



***Board of Trustees'
Audit and Finance Committee
Meeting Materials***

November 16, 2011

8:00 a.m.

The Rouse Company Foundation Student Services Hall
Room: 120B

GROUND RULES

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.

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





HOWARD
COMMUNITY COLLEGE

You Can Get There From Here.

**Agenda
Board of Trustees
Audit and Finance Committee**

November 16, 2011
8:00 a.m.

The Rouse Company Foundation Student Services Hall
Room 120B

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1. **Salary and Benefits Committee Recommendations**
 2. **Quarterly Purchasing Reports
(July 1- September 30, 2011)**
 3. **Fiscal Year 2011 Single Audit**
 4. **Fiscal Year 2013 Budget Outlook and Discussion**
 5. **Proposed Increases for Course Fees**
 6. **Proposed Application Fee for New Allied Health Programs**
 7. **Proposed Teacher Education Course Fee**
 8. **Proposed Science, Technology, Engineering, and Mathematics
Scholars Program Fee**
 9. **Proposed Change in Child Care Proficiency Exam Procedure Costs**
 10. **Proposed Child Care Tuition Changes at the Children's Learning
Center**
 11. **Salary Schedules for Fiscal Year 2013**
 12. **Other**

**Future meetings of the audit and finance committee are scheduled for
March 14 and May 9, 2012.**

1 – Salary and Benefits Committee Recommendations

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 all full-time employee constituencies. 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) 2013 budget process, the committee has made the following recommendations:

- An average salary increase of 4.5 percent for budgeted employees.
- An increase in the tuition and fee waiver/reimbursement limit for full-time employees from \$3,000 to \$3,300 and half that amount for part-time employees.
- Include all fees (credit and noncredit) as part of the reimbursement benefit above.
- An increase in the tuition waiver from 15 credits to 30 credits per year for spouses, same-sex domestic partners, and dependent children of full-time budgeted employees for credit courses taken at Howard Community College.

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: FY13

◆————— Recommendation —————◆

The administration requests that the audit and finance committee review the report from the salary and benefits committee. Since the college is unsure of the state and county funding situation for FY13, the administration is not making any recommendations at this time.

Source of funds: FY13 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

Fiscal Year 2013

October 2011

Committee Membership – FY12 Salary and Benefits Committee

Anna Hamilton – Chair
Associate Director, Student Computer Support (Administrators)

Yoseph Gutema –Vice-Chair
Associate Professor, Economics (Faculty)

Jodi Allaire
President’s Office Technology Manager, Office of the President (Professional/Technical)

Simone Dalmida
Continuing Education Assistant (Support)

Judy Darling
Office Associate V (Support)

Kim Davis
Housekeeping Supervisor, Plant Operations (Support)

Sung Lee
Director of Student Computer Support (Administrators)

Kim McNair
Director of Judicial Affairs and Executive Associate to the VPSS (Administrators)

Jennifer Stott
Assistant Professor, Physical Science (Faculty)

Lynn Voyton
Graduation and Commencement Specialist (Professional/Technical)

Ex Officio

Janet Cullison
Director of Finance (Administrator)

Melissa Cahill
Benefits Administrator (Professional/Technical)

David Jordan
Associate Vice President of Human Resources (Administrator)

Portia Logan
Compensation & HRIS Manager (Professional/Technical)

Salary and Benefits Committee Report October 2011

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, and the Baltimore-Towson region, and feedback from all constituency groups at Howard Community College. The committee's proposal for FY13 includes a recommendation for salary increases of 4.5% and benefits of increased tuition reimbursements and waivers for faculty and staff.

Assumptions

1. College policy and procedures direct the college to attract and retain high-quality faculty and staff.
2. Competitive national searches are used to recruit the best and most qualified faculty.
3. 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.
4. The college offers dental, vision, and health coverage options for all budgeted employees. The college covers a portion of the costs of these benefits for full-time budgeted employees, but it does not subsidize the cost for part-time budgeted employees.

Merit

1. Table #1 below gives a short history of average annual merit increases at HCC from FY03 to FY12. It is clear that there has been a merit gap (recommended merit less actual merit received) during the last ten fiscal years (FY03 – FY12). As a result, of the 613 employees at HCC, 527 of them, (86%), are paid below market value. This number is equated to the low FY03, FY04, FY05, FY10, FY11, and FY12 merit increases. While the other merit increases were reasonable relative to the market, they did not address the merit gap created during most years. For data on long-term trends in average annual merit increases, cost-of-living adjustments, and salary schedule adjustments at HCC, please see Table #2 on the next page.

Table #1
Average Merit Increases FY03-FY12 by Percentage

	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12
Audit/Finance Committee Supported Merit Increase	6.0	6.0	10.0	10.0	9.00	9.000	9.0	9.5	6.5	7.0
Actual Merit Increase	3.0	3.0	4.2	5.0	6.39	6.859	5.0	0	1.5	1.0
Merit Gap	3.0	3.0	5.8	5.0	2.61	2.140	4.0	9.5	5.0	6.0

Table #2
HCC Salary Schedule and Salary Improvement History

	COLA	Average Merit	Faculty		Staff		Information Technology (Staff)	
			Adjustment % to Salary Schedules		Adjustment % to Salary Schedules		Adjustment % to Salary Schedules	
			Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
FY88	3.0%	5.0%	6.2%	5.6%	5.0%	5.0%	n/a	n/a
FY89	3.0%	5.5%	8.2%	5.2%	5.0%	5.0%	n/a	n/a
FY90	4.0%	5.5%	5.8%	10.3%	5.5%	5.5%	n/a	n/a
FY91	4.4%	5.5%	4.4%	6.5%	4.4%	6.4%	n/a	n/a
FY92	-	2.5%	-	2.5%	-	-	n/a	n/a
FY93	-	2.5%	-	2.5%	-	2.5%	n/a	n/a
FY94*	-	4.0%	4.0%	4.0%	4.0%	4.0%	n/a	n/a
FY95	3.0%	2.5%	2.75%	2.75%	2.75%	2.75%	n/a	n/a
FY96	2.0%	2.5%	2.25%	2.25%	2.25%	2.25%	n/a	n/a
FY97	-	2.5%	-	-	-	-	n/a	n/a
FY98	-	2.5%	-	-	-	-	n/a	n/a
FY99	2.0%	3.5%	1.0 - 4.0%	2.0%	1.0 - 4.0%	2.0%	n/a	n/a
FY00	-	7.0%	<i>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.</i>					
FY01	-	5.5%	-	-	-	-	-	-
FY02	-	5.65%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
FY03	-	3.0%	-	-	-	-	-	-
FY04*	-	3.0%	5.0 - 13.0%	5.0%	5.0%	5.0%	-	-
FY05*	-	4.2%	-	-	-	-	-	-
FY06	-	5.0%	8.0 - 12.0%	5.0 - 9.0%	5.0 - 9.0%	5.0 - 9.0%	<i>integrated with staff scale in FY06</i>	
FY07	-	6.39%	<i>Associate Division Chair (ADC) range added</i>		<i>grade 19 added & grade 16 adj. to match new ADC range</i>		n/a	
FY08	-	6.859%	8.0%	8.0%	8.0 - 11.4%	8.0 - 11.4%	n/a	
FY09*	-	5.0%	0 - 8.0%	4.0 - 14.0%	-8.0 - 3.0%	-5.0 - 7.0%	n/a	
FY10*	-	0.0%	-	-	-	-	n/a	
FY11*	-	1.5%	2.0 - 11.0%	2.0%	2.0%	2.0%	n/a	
FY12	-	1.0%	-	-	-	-	n/a	

*Notes:

1. FY94: The 4% average merit increase included two separate increases: July 1993 (2.5%) and January 1994 (1.5%)
2. FY04: There was no increase to the division chair range on the faculty schedule.
3. FY05: Employees received a retroactive merit payment for May & June 2004. This payment was given in July 2004.
4. FY09: The comprehensive compensation study was implemented on 7/1/08. The staff schedule changed from 19 to 20 grades.
5. FY10: No merit or increases to ranges due to budget constraints.
6. 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.

2. Seven out of sixteen Maryland community colleges awarded or plan to award some or all of their employees a salary increase in FY12 as a result of cost-of-living adjustment, merit increase, step increase, market adjustment, salary structure adjustment, or incentive salary increase. Table #3 below shows salary increases at Maryland community colleges in FY12.

Table #3
FY12 Maryland Community College Salary Increases

COLLEGE	TOTAL SALARY INCREASE	DESCRIPTION	FURLOUGHS
ALLEGANY	0%	n/a	None planned at this time
ANNE ARUNDEL	0%	n/a	Yes, 0-4 days depending on salary
BALTIMORE CITY	2%	2% COLA for all employees plus a one-time bonus of \$750	None planned at this time
BALTIMORE COUNTY	3%	3% step increase for all employees effective 7/1/11.	None planned at this time
CARROLL	Possible 2% of midpoint	<i>Possible</i> raise of 2% of midpoint effective 1/1/12; final decision not yet made.	None planned at this time
CECIL	0%	n/a	None planned at this time
CHESAPEAKE	0%	n/a	None planned at this time
COL SOUTHERN MD	Possible 2% increase	Pending budget, possible 2% increase for all employees effective January 1, 2012	None planned at this time
FREDERICK	0%	n/a	None planned at this time
GARRETT	0%	n/a	None planned at this time
HAGERSTOWN	Approx 2.75%	.75% increase to base salary <i>plus</i> 2% adjustment based on relationship to midpoint	None planned at this time
HARFORD	2%	2% across the board increase for all faculty and staff effective 7/1/11	None planned at this time
HOWARD	1%	Average 1% merit given to all faculty and staff effective 7/1/11	None planned at this time
MONTGOMERY	0%	n/a	None planned at this time
PRINCE GEO.	0%	n/a	None planned at this time
WOR-WIC	0%	n/a	None planned at this time

3. Using the Maryland Association of Community College (MACC) 2011 Databook for comparison of FY11 average salary ranges of full-time 10-month faculty, Howard Community College full professors ranked 5th out of 16, associate professors 4th out of 16, assistant professors 2nd out of 16, and instructors 2nd out of 16. Board policy calls for faculty salary ranges at HCC to be in the upper one-third of the Maryland community college system (College Policy, 63.04A). Table #4 below shows the average salary ranges of full-time 10-month faculty at Maryland community colleges. HCC's salary ranges are within the upper one-third of the system; however, the actual average salaries of 10-month faculty at HCC fall below the range midpoint for 3 of the 4 academic positions as shown on table #5 on next page. Table #6 on page 7 summarizes the disparity. Salaries of faculty currently at the college are not keeping up with market wage in part due to the low merit increases in the previous years. This is of concern to the committee for future hires and retention of outstanding faculty members.

Table #4
Comparison of Fiscal Year 2011 Average Salary Ranges
Of Ten-Month Full-Time Instructional Faculty

<u>Full Professor</u>		<u>Associate Professor</u>		<u>Assistant Professor</u>		<u>Assistant Professor</u>	
County	Range Average	County	Range Average	County	Range Average	County	Range Average
Frederick	\$87,324	Frederick	\$77,805	Montgomery	\$68,447	Montgomery	\$71,356
College of So. MD	\$81,841	Montgomery	\$71,666	Howard	\$63,704	Howard	\$57,548
Montgomery	\$80,159	College of So. MD	\$71,394	Baltimore County	\$61,322	College of So. MD	\$54,576
Baltimore County	\$80,155	Howard	\$71,143	College of So. MD	\$60,951	Prince George's	\$53,348
Howard	\$79,526	Baltimore County	\$70,074	Frederick	\$59,641	Baltimore County	\$52,617
Anne Arundel	\$77,541	Prince George's	\$66,580	Prince George's	\$59,450	Garrett	\$50,940
Chesapeake	\$75,811	Anne Arundel	\$64,812	Chesapeake	\$57,124	Chesapeake	\$50,777
Prince George's	\$75,243	Chesapeake	\$64,067	Garrett	\$55,524	Anne Arundel	\$49,451
Harford	\$73,272	Baltimore City	\$61,517	Anne Arundel	\$55,487	Harford	\$48,510
Hagerstown	\$70,332	Garrett	\$60,522	Baltimore City	\$52,898	Hagerstown	\$46,840
Baltimore City	\$69,813	Harford	\$60,441	Harford	\$52,731	Baltimore City	\$45,698
Carroll	\$66,579	Hagerstown	\$59,837	Hagerstown	\$52,405	Carroll	\$44,061
Wor-Wic	\$66,409	Carroll	\$58,552	Carroll	\$50,030	Wor-Wic	\$41,464
Garrett	\$65,969	Wor-Wic	\$56,760	Allegany	\$49,422	Cecil	\$37,806
Cecil	\$65,537	Cecil	\$55,569	Wor-Wic	\$48,513	Allegany	\$37,579
Allegany	\$64,388	Allegany	\$54,246	Cecil	\$47,119	Frederick	-
<i>Compared to FY10: Same rank</i>		<i>Compared to FY10: Rank increased by 1 place</i>		<i>Compared to FY10: Rank increased by 2 places</i>		<i>Compared to FY10: Same rank</i>	

Source: FY11 data: MACC 2011 Databook

Table #5
Comparison of Fiscal Year 2011 Average Actual Salaries
Of Ten-Month Full-Time Instructional Faculty

Full Professor		Associate Professor		Assistant Professor		Instructor	
County	Salary Average	County	Salary Average	County	Salary Average	County	Salary Average
Montgomery	\$86,906	Frederick	\$74,052	Montgomery	\$59,890	Montgomery	\$66,695
Baltimore County	\$84,276	Montgomery	\$70,429	College of So. MD	\$58,334	Howard	\$52,159
Anne Arundel	\$82,950	Chesapeake	\$68,694	Anne Arundel	\$58,049	Chesapeake	\$52,022
Wor-Wic	\$82,661	Howard	\$67,336	Frederick	\$57,982	Baltimore County	\$50,243
Frederick	\$82,125	Baltimore County	\$66,270	Chesapeake	\$57,215	Anne Arundel	\$50,050
Harford	\$81,608	Harford	\$66,210	Howard	\$57,157	Hagerstown	\$46,714
College of So. MD	\$81,356	Anne Arundel	\$66,174	Baltimore County	\$56,374	Prince George's	\$46,250
Howard	\$81,219	College of So. MD	\$64,597	Baltimore City	\$54,738	Baltimore City	\$45,369
Baltimore City	\$76,950	Baltimore City	\$63,142	Wor-Wic	\$53,865	Wor-Wic	\$45,164
Chesapeake	\$75,109	Wor-Wic	\$62,862	Harford	\$52,731	College of So. MD	\$43,765
Hagerstown	\$73,654	Carroll	\$59,602	Hagerstown	\$52,187	Carroll	\$40,000
Prince George's	\$73,353	Prince George's	\$59,142	Carroll	\$51,225	Allegany	\$37,452
Cecil	\$70,423	Cecil	\$58,751	Prince George's	\$51,032	Garrett	-
Carroll	\$67,221	Hagerstown	\$57,062	Cecil	\$48,617	Harford	-
Garrett	\$65,934	Garrett	\$53,328	Garrett	\$45,541	Cecil	-
Allegany	\$62,184	Allegany	\$47,705	Allegany	\$43,166	Frederick	-
<i>Compared to FY10: Average decreased by 1 place</i>		<i>Compared to FY10: Average increased by 1 place</i>		<i>Compared to FY10: Average decreased by 2 places</i>		<i>Compared to FY10: Average increased by 2 places</i>	

Source: FY11 data: MACC 2011 Databook

Table #6
HCC 10-Month Faculty Salary Range Versus Actual Salary

Academic Position	Salary Range Average	Actual Salary Average	Difference
Full Professor	\$79,526	\$81,219	\$1,693
Associate Professor	\$71,143	\$67,336	-\$3,807
Assistant Professor	\$63,704	\$57,157	-\$6,547
Instructor	\$57,548	\$52,159	-\$5,389

- While the college pegs the midpoint of HCC's salary ranges as a market wage, as of September 30, 2011, 93% of staff and 69% of faculty (86% of all employees) were paid below market wage. This translates to 406 staff and 121 faculty currently being paid below their respective range midpoints. Since midpoints are defined as the market wage, this indicates a real concern. The college's percentage of midpoint formula for calculating annual compensation relies on a competitive merit increase as the tool to accelerate employees to the

midpoint. However, the number of employees below their respective midpoints continues to grow due to the inadequate merit increases in FY03, FY04, FY05, FY10, FY11, and FY12. Table #7 below shows the percentage of employees paid below their respective market value over the last five years, which is a major concern to the committee since the percentage of employees being paid below midpoint continues to increase each year. It appears that the lack of merit increase is a contributing factor to the number of employees paid below their respective midpoint.

Table #7
HCC Employees Paid Below Midpoint

Fiscal Year	% of Employees Paid Below Midpoint	# of Employees Paid Below Midpoint
FY08	77%	413
FY09	81%	465
FY10	82%	462
FY11	83%	489
FY12	86%	527

Market Analysis

1. Howard County is in the Baltimore-Towson, MD Metropolitan *Statistical Area*. This metropolitan area typically has about a 20% higher cost of living than the average U.S. metropolitan area. Between *July 2010 and July 2011*, the U.S. Department of Labor reported that consumer prices for goods and services *rose by 4.1% in the Baltimore-Towson Metropolitan Statistical Area (MSA)*. Food prices increased by 5.1% and energy prices rose by 15% between July of 2010 and July of 2011. Over the last few years in particular, HCC faculty and staff have experienced deterioration in the purchasing power of their incomes. HCC faculty and staff have been hit from two sides: a lack of merit increase and a decrease in purchasing power due to cost of living increases. HCC employees live and work in an area with a higher than average cost of living. Despite high unemployment and stagnant wages in the rest of the country, the Washington-Baltimore area has had a vibrant economy, with rising wages in the local market and low unemployment rates. In August 2011, the Department of Labor reported that the unemployment rate in Howard County was 5.6%. The national average unemployment rate was 9.1%. Faculty and staff at HCC have not received adequate increases to compensate for the increased cost of living during the last three years. They have also not received adequate merit increases in the last three academic years even though they have been asked to educate and serve more students.
2. Both cost of living adjustment (COLA) and merit are part of a total compensation package. A cost of living adjustment compensates for erosion in the purchasing power of the dollar. Because of inflation, the purchasing power of a dollar goes down each year. To buy the same basket of consumer goods and services, HCC faculty and staff need a cost of living adjustment that matches the increase in the cost of living in the Washington-Baltimore metropolitan areas. It is important to realize that when a cost of living adjustment is given, this is not a pay increase. It is compensation for the shrinking yardstick of value (the dollar). Merit, on the other hand, is an incentive plan. One of the basic principles of economics is that incentives matter and people respond to incentives. The merit system was meant to give incentives to HCC staff and faculty to create an environment that is conducive to learning, teaching, and community outreach (be more creative, innovative, imaginative, cooperative, etc.). A merit system that demands sustained higher productivity and engagement from faculty and staff without commensurate compensation and maintenance of the pay scale would be difficult to maintain over the long run.
3. A cost of living index developed for all 23 counties of Maryland and the City of Baltimore shows that, on the average, the cost of living in Howard County, Maryland is about 26% higher than the average cost of living in the state of Maryland. Table #8 on the next page shows the cost of living in selected Maryland counties and the U.S. Examples of areas or places with the average U.S. cost of living include Salisbury, Maryland; and Phoenix, Arizona. The table shows that the Baltimore-Towson metropolitan area's cost of living index is 121. This figure means that the average cost of living in the area is about 21% higher than the U.S. average. Howard County is located within the Baltimore-Towson metropolitan area. The average cost of living in Howard County is 26% higher than the Maryland average. Howard County is the second most expensive county to live in, in Maryland. Only Montgomery County has a higher cost of living in Maryland.

Table #8
2010 Cost of Living in Howard County, Selected Maryland Counties, and the U.S.

Region	Cost of living Index
Allegany, Maryland	81
Austin, Texas	94
Garrett, MD	100
U.S. average cost of living	100
Salisbury, MD	100
Virginia Beach, VA	110
New York – Northern New Jersey- Long Island, NY, NJ-PA	121
Baltimore-Towson, MD	121
Howard County, MD	126
Montgomery County, MD	134
Washington-Arlington-Alexandria, DC, MD, WV	138

4. The cost of living in the U.S. is expected to be higher in FY13 and beyond. According to the Federal Reserve Bank of Philadelphia survey of forecasters, the real GDP (the production of goods and services) is expected to increase by about 2.6% per year between 2012 and 2014. Consumer prices for goods and services are expected to rise at an average annual rate of 2.4%. The cost of living in the Washington-Baltimore area is expected to grow even higher.

5. Maryland, with a median household income of \$68,854 ranked as the richest state in the nation in 2010. Howard County, Maryland had a median household income of \$101,771 in 2010. This amount was the third highest median household income in the U.S. among all the counties, and the highest median household income in the state of Maryland. Table #9 below gives data on median household income of Howard County and its peers. The average income of HCC faculty and staff is about 56% of the median income in Howard County. For the past ten years, Howard County’s educational system has been rated the best in Maryland and among the best in the nation. This rating has made the county a highly desirable place to live and raise a family. In 2010, Money Magazine picked Ellicott City/Columbia, MD area as the second best place to live in the U.S. Table #10 on the next page shows that only 59% of HCC employees live in Howard County. Of more concern is that of the employees hired in FY12, only 56% reside in Howard County.

Table #9
Howard County and its Peers

County	Rank	Median Income
Loudon County, VA	1	\$119,000
Fairfax County, VA	2	\$103,000
Howard County, MD	3	\$101,771
Hunterdon County, NJ	4	\$97,874
Douglas County, CO	5	\$97,480
Somerset County, NJ	6	\$94,270
Morris County, NJ	7	\$91,469

Table #10
Where Howard Community College Employees Live

	Howard County		Out of County		Out of State		TOTAL
	N	%	N	%	N	%	
All Employees*							
Faculty	103	59.9%	67	39.0%	2	1.2%	172
Administrators	36	54.5%	30	45.5%	-	-	66
Professional/Technical	162	58.1%	117	41.9%	-	-	279
Support	62	65.3%	32	33.7%	1	1.1%	95
Adjunct Faculty**	288	57.5%	203	40.5%	10	2.0%	501
Temporary	82	65.1%	43	34.1%	1	0.8%	126
	733	59.2%	492	39.7%	14	1.1%	1,239

	Howard County		Out of County		Out of State		TOTAL
	N	%	N	%	N	%	
Employees Hired FY04 to FY12*							
Faculty	46	50.5%	44	48.4%	1	1.1%	91
Administrators	13	46.4%	15	53.6%	-	-	28
Professional/Technical	86	54.8%	71	45.2%	-	-	157
Support	43	65.2%	22	33.3%	1	2%	66
Adjunct Faculty**	208	54.3%	167	43.6%	8	2.1%	383
Temporary	72	63.7%	40	35.4%	1	0.9%	113
	468	55.8%	359	42.8%	11	1.3%	838

	Howard County		Out of County		Out of State		TOTAL
	N	%	N	%	N	%	
Employees Hired in FY12*							
Faculty	9	60.0%	6	40.0%	-	-	15
Administrators	1	50.0%	1	50.0%	-	-	2
Professional/Technical	6	60.0%	4	40.0%	-	-	10
Support	1	100%	-	-	-	-	1
Adjunct Faculty**	27	35.1%	48	62.3%	2	2.6%	77
Temporary	9	64.3%	5	35.7%	-	-	14
	53	44.5%	64	53.8%	2	1.7%	119

*data shown for employees paid on 9/15/11

**Adjunct Faculty includes credit and noncredit

6. The Howard County Public School System (HCPSS) is on a step system. Teachers receive a step increase and a cost of living increase. For FY05, the average teacher received an annual pay increase of 7.8%. In FY05, the average faculty or staff at HCC received a salary increase of 4.2%. In FY06, the average teacher received an increase of 5.5% (3.0% cost of living plus 2.5% average step). In FY06, the average salary increase for staff and faculty at HCC was 5%. In FY07, the average teacher received an increase of 6.0% while the average salary increased by 6.39% for HCC faculty and staff. In FY08, the average teacher received an increase of 6.9% while the average salary increased by 6.859% for HCC faculty and staff. HCPSS teachers received a 5.0% merit plus step salary increase for FY09 while HCC faculty and staff increased by an average of 5.0%. In FY10, HCPSS teachers received a 1.2% salary increase while HCC faculty and staff did not receive an increase. In FY11, Howard County Public Schools received a step increase of about 2.0%. According to the Howard County Board of Education in FY 12 Howard County Public Schools received a half-step increment and the second half of a step increment will be provided to Howard County Public Schools employees at the beginning of FY13. The half-step increment in FY12 is approximately equal to an average pay increase of 1.5%. This means Howard County Public Schools will receive an average annual increase of over 2.0%.

Additional Howard Community College Information:

1. Howard Community College has experienced substantial enrollment growth. In fall 2011, full time enrollment (FTE) increased by 5.0%. In fact, in the fall of 2011, the number of students enrolled at HCC hit a milestone of over 10,000 students; 10,081 to be exact! In addition, during FY11, new articulation agreements were established with the University of Maryland Baltimore County for the arts and sciences program public health area of concentration. HCC also collaborated with Carroll Community College and Frederick Community College to complete program planning and design of the Mt. Airy College Center for Healthcare Education. To enhance the learning environment and services provided to students, the college increased the number of hybrid courses from 33 to 44, implemented a new learning management system, and expanded student services at the Laurel College Center. During FY12 and FY13, the college will be working to address several federal regulatory mandates such as the Ability to Benefit program, high school diploma validation procedures, year round Pell, Gainful Employment disclosure requirements, and Veterans Affairs records changes. All of which require additional employee training and/or additional employee hiring to accommodate the various regulatory requirements. The new college completion agenda is also having an impact on many departments.
2. The faculty and staff at Howard Community College continuously strive for excellence. HCC received the Maryland Performance Excellence Award (MPEA) Bronze awards in 2002 and 2003, and the silver in 2006. In 2008, HCC won the 2007 U.S. Senate productivity award, Maryland's most prestigious award for organizational performance excellence. The pursuit of quality associated with this award requires a tremendous amount of work and determination, and could not have been obtained without the perseverance and dedication of the faculty and staff. Three years in a row, 2009, 2010, and 2011, HCC made the honor roll in the Chronicle of Higher Education's "Great Colleges to Work For" award selection process.
3. Healthcare and retirement costs have increased to faculty and staff at HCC. In FY12, employees enrolled in the Maryland State Retirement and Pension System experienced a 2% rate increase in their contribution. This increase coincided with a 1% increase in merit pay; however, employees in the pension plan lost 1% of their pay. In calendar year 2012, the faculty and staff at HCC will pay paid an additional 4-7% for their health benefits. This increase in costs continues to impact employees negatively, particularly those that are enrolled in the MD state pension system.
4. According to FY11 tuition reimbursement data, 28% of HCC's budgeted employees took advantage of the tuition reimbursement benefit, which equates to 164 employees. Twenty-two employees, or 13% of those who received tuition reimbursement, reached the maximum amount (\$2,700 for FY11). Based on the funds used by the budgeted employees who applied for tuition reimbursement in FY11, the college will need an additional \$8,000 added to the tuition and fee waiver/reimbursement account to increase the tuition reimbursement limit from the FY12 amount of \$3000 to \$3,300 for FY13. For reference, the cost to register for six graduate credits at the University of Maryland, College Park is \$3,378.
5. Additionally, HCC's current system for handling employee tuition and fee waiver/reimbursement for classes taken at HCC does not fully and consistently promote the college's goal of promoting life-long learning for everyone. Many noncredit classes consist of only fees that are not currently reimbursed to employees at all. Allowing employees to use the tuition reimbursement benefit to cover the fees for any class at HCC, even if it is not specifically job,

career, or degree-related, would encourage more employees at all work levels to take classes and benefit from HCC's wide-range of offerings, promoting life-long learning as well as work/life balance and self-enrichment.

6. At HCC, full-time budgeted employees are eligible for a tuition reimbursement of up to 15 credits per fiscal year, per family member, and 8 credits for part-time employees. In FY11, 37 employees took advantage of the 15-credit tuition waiver limit and 9 of those employees used the max of 15 credits. The total dollar amount of tuition which the college waived for dependents in FY11 was \$41,835.00. Table 11 below provides data on the tuition reimbursement benefits for dependents at other Maryland community colleges.

Table #11
Tuition Reimbursement at Maryland Community Colleges

College	Tuition Reimbursement Per Dependent Per Year
ALLEGANY	unlimited tuition reimbursement for credit courses
ANNE ARUNDEL	unlimited credits; some non-credit eligible
BALTIMORE CITY	unlimited tuition reimbursement for credit courses
BALTIMORE COUNTY	unlimited tuition reimbursement for credit courses
CARROLL	unlimited tuition reimbursement for credit courses
CECIL	unlimited tuition reimbursement for credit courses
CHESAPEAKE	unlimited credit; non-credit tuition reimbursed
COL SOUTHERN MD	unlimited tuition reimbursement for credit courses
FREDERICK	unlimited tuition reimbursement for credit courses
GARRETT	unlimited tuition reimbursement for credit courses as long as the grade is C or better
HAGERSTOWN	70 credits over the IRS defined lifetime of the dependent
HARFORD	unlimited tuition reimbursement for credit courses
HOWARD	15 credit tuition reimbursement limit for credit courses
MONTGOMERY	unlimited tuition reimbursement for credit courses
PRINCE GEO.	unlimited tuition reimbursement for credit courses
WOR-WIC	unlimited tuition reimbursement for credit courses

FY13 Recommendations:

Salary Increase Recommendation for FY13

- Based on the facts presented in this report and with consideration of the current economy, the committee recommends a 4.5% average salary increase for FY13. The 4.5% increase would address a cost of living adjustment and begin to address the issue of faculty and staff catching up to their respective midpoints. Implementing a 4.5% FY13 salary increase will also keep HCC competitive in the marketplace and recognize the high quality of instruction and service provided by the faculty and staff to Howard Community College students.

Tuition and Fee Waiver/Reimbursement Recommendations for FY13

- Effective FY13, 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 and half the amount for part-time employees.
- Effective FY13, the salary and benefits committee proposes that all employees be able to use the above recommended tuition reimbursement benefit to cover the fees for any class at HCC (credit or noncredit), even if it is not specifically job, career, or degree-related. Employees must agree to pay the fees if the course is not completed successfully.
- Effective FY13, the salary and benefits committee proposes a 30-credit tuition waiver per year for spouses, same-sex domestic partners, and dependent children of full-time budgeted employees who enroll in credit courses at Howard Community College. Currently the tuition waiver per year is 15 credits.

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 10 percent of 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 include 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, 2011

◆———— 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.

Invitation to Bid report
7/1/11 - 9/30/11

Vendor	Commodity	Board approval date	President approval date	Approximate cost	Cumulative actual spend	Multi-year
Brickman	athletic fields management services	04/27/11		\$ 139,331	¹ \$ 50,945	x
Brickman	landscaping services		06/28/11	\$ 50,000	\$ 24,718	
Canon	print shop copiers		06/28/11	\$ 97,000	\$ 24,075	
CTHX, LLC	cooling tower preventive maintenance services		06/28/11	\$ 25,000	\$ -	
Emjay	on call HVAC		06/28/11	\$ 40,000	\$ 14,317	
Emjay	on call plumbing services		06/28/11	\$ 55,000	\$ 4,705	
Enoch	office copiers		06/28/11	\$ 65,000	\$ 16,236	
Envision/Print Lynx	printing of FY12 credit & noncredit schedule of classes	05/25/11		\$ 228,000	\$ 22,065	
Eyre	Project Access bus service for FY12		03/31/11	\$ 31,100	³ \$ 29,700	
Fiberlight	high speed network		03/15/11	\$ 66,000	\$ 19,424	
Johnson Controls	chiller preventive maintenance services		06/28/11	\$ 22,000	\$ 3,605	
Network Concepts	network maintenance support services	05/25/11		\$ 121,000	\$ 28,132	
Plano-Coudon	design/build culinary baking kitchen	10/27/10		\$ 654,459	² \$ 621,148	x
Sirus Systems	security camera installation		06/28/11	\$ 50,000	\$ 2,400	
Surveillance Systems Integration	CCTV parts for Pelco Endura system		05/20/11	\$ 74,064	³ \$ 74,064	
ThyssenKrupp	elevator maintenance		06/28/11	\$ 16,000	\$ 3,890	

¹ President approved additional \$12,000 in work to repair athletic fields on 5/20/11.

² Board approved change order on 11/17/10 to include work for health code in amount of \$56,000 and to convert appliances in amount of \$23,000. On 5/25/11, board approved additional change order for \$79,000 to replace air handler unit. On 6/17/11, president approved \$3,275 to add carbon monoxide detector and replace a faulty sprinkler valve. On 8/3/11, president approved change order to add presentation lighting and to install carpet for \$5,269.08. On 8/16/11, president approved change order for \$2,915.37 for tile work in existing kitchen to meet health department regulations.

³ Purchase is complete.

Approval authority as of 7/1/10:

Board approves award of \$100,000 or more

President approves award of \$25,000 or more, but less than \$100,000

**Request for Proposals report
7/1/11 - 9/30/11**

Vendor	Commodity	Board approval date	Approximate cost	Cumulative actual spend to date	Multi-year
Allied Security	security services	05/25/11	\$ 1,500,000	\$ 178,549	
Ayers Saint Gross	design of parking garage #2	05/28/08	\$ 1,059,849 ¹	\$ 861,750	x
Ayers Saint Gross	design of health sciences building	09/23/09	\$ 4,234,199 ²	\$ 3,448,893	x
Ayers Saint Gross	design of Mt. Airy College Center for Health Care Education	10/27/10	\$ 192,500 ³	\$ 151,618	x
Cornerstone	on-call graphic design services	04/27/11	\$ - ⁴	\$ -	
J. Vinton Schafer	test center renovation	03/23/11	\$ 278,149 ⁵	\$ 278,149	x
Lewis Contractors	construction management at risk - parking garage #2	02/24/10	\$ 11,150,527 ⁶	\$ 9,230,468	x
Lewis Contractors	construction management at risk - health sciences building	03/24/10	\$ 37,910,200 ⁷	\$ 6,095,928	x
PSA Insurance and Financial Services	brokerage service for life/disability insurance	08/25/10	\$ 10,000 ⁸	\$ -	
SB & Company	auditors	03/23/11	\$ 36,000	\$ 32,500	
Sodexo	food services/Starbucks	05/25/11	\$ 300,000	\$ 55,584	
SunLife	life, accidental death and dismemberment, and long-term disability insurance	10/27/10	\$ 135,000	\$ 119,059	annual
Barbara Van Rossum	on-call graphic design services	04/27/11	\$ - ⁴	\$ 10,070	
¹ Includes initial increase for design approved by the board on 10/22/08 for \$132,250 and three additional change orders approved by the board on 3/24/10 for \$13,291, 5/26/10 for \$9,673 and 11/17/10 for \$292,000.					
² Change order approved by the president on 11/12/10 for additional borings for an additional \$13,543. On 11/17/10, board approved additional change orders for \$125,000 for additional acreage in new quad and \$23,000 for dental space. On 4/16/11, president approved change order for road realignment for approximately \$18,000. On 4/27/11, board approved change order for \$52,000 for LEED commissioning.					
³ President approved change order on 7/27/11 for additional \$40,000 in work. HCC share approximately \$13,333.					
⁴ As this is an on-call contract, an estimate of the value of the contract cannot be provided to the board at the time of award.					
⁵ President approved change order for \$5,431.62 for additional ceiling tiles on 5/25/11. On 6/23/11, president approved change order for \$4,717.30 for required changes to scope of work.					
⁶ Change order approved by the board on 8/25/10 for \$11,132,527 for construction services and guaranteed maximum price.					
⁷ Board approved change order on 2/2/11 for \$37,862,000 for construction services and guaranteed maximum price.					
⁸ Payments are based on commission percentage and are paid through SunLife. The college does not pay this vendor directly.					

Approval authority:
Board approves all awards regardless of amount

**Sole Source report
7/1/11 - 9/30/11**

Vendor	Commodity	Board designation date	Approximate cost		Cumulative actual spend	Multi-year
312 Marshall	Laurel College Center lease	04/27/11	\$ 495,128		\$ 97,579	
Ad Astra	scheduling software	04/27/11	\$ 85,000		\$ 86,500	x
Amerigas	natural gas delivery for Belmont	08/25/10	\$ 40,000		\$ -	
Back Acre Holdings, LLC	lease for Mt. Airy College Center for Health Care Education	09/22/10	\$ 336,721	¹	\$ 221,757	x
Baltimore Gas & Electric	electricity and natural gas delivery	04/27/11	\$ 600,000		\$ 49,828	
Blackboard Learning Systems	CE8 Learning Management renewal	08/24/11	\$ 41,000	²	\$ 40,800	
Carney, Kelehan, Bresler, Bennett & Scherr	legal services	02/02/11	\$ 40,000		\$ 12,720	
Choice Consulting	consulting services - financial aid office	05/25/11	\$ 60,000		\$ 11,393	
Citrix Online	go to my pc, go to my meeting, and go to assist	04/27/11	\$ 30,000		\$ -	
College Board	Accuplacer tests	10/27/10	\$ 90,000		\$ -	
Datatel	administrative software services	05/25/11	\$ 950,000		\$ 347,842	
Datatel	recruiter and related software	04/27/11	\$ 330,000		\$ 239,671	x
Howard County Director of Finance	fuel and maintenance for college vehicles	05/25/11	\$ 50,000		\$ 13,035	
Maryland Association of Community Colleges	membership dues	08/24/11	\$ 44,955	²	\$ 44,955	
Perceptive Software	document imaging	02/02/11	\$ 60,000		\$ 3,369	
Siemens Technologies	fire alarm/life safety system maintenance	04/27/11	\$ 150,000		\$ 16,996	
SIRSIDynix	library system maintenance plan	09/22/10	\$ 26,000	²	\$ 24,081	
U/RTA	Rep Stage paymaster services	08/24/11	\$ 95,000		\$ 32,713	
¹ Lease payments commence upon occupancy, which is anticipated in late 2012. On 7/28/11, the board approved an amendment to the lease for \$157,000 and a change order to the base building for \$171,388. These change orders represent the entire additional amounts to be divided between the three colleges. The approximate cost also includes the original anticipated college share for the lease payment under the rental agreement of \$113,000. The lease payment is subject to an annual 1.75% increase. The actual spend amount includes payments to the owner for modifications to the base building, the full payment by all three colleges for the change order, and a deposit for the elevator.						
² Purchase is complete.						

Approval authority:

Board approves the designation of all sole source vendors over \$25,000 and purchases reasonably expected to cost \$100,000 or more

**Emergency Purchases Report
July 1, 2011 - September 30, 2011**

Vendor	Commodity	Board approval date	President approval date	Approximate cost	Cumulative actual spend
Johnson Controls	emergency repair of gas absorption chiller		9/29/2011	\$ 30,000.00	\$ -

Approval authority:

Board approves \$100,000 or more

President approves \$25,000 or more, but less than \$100,000

Cooperative Purchasing report
7/1/11 - 9/30/11

Original entity for the cooperative purchase agreement	Vendor	Commodity	Board approval date	President approval date	Approximate cost	Cumulative actual spend to date	Multi-year
AZ State	Advance Communication Systems	audio visual equipment for culinary kitchen		04/15/11	\$ 117,000 ¹	\$ 35,163	
MD State	Apple Ford	Ford Escape hybrid		06/01/11	\$ 29,000	\$ -	
GSA	ASR Analytics, LLC	consulting services for retention and enrollment reports		07/20/11	\$ 80,000	\$ 1,120	
MEEC	Bell Industries	Microsoft software and technical support		07/08/11	\$ 32,000	\$ 32,676	
HCPSS	Comcast	internet services	10/27/10		\$ 112,000	\$ 79,148	x
BRCPC	Constellation New Energy	natural gas supply		6/21/2011	\$ 650,000 ²	\$ 43,939	
Fairfax County PS	Daycon	environmental services supplies and equipment	08/24/11		\$ 200,000	\$ 33,942	
MEEC	Dell	computer hardware	05/25/11		\$ 1,500,000	\$ 96,649	
BRCPC	Douron	furniture for McCuan Hall and Duncan Hall		06/27/11	\$ 64,000	\$ 54,299	
BRCPC	Douron	furniture for Laurel College Center		06/28/11	\$ 70,000 ^{3/7}	\$ 69,450	
Howard County	Goode	waste and recycling removal		06/28/11	\$ 40,000	\$ 5,281	
MEEC	Hartford Computers	printers and computer hardware		08/04/11	\$ 85,000	\$ 8,818	
US Communities	Home Depot	building supplies and equipment		06/28/11	\$ 60,000	\$ 3,741	
	Howard County	agreement for health insurance purchase	10/27/10		\$ 4,300,000 ⁴	\$ 4,356,899	annual
Fairfax County	JP Morgan	procurement card	07/28/11		n/a ⁵	\$ -	
	Maryland Digital Library Consortium	member of online database subscription cooperative purchasing group		02/07/11	\$ 80,000 ⁷	\$ 83,487	
BRCPC	PEPCO	electric supply		07/28/11	\$ 700,000 ²	\$ 287,670	
BRCPC	School Specialty	furniture for test center		06/23/11	\$ 67,000	\$ -	
NJPA	Staples	office supplies	04/27/11		\$ 500,000	\$ 74,124	
CCBC	Union Memorial Sports Medicine/MedStar SportsHealth	athletic trainer services		06/16/11	\$ 41,000	\$ -	
Howard County	US Bank	procurement card	04/28/10		n/a ⁵	\$ 123,109	
MD State	Verizon	telecommunication services	05/25/11		\$ 173,000	\$ 35,437	
GSA	Verizon Wireless	cellular phone service		05/09/11	\$ 60,000	\$ 14,756	
BRCPC	Washington Gas & Energy	electric supply		07/28/11	\$ 700,000 ^{2/6}	\$ -	
HCPSS	Woodlawn Motor Coach	charter bus service for student field trips		07/25/11	\$ 38,000	\$ 2,515	
E&I	WW Grainger	building supplies and equipment		06/28/11	\$ 60,000	\$ 17,273	

¹ President approved additional purchases of approximately \$28,000 for learning classroom on 6/2/11.
² On 5/25/11, the board authorized the president to approve energy contracts through BRCPC.
³ Prince George's Community College paid for half of this cost
⁴ Approximate value reflects anticipated calendar year payments beginning January 1, 2011.
⁵ Authorized credit limit for the college's pcard program is \$1,000,000 per month. The new contract with JP Morgan is still in the implementation phase.
⁶ Contract starts January 1, 2012.
⁷ Purchase is complete

Approval authority:
Board approves \$100,000 or more
President approves \$25,000 or more, but less than \$100,000

Cooperative purchase acronyms:

AZ State	State of Arizona
BCPS	Baltimore County Public Schools
BRCPC	Baltimore Regional Cooperative Purchasing Committee
CCBC	Community College of Baltimore County
Charles County PS	Charles County Public Schools
E&I	Educational & Institutional Cooperative Purchasing
GSA	Federal General Services Administration
HCPSS	Howard County Public School System
Howard County	Howard County government
Fairfax County	Fairfax County, Virginia government
Fairfax County PS	Fairfax County, Virginia Public Schools
MD State	State of Maryland
MEEC	Maryland Education Enterprise Consortium
NJPA	National Joint Powers Alliance
Prince George's County	Prince George's County government
UMCP	University of Maryland College Park
US Communities	US Communities Government Purchasing Alliance

3 – Fiscal Year 2011 Single Audit

Background: The college's single audit, as prepared by SB and Company, LLC, is included for review by the audit and finance committee. 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, 2011.

Purpose: To disclose the fiscal year 2011 single audit report

Timeline: July 1, 2010 – June 30, 2011

◆———— Recommendation —————◆

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

HOWARD COMMUNITY COLLEGE

**Schedule of Expenditures of Federal Awards Together with
Reports of Independent Public Accountants**

For the Year Ended June 30, 2011



SB & COMPANY, LLC
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June 30, 2011

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Trustees
Howard Community College

We have audited the financial statements of the Howard Community College (the College) a component unit of Howard County, Maryland, and its discretely presented component unit, the Howard Community College Educational Foundation, Inc., a component unit of the college as of and for the year ended June 30, 2011, which collectively comprise the college's basic financial statements. These financial statements are the responsibility of the college's management. Our responsibility is to express opinions on the college's financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the college and its discretely presented component unit as of June 30, 2011, and the results of their operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2011, on our consideration of Howard Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



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Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the College taken as a whole. The Schedule of Expenditures of Federal Awards listed on page 7 is presented for the purpose of additional analysis as required by the *U.S. Office of Management and Budget OMB Circular A-133 Audits of States, Local Governments and Not-for-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting records used to prepare the financial statements. The information has been subjected to the auditing principles applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Hunt Valley, Maryland
September 29, 2011



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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees
Howard Community College

We have audited the financial statements of Howard Community College (the college) as of and for the year ended June 30, 2011, and have issued our report thereon dated September 29, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

Management at the college is responsible for establishing and maintains effective internal control over financial reporting. In planning and performing our audit, we considered the college's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the college's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the college's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to material weaknesses, as defined above.



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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the college's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Trustees, management, others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hunt Valley, Maryland
September 29, 2011

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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Trustees
Howard Community College

Compliance

We have audited the compliance of Howard Community College (the college) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the college's major federal programs for the year ended June 30, 2011. The college's major federal programs are identified in the summary of independent public accountants' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the college's management. Our responsibility is to express an opinion on the college's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the college's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the college's compliance with those requirements.

In our opinion, the college complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.



Internal Control Over Compliance

Management of the college is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the college's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the college's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Trustees, management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hunt Valley, Maryland
October 25, 2011

SB & Company, LLC

HOWARD COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2011

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity/ Identifying Number	Federal Expenditures
U.S. Department of Education			
Student Financial Aid Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007	P007A101754	\$ 99,315
Federal Direct Lending	84.268	P268K103052/	
		P268K113052	6,542,132
Federal Work-Study Program	84.033	P033A101754	162,671
Federal Work-Study Program - Prior year	84.033	P033A091754	323
Federal Pell Grant Program	84.063	P063P103052	8,110,092
Federal Pell Grant Program - Prior year	84.063	P063P093052	209,720
Academic Competitiveness Grant	84.375	P375A103052	161,367
Total Student Financial Aid Cluster			<u>15,285,620</u>
TRIO - Student Support Services - FY11	84.042	P042A100592	56,200
TRIO - Student Support Services - FY10	84.042	P042A100592	271,819
Total TRIO-Student Support Services			<u>328,019</u>
Total U.S. Department of Education			<u>15,613,639</u>
National Science Foundation			
Science and Technology Scholarship Program	47.076	728047	111,002
Total National Science Foundation			<u>111,002</u>
Department of Labor			
Pathways to Cyber Security	17.269	CB-20605-10-60-A-24	
			36,678
Total Department of Labor			<u>36,678</u>
Department of Defense			
National Security Agency	12.900	H98230-11-1-0063	8,068
National Security Agency	12.900	H98230-11-1-0064	5,882
National Security Agency	12.901	H98230-10-1-0037	88,449
Total Department of Defense			<u>102,399</u>
Department of Health and Human Services			
HRSA – Health Care and other Facilities	93.887	C76HF19971	62,198
Total Department of Health and Human Services			<u>62,198</u>
Total Direct Awards			<u>15,925,916</u>
Passed-Through Maryland Department of Labor Licensing and Regulation:			
Adult Education - State Grant Program	84.002	POOB1400094	329,573
Adult Education - State Grant Program - Prior Year	84.002	POOP0400021	21,488
Total Passed-Through Maryland Department of Labor Licensing and Regulation			<u>351,061</u>
Pass-Through Maryland Department of Education:			
Vocational Education - Basic Grants to States	84.048	115336-01	207,669
Vocational Education - Basic Grants to States - Prior Year	84.048	105652-01	12,301
Vocational Education - Tech Prep Education	84.243	115336-02	24,265
Vocational Education - Tech Prep Education - Prior Year	84.243	105652-02	4,974
Child Care Career and Professional Development - Prior Year	93.575	106005	4,049
Child Care Career and Professional Development - Teacher Train.	93.575	114236	166,488
Total Pass-Through Maryland Department of Education			<u>419,746</u>

The accompanying notes are an integral part of this schedule.

HOWARD COMMUNITY COLLEGE

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011**

<u>Federal Grantor/Pass Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity/ Identifying Number</u>	<u>Federal Expenditures</u>
Pass-Through Maryland Department of Health and Mental Hygiene:			
Centers for Disease Control and Prevention	93.977/93.116/93.283	OCPMP 11-010527G	47,581
Office of Preparedness and Response	93.283	OCPMP 10-010188G	128,829
Family Planning Services	93.217	OCPMP 9-010074G	26,014
Total Pass-Through Maryland Department of Health and Mental Hygiene			<u>202,424</u>
Passed-Through Maryland Higher Education Commission:			
BRAC Higher Education Investment	84.031	BRAC10-111	25,334
Total Passed-Through Maryland Higher Education Commission			<u>25,334</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 16,924,481</u></u>

The accompanying notes are an integral part of this schedule.

HOWARD COMMUNITY COLLEGE

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All federal grant operations of Howard Community College (the college) are included in the scope of the Office of Management and Budget (OMB) Circular A-133 audit (the Single Audit). The Single Audit was performed in accordance with the provisions of the OMB Circular A-133 (the Compliance Supplement). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the major grant program noted below. The programs on the Schedule of Expenditures of Federal Awards represent all federal award programs and other grants with fiscal year 2011 cash or non-cash expenditures activities. For our single audit testing, we tested all federal award programs with 2011 cash and non-cash expenditures in excess of \$507,734 to ensure coverage of at least 25 percent of federally granted funds. Our actual coverage was 94 percent.

Major Program	CFDA Numbers	Federal Expenditures
Student Financial Aid Cluster	84.007 84.033 84.063 84.268 84.375	\$ 15,285,620
TRIO-Student Support Services Adult Education - State Grant Program	84.042 84.002	328,019 351,061
Total		<u>\$ 15,964,700</u>

2. BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting.

3. LOAN PROGRAMS

During the year ended June 30, 2011, the college processed the following amount of new loans under the Federal Direct Lending and Federal Family Education Loan Programs, which includes the Stafford and PLUS Loans. Since these programs are administered by outside financial institutions, new loans made during the fiscal year relating to these programs are considered current year expenditures in the Schedule of Expenditures of Federal Awards.

CFDA Number	Program Name	Loan Expenditures
84.268	Federal Direct Student Loans	\$ 6,542,132

HOWARD COMMUNITY COLLEGE

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2011

4. RECONCILIATION TO THE BASIC FINANCIAL STATEMENTS

Total expenditures per the Schedule of Expenditures of Federal Awards reconciles to the College's basic financial statements for the year ended June 30, 2011, as follows:

Federal, state, local and other grants and contracts per the Statement of Revenue, Expenditures, and Changes in Net Assets	\$ 12,728,733
Less: State grants and contracts	1,533,191
Local and other grants and contracts	813,193
Add: Loan disbursements not included in financial statements but on Schedule of Expenditures of Federal Awards	<u>6,542,132</u>
Total expenditures per Schedule of Expenditures of Federal Awards	<u><u>\$ 16,924,481</u></u>

5. FINDINGS

There were no findings noted during the June 30, 2011 and 2010 single audits.

HOWARD COMMUNITY COLLEGE

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011**

Section I - Summary of Independent Public Accountant's Results

Financial Statements

Type of Independent Public Accountants' report issued	Unqualified
Internal control over financial reporting:	
Material weakness (es) identified?	No
Significant deficiency (ies) identified?	None Reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness (es) identified?	No
Significant deficiency (ies) identified?	None Reported
Type of Independent Public Accountants' report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	No

Identification of Major Programs:

Major Program	CFDA Numbers	Federal Expenditures
Student Financial Aid Cluster	84.007 84.033 84.063 84.268 84.375	\$ 15,285,620
TRIO-Student Support Services	84.042	328,019
Adult Education - State Grant Program	84.002	351,061
Threshold for distinguishing between Type A and B programs		\$ 311,470
Did the college qualify as a low risk auditee?		Yes

HOWARD COMMUNITY COLLEGE

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011**

Section II - Financial Statement Findings

None Noted.

Section III - Federal Award Findings

None Noted.

HOWARD COMMUNITY COLLEGE

**Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2010**

There were no audit findings that must be reported in accordance with OMB Circular A-133 for the year ended June 30, 2010.

4 – Fiscal Year 2013 Budget Outlook and Discussion

Background: The college has begun developing the budget for fiscal year (FY) 2013 since the county requests that the college submit a FY13 budget proposal by early February 2012. Cost center managers are beginning to work on their requests for FY13, which will be sent forward to the president and vice presidents. A budget proposal will be presented to the board of trustees at the January 11, 2012, work session. The proposed budget is finalized at the January 25, 2012, board meeting and then sent to the county for consideration.

In November, as the budget development process is proceeding, the audit and finance committee discusses the preliminary budget outlook along with considerations on tuition increases and the county request. Through these discussions, the administration has an idea of what type of tuition increase to consider as part of the college's preliminary budget deliberations.

REVENUE OUTLOOK

The nation is continuing to face the "new normal." Nationwide, unemployment remains high and businesses have been slow to recover. Hiring of new employees will not occur until the demand for products and services increases. Locally, however, people have been very fortunate. The proximity to Washington has helped to shelter Maryland to some degree. In July 2011, Howard County had the second lowest unemployment rate in the state at 5.7 percent. The college's economic position is closely tied to that of the county and the state with approximately 40 percent of the college's unrestricted appropriated revenues coming from these two sources. The percentage of support from the county and state is critical to keeping tuition affordable for HCC students. Some of the issues the college and county are facing this budget cycle are discussed below.

Howard County Funding

Although the long-term outlook for Howard County remains strong as personal income growth starts to recover, property and real estate tax-based revenues will take much longer to rebound. Personal income tax receipts for August 2011 were 100 percent higher than income tax collected for August 2010. Fiscal year-to-date, FY12 income tax revenues are 100 percent above FY11 levels through the same period. Planning and zoning fees are reported 30 percent higher in July than the previous year, but transfer taxes and building permits have declined.

The decline in property tax assessments over the past three years will affect property tax collections into FY15. Although property taxes will continue to grow by three to four percent a year due to the homestead cap, the projected increase is minimal and will be accompanied by projected declines in development-based revenues.

In FY09, the college received an increase of 6.6 percent for the operating budget and another .04 percent for the post retirement benefits for a total increase of 7 percent from the county. In FY10 and 11, no increase was given from the county, but the college received a 3 percent

increase in FY12. The county has told the college that it will help fund the opening of the new health sciences building.

The following sheet shows three scenarios with varying amounts from the county in FY13. Scenario I shows a 3 percent increase from the county, Scenario II shows a 5 percent increase from the county, and Scenario III shows an 8.6 percent increase from the county. The 8.6 percent increase is what the administration anticipates it will cost to open the new health sciences building.

State Funding

The college experienced a decrease in state funding of \$120,215 from FY10 to FY11. The final budget funding for the FY12 Cade formula saw no change from FY11. The college is scheduled, however, to receive \$291,216, which is a one-time grant from the state to keep the college's tuition increase in FY12 under 3 percent. This is consistent with the governor's focus on affordability in which \$5 million was given to the community colleges in FY12 to hold tuition increases under 3 percent. The hope is that the governor will put these funds in the Cade formula in FY13, but no other funding is expected by the state.

In addition, it should be noted that in FY12, the college will lose approximately \$800,000 in state revenue based on the change in the state's reimbursement of Statewide and Health Manpower Shortage programs. The college could offset this loss by charging students in the program out-of-county rates; however, this would negatively impact students and cause a drop in enrollment in these areas where a shortage of trained personnel already exists.

Another concern that continues is the issue of retirement benefits. Currently, the state pays retirement benefits for both the Howard County Public School System and the college. These benefits are mandated in law. In FY11, the state paid \$3,100,617 in fringe benefits on behalf of Howard Community College. If the county is forced to pick up these costs, it would have a sizable impact on the county's budget and funding to the college.

Finally, the federal committee on deficit reduction is scheduled to come out with its proposal by the end of November to reduce \$1.5 trillion from the federal budget over the next 10 years. The impact of any reductions will definitely impact the states. With Maryland's proximity to Washington, this could have a negative fiscal impact on the state. Any changes recommended by this committee are unknown at this time; however, long term Maryland could face a bumpy ride.

Tuition

This year (FY12), HCC's in-county per credit hour tuition went up \$3 to \$119 per credit hour. HCC is showing a projected increase of \$1.00 per credit hour in scenario I and a projected increase of \$3.00 per credit hour in scenarios II and III. These numbers may change slightly since the college is still trying to assess the impact of mandated waivers. While the college would have preferred not to increase tuition at all, based on the projected estimates from the state and county, tuition dollars may become a primary method of keeping operations stable.

HCC's enrollment management team has projected a 2.5 percent increase in enrollment and that figure is what is used in these budget projections. The HCC enrollment projection is based on the leveling of the senior class for the Howard County Public School System and also enrollment declines noted this fall at other community colleges. It should be noted that the large

increase in enrollment for HCC's fall programs is helping to generate the revenue growth noted on the FY13 Preliminary Outlook sheet.

EXPENSE OUTLOOK

The health sciences building will be a major expense in FY13 along with the opening of the Mount Airy College Center for Healthcare Education. Other new buildings on campus previously moved staff from one location to another, but the health sciences building will include the addition of four new programs including medical laboratory technician, dental hygienist, physical therapist assistant, and diagnostic medical sonography, which will require hiring new faculty and staff. Currently, due to the time it takes for accreditation of new programs, the college anticipates bringing up the medical laboratory and physical therapy programs in FY13 and the other two programs in the FY14 budget. The building itself is projected to add \$3,659,858 to the college's budget when all new programs come on line. However, in FY13, the administration anticipates \$2,230,683 in additional costs to be added as the building will not open until January 2013.

The Mount Airy College Center for Health Care Education also poses costs that will be shared with Frederick and Carroll Community Colleges. This will add the emergency medical technician program at this location, which is currently on the Howard Community College (HCC) campus now.

Staffing-related costs will have an impact on expenses. A merit increase would be a major cost. Additionally, HCC's growth has impacted all areas of the college. As enrollment grows, the college needs to add full-time faculty to support the growth and to remain within reach of HCC's goal of a 50/50 full-time/part-time faculty ratio; in FY11, the ratio was 39 percent full-time/61 percent part-time. Last year, the college funded 14 new faculty. Staff is also needed in areas that assist students, as these areas have had to accommodate more students with little or no increase in staff to date.

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 \$2,777,900 before the addition of the merit increase and new positions.

The salary and benefits committee is recommending a 4.5 percent merit increase to the audit and finance committee. However, HCC's revenue picture will determine what can be funded.

After the audit and finance committee meeting, the president's team will meet to discuss budget requests for FY13 received by the president and vice president's areas.

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

1. The following sheet shows what the projected enrollment growth will generate, in conjunction with a \$1.00 and a \$3.00 tuition increase, and county funding scenarios.
2. The tuition and fee guidelines established several years ago.

Purpose: To discuss the budget outlook and possible tuition increase in FY13

Timeline: July 1, 2012 – June 30, 2013

◆————— **Recommendation** —————◆

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

Compliance: This request is in support of board of trustees' bylaws, Article VI – Committees of the Board: Duties and Responsibilities.

**HOWARD COMMUNITY COLLEGE
FY13 PRELIMINARY OUTLOOK**

REVENUE PROJECTIONS

	Scenario I	Scenario II	Scenario III
Enrollment Increase	2.5%	2.5%	2.5%
Tuition Increase	\$1	\$3	\$3
County Request	3%	5%	8.60%
Tuition Enrollment Increase			
Growth due to enrollment increase	\$ 930,000	\$ 930,000	\$ 930,000
Tuition Increase (net)	\$ 136,117	\$ 408,351	\$ 408,351
County (a 1% increase = \$259,513) (received 6.60% in FY09; and 0 in FY10 & FY11; and 3% in FY12)	778,539	1,297,567	2,231,815
State - (Assume \$0. The funds used for tuition hold back would move to Cade (base)). (received a decrease of \$120,215 in FY10 and FY11; in FY12 will get tuition hold back = \$291,216)	0	0	0
Less Surplus of \$1,338,659 used in FY12. Assume \$900,000 will continue.	(438,659)	(438,659)	(438,659)
TOTAL PROJECTED REVENUE	\$ 1,405,997	\$ 2,197,259	\$ 3,131,507

	Scenario I	Scenario II	Scenario III
Per Credit Hour	\$ 120.00	\$ 122.00	\$ 122.00
Consolidated Fee	\$ 20.10	\$ 20.44	\$ 20.44
	\$ 140.10	\$ 142.44	\$ 142.44

Note 1:

A one dollar tuition increase =	\$ 183,942	
Less		
Credit Cards	(18,394)	10%
Scholarships	(5,518)	3%
Waivers	(5,518)	3%
Bad Debts	<u>(18,394)</u>	<u>10%</u>
Net Tuition Increase	\$ 136,117	26%

EXPENSE ISSUES TO CONSIDER

Note 2:

Last year, the college added \$2,777,900 to the budget without the salary increases or new positions.

This included items such as:

Part-time faculty increases due to enrollment growth

Health benefits

Technology needs

Contract increases

Strategic priority requests

Core work requests

Note 3

The salary and benefit committee has requested 4.5% merit.

A one percent merit increase is estimated at \$395,000

The following chart shows what a merit increase will cost

Merit rate	Total Cost
1% =	\$ 395,000
2% =	\$ 790,000
3% =	\$ 1,185,000
4% =	\$ 1,580,000
4.5% =	\$ 1,777,500

Note 4

The new building is expected to cost \$3,659,858 for a full year and \$2,230,683 for 1/2 year in FY13.

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:

- 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 at the market rate as determined by an objective study.
- 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 FY12 budget, \$703,394 is allocated for operating budget scholarships and a one-time allocation of \$100,000 is also allocated in the special funds for a total of \$803,394).*

Factors to Consider When Setting Fees

- Course fees: cover costs
- Certification course fees: competitive, near market rate
- Consolidated fees: parking, meet needs of students in student activities, athletics, and student activity space
- 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.

5 – Proposed Increases for Course Fees

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. The academic affairs area recommends the following course-level fee changes:

Hospitality and Culinary Program

Since the inception of the hospitality and culinary program in spring 2005, the fees associated with the courses below have not been increased. These courses require the purchase and delivery of food items on a regular basis. It is imperative that students have the needed food items in order to learn the skills to prepare and serve a wide variety of food. Since 2005, the cost for food items and delivery has increased substantially. Due to the lack of sufficient funds to run the culinary labs, the business and computer systems division budget has been forced to provide additional funds for the purchase and delivery of food items by approximately \$1,800 per course section over the past several semesters, there are three sections of each course each semester.

Course	Current Fee	Proposed Fee
HMGT-120, Food Preparation I	\$100	\$175
HMGT-220, Food Preparation II	\$100	\$200
CMGT-135, Baking & Pastries	\$100	\$200
CMGT-130, Garde Manger	\$75	\$200

Teacher Education Program

The following teacher education courses include a 15-hour field experience component. A fee is charged to Howard Community College (HCC) students enrolled in these courses to cover administrative and material costs related to the field experience, which include stipends for the HCC field experience coordinator and 17 Howard County Public School System (HCPSS) site liaisons. This current fee structure of \$25.00 was established in fiscal year 2003 and has not been increased since that time. A fee increase is being requested to cover increases in field experience costs.

Course	Current Fee	Proposed Fee
EDUC-110, Introduction to Education	\$25	\$35
EDUC-130, Introduction to Early Childhood Education	\$25	\$35
EDUC-200, Introduction to Special Education	\$25	\$35
EDUC-260, Educational Psychology	\$25	\$35
EDUC-267, Methods of Teaching Secondary Education	\$25	\$35

Purpose: The purpose of fees is to insure that academic courses that have unique needs continue to generate sufficient revenue to cover the cost of operation.

Timeline: Effective July 1, 2012

◆————— **Recommendation** —————◆

The administration requests that the audit and finance committee consider the above-proposed course fee increases 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.

6 – Proposed Application Fee for New Allied Health Programs

Background: Currently, a \$25 application fee is applied to students seeking admission to clinical nursing, clinical cardiovascular technology, and clinical radiologic technology programs. This fee helps offset administrative expenses related to personnel, materials, and technology.

Four new clinical allied health programs will be seated over the next two fiscal years. Medical laboratory technician and physical therapy assistant will be seated in FY13; diagnostic medical sonography and dental hygienist will be seated in FY14. These programs will be added to the current clinical allied health application. The proposed application process for the four new clinical programs allows students to pay a single \$25 application fee even if they select more than one clinical program.

Purpose: To obtain board approval for a single \$25 clinical application fee for the diagnostic medical sonography, physical therapy assistant, medical laboratory technician, and dental hygienist programs

Timeline: Effective July 1, 2012

◆————— Recommendation —————◆

The administration requests that the audit and finance committee recommend approval to the full board for the single \$25 clinical application fee for the diagnostic medical sonography, physical therapy assistant, medical laboratory technician, and dental hygienist programs.

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

7 – Proposed Teacher Education Course Fee

Background: A new \$50 course fee is requested to compensate Howard County Public School System (HCPSS) mentor teachers for Exploring Teaching as Your Next Career (EDUC-925). This course, which was first offered in fall 2011, requires thirty-five hours of field experience over five full days in an HCPSS classroom. According to the agreement developed with HCPSS for this course, classroom mentor teachers are paid \$50 per Howard Community College student. This stipend is currently paid through a grant that will end in summer 2012. Currently, other education courses that require field experience have a course fee of \$25 (proposal submitted for an increase to \$35), which covers the mentor teacher in the public school system for fifteen hours per course.

Purpose: The purpose of fees is to insure that academic courses that have unique needs continue to generate sufficient revenue to cover their cost of operation.

Timeline: Effective July 1, 2012

◆————— Recommendation —————◆

The administration requests that the audit and finance committee recommend approval to the full board a new \$50 course fee for the Exploring Teaching as Your Next Career (EDUC-925) course.

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

8 – Proposed Science, Technology, Engineering, and Mathematics Scholars Program Fee

Background: A \$35 admissions fee is collected for students applying to the James W. Rouse Scholars program. This fee helps offset expenses associated with the selective admissions processes for the Rouse program, such as personnel, materials, and technology. Similar expenses will be incurred with the new science, technology, engineering, and mathematics (STEM) scholars program, which also has a selective admissions process. A new honors program application will be created for students to select either the Rouse Scholars program or the STEM Scholars program as their program choice.

Purpose: To obtain board approval to charge a \$35 application fee for students applying to the STEM Scholars program

Timeline: Effective July 1, 2012

◆———— Recommendation —————◆

The administration requests that the audit and finance committee recommend approval to the full board a new \$35 admissions fee for the STEM Scholars program.

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

9 – Proposed Change in Child Care Proficiency Exam Procedure Costs

Background: As part of the national completion agenda, the division of continuing education and workforce development and the social sciences division, teacher education program have collaborated to facilitate a career ladder for students interested in becoming child care educators. The goal is to encourage more students who have completed the basic noncredit child care training to transition into the credit division and earn a degree or certificate. The current proficiency exam procedure requires a student to pay an application fee (currently \$25) plus half of the tuition of the equivalent credit course for which the student is testing. The request is to amend the procedure so that the student would only pay the application fee and not a portion of the tuition.

Purpose: The noncredit student will have already paid nearly three-fourths of the credit tuition to take the noncredit course (which meets the same state-mandated certification requirements) and, in effect, the current policy is making the student pay twice for the same or similar content. If the student fails the proficiency exam, the student would then pay full tuition to take the equivalent credit course. This would apply to proficiency exams for EDUC-111 (Child Growth and Development), EDUC-112 (Methods and Materials in Early Childhood Education), EDUC-113 (Working with Infants and Toddlers), and EDUC-160 (School Age Child Care). If the student successfully completes the proficiency exam, the relevant credit course appears on his/her transcript and fulfills pre-requisite requirements.

Timeline: Begin implementation with spring of 2012

◆————— Recommendation —————◆

The administration requests that the audit and finance committee recommend approval to the full board to remove the cost of tuition from the proficiency exam procedures for EDUC 111, 112, 113, and 160.

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

10 – Proposed Child Care Tuition Changes at the Children’s Learning Center

Background: The Howard Community College (HCC) Children’s Learning Center (CLC) child care tuition has been increased annually to help offset increases in staff salaries/benefits and operational expenses.

For the first time, a separate student rate is proposed for the infant care program. A waiting list instituted by the Maryland State Department of Education (MSDE) for child care vouchers has impacted the program at the CLC, resulting in multiple vacancies. It is anticipated that a minimal increase in the tuition of that program will help make the high quality care more accessible to HCC students.

A comparison of 2011-2012 CLC fees with the surrounding community child care centers and proposed changes to the CLC child care tuition for fiscal year (FY) 2013 are outlined below.

	Current Rates: Community (average) 2011-2012	Current Rates: Children’s Learning Center 2011-2012	Proposed Rates: Children’s Learning Center 2012-2013	
Infant Care (0-2)	\$343/week	\$335/week	\$345/week \$325/week	(staff/faculty) (student)
Two Year Old Care	\$270/week	\$253/week	\$260/week	
Three Year Old Care	\$270/week	\$253/week	\$260/week	
Pre-Kindergarten Care	\$241/week	\$240/week	\$247/week	

Purpose: To obtain board approval to increase the child care tuition for care at the Children’s Learning Center. This increase will help to offset the increase in staff salaries/benefits as well as operational fees in the new fiscal year.

Timeline: Effective July 1, 2012

◆———— Recommendation —————◆

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

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

11 – Salary Schedules for Fiscal Year 2013

Background: Annually, the board approves any changes to the salary schedules for the next fiscal year. The college has contracted for periodic studies of its salary schedules with consultant Hendricks and Associates in the past. The last Hendricks study was in fall 2009, and the resulting changes to the salary schedules were implemented in January 2011.

In order to offer competitive salaries and remain current with changing economic conditions in the market, HCC has had a practice of reviewing its faculty and staff salary schedules every 2 years; therefore, fall 2011 was selected for another review. This year, a different consultant, The Singer Group, was used. The report by The Singer Group suggests a 2 percent increase to the minimums of all faculty and staff grades, but no increase to the maximums. This increase will allow the college to be competitive with starting salaries with neighboring community colleges and other local public employers, such as the Howard County Public School System and Howard County Government.

The cost to bring all existing college faculty and staff to the new minimums would be approximately \$44,000 if no merit increase is given at the same time. If a merit increase is also approved at the same time, salaries would first be adjusted based on the original schedule for merit and then adjusted to the new minimum from the new schedule, if necessary. The cost to bring employees to the new minimums would be lower than \$44,000.

The Singer Group report, current FY12 salary schedules, and proposed FY13 salary schedules follow this item.

Purpose: To obtain board approval for the FY13 salary schedules.

Timeline: FY13

◆————— Recommendation —————◆

The administration requests that the audit and finance committee recommend approval to the full board for the following:

Source of funds: Unrestricted budget

Compliance: This request is in compliance with Board of Trustees' Policy: Board Role.



Compensation Study for



Draft Final Report

October 21, 2011

Background

The Singer Group was retained by Howard Community College (HCC) in August 2011 to review its faculty and staff salary schedules. Following a comprehensive compensation study in 2007/2008 and a follow-up review of pay ranges in 2009, the College believed the time appropriate to again review pay ranges in light of the external market. The Singer Group was contracted to conduct this work and to recommend changes to pay range minimums, midpoints and maximums as appropriate. Our methodology follows.

Review of Current Information and Documents. Associate Vice President of Human Resources, Dave Jordan, served as our Project Manager and point of contact for this work. He provided us with a variety of requested background information and data, including HCC's strategic plan, compensation policies, employee data, merit calculations and a history of salary increases provided to College employees.

At an initial meeting, we met with the AVP of HR, the Director of Human Resources (Karlyn Young) and the Vice President of Administration and Finance (Lynn Coleman) to discuss the technical approach and schedule for the project. At that time, we identified several organizations with which we would compare HCC's compensation structures. These are:

Community Colleges:

- Anne Arundel Community College
- College of Southern Maryland
- Community College of Baltimore County
- Frederick Community College
- Harford Community College
- Montgomery College
- Prince George's Community College

Universities:

- Towson University
- University of Baltimore
- University of Maryland, Baltimore County

Organizations:

- Columbia Association
- Howard County Government
- Howard County Public Schools

In phone calls to these organizations, we conducted brief surveys to determine these organizations' recent and future salary increases. Following are the questions for these interviews.

Survey Questions

1. *Did you increase your pay scales in 2010 and 2011? If so, by how much each year? Effective date?*
2. *If yes to #1, was this an across-the-board increase to payscales or was it different for different scales (i.e., faculty, staff, administrators, etc.)*
3. *If yes to #1, did you adjust the minimum and maximum by the same or different amounts? If different, please describe.*
4. *Did you provide merit or step increases to employees in 2010 and 2011? If so, what was the average increase each year? Effective date?*
5. *If yes to #4, was this merit or step increase provided to all staff or only to certain staff segments (i.e., faculty, staff, administrators, etc.)?*
6. *Did you provide any across-the-board or COLA increase (not related to merit/performance) to employees in 2010 and 2011? If so, what the increase % for each year? Effective date?*
7. *If yes to #6, was this across-the-board or COLA increase provided to all staff or only to certain staff segments (i.e., faculty, staff, administrators, etc.)?*
8. *[If college or community college] – Did you provide increases to certain ranks of faculty and not others in 2010 or 2011? If so, please describe what actions were taken.*
9. *[If college or community college] – Are you providing any pay premiums or other recruitment incentives to allied health faculty and staff when hiring? If so, please describe.*

All identified organizations participated in the phone survey; the findings are presented below.

HOWARD COMMUNITY COLLEGE Survey Responses Summary

Organization	Pay Scales (2010/2011)	Merit/Step Increases (2010/2011)	Across the Board/COLA (2010/2011)	Increases for Certain Faculty (2010/2011)	Allied Health Faculty/ Staff Incentives
Anne Arundel Community College	No	No	No	No	No
College of Southern MD	Market adjustment of 3% to staff and faculty scales; 1.5% 7/09 and 1.5% in 7/10		Staff and faculty received 1.5% increases 7/09 and 7/10	No	No
Community College of Baltimore County	No	3% step increase for all for FY `11 and `12	No	No	No
Frederick Community College	2% adjustment to pay ranges in FY2010 as a result of salary study	No	No	No	No
Harford Community College	2% adjustment to pay ranges effective 7/11 (FY `12)	No	All employee received 2% effective 7/11 (FY `12)	No	No
Montgomery College	No	No	No	No	No
Prince George's Community College	3% in 2010 as a result of salary study	No	2.5% in 2010; nothing in 2011	No	No
Towson University	No	No	Nothing expected until 2014 ¹	No	No
University of Baltimore	No	No	No	No	N/A
University of MD, Baltimore County	No	No	One-time bonus of \$750 for staff and faculty for FY 12 (received in 7/11)	No	No

Organization	Pay Scales (2010/2011)	Merit/Step Increases (2010/2011)	Across the Board/COLA (2010/2011)	Increases for Certain Faculty (2010/2011)	Allied Health Faculty/ Staff Incentives
Columbia Association	2.7% in both FY '10 and '11	Annual performance reviews with salary increase of 0-3% based on score; average salary increase 2% for 2010 and 2011. Select staff eligible for one-time bonus each July based on goal achievement; average payment \$3,000.	No, never offered		No
Howard County Government	No (for General scale, which includes office, clerical, professional and executive staff)	Average of 3% increase both years for those who received increase ² ; awarded on anniversary dates.	Not for General pay scale; Police, Fire, Corrections and Dispatch received 1-2% COLA each year.		
Howard County Public Schools	1% increase to Teachers' Salary Schedule for FY 2011	For Admin., Mgmt. and Technical staff only; average FY '12 increase <1%	No	No	N/A

1. Towson increased part-time adjunct faculty pay per class from \$2,500 to \$3,000 in fall of 2011 for 3-credit courses.
2. At Howard County Government, those eligible for annual step increases in the General pay scale are those in steps 1-10. Employees in steps 11-16 receive step increases every other year; those over maximum do not receive step increases. Appointed executives (approximately 50-75 employees) may receive more than one step at a time, and this does not have to be linked to the anniversary date. Pay for appointed executives may not exceed range maximum.

Recommendations: Faculty

According to the College’s compensation policy, HCC “recognizes that a superior teaching faculty and staff is essential for Howard Community College students and for the citizens of Howard County. To ensure fair and competitive compensation, the college periodically reviews salaries internally and externally.” In addition, the College’s Board of Trustees “sets the faculty salary ranges to assure that they are in the upper one-third of faculty salary ranges in Maryland’s public community college system,” in order to attract and retain superior faculty and to maintain a competitive position within this group of comparators.

In order to be competitive with the comparators listed above, including Howard County Government and Howard County Public Schools, we recommend an increase of 2% be applied to the current 10- and 12-month Faculty Salary Schedules at the minimum. This allows HCC to remain competitive with other Maryland community colleges and also to be competitive at the Instructor level with Howard County Public Schools, which has set a minimum salary of \$48,986 for their Masters’ degree teachers.

Recommended FY 2012 10-month Faculty Salary Schedule

	Minimum	Midpoint	Maximum
Full Professor	\$61,216	\$80,126	\$99,035
Associate Professor	\$56,809	\$71,699	\$86,590
Assistant Professor	\$52,719	\$64,220	\$75,722
Instructor	\$48,923	\$58,028	\$67,132
Assistant Instructor	\$40,757	\$49,349	\$57,940

Recommended FY 2012 12-month Faculty Salary Schedule

	Minimum	Midpoint	Maximum
Division Chair Appointment	\$82,546	\$108,442	134339
Associate Division Chair Appointment	\$76,008	\$99,855	123701
Full Professor	\$73,459	\$96,151	118842
Associate Professor	\$68,171	\$86,039	103908
Assistant Professor	\$63,262	\$77,064	90866
Instructor	\$58,708	\$69,633	80558
Assistant Instructor	\$48,909	\$59,219	69528

Following are tables showing a comparison of entry-level (range minimum) and maximum pay for 10-month faculty pay by rank at the community colleges identified above as comparators for HCC.

Comparison of Select Community College Faculty Pay Rates – Range Minimum

Based on 10-month schedules

	HCC (current)	HCC (proposed)	Anne Arundel Community College*	College of SoMD (FY 2010 – no adjustment 2011)	Community College of Baltimore County (FY 2010 – no adjustment 2011)	Frederick Community College FY 2011	Harford Community College FY 2011	PG Community College (FY 2010 – no adjustment 2011)	Montgomery College*	Average (excl. HCC)	Median (excl. HCC)
Full Professor	\$60,016	\$61,216	\$60,913	\$66,575	\$61,546	\$58,539	\$60,272	\$55,233	\$62,868	\$60,849	\$60,913
Associate Professor	\$55,695	\$56,809	\$50,911	\$58,077	\$55,778	\$50,545	\$48,217	\$49,474	\$54,771	\$52,539	\$50,911
Assistant Professor	\$51,685	\$52,719	\$45,170	\$49,582	\$50,560	\$47,254	\$41,387	\$45,376	\$48,171	\$46,786	\$47,254
Instructor	\$47,964	\$48,923	\$41,682	\$44,373	\$47,963	\$43,962	\$40,181	\$42,100	\$51,135	\$44,485	\$43,962
Assistant Instructor	\$39,958	\$40,757				\$37,880					

*Most recent data available obtained from 2011 MACC Databook.

**Rank of Howard Community College Faculty Pay Range Minimums
(Current and Proposed) by Rank**
Based on 10-month schedules

	Full Professor
1. College of SoMD	\$66,575
2. Montgomery College*	\$62,868
3. Community College of Baltimore County	\$61,546
4. HCC (proposed)	\$61,216
5. Anne Arundel Community College*	\$60,913
<i>Median (excl. HCC)</i>	\$60,913
<i>Average (excl. HCC)</i>	\$60,849
6. Harford Community College	\$60,272
7. HCC (current)	\$60,016
8. Frederick Community College	\$58,539
9. PG Community College	\$55,233

	Associate Professor
1. College of SoMD	\$58,077
2. HCC (proposed)	\$56,809
3. Community College of Baltimore County	\$55,778
4. HCC (current)	\$55,695
5. Montgomery College*	\$54,771
<i>Average (excl. HCC)</i>	\$52,539
6. Anne Arundel Community College*	\$50,911
<i>Median (excl. HCC)</i>	\$50,911
7. Frederick Community College	\$50,545
8. PG Community College	\$49,474
9. Harford Community College	\$48,217

	Assistant Professor
1. HCC (proposed)	\$52,719
2. HCC (current)	\$51,685
3. Community College of Baltimore County	\$50,560
4. College of SoMD	\$49,582
5. Montgomery College*	\$48,171
<i>Average (excl. HCC)</i>	\$46,786
6. Frederick Community College	\$47,254
<i>Median (excl. HCC)</i>	\$47,254
7. PG Community College	\$45,376
8. Anne Arundel Community College*	\$45,170
9. Harford Community College	\$41,387

	Instructor
1. Montgomery College*	\$51,135
2. HCC (proposed)	\$48,923
3. HCC (current)	\$47,964
4. Community College of Baltimore County	\$47,963
<i>Average (excl. HCC)</i>	\$44,485
5. College of SoMD	\$44,373
<i>Median (excl. HCC)</i>	\$43,962
6. Frederick Community College	\$43,962
7. PG Community College	\$42,100
8. Anne Arundel Community College*	\$41,682
9. Harford Community College	\$40,181

**Most recent data available obtained from 2011 MACC Databook.*

Comparison of Select Community College Faculty Pay Rates – Range Maximum

Based on 10-month schedules

	HCC (current)/ proposed	Anne Arundel Community College*	College of SoMD (FY 2010 – no adjustment 2011)	Community College of Baltimore County (FY 2010 – no adjustment 2011)	Frederick Community College FY 2011	Harford Community College FY 2011	PG Community College (FY 2010 – no adjustment 2011)	Montgomery College*	Average (excl. HCC)	Median (excl. HCC)
Full Professor	\$99,035	\$94,169	\$100,379	\$98,764	\$91,320	\$87,453	\$95,253	\$97,450	\$94,970	\$95,253
Associate Professor	\$86,590	\$78,712	\$87,567	\$84,369	\$78,850	\$73,609	\$83,686	\$88,560	\$82,193	\$83,686
Assistant Professor	\$75,722	\$65,803	\$74,757	\$72,084	\$68,083	\$64,886	\$73,523	\$88,723	\$72,551	\$72,084
Instructor	\$67,132	\$57,220	\$66,777	\$57,271	\$68,786	\$57,626	\$64,595	\$91,576	\$66,264	\$64,595
Assistant Instructor	\$57,940				\$50,758					

**Rank of Howard Community College Faculty Pay Range Maximums
(Current and Proposed) by Rank**
Based on 10-month schedules

	Full Professor
1. College of SoMD	\$100,379
2. HCC (current/proposed)	\$99,035
3. Community College of Baltimore County	\$98,764
4. Montgomery College*	\$97,450
<i>Median (excl. HCC)</i>	\$95,253
5. PG Community College	\$95,253
<i>Average (excl. HCC)</i>	\$94,970
6. Anne Arundel Community College*	\$94,169
7. Frederick Community College	\$91,320
8. Harford Community College	\$87,453

	Associate Professor
1. Montgomery College*	\$88,560
2. College of SoMD	\$87,567
3. HCC (current/proposed)	\$86,590
4. Community College of Baltimore County	\$84,369
<i>Median (excl. HCC)</i>	\$83,686
5. PG Community College	\$83,686
<i>Average (excl. HCC)</i>	\$82,193
6. Frederick Community College	\$78,850
7. Anne Arundel Community College*	\$78,723
8. Harford Community College	\$73,609

	Assistant Professor
1. Montgomery College*	\$88,723
2. HCC (current/proposed)	\$75,722
3. College of SoMD	\$74,757
4. PG Community College	\$73,523
<i>Average (excl. HCC)</i>	\$72,551
5. Community College of Baltimore County	\$72,084
<i>Median (excl. HCC)</i>	\$72,084
6. Frederick Community College	\$68,083
7. Anne Arundel Community College*	\$65,803
8. Harford Community College	\$57,626

	Instructor
1. Montgomery College*	\$91,576**
2. Frederick Community College	\$68,786
3. HCC (current/proposed)	\$68,475
4. College of SoMD	\$66,777
<i>Average (excl. HCC)</i>	\$66,264
<i>Median (excl. HCC)</i>	\$64,595
5. PG Community College	\$64,595
6. Harford Community College	\$57,626
7. Community College of Baltimore County	\$57,271
8. Anne Arundel Community College*	\$57,220

**Most recent data available obtained from 2011 MACC Databook.*

***It appears that there may be an error in this figure but we have included it as this is how it was printed in the MACC Databook.*

According to the CUPA-HR Two-Year College Faculty Salary Survey for the 2010-11 Academic Year, the median increase in the average salaries of full-time faculty (based on academic year, 9-10 months) for the surveyed period was 0%. The CUPA data is presented as a whole and is not sorted geographically, which limits its usefulness as a comparator. However, for reference, below is a comparison of HCC's **current** faculty salary schedule with the national data by rank.

	HCC Range Minimum	National Range Minimum (median)	% difference	HCC Range Maximum	National Range Maximum (median)
Full Professor	\$60,016	\$56,200	6.79%	\$99,035	\$90,391
Associate Professor	\$55,695	\$49,604	12.28%	\$86,590	\$75,545
Assistant Professor	\$51,685	\$43,704	18.26%	\$75,722	\$64,737
Instructor	\$47,964	\$39,055	22.81%	\$67,132	\$58,887
Assistant Instructor/ Lecturer	\$39,958	\$37,013	7.96%	\$57,940	

In all cases, HCC's 2011 pay structure figures are higher than the national data.

Another point of data that can be analyzed in a review such as this is the *average salaries* of current staff. The table below provides a comparison of the average salaries of HCC's current faculty by rank as compared to the national data from CUPA as well as Maryland community college data and HCC's identified comparators only (obtained from the Maryland Association of Community Colleges 2011 databook).

HCC Current Actual Salaries compared to CUPA National Average and MACC MD Average

	HCC Average	National Average (CUPA)	MD Average (MACC)	MACC Comparator Average*
Full Professor	\$88,554	\$74,568	\$81,300	\$81,796
Associate Professor	\$70,693	\$60,073	\$64,966	\$66,696
Assistant Professor	\$59,295	\$54,007	\$55,635	\$56,342
Instructor	\$53,760	\$47,451	\$48,793	\$51,401

*excluding HCC

When comparing actual salaries it is important to remember that the longevity of faculty within each group can greatly affect the averages. Even in consideration of this, HCC's average salaries are above market for a large majority of comparison points.

Recommendations: Staff

To maintain HCC's competitiveness with other local employers and Maryland community colleges, we recommend that the staff salary ranges also be increased by 2% at the minimum. Four of the six community colleges surveyed provided increases to their staff salary ranges for FY 2010 and/or 2010.

The average increase applied was 2.125%. MACC and CUPA do not provide this data, though the CUPA survey shows an overall national increase to *salaries* (not salary ranges) of 0%. Increasing the staff salary ranges at HCC also ensures that internal equity with faculty pay ranges is maintained. Following is the proposed staff salary schedule for FY 2012.

Recommended FY 2012 Staff Salary Schedule

Grade	Minimum	Midpoint	Maximum
20	\$97,354	\$127,896	\$158,439
19	\$89,645	\$117,768	\$145,892
18	\$82,546	\$108,442	\$134,339
17	\$76,008	\$99,855	\$123,701
16	\$69,989	\$91,947	\$113,905
15	\$64,448	\$84,666	\$104,885
14	\$59,344	\$77,961	\$96,579
13	\$54,644	\$71,788	\$88,931
12	\$50,317	\$66,102	\$81,888
11	\$46,332	\$60,868	\$75,404
10	\$21.80	\$28.63	\$35.47
9	\$20.07	\$26.37	\$32.66
8	\$18.48	\$24.28	\$30.07
7	\$17.01	\$22.35	\$27.69
6	\$15.67	\$20.58	\$25.50
5	\$14.43	\$18.96	\$23.48
4	\$13.28	\$17.45	\$21.62
3	\$12.23	\$16.07	\$19.91
2	\$11.26	\$14.80	\$18.33
1	\$10.37	\$13.63	\$16.88

Merit Adjustment

HCC should budget 2-3% of range midpoints for merit adjustments. Average faculty salaries are 5.69% below the proposed midpoints (average faculty salary comparatio is .94) and average staff salaries are 15.66% below midpoints (average staff comparatio is .84). Budgeting 2-3% of midpoint for faculty and staff should ensure that the Level 3 performers would receive an average salary increase of approximately 2.5% - 3% of their individual salaries, with those below midpoint receiving a slightly higher performance increase than those above, per HCC’s merit calculation formulas. If budget prevents HCC from awarding merit increases we would recommend not adjusting any pay ranges.

Summary

In order to remain competitive with other Maryland community colleges and local employers, including Howard County Public Schools, we believe a 2% increase to the minimums of all salary ranges (faculty

and staff) may be in order. Attached as an appendix is a cost analysis to bring any affected staff to the new minimum of their pay range.

A note about compression:

HCC's Human Resources staff have expressed to us a concern about salary compression that is currently in place. Due to past adjustments and studies, salary compression among newer and longer term employees is occurring (where newly or recently hired employees are making very close to or the same amount as longer term employees because of shifts in the pay ranges). Our data and findings above show that HCC would be justified in applying the 2% identified as an increase to pay range minimums. However, as HCC's ranges are very competitive within the state and with its direct comparators, the College may want to consider holding the 2% adjustment to pay range minimums (and associated salary adjustments to range minimum) and apply any available funds to the compression of actual salaries for the next fiscal year. The situation could then be reevaluated for FY `13-14 to see if an increase to pay ranges is warranted at that time.

Current FY12 Salary Schedules

Faculty 12-month				
Level		Minimum	Midpoint	Maximum
7	Division Chair Appointment	\$ 80,927	\$ 107,633	\$ 134,339
6	Associate Division Chair Appointment	\$ 74,518	\$ 99,109	\$ 123,701
5	Full Professor	\$ 72,019	\$ 95,430	\$ 118,842
4	Associate Professor	\$ 66,834	\$ 85,370	\$ 103,908
3	Assistant Professor	\$ 62,022	\$ 76,445	\$ 90,866
2	Instructor	\$ 57,557	\$ 69,058	\$ 80,558
1	Assistant Instructor	\$ 47,950	\$ 58,739	\$ 69,528

Faculty 10-month				
Level		Minimum	Midpoint	Maximum
5	Full Professor	\$ 60,016	\$79,525	\$ 99,035
4	Associate Professor	\$ 55,695	\$71,142	\$ 86,590
3	Assistant Professor	\$ 51,685	\$63,704	\$ 75,722
2	Instructor	\$ 47,964	\$57,548	\$ 67,132
1	Assistant Instructor	\$ 39,958	\$48,949	\$ 57,940

Staff							
Grade		Minimum Hourly *	Minimum Annual*	Midpoint Hourly*	Midpoint Annual*	Maximum Hourly*	Maximum Annual*
20			\$ 95,445		\$ 126,942		\$ 158,439
19			87,887		116,889		145,892
18			80,927		107,633		134,339
17			74,518		99,109		123,701
16			68,617		91,261		113,905
15			63,184		84,034		104,885
14			58,180		77,379		96,579
13			53,573		71,252		88,931
12			49,330		65,609		81,888
11			45,424		60,414		75,404
10	Hourly A	\$21.37	41,827	\$28.42	55,630	\$35.47	69,433
	Hourly P	\$21.37	44,621	\$28.42	59,341	\$35.47	74,061
9	Hourly A	\$19.68	38,515	\$26.17	51,224	\$32.66	63,934
	Hourly P	\$19.68	41,092	\$26.17	54,643	\$32.66	68,194
8	Hourly A	\$18.12	35,465	\$24.10	47,168	\$30.07	58,871
	Hourly P	\$18.12	37,835	\$24.10	50,321	\$30.07	62,786
7	Hourly A	\$16.68	32,656	\$22.19	43,433	\$27.69	54,209
	Hourly P	\$16.68	34,828	\$22.19	46,333	\$27.69	57,817
6	Hourly A	\$15.36	30,070	\$20.43	39,993	\$25.50	49,916
	Hourly P	\$15.36	32,072	\$20.43	42,658	\$25.50	53,244
5	Hourly A	\$14.15	27,689	\$18.81	36,826	\$23.48	45,964
	Hourly P	\$14.15	29,545	\$18.81	39,275	\$23.48	49,026
4	Hourly A	\$13.02	25,496	\$17.32	33,910	\$21.62	42,324
	Hourly P	\$13.02	27,186	\$17.32	36,164	\$21.62	45,143
3	Hourly A	\$11.99	23,477	\$15.95	31,225	\$19.91	38,972
	Hourly P	\$11.99	25,035	\$15.95	33,304	\$19.91	41,572
2	Hourly A	\$11.04	21,618	\$14.69	28,752	\$18.33	35,886
	Hourly P	\$11.04	23,052	\$14.69	30,673	\$18.33	38,273
1	Hourly A	\$10.17	19,906	\$13.52	26,475	\$16.88	33,044
	Hourly P	\$10.17	21,235	\$13.52	28,230	\$16.88	35,245

Hourly A: Administrative Staff (37.5 hrs/wk - 1957.5 hrs/yr)

Hourly P: Plant Staff (40 hrs/wk - 2088 hrs/yr)

*Exempt compensation is based on an annual salary. Non-exempt compensation is based on an hourly rate.
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 annual amount is an estimate only, based on estimated work hours in each fiscal year.

Fiscal Year 2013 Proposed Salary Schedules

Faculty 12-month				
Level		Minimum	Midpoint	Maximum
7	Division Chair Appointment	\$ 82,546	\$ 108,442	\$ 134,339
6	Associate Division Chair Appointment	\$ 76,008	\$ 99,855	\$ 123,701
5	Full Professor	\$ 73,459	\$ 96,151	\$ 118,842
4	Associate Professor	\$ 68,171	\$ 86,039	\$ 103,908
3	Assistant Professor	\$ 63,262	\$ 77,064	\$ 90,866
2	Instructor	\$ 58,708	\$ 69,633	\$ 80,558
1	Assistant Instructor	\$ 48,909	\$ 59,219	\$ 69,528

Faculty 10-month				
Level		Minimum	Midpoint	Maximum
5	Full Professor	\$ 61,216	\$80,126	\$ 99,035
4	Associate Professor	\$ 56,809	\$71,699	\$ 86,590
3	Assistant Professor	\$ 52,719	\$64,220	\$ 75,722
2	Instructor	\$ 48,923	\$58,028	\$ 67,132
1	Assistant Instructor	\$ 40,757	\$49,349	\$ 57,940

Staff							
Grade		Minimum Hourly *	Minimum Annual*	Midpoint Hourly*	Midpoint Annual*	Maximum Hourly*	Maximum Annual*
20			\$ 97,354		\$ 127,896		\$ 158,439
19			89,645		117,768		145,892
18			82,546		108,442		134,339
17			76,008		99,855		123,701
16			69,989		91,947		113,905
15			64,448		84,666		104,885
14			59,334		77,961		96,579
13			54,644		71,788		88,931
12			50,317		66,102		81,888
11			46,332		60,868		75,404
10	Hourly A	\$21.80	42,674	\$28.63	56,043	\$35.47	69,433
	Hourly P	\$21.80	45,518	\$28.63	59,779	\$35.47	74,061
9	Hourly A	\$20.07	39,287	\$26.37	51,619	\$32.66	63,934
	Hourly P	\$20.07	41,906	\$26.37	55,061	\$32.66	68,194
8	Hourly A	\$18.48	36,175	\$24.28	47,528	\$30.07	58,871
	Hourly P	\$18.48	38,586	\$24.28	50,697	\$30.07	62,786
7	Hourly A	\$17.01	33,297	\$22.35	43,750	\$27.69	54,209
	Hourly P	\$17.01	35,517	\$22.35	46,667	\$27.69	57,817
6	Hourly A	\$15.67	30,674	\$20.58	40,285	\$25.50	49,916
	Hourly P	\$15.67	32,719	\$20.58	42,971	\$25.50	53,244
5	Hourly A	\$14.43	28,247	\$18.96	37,114	\$23.48	45,964
	Hourly P	\$14.43	30,130	\$18.96	39,588	\$23.48	49,026
4	Hourly A	\$13.28	25,996	\$17.45	34,158	\$21.62	42,324
	Hourly P	\$13.28	27,729	\$17.45	36,436	\$21.62	45,143
3	Hourly A	\$12.23	23,940	\$16.07	31,457	\$19.91	38,972
	Hourly P	\$12.23	25,536	\$16.07	33,554	\$19.91	41,572
2	Hourly A	\$11.26	22,041	\$14.80	28,971	\$18.33	35,886
	Hourly P	\$11.26	23,511	\$14.80	30,902	\$18.33	38,273
1	Hourly A	\$10.37	20,299	\$13.63	26,681	\$16.88	33,044
	Hourly P	\$10.37	21,653	\$13.63	28,459	\$16.88	35,245

Hourly A: Administrative Staff (37.5 hrs/wk - 1957.5 hrs/yr)

Hourly P: Plant Staff (40 hrs/wk - 2088 hrs/yr)

*Exempt compensation is based on an annual salary. Non-exempt compensation is based on an hourly rate.
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 annual amount is an estimate only, based on estimated work hours in each fiscal year.