase Recommendation
The salary and benefits committee recommends that adjunct faculty pay rates be increased by at least $35 per credit hour in each tier to bring Howard Community College’s rates above the median value for Maryland community colleges, and thus more competitive with surrounding colleges.

Compensation Study
The salary and benefits committee recommends that the college perform a new salary study to specifically review HCC’s raise calculation formula. A compensation study has not been conducted for 7 years, and due to the continual increase in the cost of living and the call from employees to review the current raise calculation formula, the salary and benefits committee believes a new study is merited.

Revision of Flexible Scheduling Policy
The salary and benefits committee recommends removal of the sentence, “Requests for schedules with half-hour lunch break or four-day work weeks cannot be administered fairly and cannot be considered” from the flexible scheduling policy (63.04.12) to provide greater flexibility to staff where appropriate for their positions. As can be seen in our surveys, a high percentage of employees were interested in flexible scheduling options. There is also no calculated cost to this change and may provide a cost savings and assistance with the current parking situation on campus.

Tuition Reimbursement Benefits
The salary and benefits committee proposes an increase in the tuition reimbursement limit for HCC’s full-time employees from $3,000 to $3,300 per fiscal year to reflect increased tuition rates for graduate and undergraduate courses.

The salary and benefits committee proposes an increase from 15 to 30-credit tuition waiver per year for spouses and dependent children of full-time budgeted employees who enroll in credit courses at Howard Community College. At most Maryland community colleges, the tuition reimbursement/waiver is unlimited.

Volunteer Service Day
The Salary and Benefits Committee recommends that the college institute one day of paid Volunteer Service Leave for each budgeted employee (prorated for part-time budgeted employees), to be used at the discretion of the employee and with advance supervisory approval. Volunteering can provide many health benefits to HCC employees as well as engage them in activities that would give them a feeling of purpose and engagement in the community. Volunteering could help HCC employees lower their stress levels and further develop their work skills.
## Salary & Benefits Recommendations

Please select THREE choices from the list below that you would like the S&B Committee to consider for inclusion in our next report to the President’s Team.

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Response Percent</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discounts for HCC employees at local businesses, which could include large</td>
<td>33.2%</td>
<td>254</td>
</tr>
<tr>
<td>corporations and/or small businesses in Howard County.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standardization of compensation for hourly employees to ensure comparable pay</td>
<td>30.9%</td>
<td>237</td>
</tr>
<tr>
<td>for positions with the same grade and/or job description.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flexible work schedules (specifically, alternate hours in a given day).</td>
<td>26.8%</td>
<td>205</td>
</tr>
<tr>
<td>Revise policy for adjunct hiring, under which all new adjuncts (including</td>
<td>26.1%</td>
<td>200</td>
</tr>
<tr>
<td>retired faculty) are hired at the minimum pay rate. Allow for flexibility,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>based on education, experience, etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Simplify the raise calculation formula to make it easier to understand.</td>
<td>27.3%</td>
<td>209</td>
</tr>
<tr>
<td>Revise the raise calculation formula to strengthen the &quot;midpoint acceleration</td>
<td>39.4%</td>
<td>302</td>
</tr>
<tr>
<td>factor&quot; designed to increase raises for those below the midpoint (and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>decrease raises for those above).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Review the administrative leave policy by which staff sabbaticals are</td>
<td>3.8%</td>
<td>29</td>
</tr>
<tr>
<td>requested.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discounts for HCC employees at the Café on the Quad.</td>
<td>36.6%</td>
<td>280</td>
</tr>
<tr>
<td>Four-day work weeks during the summer.</td>
<td>35.9%</td>
<td>275</td>
</tr>
<tr>
<td>Other (please specify)</td>
<td>19.5%</td>
<td>149</td>
</tr>
</tbody>
</table>

answered question 766
skipped question 4
### Appendix B
Comparison of Fiscal Year 2014 Average Actual Salaries of Ten-Month Full-Time Instructional Faculty

<table>
<thead>
<tr>
<th>Full Professor</th>
<th>Associate Professor</th>
<th>Assistant Professor</th>
<th>Instructor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Howard</td>
<td>90,723</td>
<td>Howard</td>
<td>55,140</td>
</tr>
<tr>
<td>Montgomery</td>
<td>87,657</td>
<td>Frederick</td>
<td>Montgomery</td>
</tr>
<tr>
<td>Baltimore County</td>
<td>87,591</td>
<td>Montgomery</td>
<td>60,678</td>
</tr>
<tr>
<td>Frederick</td>
<td>85,922</td>
<td>Frederick</td>
<td>58,665</td>
</tr>
<tr>
<td>Harford</td>
<td>84,205</td>
<td>Chesapeake</td>
<td>Anne Arundel</td>
</tr>
<tr>
<td>College of So. MD</td>
<td>82,102</td>
<td>Harford</td>
<td>55,179</td>
</tr>
<tr>
<td>Anne Arundel</td>
<td>80,706</td>
<td>Anne Arundel</td>
<td>Howard</td>
</tr>
<tr>
<td>Hagerstown</td>
<td>78,504</td>
<td>College of So. MD</td>
<td>Howard</td>
</tr>
<tr>
<td>Baltimore City</td>
<td>76,739</td>
<td>Baltimore City</td>
<td>Montgomery</td>
</tr>
<tr>
<td>Wor-Wic</td>
<td>76,318</td>
<td>Baltimore City</td>
<td>52,376</td>
</tr>
<tr>
<td>Prince George's</td>
<td>74,961</td>
<td>Garrett</td>
<td>Frederick</td>
</tr>
<tr>
<td>Chesapeake</td>
<td>74,821</td>
<td>Garrett</td>
<td>Hagerstown</td>
</tr>
<tr>
<td>Garrett</td>
<td>72,417</td>
<td>Carroll</td>
<td>46,214</td>
</tr>
<tr>
<td>Cecil</td>
<td>71,385</td>
<td>Hagerstown</td>
<td>50,810</td>
</tr>
<tr>
<td>Carroll</td>
<td>65,864</td>
<td>Harford</td>
<td>50,226</td>
</tr>
<tr>
<td>Allegany</td>
<td>$61,406</td>
<td>Carroll</td>
<td>Wor-Wic</td>
</tr>
</tbody>
</table>

Compared to FY13:
- Rank increased 5 places
- Rank increased 5 places
- Rank increased 1 place
- Rank decreased 2 places

Source FY14 data: MACC 2014 Databook
# Appendix C

## Comparison of Fiscal Year 2014 Average Salary Ranges

Of Ten-Month Full-Time Instructional Faculty

<table>
<thead>
<tr>
<th>Full Professor</th>
<th>Range</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>County</td>
<td></td>
<td></td>
</tr>
<tr>
<td>College of So. MD</td>
<td>$86,568</td>
<td></td>
</tr>
<tr>
<td>Montgomery</td>
<td>$83,143</td>
<td></td>
</tr>
<tr>
<td>Frederick</td>
<td>$82,969</td>
<td></td>
</tr>
<tr>
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</table>

Compared to FY13:
- Full Professor: Rank decreased 2 places
- Associate Professor: Same rank
- Assistant Professor: Rank decreased 1 place
- Instructor: Rank decreased 2 places

Source FY14 data: MACC 2014 Databook
2 – Quarterly Purchasing Reports

**Background:** At its April 28, 2010, meeting, the board of trustees approved the revision of the college’s purchasing policies and procedures. These revisions reorganized the purchasing practices of the college to center around the method that is used to procure the goods or services. Additionally, the president’s approval authority was increased as a way to streamline the procurement process and free the board from direct review of smaller purchases. As provided under the new policies, the administration will summarize in quarterly reports the actual purchases made under several of the procurement methods.

The board approval dates indicated on the reports direct the reader back to the board materials for more specific information about the procurement. President approval items have similar detail available. The reports also indicate the approximate amount that was anticipated at the time of the approval and the actual amount that has been spent to date. If the actual amount exceeds $2,000 over the anticipated amount, an explanation will be provided. All cumulative amounts on the reports are annual unless otherwise noted. The reports reflect each method of procurement as listed below:

a. **Invitation to Bid** – formal solicitations issued for purchases reasonably expected to cost $25,000 or more, and specifications can be prepared to award to the lowest evaluated bidder. These items can be awarded by the board or by the president depending on the value of the procurement.

b. **Request for Proposals** – formal solicitations for proposals based on a scope of services defined by the college. The award is based on the results of an evaluation that includes the technical as well as cost aspects of the contract to be awarded. These awards are only made by the board regardless of the amount.

c. **Sole Source** – only one vendor is available for the subject of the procurement contract. The board will designate all vendors as sole source for purchases that are reasonably expected to exceed $25,000 and will approve purchases from sole source vendors of $100,000 or more.

d. **Cooperative Purchase** – purchasing contract entered into by at least one governmental entity and a contractor that is available for use by the college. The board or the president may approve the use of the cooperative purchasing agreement depending on the value of the procurement.

e. **Emergency** – the ability to make a purchase without following the normal purchasing procedure in order to obtain goods or services quickly in an emergency. The board and the president may authorize emergency purchases. This list will only be provided if emergency purchases are made in the applicable quarter.
f. **Change Orders** – written modification or addition to a purchase order or contract. The board or the president may approve changes to the original contract. These items shall be reported quarterly as a footnote with the associated original purchase information.

**Purpose:** To disclose college purchases as required under purchasing procedures

**Timeline:** July 1 – September 30, 2014

**Recommendation**

The quarterly purchasing reports are an information item and do not require committee or board action.

**Compliance:** The quarterly purchasing reports are in compliance with college purchasing procedures, 62.05A.01 – Invitation to Bid; 62.05B.01 – Request for Proposals; 62.05C.01 – Sole Source; 62.05E.01 – Emergency Procurement; and 62.05F.01 – Cooperative Purchasing.
<table>
<thead>
<tr>
<th>Vendor</th>
<th>Commodity</th>
<th>Board approval date</th>
<th>President approval date</th>
<th>Approximate cost</th>
<th>Cumulative actual spent</th>
<th>Multi-year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bartash</td>
<td>printing of 2014-2015 credit schedule of classes</td>
<td>06/03/14</td>
<td></td>
<td>$99,226</td>
<td>$</td>
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<tr>
<td>Brickman</td>
<td>athletic fields management services</td>
<td>12/03/13</td>
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<td>$84,000</td>
<td>$50,734</td>
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<td>Brickman</td>
<td>landscaping services</td>
<td>07/11/14</td>
<td></td>
<td>$59,000</td>
<td>$24,107</td>
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<tr>
<td>Eastern Sales &amp; Engineering</td>
<td>time and materials (T&amp;M) electrical services</td>
<td>08/04/14</td>
<td></td>
<td>$50,000</td>
<td>$7,080</td>
<td></td>
</tr>
<tr>
<td>Eastern Sales &amp; Engineering</td>
<td>campus lighting project</td>
<td>07/31/13</td>
<td></td>
<td>$541,705</td>
<td>$52,312</td>
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<td>Emjay</td>
<td>T&amp;M mechanical services</td>
<td>08/04/14</td>
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<td>$10,378</td>
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<td>Emjay</td>
<td>campus utility project</td>
<td>04/24/13</td>
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<td>$34,355</td>
<td>$35,173</td>
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<td>Horizon Engineering</td>
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<td>09/09/13</td>
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<td>$32,196</td>
<td>$</td>
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<td>Network Concepts</td>
<td>network maintenance support services</td>
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<td>$181,300</td>
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<tr>
<td>Siemens</td>
<td>Pelco Endura supplier</td>
<td>04/10/14</td>
<td></td>
<td>$</td>
<td>$</td>
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<tr>
<td>Unisource</td>
<td>T&amp;M carpentry services</td>
<td>08/04/14</td>
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<td>$95,000</td>
<td>$5,795</td>
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</table>

1. The original services contract was for $63,000. On 6/2/14, the president approved an increase in the amount of $21,000 to install new grass on some of the athletic fields.

2. The time and material bids were awarded based on the hourly rate and material markup. The approximate cost is what the administration anticipates spending on services. The final amount will depend on the number of problems that occur throughout the fiscal year.

3. The original contract was for $500,000. On 10/23/13, the president approved an increase in the approximate amount of $38,000 for additional parking lot and roadway lights. On 4/3/14, the president approved an additional increase in the amount of $3,705 to lower the lights in the east garage.

4. The original contract was for $2,506,000. On 7/31/13, the board approved a change order to increase the size of the boilers, replace pumps, and add building automation controls in the amount of $181,000. Additionally, on 9/11/13, the president approved a change order in the amount of $12,820 for the addition of an independent HVAC system for a conference room that also serves as a command post for the emergency response team. On 2/26/14, the board approved a change order in the amount of $199,000 to include a chilled water optimization system in the project.

5. This purchase is complete.

6. This is an indefinite delivery, indefinite quantity contract. An estimate of the value of the contract could not be provided at the time of the initial board award. The original contract term ended and the contract was renewed for an additional year. The president approved the renewal of the contract because, at the time of the renewal, the total volume of purchases was not expected to exceed $100,000 based on the prior year’s expenditures.
<table>
<thead>
<tr>
<th>Vendor</th>
<th>Commodity</th>
<th>Board approval date</th>
<th>Approximate cost</th>
<th>Cumulative actual spent to date</th>
<th>Multi-year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allied Barton Security</td>
<td>security services</td>
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<td>$1,450,000</td>
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<td>ASR Analytics</td>
<td>consulting services for retention and enrollment reports</td>
<td>07/10/14</td>
<td>$250,000</td>
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<tr>
<td>Ayers Saint Gross</td>
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<td>$53,000</td>
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<td>Desman Associates</td>
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<td>05/28/14</td>
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</table>

1 The contract was originally awarded for $5,936,000. On 1/30/13, the president approved a change order in the amount of a decrease of $60,000. This credit was a result of the removal of enhanced commissioning from the A/E scope of work, as an independent firm will be performing these services. On 5/22/13, the board approved an adjustment to the fee. The amount of the adjustment to be paid when the design of the project is complete is $230,000. On 2/18/14, the president approved an increase of $5,000 to provide technical support to the college to participate in the BGE Smart Energy LEED New Building Rebate Program. The additional payment is contingent upon the college receiving the funds from BGE.

2 This purchase is complete.

Approval authority: The board approves all awards regardless of amount.
<table>
<thead>
<tr>
<th>Vendor</th>
<th>Commodity</th>
<th>Board designation date</th>
<th>Approximate cost</th>
<th>Cumulative actual spent</th>
<th>Multi-year</th>
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<td>312 Marshall</td>
<td>Laurel College Center lease and renovations</td>
<td>11/20/13</td>
<td>$ 495,128</td>
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<td>Ad Astra</td>
<td>scheduling software</td>
<td>05/28/14</td>
<td>$ 85,000</td>
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<tr>
<td>Back Acre Holdings, LLC</td>
<td>Mount Airy College Center for Health Care Education lease and other lease related costs</td>
<td>09/22/10</td>
<td>$ 370,125</td>
<td>$ 83,142</td>
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<tr>
<td>Baltimore Gas &amp; Electric</td>
<td>electricity and natural gas delivery</td>
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<td>$ 350,000</td>
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<td>Vimedix echo cardio and ultrasound simulator</td>
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<td>legal services</td>
<td>08/02/13</td>
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<td>$ 10,599</td>
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<td>Citrix Online</td>
<td>go to my pc, go to my meeting, and go to assist</td>
<td>05/28/14</td>
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<td>Accuplacer tests</td>
<td>02/26/14</td>
<td>$ 80,000</td>
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<td>Ellucian</td>
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<td>fuel and maintenance for college vehicles</td>
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<td>Mentice</td>
<td>endovascular simulator</td>
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<tr>
<td>Perceptive Software</td>
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<td>Potomac Edison</td>
<td>electrical provider for Mt. Airy</td>
<td>08/07/13</td>
<td>$ 34,000</td>
<td>$ 3,288</td>
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<tr>
<td>Siemens Technologies</td>
<td>temperature control and fire alarm systems</td>
<td>08/27/14</td>
<td>$ 160,000</td>
<td>$ 38,358</td>
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<tr>
<td>SirsiDynix</td>
<td>library system maintenance</td>
<td>07/10/14</td>
<td>$ -</td>
<td>1/2 $ 35,516</td>
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<tr>
<td>U/RTA</td>
<td>Rep Stage paymaster services</td>
<td>05/22/13</td>
<td>$ -</td>
<td>2 $ 21,076</td>
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</table>

1 This purchase is complete.

2 The board approved a multi-year designation of the vendor as a sole source. At the time of the approval, the approximate cost for this fiscal year was undetermined.

Approval authority: The board approves the designation of all sole source vendors over $25,000 and purchases reasonably expected to cost $100,000 or more.
<table>
<thead>
<tr>
<th>Original entity for the cooperative purchase agreement</th>
<th>Vendor</th>
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<th>President approval date</th>
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<th>Cumulative actual spent to date</th>
<th>Multi-year cost</th>
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<td>student seating for the library</td>
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<td>furniture for Gateway</td>
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<td>US Communities Fisher Scientific</td>
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<td>building supplies and equipment</td>
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<td>$7,000,000</td>
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<td>08/04/14</td>
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<td>04/10/14</td>
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<td>Carroll County</td>
<td>Summit Building Services</td>
<td>janitorial services for Mount Airy College Center for Health Care Education</td>
<td>9/2/2014</td>
<td>9/2/2014</td>
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<tr>
<td>TCPN</td>
<td>Thyssen-Krupp</td>
<td>elevator maintenance services</td>
<td>06/24/14</td>
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<td>HVAC maintenance</td>
<td>11/30/12</td>
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<td>CCBC</td>
<td>Union Memorial Sports Medicine/MedStar SportsHealth</td>
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<td>07/07/14</td>
<td>07/07/14</td>
<td>$51,000</td>
<td>$-</td>
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<tr>
<td>GSA</td>
<td>Verizon Wireless</td>
<td>cellular phone service</td>
<td>05/15/14</td>
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<td>$14,694</td>
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<tr>
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<td>Village Gardeners</td>
<td>purchase of plants and installation for stream restoration grant</td>
<td>10/28/13</td>
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<td>BRPC</td>
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<td>Hartford CC</td>
<td>Windstream</td>
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<td>$38,000</td>
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<td>E&amp;I</td>
<td>W&amp;W Grainger</td>
<td>building supplies and equipment</td>
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<td>$95,000</td>
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</table>

1 This purchase is complete.

2 Health insurance is approved on an annual basis. Actual expenditures are aligned with the approval for the particular calendar year in which the expenditure occurs. Approximate value reflects anticipated calendar year payments for Fund 10 only. The approximate amount does not include the cost for the entire college, which cost is reflected in the cumulative actual spent to date.

3 Authorized credit limit for the college's pcard program is $1,000,000 per month.

4 An amendment was made to the contract to increase the contract amount to $390,000. The current fiscal year's cost is $100,000. Actual expenditures are aligned with the approved annual cost of $100,000. The approximate amount does not include the cost for the entire college, which cost is reflected in the cumulative actual spent to date.

5 The contract was originally approved for $75,000 with an increase of $1,000 each successive fiscal year through December 2016. On 7/24/13, the president approved an amendment to the contract to add the HSB to the contract for the approximate amount of $15,000.

6 This purchase is complete.
### Cooperative purchase acronyms:

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AACPS</td>
<td>Anne Arundel County Public Schools</td>
</tr>
<tr>
<td>Arizona</td>
<td>State of Arizona</td>
</tr>
<tr>
<td>BRCPC</td>
<td>Baltimore Regional Cooperative Purchasing Committee</td>
</tr>
<tr>
<td>Carroll County</td>
<td>Carroll County Government</td>
</tr>
<tr>
<td>CCBC</td>
<td>Community College of Baltimore County</td>
</tr>
<tr>
<td>DoIT</td>
<td>Maryland Department of Information Technology</td>
</tr>
<tr>
<td>E&amp;I</td>
<td>Educational &amp; Institutional Cooperative Purchasing</td>
</tr>
<tr>
<td>GSA</td>
<td>Federal General Services Administration</td>
</tr>
<tr>
<td>Harford CC</td>
<td>Harford Community College</td>
</tr>
<tr>
<td>HCPSS</td>
<td>Howard County Public School System</td>
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<td>Howard County</td>
<td>Howard County Government</td>
</tr>
<tr>
<td>Fairfax County</td>
<td>Fairfax County, Virginia Government</td>
</tr>
<tr>
<td>Fairfax County PS</td>
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<tr>
<td>MD State</td>
<td>State of Maryland</td>
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<td>MEEC</td>
<td>Maryland Education Enterprise Consortium</td>
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<td>NIPA</td>
<td>National Intergovernmental Purchasing Alliance Company</td>
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<td>NJPA</td>
<td>National Joint Powers Alliance</td>
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<tr>
<td>Rockville</td>
<td>City of Rockville, Maryland</td>
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<tr>
<td>TCPN</td>
<td>The Cooperative Purchasing Network</td>
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<tr>
<td>US Communities</td>
<td>US Communities Government Purchasing Alliance</td>
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</tbody>
</table>
3 – Fiscal Year 2014 Single Audit

**Background:** The college's single audit, as prepared by BDO, was previously posted for the October board meeting (B1c) and will be reviewed by the audit and finance committee at its November meeting. The audit includes a report on internal controls in accordance with government auditing standards and a schedule of expenditures of federal awards, along with the related notes for the year ended June 30, 2014.

**Purpose:** To disclose the fiscal year 2014 single audit report

**Timeline:** July 31, 2013 – June 30, 2014

**Recommendation**

This item is for information only and requires no committee or board action.
4 – Fiscal Year 2015 Budget Outlook and Discussion

Background: The college has begun developing the budget for fiscal year (FY) 2016 in response to the county’s request that the college submit an FY16 budget proposal by early February 2015. Cost center managers are currently working on requests for FY16, which will be sent forward to the president and vice presidents for review. A budget proposal will be presented to the board of trustees at the January 14, 2015, work session. The proposed budget will be finalized at the January 28, 2015, board meeting and then sent to the county for action.

At its November 11, 2014, meeting, the audit and finance committee will discuss the preliminary budget outlook along with considerations on tuition increases and the county request. Through these discussions, the administration will get direction on what type of tuition increase to consider as part of the college’s preliminary budget deliberations.

REVENUE OUTLOOK

The college’s economic position is closely tied to that of the county and the state with approximately 47 percent of the FY14 revenue coming from these two sources. Student tuition and fees in FY14 were 41 percent of the college’s revenue; therefore, the support from the county and the state is critical to keep tuition affordable. In November, the election will usher in a new county executive and a new governor. No estimates on the college FY16 funding from the county and the state can be determined at this time.

Howard County Funding

Although the economic recovery is well underway, Howard County still continues to closely monitor revenue projections and demands for spending. A substantial portion of the county economy is tied to the federal government, especially in the area of cyber-security. Even though federal spending on cyber-security is not expected to be reduced, there is still curtailment of spending in other areas of the federal government that will impact county revenues. Personal income growth and income tax growth revenues are picking up, but property taxes are showing tepid growth. The residential housing market is recovering; however, the inventory of houses is still low and is not enough to satisfy the market. In addition, as a result of the slower property tax growth, county revenue growth is expected to be slower than pre-recession levels.

Howard County has been prudent in its management of funds. Even during the recession, the county did not access its “Rainy Day” fund and was able to maintain its strong position in the state. The business climate for the county is optimistic with predictions that calendar year 2014 will finish strong and that the trend will carry into 2015. In addition, regarding on-going funding requirements, the county does face some major challenges. During the 2012 legislative session, the Maryland General Assembly made the decision to transfer a portion of the teacher’s pension system costs from the state to the counties, to be phased in over four years. The projected cost for FY15 is $14.9 million, but by FY17, this cost is projected to grow to $24 million. In addition, the
county needs to adequately fund its post-retirement benefits in the health area. This is often referred to as OPEB - Other Post Retirement Benefits. Currently, the liability is $717.2 million, but only $33 million of this liability has been funded.

Despite all of these challenges, factors such as location, wealth, a low crime rate, healthy quality of life, and the school system have contributed to Howard County’s leadership role in Maryland and the continuing influx of individuals and families into the county. Although the county faces some challenges ahead, its long-term outlook remains strong. The new county executive will determine the county’s FY16 budget and will recommend the college’s FY16 funding.

The college received no increases from the county in FY10 and FY11, but received a three percent increase in FY12 and a 4.4 percent increase in FY13. In FY14, the college received a 7.5 percent increase to help fund the costs of the second half of the new health sciences building. In FY15, the college received a 6.41 percent increase.

The following preliminary outlook sheet shows three possible county funding scenarios for FY16. Scenario I shows a three percent increase from the county, Scenario II shows a four percent increase from the county, and Scenario III shows a six percent increase from the county. However, the fact that the county will need to gradually absorb the pension costs for the Howard County Public School System (HCPSS) from the state may impact an increase to the college.

**State Funding**
The State of Maryland ended the session by giving the community colleges an increase of 6.2 percent for FY15. Howard received an increase of 9.9 percent in state funding based on past enrollment growth. However, before FY15 even began, the governor cut $84 million from the FY15 budget. This cut was in anticipation of a slower growth in the economy and a significant revenue shortfall. Fortunately, the governor did not want to impact aid to local governments and the community colleges were spared a reduction, at that time. However, state funding will need to be closely monitored as the year progresses, since a significant revenue shortfall could mean cuts in FY15 funding. As a new governor will be preparing the FY16 requests for community colleges, HCC may not know what the FY16 community college funding will be until the budget is presented in January.

The college received a decrease in state funding of $120,215 from FY10 to FY11. The final FY12 budget saw a grant of $294,403 to keep tuition under three percent and the FY13 budget saw this grant added to the base funding. In FY14, the college was fortunate to receive an 11.8 percent increase from the state. As noted previously, in FY15, Howard received a 9.9 increase in state funding. It should be noted in FY12, the college saw a drop of approximately $800,000 in state funding based on the change in the state’s reimbursement of the Statewide and Health Manpower Shortage Programs.

**Tuition**
The following is a table of the past tuition increases since FY12:

<table>
<thead>
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<th>Year</th>
<th>Increase</th>
<th>New Tuition Rate</th>
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</thead>
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<td>$119</td>
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<tr>
<td>FY13</td>
<td>$5.00</td>
<td>$124</td>
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<tr>
<td></td>
<td>FY14</td>
<td>FY15</td>
</tr>
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<tr>
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HCC is showing a projected increase of $1 per credit hour in Scenario I, a projected $3 per credit hour increase in Scenario II, and a projected $5 per credit hour increase in Scenario III. While the college would prefer not to increase tuition, if there is no increase from the state and a limited increase from the county, tuition may be the primary method to keep operations stable.

The college is projecting no increase in enrollment in FY16, which is used in these budget projections. Based on HCPSS enrollment reports, the 12th grade class that would have entered HCC in September 2013 was 4,260. The September 2014 entering class size dropped five percent to 4,045. Enrollments for the 12th grade class are expected to drop again in September 2015 and not pick up until September 2017. Even in 2017, the class size is projected to be below the 2013 levels. With the decline in the high school graduating class and the improved economy, the college is anticipating minimal enrollment growth for the next several years. This is in contrast to double-digit enrollment growth experienced during the last decade.

**EXPENSE OUTLOOK**

In FY16, the biggest expense the college will need to absorb is salary-related costs. The salary and benefits committee has recommended a five percent salary increase for employees. Last year, Howard Community College employees received an average three percent salary increase. Over the past five years (FY11-FY15), the total increases have averaged 2.1 percent, while the HCPSS increase has averaged 2.5 percent. A one percent merit equates to approximately $406,500.

Last year, HCC increased its adjunct faculty rate by $32 per credit hour. However, in FY14, Montgomery, Harford, Prince George’s, and Baltimore County Community Colleges paid higher rates per credit hour. The salary and benefits committee has recommend another $35 per credit hour increase to put HCC above the median value for Maryland community colleges due to the cost of living in Howard County.

The multi-year staffing plan delineated 50.11 positions at the priority one level need for FY16 and 35.59 positions at the priority two and three levels. In addition, as enrollment has grown, the college has not kept pace with the need for full-time faculty. In the spring of FY14, the ratio was 40 percent full-time/60 percent part-time faculty. Last year, the college funded 9.5 faculty positions and 5.5 non-faculty positions, which was below the 35.63 positions requested in the priority one FY15 category. This is another area the college will need to address in FY16. Each year, as the college has been unable to fill all of the priority one positions, the unfunded number of positions continues to grow. Open staff positions have been filled only after they are reviewed and approved by president’s team.

The college has not conducted a compensation study for salaries in seven years. Due to the continual increase in the cost of living, the salary and benefits committee is now recommending that this study is warranted. If a study is conducted in FY16, funds will need to be budgeted for this study. The implementation of any recommendations for an FY16 study would not occur until FY17 or future years.
Technology costs and the need for a garage expansion are also major factors facing the budget. Each year, HCC is falling further behind in upgrading campus computers and systems. With the addition of the new buildings each year, the college was able to keep the campus current. However, older systems now need to be replaced. Since HCC will add an expansion onto the first garage, a fee may be needed to cover the debt service. In the FY15 capital budget, only one-half the cost of the garage was funded. Of the $8,483,000 funded, the county is paying $2,483,000 and the college is paying $6,000,000. The total cost of the garage is estimated at $16,400,000 and the college will continue to ask the county for these funds. However, if these funds are not received, the college will need to finance the remaining cost of the garage through the Howard County Revenue Authority. With the budget deliberations, HCC will consider whether to increase the consolidated fee to cover the needed technology and the garage expansion debt service. The current fee is $21.27 per credit hour. An increase in the consolidated fee is not presented at this time, but may be presented with the tuition increase in the spring of 2015, after the college knows the capital funding from the county.

Each year, there are basic fixed costs that increase over which the college has limited control. These costs include utilities, health benefits, insurance, and standard maintenance contract increases. Last year, HCC’s base budget increased $1,434,200 to cover these expenses before the addition of the merit increase, the adjunct increase, and the new positions.

After the audit and finance committee meeting, the president’s team will meet to discuss budget requests for FY16 received by the president’s and vice presidents’ areas.

The following items are also included in this package for additional information.

1. Sheets showing what the projected enrollment growth will generate in conjunction with a $1, $3, or $5 tuition increase and county funding at the three, four, or six percent increase levels.
2. The tuition and fee guidelines established several years ago.

**Purpose:** To discuss the budget outlook and possible tuition increase in FY16

**Timeline:** July 1, 2015- June 30, 2016

**Recommendation**

This item is for discussion only and requires no committee action at this time.

**Compliance:** This request is in support of the board of trustees’ bylaws, Article VI-Committees of the Board: Duties and Responsibilities.
### Revenue Projections

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<th>Enrollment Increase</th>
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<th>Scenario III</th>
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<table>
<thead>
<tr>
<th>Tuition Increase</th>
<th>Scenario I</th>
<th>Scenario II</th>
<th>Scenario III</th>
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</thead>
<tbody>
<tr>
<td>$1</td>
<td>$3</td>
<td>$5</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>County Request</th>
<th>Scenario I</th>
<th>Scenario II</th>
<th>Scenario III</th>
</tr>
</thead>
<tbody>
<tr>
<td>3%</td>
<td>4%</td>
<td>6%</td>
<td></td>
</tr>
</tbody>
</table>

#### Tuition

<table>
<thead>
<tr>
<th>Tuition Increase (net)</th>
<th>Scenario I</th>
<th>Scenario II</th>
<th>Scenario III</th>
</tr>
</thead>
<tbody>
<tr>
<td>$163,800</td>
<td>$491,400</td>
<td>$819,000</td>
<td></td>
</tr>
</tbody>
</table>

County (a 1% increase=$310,003) - see note 4 for history

<table>
<thead>
<tr>
<th>County Request</th>
<th>Scenario I</th>
<th>Scenario II</th>
<th>Scenario III</th>
</tr>
</thead>
<tbody>
<tr>
<td>$930,009</td>
<td>$1,240,012</td>
<td>$1,860,018</td>
<td></td>
</tr>
</tbody>
</table>

State (no increase is shown at this time) - see note 4 for history

<table>
<thead>
<tr>
<th>State Request</th>
<th>Scenario I</th>
<th>Scenario II</th>
<th>Scenario III</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

Other Surplus of $2,048,569 will continue

<table>
<thead>
<tr>
<th>TOTAL PROJECTED REVENUE</th>
<th>Scenario I</th>
<th>Scenario II</th>
<th>Scenario III</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,093,809</td>
<td>$1,731,412</td>
<td>$2,679,018</td>
<td></td>
</tr>
</tbody>
</table>

#### Current Rate

<table>
<thead>
<tr>
<th>Per Credit Hour</th>
<th>Current Rate</th>
<th>Scenario I</th>
<th>Scenario II</th>
<th>Scenario III</th>
</tr>
</thead>
<tbody>
<tr>
<td>$127.00</td>
<td>$128.00</td>
<td>$130.00</td>
<td>$132.00</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Consolidated Fee</th>
<th>Current Rate</th>
<th>Scenario I</th>
<th>Scenario II</th>
<th>Scenario III</th>
</tr>
</thead>
<tbody>
<tr>
<td>$21.27</td>
<td>$21.44</td>
<td>$21.78</td>
<td>$22.11</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Annual Total</th>
<th>Current Rate</th>
<th>Scenario I</th>
<th>Scenario II</th>
<th>Scenario III</th>
</tr>
</thead>
<tbody>
<tr>
<td>$148.27</td>
<td>$149.44</td>
<td>$151.78</td>
<td>$154.11</td>
<td></td>
</tr>
</tbody>
</table>
Note 1:
A one dollar tuition increase = $180,000
Less
Credit Cards (3,600) 2%
Scholarships (5,400) 3%
Waivers (3,600) 2%
Bad Debts (3,600) 2%
Net Tuition Increase $163,800 9%

EXPENSE ISSUES TO CONSIDER

Note 2:
Last year, the college added $1,434,200 to the budget without the salary increases for budgeted employees and adjunct faculty, and new positions. This included items such as:
- Health benefits
- Technology needs
- Contract increases
- Strategic priority requests
- Core work requests

Note 3
The salary and benefits committee has requested five percent merit for staff and a $35 per credit hour increase for adjunct faculty.

A one percent merit increase is estimated at $406,500

The following chart shows what a merit increase will cost:

<table>
<thead>
<tr>
<th>Merit rate</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1%</td>
<td>$406,500</td>
</tr>
<tr>
<td>2%</td>
<td>$813,000</td>
</tr>
<tr>
<td>3%</td>
<td>$1,219,500</td>
</tr>
<tr>
<td>4%</td>
<td>$1,626,000</td>
</tr>
<tr>
<td>5%</td>
<td>$2,032,500</td>
</tr>
</tbody>
</table>

The following chart shows what an adjunct faculty increase would be:

<table>
<thead>
<tr>
<th>Increase per credit hour</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1</td>
<td>$9,600</td>
</tr>
<tr>
<td>$10</td>
<td>$96,000</td>
</tr>
<tr>
<td>$20</td>
<td>$192,000</td>
</tr>
<tr>
<td>$25</td>
<td>$240,000</td>
</tr>
<tr>
<td>$30</td>
<td>$288,000</td>
</tr>
<tr>
<td>$35</td>
<td>$336,000</td>
</tr>
</tbody>
</table>

Note 4
Past county increases are as follows:
- FY09 6.6%
- FY10 0.0%
- FY11 0.0%
- FY12 3.0%
- FY13 4.4%
- FY14 7.5%
- FY15 6.4%

Past state increases are as follows:
- FY09 7.57%
- FY10 0.33%
- FY11 -0.97%
- FY12 2.40% tuition hold back required
- FY13 0.00%
- FY14 11.80%
- FY15 9.93%
Tuition and Fees Guidelines
Setting Tuition and Fees/Administrative Policy

Purpose
To give direction to the administration’s recommendation to the board regarding adjusting tuition and fees.

Assumptions
In order to maintain Howard Community College’s standards of excellence, if budgeted funds are available:

- The college strives for a minimum of a 50/50 ratio of instruction taught by full-time versus adjunct faculty.
- The college uses leading-edge technology both as a tool for improving instruction and as the “tools of the trade” in technology-based programs.
- The college strives to remunerate its employees fairly.
- The college strives to keep tuition and fees affordable and by providing alternate ways to help students pay the costs.

Factors to Consider When Setting Tuition
- Income range of students; percentage at lower end of range
- Rate of inflation
- Funding support from the State of Maryland
- Funding support from Howard County
- Special circumstances such as new buildings opening
- Any federal changes in Pell grant support
- Available financial aid, including amount of scholarship support available from the Howard Community College Educational Foundation
- Increases in tuition should be accompanied by comparable increases in scholarship support. (In the FY15 budget, $746,756 is allocated for operating budget scholarships. In addition, the county gave the college $2,500,000 for the Pathway Scholarship, of which $500,000 needs to be matched)

Factors to Consider When Setting Fees
- Course fees: cover costs
- Certification course fees: competitive, near market rate
- Consolidated fees: parking needs, student activities, and athletics
- Administrative fees: application and transcript evaluation

Fees are an important component of the resources of the college. Fees are assessed for various reasons and those should be reviewed annually in the budget preparation process by the administration. Any proposed changes should be part of the budget request brought before the board.

The administration will discuss budget parameters with the audit and finance committee. Based on that discussion, the proposed budget will be prepared annually with the best possible information for the January work session of the board. Increases (or decreases) will be recommended after a review of the factors above.

Once the board approves the budget, it is submitted to the county for approval. If the board-approved budget is not supported by the county, the administration may recommend a revised tuition increase to close the gap. State funding will also impact tuition rates.
5 – Bad Debt Report

**Background:** For the past several years, HCC’s bad debt expense has been higher than the desired benchmark of one percent of tuition and fees. The following chart shows the history of the college’s bad debt expense since FY11.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Bad Debt Expense</th>
<th>Bad Debt Expense as a % of Tuition and Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY11</td>
<td>$495,361</td>
<td>1.31%</td>
</tr>
<tr>
<td>FY12</td>
<td>$488,012</td>
<td>1.27%</td>
</tr>
<tr>
<td>FY13</td>
<td>$541,313</td>
<td>1.35%</td>
</tr>
<tr>
<td>FY14</td>
<td>$372,463</td>
<td>0.93%</td>
</tr>
</tbody>
</table>

Staff focused on efforts to reduce this expense in FY14, which resulted in the reduction of cost as noted above, and the benchmark was met. The attached report shows the measures taken to reduce this expense.

**Purpose:** To update the board on the college’s bad debt expense after efforts were put into place to reduce this expense.

**Recommendation**

This item is for information only and requires no board action.

**Compliance:** This request is in support of the board of trustees’ policy Board-Staff Relationship – Monitoring Organizational Performance.
Bad Debt Report

The college staff worked diligently to decrease bad debt expense during FY14.

In the prior year (FY13), a major rebilling of student accounts occurred twice during the spring term. As mentioned in the annual audit, this was done due to errors found in student records. The resulting changes to student account balances prevented normal billing to occur at the end of FY13. The FY14 student billings were done on a timely basis.

Statistics that related to the decline in bad expense include:

a) accounts referred to collection in FY13 went down five percent (although total tuition and fees went up five percent) and;

b) past due amounts collected went up 17 percent.

Improvements in the economy may have contributed to these changes.

During FY13, a new software link was installed to automatically update accounts between Colleague (the college’s administrative system) and NelNet (the outside payment plan vendor). This software update not only improved notification of balance changes to students, but also provided staff new reports that support more timely analysis of missed payment activity. In FY14, these reports allowed staff to intervene with students and get them back on track. These students included those who missed payments or who were dropped from classes if no payments were made on their plans prior to census reporting.

An audit of communications to students was complete. This effort helped guide changes in messaging to students about how much they owed and made it clearer when they were required to pay their bills. Efforts were also increased to encourage participation in the payment plan. Increased use of personally tailored payment plans also occurred for fall. Participation in payment plans are continually increasing.

Finance increased use of personal calls and emails as a way of communicating balances due. Additional hourly staff has been hired to assist in this effort.

Enhancements have been made to the drop for non-payment process. Rather than look at only new registrants since the last drop, all accounts are now reviewed to determine if anything changed regarding a student’s status that warrants a drop for non-payment.

Future enhancement for FY15 is the implementation of a self-service portal for students will allow students to access balances online rather than depend on paper billing. Full use of the portal to improve collections will be investigated when the implementation occurs.
6 – Debt Policy and Procedure

Background: In FY10, the state required that all community colleges adopt a local debt policy, which was approved by the board of trustees on October 28, 2009. The college adopted a policy at that time and sent it to the state treasurer who determined if the policy was consistent with the Maryland Constitution and applicable state and local laws. Any changes to the policy also have to be approved by the state treasurer. This college policy/procedure requires board of trustees’ approval.

In accordance with the college’s standard schedule for review of policies and procedures, the Howard Community College Debt Policy (62.09) and Procedure (62.09.01) is now being reviewed. Several wording changes are being proposed for both the policy and procedure. In addition, the administration would like to add the Howard County Revenue Authority to the debt policy as one of the entities that the Howard Community College Educational Foundation, Inc. can borrow funds on behalf of the college for specific projects. The foundation may need to borrow funds from the Howard County Revenue Authority for the parking garage.

In addition, HCC would like to change the calculation of the debt affordability measure to include auxiliary funds and to remove restricted funds from the calculation. Under the current policy, annual debt payments as a percentage of total revenues should be under 10 percent. Having restricted funds in the total revenue calculation implies that these funds are available to be spent on debt service. Restricted funds are specifically designated funds given to the college from outside sources, and as such, the college cannot spend them on non-restricted approved items like debt service payments. Auxiliary funds, on the other hand, can be used to pay for debt, if needed. This change will more appropriately state how the calculation should be handled. In addition, attached are two charts of the current debt ratio along with the calculation requested with the revised policy.

Purpose: To discuss with the board the changes to the following policy and procedure: Howard Community College Debt (62.09) and (62.09.01)

Timeline: July 31, 2013 – June 30, 2014

Recommendation

The administration requests that the audit and finance committee recommend approval of the policy and procedure change to the full board at its November 19, 2014, board meeting.
Pursuant to Section 17-207 of the Local Government article of the Annotated Code of Maryland, Local Government, Division IV, Title 17, Subtitle 2, § 17-207, Article 95, Section 22F(d) of the Annotated Code of Maryland, Howard Community College (HCC) is required to adopt a debt policy that is consistent with the Maryland Constitution, Articles 23A, 24 and 31 of the Annotated Code of Maryland and all applicable State and local laws and all other applicable statutes, charters, and local laws.

The college may not incur long-term debt for real estate or improvements because since the Howard Community College Board of Trustees’ (the Board’s) borrowing authority is limited by the applicable provisions of Title 16 of the Education Article of the Annotated Code of Maryland, the college has not incurred long-term debt for real estate and/or improvements.

However, the Howard Community College Educational Foundation, Inc. (HCCEF) can borrow funds for real estate properties and the college can enter into long-term capital leases with the HCCEF to utilize these properties.

In addition, the Howard County government can also borrow funds for the college’s capital projects and the college agrees to repays the debt service on these projects through student fees, tuition, and donations. In addition, the college can also utilize lease purchase agreements to purchase personal property, including fixtures for the operation of the college, as authorized by Section 16-302 of the Education Article, Annotated Code of Maryland. The college can also enter into rental agreements to lease space for college operations.

Adopted by the Howard Community College Board of Trustees: October 28, 2009. Amendments to the local debt policy must be board-approved and the college must submit its revised policy to the State Treasurer, who determines if the policy is consistent with the Maryland Constitution and applicable State and local laws.

Policy Manual Review/Revision: 12/11/09/05/14
Howard Community College Debt (62.09.01)

Types of Debt

Intermediate Term Lease Purchase Agreements:

The Howard Community College (HCC) will use lease purchase agreements when it is economically feasible and efficient. Lease purchase agreements may be entered for:

- Personal property including fixtures, as long as the personal property acts as security for the transaction; or
- Energy savings contracts where the lease payments are funded by future savings in utility costs.

All lease purchase agreements must be approved by the college’s board of trustees within the applicable purchasing thresholds.

Leases for Rental Property

The college may enter into agreements to lease property for college operations. The lease agreement with the landlord may or may not include leasehold improvements. All leases for rental property must be approved by the college’s board of trustees and must be subject to cancellation for non-appropriation.

Long-Term Debt

The college may not incur long-term debt for the acquisition of real estate and improvements. However, the college may be obligated to the county or Howard Community College Educational Foundation (HCCEF) for debt that those entities may incur on behalf of the college. The college may also utilize the following entities, which may borrow funds on the college’s behalf, for specific projects:

- Howard County Revenue Authority;
- Maryland Economic Development Corporation (MEDCO);
- Maryland Health and Higher Education Facilities Authority (MHHEFA);
- Maryland Industrial Development Financing Authority (MIDFA);
- Maryland Small Business Development Financing Authority (part of the Maryland Department of Business & Economic Development); and
- Maryland Transportation Authority.

All long-term debt must be approved by the college’s board of trustees.

Vested Vacation Benefits

Vacation benefits are earned by college employees based on time in service and the rights to such benefits are vested. The college records vested vacation benefits as earned in accordance with generally accepted accounting principles. In the unrestricted fund, the financial statements include the total liability only the amount owed to...
employees at year-end. The net change in the liability is reflected in the functional expenditures of the college, accrued as an expense and recorded as a liability. The amount of vested vacation benefits is not included in measures used to evaluate the college’s debt affordability.

Accounts Payable

Expenses that the college incurs during the course of current operations may be accrued as accounts payable at year-end. The amount recorded as accounts payable is not included in measures used to evaluate the college’s debt affordability.

Short-term Operating Debt

The expense associated with day-to-day operations of the college will be covered by current revenues. However, because the college may experience temporary cash shortfalls, prior to receipt of state or county payments, the college may incur short-term debt, which would be defined as a line of credit or a loan. This debt would be for a year or less. The amount of the short-term debt will be based on cash flow projections for the fiscal year and will comply with applicable federal and state regulations. Operating revenues will be pledged to repay the debt, which will generally be repaid in one year or less. The costs of such borrowings will be minimized to the greatest extent possible.

In the event Howard Community College does issue debt, it will not use variable rate debt instruments, interest rate exchange agreements or swaps, and other derivatives including futures and options.

All short-term operating debt shall be approved by the college’s board of trustees.

Term of Debt

Any debt incurred for lease purchase agreements and/or long-term debt financed by others will not have a term that exceeds the economic life of the asset or improvement that is financed. Long-term debt is not considered appropriate for any recurring purpose such as current operating and maintenance expenditures.

Debt Affordability Measure

The college shall review current year debt service payments and debt as a percentage of total revenues (unrestricted, restricted auxiliary, plant and student activity before debt service income) annually with the audit and finance committee of the board of trustees. Ten percent or below is considered an appropriate level with 15 percent and above as a cause for concern. Included in the numerator of the debt calculation shall be the current year debt service for:

- Intermediate term lease purchase agreements;
- Any capital leases; and
- Any long-term debt with the county or other approved entities that the college
has agreed to repay.

Debt Reserves

If unexpended funds are available, the board may designate funds to cover future debt service payments.

The college shall continually review outstanding obligations for opportunities to achieve savings through early pay-offs and refinancing when economically feasible and advantageous.

Adopted by the Howard Community College Board of Trustees: October 28, 2009. Amendments to the local debt policy must be board-approved and the college must submit its revised policy to the State Treasurer, who determines if the policy is consistent with the Maryland Constitution and applicable State and local laws.

Policy Manual Review/Revision: 12/11/09 05/09/14
### Outstanding Debt

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount Outstanding at June 30, 2014</th>
<th>Terms</th>
<th>Estimated Annual 2015 Debt Payment (Note 1)</th>
<th>Payoff Date</th>
<th>Source of Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Horowitz Visual and Performing Arts</td>
<td>$ 2,957,997</td>
<td>The county sold a 20-year bond issue in March 2009</td>
<td>$ 276,277</td>
<td>2029</td>
<td>Pledges partially offset FY15 payments</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Interest approx. 4-5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Garage #1</td>
<td>$ 2,680,000</td>
<td>March 2007: $6,448,000 initial bond sale*</td>
<td>$ 404,000</td>
<td>2027</td>
<td>Student Consolidated Fees will cover debt</td>
</tr>
<tr>
<td></td>
<td></td>
<td>March 2008: $417,500 second sale*</td>
<td>$ 27,227</td>
<td>2028</td>
<td>Student Consolidated Fees will cover debt</td>
</tr>
<tr>
<td></td>
<td>$ 227,104</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 2,192,695</td>
<td>The county sold a 20-year bond issue in December 2009*</td>
<td>$ 206,502</td>
<td>2023</td>
<td>Student Consolidated Fees will cover debt</td>
</tr>
<tr>
<td></td>
<td></td>
<td>This was a new bond issue to lower the interest rates starting in FY10; the first payment was in FY11.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Debt</td>
<td>$ 8,057,796</td>
<td></td>
<td>$ 914,006</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* These revised rates are variable, starting at 2%

**unrestricted, auxiliary, plant and student activity

Notes:

1. The following bond debt payments were as follows:

   - FY11 $ 816,830.00 0.89% Percentage of FY11 actual revenues**
   - FY12 $ 817,843.00 0.93% Percentage of FY12 actual revenues
   - FY13 $ 818,144.00 0.90% Percentage of FY13 actual revenues
   - FY14 $ 818,168.00 0.88% Percentage of FY14 actual revenues

   **unrestricted, auxiliary, plant and student activity

   1. These revised rates are variable, starting at 2%
## Debt Affordability Measure Calculation

<table>
<thead>
<tr>
<th>Year</th>
<th>Debt Payments</th>
<th>Total Revenues including Restricted (but not Auxiliary)</th>
<th>Debt Ratio with Restricted (not Auxiliary)</th>
<th>Total Revenues including Auxiliary (but not Restricted)</th>
<th>Debt Ratio with Auxiliary (not Restricted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY11</td>
<td>$ 816,830</td>
<td>$ 103,721,301</td>
<td>0.79%</td>
<td>$ 91,632,529</td>
<td>0.89%</td>
</tr>
<tr>
<td>FY12</td>
<td>$ 817,843</td>
<td>$ 105,075,329</td>
<td>0.78%</td>
<td>$ 88,101,591</td>
<td>0.93%</td>
</tr>
<tr>
<td>FY13</td>
<td>$ 818,144</td>
<td>$ 107,585,155</td>
<td>0.76%</td>
<td>$ 91,007,711</td>
<td>0.90%</td>
</tr>
<tr>
<td>FY14</td>
<td>$ 818,168</td>
<td>$ 108,664,372</td>
<td>0.75%</td>
<td>$ 92,819,854</td>
<td>0.88%</td>
</tr>
<tr>
<td>FY15 Budget</td>
<td>$ 914,006</td>
<td>$ 158,715,174</td>
<td>0.58%</td>
<td>$ 124,057,455</td>
<td>0.74%</td>
</tr>
</tbody>
</table>
Background: As was previously reported to the audit and finance committee on September 17, 2013, the college received IRS Notice 972CG on September 3, 2013, proposing a potential fine of $218,900 for tax year 2011 for noncompliance with IRS §1.6050S-1. This statute requires institutions of higher learning to provide the IRS and the student or the company with the informational return 1098-T or 1099-MISC, respectively. The 1098-T is for information sent to students about their tuition payments. The 1099-Misc filing is the information sent to vendors who were paid. The fine is calculated based on the number of informational returns filed either with incorrect or without Tax Identification Numbers (TIN). The 2011 proposed penalty for 1098-T was forgiven; however, a 2011 penalty was paid for $2,400 for missing 1099-Misc filing.

On September 2, 2014, the college received the second anticipated IRS Notice 972CG purposing a potential fine of $254,300 for tax year 2012 for noncompliance with IRS §1.6050S-1. The 2012 penalty for the 1098-T filing was $252,900 and there was also a penalty of $1,400 for 1099-Misc filing. The total penalty was $254,300. The 1099-Misc filing penalty related to errors in reporting the incorrect vendor information on fourteen 1099-Misc forms that were sent out. The college has responded to the IRS and requested that the penalty be waived.

The following data characterizes the 2012 1098-T and 1099-Misc filing:

<table>
<thead>
<tr>
<th>Error</th>
<th>2012 1098-T Filing</th>
<th>2012 1099-MISC – filing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Errors</td>
<td>Total Erroneous TINs: 2,529</td>
<td>Total Erroneous TINs: 14</td>
</tr>
<tr>
<td></td>
<td>Total TINs information updated since 2012: (680)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total International Students without VISAs (Est.): (245)</td>
<td>Total Incorrect due to incorrect DBA name: (13)</td>
</tr>
<tr>
<td></td>
<td>Total students received 1098-T in Error: (7)</td>
<td>Remaining TINs: 1</td>
</tr>
<tr>
<td></td>
<td>Remaining TINs: 1,597</td>
<td></td>
</tr>
</tbody>
</table>

To avoid future penalties, additional administrative processes have been implemented. They include:

- Administrative information systems has created a web page accessed through the myHCC portal where students can add, review, update, or opt out of providing their TINs throughout the year. This online page has replaced a paper form that student had to submit in person to the records, registration, and veterans’ affairs department.
• All current vendors have been notified to update their W-9 information for tax filing purposes and were warned of potential required withholding of tax should they not comply. Those vendors that have not complied with this request have been made inactive and should the college decide to use their services in the future, taxes will be withheld from all payments made.

• HCC continues to train employees and educate students on the importance of providing TINs.

Since the initial receipt of the 972CG notice received in September 2013, HCC has addressed all compliance concerns. While the college does expect to receive an annual notification, the college does not expect to pay a fine.

Purpose: To notify the audit and finance committee of the first filing status and the potential penalty for the 2012 filing

Timeline: The college responded to the IRS before October 16, 2014, 45 days from the notice date, September 2, 2014, as required.

--- Recommendation ---

This item is for information only and requires no committee or board action.
8 – Howard County Health Benefits Audit

Background: In FY14, the county auditors conducted an audit of the health and dental benefits that included the Howard County Government (HCGov), library, and the college (HCC). All of these entities are offered the same health and dental benefit plans. The objectives of the audit were to:

a. Determine whether established internal controls are in place to ensure that only eligible current and former employees, retirees, and their dependents are enrolled in the health benefit plans, and
b. Review and assess the accuracy and propriety of health and dental benefits and deductions provided to eligible participants.

The audit did determine that policies for all three entities were established that required documentation of dependent status for spouses and children. However, some missing documents were not available for all files tested in all three entities. The audit recommended that HCGov, the library, and HCC consider contracting an outside vendor to perform the verification process of all enrollees. Recommendations were also made to:

a. Strengthen procedures on terminating COBRA participants, and
b. Discontinue the practice of awarding medical opt out payments to employees who waive medical coverage if they are enrolled as a dependent under another county employee.

The college has reviewed the recommendations and will be working with HCGov to implement the recommendations.

Purpose: To inform the board of the county health benefits audit

Timeline: Enrollees as of September 2013

Recommendation

This item is for information only and requires no board action.

Compliance: This request is in support of the board of trustees’ policy Board-Staff Relationship – Monitoring Organizational Performance.
**Recommendation**

We recommend that HCGov, HCC, and the Library ensure that appropriate documentation is maintained for all qualified dependents added when new employees are hired, and for those dependents added during the year or at open enrollment for current employees.

**Management Response**

Currently, dependent documentation is requested from new hires and existing employees with a life status change. It has typically been more difficult to obtain documentation for newborns that do not have birth certificates immediately and must be followed up with after the initial notice to add to insurance. HCC will comply with this recommendation to ensure documentation is received for all qualified dependents by maintaining a checklist of steps in the process when making benefit changes including dependent documentation. Other strategies may be researched after discussion with HCGov and the Library.

**Recommendation**

We recommend that HCGov, HCC, and the Library verify the eligibility of all enrolled health care program participants and their listed dependents. In addition, we recommend that they consider contracting with an outside vendor to perform this process.

**Management Response**

HCC began asking for documentation for dependents for new employees and those making benefit changes effective January 1, 2010. This is a current practice in place for new employees and those making changes throughout the year, including open enrollment. HCC will explore the feasibility of conducting a full eligibility audit in conjunction with HCGov and the Library. We will also need to explore the parameters and costs for contracting with an outside vendor to conduct this process.

**Recommendation**

We recommend that HCGov, HCC, and the Library implement procedures to independently ensure that information entered into the automated health benefits system and related payroll deductions are accurate.
Management Response

HCC maintains an automated health benefits system with Benelogic and payroll deductions are processed through Ellucian Colleague. This process requires new employees to enter data in the automated benefits system Benelogic, and human resources to enter data in Colleague. For existing employee changes, human resources enters data into both systems. HCC created a checklist in September 2014 due to the volume of activity to ensure all steps of the process are met. HCC will continue to use this method while researching other possible methods such as a file transmission between the two systems.

Recommendation

We recommend that HCC maintain accurate records of COBRA participant termination dates and appropriately terminate participants.

Management Response

The data for COBRA participants is maintained in two places: the Benelogic system and on a manual spreadsheet. The Benelogic system recently enabled technology to allow custom reporting. HCC is utilizing this technology to run a report showing the active enrolled COBRA participant information. HCC has scheduled this report to run and uses the data to balance the COBRA participant activity each month. HCC will explore methods to monitor the accurate termination date as there is no space to enter this information in Benelogic.

Recommendation

We recommend that HCGov, HCC, and the Library discontinue the practice of awarding medical opt out payments to employees who waive medical coverage if they are enrolled as a dependent under another County employee.

Management Response

HCC normally follows the practices of HCGov on its management of medical and dental benefits and opt out payments. HCC will consult with HCGov on this recommendation and consider adoption of any changes the HCGov makes to its plans.
9 – Course Fees for the Health Sciences Division

Background: Course level fees pay for materials and activities in courses for which there are no budgeted funds in the division and are collected to cover actual costs and not to generate a surplus. Over time, increases or decreases in equipment and supply costs may necessitate fee changes. The academic affairs area recommends the following course-level fee changes in the health sciences division:

Nursing
First is a request for establishment of fees for two new nursing courses. These are the core courses for two new programs. The course fees are consistent with current nine credit nursing courses.

<table>
<thead>
<tr>
<th>Class</th>
<th>Title</th>
<th>Credits</th>
<th>Current Fees</th>
<th>Proposed Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>NURS-106</td>
<td>Transition into Nursing III</td>
<td>8</td>
<td>n/a</td>
<td>$260</td>
</tr>
<tr>
<td>NURS-108</td>
<td>Transition into Nursing IV</td>
<td>9</td>
<td>n/a</td>
<td>$260</td>
</tr>
</tbody>
</table>

Radiologic Technology
Next is a request to raise fees for courses in the radiologic technology area that have not changed since the establishment of the program in 2008.

RADT-123 Imaging Equipment and Modalities, and RADT-251 Radiation Biology and Protection recently purchased new state of the art digital mobile and fluoroscopic units. The change in fee is intended to minimize the burden of service and maintenance cost to the program.

For all other classes, courses were restructured to provide more hands-on simulation and clinical supervision to students.

<table>
<thead>
<tr>
<th>Class</th>
<th>Title</th>
<th>Credits</th>
<th>Current Fees</th>
<th>Proposed Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>RADT-101</td>
<td>Introduction to Procedures (4 credits)</td>
<td>4</td>
<td>$50</td>
<td>$150</td>
</tr>
<tr>
<td>RADT-111</td>
<td>Radiologic Procedures I (4 credits)</td>
<td>4</td>
<td>$100</td>
<td>$200</td>
</tr>
<tr>
<td>RADT-112</td>
<td>Clinical Radiography I (4 credits)</td>
<td>4</td>
<td>$100</td>
<td>$200</td>
</tr>
<tr>
<td>RADT 121</td>
<td>Radiologic Procedures II</td>
<td>3</td>
<td>$50</td>
<td>$150</td>
</tr>
<tr>
<td>RADT 122</td>
<td>Clinical Radiography II</td>
<td>4</td>
<td>$100</td>
<td>$200</td>
</tr>
<tr>
<td>RADT 123</td>
<td>Imaging Equipment and Modalities</td>
<td>3</td>
<td>$50</td>
<td>$100</td>
</tr>
<tr>
<td>RADT 212</td>
<td>Clinical Radiography III</td>
<td>6</td>
<td>$100</td>
<td>$150</td>
</tr>
<tr>
<td>RADT 231</td>
<td>Radiologic Procedures IV (4 credits)</td>
<td>4</td>
<td>$50</td>
<td>$100</td>
</tr>
<tr>
<td>RADT 232</td>
<td>Clinical Radiography IV (6 credits)</td>
<td>6</td>
<td>$100</td>
<td>$150</td>
</tr>
<tr>
<td>RADT 251</td>
<td>Radiation Biology and Protection</td>
<td>2</td>
<td>$50</td>
<td>$100</td>
</tr>
<tr>
<td>RADT 252</td>
<td>Clinical Radiography V</td>
<td>6</td>
<td>$100</td>
<td>$150</td>
</tr>
</tbody>
</table>
**Purpose:** To obtain board approval to change fees as listed

**Timeline:** Effective July 1, 2015

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**Recommendation**

The administration requests that the audit and finance committee consider the above-proposed course fee changes and recommend to the full board the appropriate fees.

**Compliance:** This request is in compliance with college administrative policy, 50.06.01 –Tuition, Fees, and Waivers.
10 – Course Fees for the Business and Computer Systems Division

Background: Course level fees pay for materials and activities in courses for which there are no budgeted funds in the division and are collected to cover actual costs and not to generate a surplus. Over time, increases or decreases in equipment and supply costs may necessitate fee changes. The academic affairs area recommends the following course-level fee changes in the business and computer systems division:

Microsoft courses
As the result of Microsoft online deployment upgrades, student computer hardware and software course requirements are accessible through a virtual environment; therefore, student fees are not required to maintain computer hardware and software in the classroom. This request is for fee reductions as a result of greater online, virtual access.

<table>
<thead>
<tr>
<th>Class</th>
<th>Title</th>
<th>Credits</th>
<th>Current Fee</th>
<th>Proposed Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSFT-251</td>
<td>Windows Client Configuration</td>
<td>3</td>
<td>$300</td>
<td>$50</td>
</tr>
<tr>
<td>MSFT-252</td>
<td>Windows Server Administration</td>
<td>3</td>
<td>$300</td>
<td>$50</td>
</tr>
<tr>
<td>MSFT-253</td>
<td>Active Directory Configuration</td>
<td>3</td>
<td>$300</td>
<td>$50</td>
</tr>
</tbody>
</table>

Accounting courses
Course fee reductions are also requested for the accounting courses listed below. Reduction in these course fees is requested to make all accounting course fees equal. Deployment of virtual course support will be available for all accounting courses.

<table>
<thead>
<tr>
<th>Class</th>
<th>Title</th>
<th>Credits</th>
<th>Current Fee</th>
<th>Proposed Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACCT-235</td>
<td>Tax Accounting</td>
<td>3</td>
<td>$50</td>
<td>$25</td>
</tr>
<tr>
<td>ACCT-237</td>
<td>Taxation of Corporations, Partnerships, Estates and Trusts</td>
<td>3</td>
<td>$30</td>
<td>$25</td>
</tr>
<tr>
<td>ACCT-238</td>
<td>Auditing</td>
<td>3</td>
<td>$50</td>
<td>$25</td>
</tr>
<tr>
<td>ACCT-239</td>
<td>Auditing II</td>
<td>3</td>
<td>$50</td>
<td>$25</td>
</tr>
</tbody>
</table>

Course fee increases are requested for the accounting courses listed below. Fees for all accounting courses will be consistent if these adjustments are approved. Increased fees will be used to support student success by providing:

- Virtual support for all accounting students. Virtual support will enhance the learning environment for face-to-face and online students. Students will receive one-on-one interaction via web service. In addition, a component of the virtual environment will include recorded information to enhance problem solving, which can be accessed by individual students and student study groups.
- Enhancement of the media site tool will be required through annual subscription.
• Proposed fee increases are modest for the level of student support that will be provided.

<table>
<thead>
<tr>
<th>Class</th>
<th>Title</th>
<th>Credits</th>
<th>Current Fees</th>
<th>Proposed Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACCT-230</td>
<td>Cost Accounting</td>
<td>3</td>
<td>0</td>
<td>$25</td>
</tr>
<tr>
<td>ACCT-231</td>
<td>Intermediate Accounting I</td>
<td>3</td>
<td>0</td>
<td>$25</td>
</tr>
<tr>
<td>ACCT-232</td>
<td>Intermediate Accounting II</td>
<td>3</td>
<td>0</td>
<td>$25</td>
</tr>
<tr>
<td>ACCT-233</td>
<td>Advanced Accounting</td>
<td>3</td>
<td>0</td>
<td>$25</td>
</tr>
<tr>
<td>ACCT-234</td>
<td>Government and Non-for-Profit Accounting</td>
<td>3</td>
<td>0</td>
<td>$25</td>
</tr>
</tbody>
</table>

Purpose: To obtain board approval to change fees as listed

Timeline: Effective July 1, 2015

Recommendation

The administration requests that the audit and finance committee consider the above-proposed course fee changes and recommend to the full board the appropriate fees.

Compliance: This request is in compliance with college administrative policy, 50.06.01 –Tuition, Fees, and Waivers.
11 – Course Fees for the Social Sciences and Teacher Education Division

Background: Course level fees pay for materials and activities in courses for which there are no budgeted funds in the division and are collected to cover actual costs and not to generate a surplus. Over time, increases or decreases in equipment and supply costs may necessitate fee changes. The academic affairs area recommends the following course-level fee changes in the social sciences and teacher education division:

<table>
<thead>
<tr>
<th>Class</th>
<th>Title</th>
<th>Credits</th>
<th>Current Fees</th>
<th>Proposed Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>EDUC 110</td>
<td>Child Growth and Development</td>
<td>3</td>
<td>$35</td>
<td>$40</td>
</tr>
<tr>
<td>EDUC 130</td>
<td>Intro to Early Childhood Education</td>
<td>3</td>
<td>$35</td>
<td>$40</td>
</tr>
<tr>
<td>EDUC 200</td>
<td>Intro to Special Education</td>
<td>3</td>
<td>$35</td>
<td>$40</td>
</tr>
<tr>
<td>EDUC 260</td>
<td>Education Psychology</td>
<td>3</td>
<td>$35</td>
<td>$40</td>
</tr>
<tr>
<td>EDUC 267</td>
<td>Methods of Teaching Secondary Education</td>
<td>3</td>
<td>$35</td>
<td>$40</td>
</tr>
</tbody>
</table>

Purpose: To obtain board approval to change fees as listed

Timeline: Effective July 1, 2015

Recommendation

The administration requests that the audit and finance committee consider the above-proposed course fee changes and recommend to the full board the appropriate fees.

Compliance: This request is in compliance with college administrative policy, 50.06.01 – Tuition, Fees, and Waivers.
12 – Course Fees for the Arts and Humanities Division

**Background:** Course level fees pay for materials and activities in courses for which there are no budgeted funds in the division and are collected to cover actual costs and not to generate a surplus. Over time, increases or decreases in equipment and supply costs may necessitate fee changes. The academic affairs area recommends the following course-level fee changes in the arts and humanities division:

Writing
The following course will no longer be using the script writing software and as a result the students will no longer have the extra fee. The fee can be removed.

<table>
<thead>
<tr>
<th>Class</th>
<th>Title</th>
<th>Credits</th>
<th>Current Fees</th>
<th>Proposed Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>TVRD-223</td>
<td>Writing for Screen Narrative</td>
<td>3</td>
<td>$50</td>
<td>0</td>
</tr>
</tbody>
</table>

Dance
Raising the fees for the world dance class will also support an increase in guest lecturers, giving students a broader experience.

<table>
<thead>
<tr>
<th>Class</th>
<th>Title</th>
<th>Credits</th>
<th>Current Fees</th>
<th>Proposed Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>DANC-200</td>
<td>World Dance</td>
<td>3</td>
<td>$10</td>
<td>$20</td>
</tr>
</tbody>
</table>

Art
HazMat Company used in the painting courses increased the cost of disposing of the used turpentine and other painting mediums. Additionally, the fee increase will help the visual arts department purchase and provide students with safer, non-toxic turpentine called “Turpnoid Natural” for cleaning brushes and oil paints from their palates.

<table>
<thead>
<tr>
<th>Class</th>
<th>Title</th>
<th>Credits</th>
<th>Current Fees</th>
<th>Proposed Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARTT-211</td>
<td>Painting I</td>
<td>3</td>
<td>$5</td>
<td>$40</td>
</tr>
<tr>
<td>ARTT-212</td>
<td>Painting II</td>
<td>3</td>
<td>$5</td>
<td>$40</td>
</tr>
<tr>
<td>ARTT-252</td>
<td>Painting III</td>
<td>3</td>
<td>$30</td>
<td>$40</td>
</tr>
</tbody>
</table>
The cost of materials used in the following art classes has increased resulting in the need to increase student fees.

<table>
<thead>
<tr>
<th>Class</th>
<th>Title</th>
<th>Credits</th>
<th>Current Fees</th>
<th>Proposed Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARTT-203</td>
<td>Drawing II</td>
<td>3</td>
<td>$15</td>
<td>$20</td>
</tr>
<tr>
<td>ARTT-229</td>
<td>Chinese Brush Painting I</td>
<td>3</td>
<td>$15</td>
<td>$30</td>
</tr>
<tr>
<td>ARTT-230</td>
<td>Chinese Brush Painting II</td>
<td>3</td>
<td>$15</td>
<td>$30</td>
</tr>
<tr>
<td>ARTT-108</td>
<td>Introduction to the Built Environmental</td>
<td>3</td>
<td>$10</td>
<td>$20</td>
</tr>
<tr>
<td>ARTT-208</td>
<td>Environmental Design: Contemporary Issues in Architecture</td>
<td>3</td>
<td>$10</td>
<td>$20</td>
</tr>
</tbody>
</table>

**Purpose:** To obtain board approval to change fees as listed

**Timeline:** Effective July 1, 2015

**Recommendation**

The administration requests that the audit and finance committee consider the above-proposed course fee changes and recommend to the full board the appropriate fees.

**Compliance:** This request is in compliance with college administrative policy, 50.06.01 –Tuition, Fees, and Waivers.
13 – Request to Increase Reduction of Tuition for Dually Enrolled Howard County Public School System Students

**Background:** Howard Community College (HCC) has a history of curricular collaboration with the Howard County Public School System (HCPSS). There are many models of dual enrollment programs and the college uses several to strengthen its partnership with HCPSS. One model includes offering HCC classes at HCPSS locations taught by HCPSS faculty who are approved as HCC adjuncts. HCC maintains full curricular control, approves faculty, and monitors teaching, as with other classes. An example of this model includes HCC culinary and hospitality management classes offered with the HCPSS hotel and restaurant management career program at the HCPSS Applications and Research Lab (ARL). In order to reduce transportation barriers for students, HCPSS requested expansion of these offering. HCC and HCPSS are currently discussing an early college program at Oakland Mills High School, teacher education classes at all HCPSS high schools, accounting classes at the ARL, as well as expanded culinary and hospitality offerings at the ARL.

To strengthen collaborations, support dual enrollment, and reduce cost for Howard County families, HCC is requesting a 60 percent reduction of in-county tuition for classes taught at HCPSS facilities by HCPSS faculty. HCC will continue to control curriculum, approve faculty, and provide oversight of the teaching.

**Purpose:** To obtain board approval to offer an increased reduction of in-county tuition, from 50 percent to 60 percent, for students dually enrolled in HCC courses taught by HCPSS faculty who are approved as HCC adjuncts in classes offered at HCPSS facilities.

**Timeline:** Effective spring 2015

**Specifications:** This agreement will be reviewed annually by HCC and may be discontinued at any time.

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**Recommendation**

The administration requests that the audit and finance committee consider an increased reduction of in-county tuition, from 50 percent to 60 percent, for students dually enrolled in HCC courses taught by HCPSS faculty who are approved as HCC adjuncts in classes offered at HCPSS facilities.

**Compliance:** This request is in compliance with college administrative policy, Tuition, Fees and Waivers – 50.06.01.