

**Finance Committee Report
June 2011 Board Meeting
Thursday, June 16, 2011**

31050
**APPROVED – BOARD OF TRUSTEES COMMUNITY
COLLEGE DISTRICT NO. 508
JULY 14, 2011**

BUDGET OFFICE:

FY 2012 Budget Development Update.

Chancellor Cheryl Hyman’s FY 2012 Tentative Annual Operating Budget recommendations will be ready for public inspection starting tomorrow. A draft press release has been prepared. We are giving the public the opportunity to review the tentative budget and to send back their input through the following steps:

- June 17, 2011 – Legal notice placed in Sun-Times, the Chicago Defender and Extra Bilingual Newspapers and five (5) copies of the tentative budget book placed in the board office for public inspection
- June 17, 2011 – Copy of budget delivered to the Civic Federation staff
- June 21, 2011 – Posted copy of FY 2012 Tentative Operating Budget to CCC web site
- June 25, 2011 – Post copy of FY 2011 to FY 2016 Capital Improvement Program to CCC web site

The Chancellor and her senior executives will hold four (4) public hearings on FY 2012 Tentative Annual Operating Budget. The public hearings will be led by Chancellor Cheryl Hyman, VC for Strategy & Institutional Intelligence, Alvin Bisarya, and Vice Chancellor of Finance, Ken Gotsch, with the other senior executives available to help answer any questions specific to their area. The public hearing schedules are as follows:

- July 6, 2011 – 9:00 am at Harold Washington College
- July 7, 2011 – 6:00 pm at Wilbur Wright College
- July 8, 2011 – 6:00 pm at Richard J Daley College
- July 14, 2011 - 9:00 am at District Office

My colleague VC Alvin Bisarya and I would like the opportunity to personally brief you on this year’s aggressive interim strategic planning process, the annual plans and modified zero based budget exercise we used to help the Chancellor facilitate her FY 2012 budget recommendation to you.

TREASURY:

Cash In – The District’s FY 2011 incoming cash through June 30, 2011, is projected to be \$436.0 million compared to \$430 million reported in May 2011, an increase of about \$6.0 million. Detail sources are as follows:

Source	May 2011 Report (millions)	June 2011 Report (millions)	Change (millions)
Property Taxes	\$122.9	\$124.2	\$ 1.3
Tuition and Fees	\$60.0	\$58.7	-\$1.3
Personal Property Replacement Tax(PPRT)	\$14.1	\$14.1	\$0.0
State grants	\$85.8	\$92.7	\$6.9

Federal Draws	\$128.8	\$127.5	-\$1.3
Interest Income	\$2.0	\$2.1	\$0.1
Other Grants/Miscellaneous Funds	\$15.9	\$16.6	\$0.6
Total Cash-In	\$429.5	\$435.9	\$6.4

The total cash inflow projection is \$6.4 million higher than the May 2011 report primarily due the following:

Property Taxes: Increase of about \$1.2 million primarily due to more actual receipts than previously projected.

Tuition & Fees: Decrease of about \$1.0 million primarily due to lower actual receipts than previously projected. Enrollment for the summer term for this period is lower compared to the same period last year.

State Grants: Increase of about \$7 million due to the higher actual receipt of the MAP grant than previously projected. The state is current with their payment except for the \$15 million in Alternative Equalization Grant which is \$7.5 million 30 days past due, and about \$2.8million past due in the State portion of the Adult Ed Grant.

Federal Draws: A decrease of about \$1.2 million from last report due to lower amount of actual receipts than previously projected.

Interest Received: Basically unchanged from last month's report.

Other Grants/Miscellaneous Funds: Increased of about \$.6 million due to higher actual receipts than previously projected.

Cash Out - The District's FY 2011 outgoing cash through June 30, 2011 is projected to be \$399.6 million, compared to \$406.1 million reported last month, a decrease of about \$6.5 million. Detail changes are as follows:

Uses	May 2011 Report (millions)	June2011 Report (millions)	Change (millions)
Faculty and Staff Payroll	\$136.2	\$133.	-\$3.1
Tuition Refunds	\$61.2	\$61.0	-\$0.2
Accounts Payable/Misc	\$208.7	\$205.	-\$3.2
Total Projected Cash Out	\$406.1	\$399.	-\$6.5

Faculty and Staff Payroll: Decrease of about \$3.1 million in the actual paid than previously projected.

Accounts Payable/Miscellaneous: Decrease of about \$3.2 million due to lower actual payments than previously projected.

PFM Asset Management Portfolio	Market Value as of 04/30/2011	Duration CCC/ Benchmark	Monthly Periodic Return 4/30/2011 CCC/Benchmark
Working Cash Portfolio - Merrill Lynch 1-Year U.S. Treasury Index	\$59,546,204	1.0/0.93	.170% / 1.01 %
Short-Term Operating portfolio - Merrill Lynch 3-Month U.S. Treasury Index	\$61,113,571	0.43/ 0.16	0.49% / 0.020%
Truman Parking Project -NO Benchmark	\$4,497,735	0.022/NA	0.032% /NA
OPEB Portfolio - Merrill Lynch 3-Month U.S. Treasury Index	\$18,179,767	1.68/1.78	0.4.24%/ 0.436%
Capital Improvement Projects -Merrill Lynch 1-Year U.S. Treasury Index	\$46,177,110	0.98/NA	0.187%/NA
Total PFM-Managed Investment Portfolios	\$189,514,389		

Cash Balance: The current investment policy requires a minimum cash balance of no less than three months' of expenditures or approximately \$87 million of non-scholarship operating expenses. The cash balance as of April 2011 is \$196.8 million. The cash balance includes the depository and savings accounts, the Prime Funds and other short-term operating investments account balances.

Investing Activities: The following is the market value and the performance of investment portfolio as of the month ending April 30, 2011:

Overall, the portfolios' periodic return for the month ending January 31, 2011 is in line with or better than their respective benchmarks. We continue to work with our investment advisor PFM and meet monthly to ensure that funds are invested in accordance with the District's investment policy, while looking to gain competitive rates of returns with the primary goals of safety and liquidity.

The investment report for the month of April 30, 2011 from PFM are included in the orange folder. Also included is the compliance check list for the different requirements/limits set forth in the investment policy as of April 30, 2011.

Money Market Funds –PFM Prime Fund Account balance of \$26 million with a yield of 0.13%

Other Treasury Activity:

- The evaluation process for recommending a provider of the District's Safekeeping and Custodial Services and Electronic Payments Services has been completed. The selected vendors will be

submitted to the July Board for approval.

- Continue to work collaboratively with Chase, OIT, General Accounting, Accounts Payable and the Executive Directors to create a new check template, implement required banking services and develop internal operating procedures for the District's new agency account structure. All District Agency payments will be processed through this account.
- Continue to work with Accounts Payable to transition vendors currently receiving checks and ACH payments through Chase online system to City College's automated, direct transmission payment method.

Payroll	May 2010	May 2011	% of Change
Checks	2,737	2,440	(11%)
Direct Deposit # of Advices	8,858	8,713	(2%)

CONTROLLER'S OFFICE:

Financial Reporting and General Accounting:

The month-end close process continues to improve and deadlines for posting accruals have been moved up. Investment accounts are reconciled through April and the fixed asset accounts are updated through April. A preliminary fiscal year-end close schedule is under review. Once this is finalized with the auditors, data requests will be e-mailed to those persons responsible for submitting items to the auditors. Supporting documentation has been provided to the Illinois State Board of Education (ISBE) for their upcoming review regarding CCC's fiscal year 2010 use of Department of Education / American Recovery and Reinvestment Act funds. This is a normal review process and we are in compliance with the use of these funds.

Grant Accounting:

The Grant Accounting Department submitted \$631,000 in State and Local billings and \$2.1 million in Federal payment requests. It also completed reconciliations of more than 100 active grants for the first quarter of calendar year 2011.

Status of the FY 2010 State Receivables:

As of May 31, 2011, \$144K of FY 2010 state grants receivables are more than 30 days overdue. The major outstanding receivables include the following:

State Program	April 2011	May 2011	Variance
WIA (Work Force Invest. Act)	\$18,878	\$ 17,464	(\$1,414)

CYATC (Chicagoland Youth and Adult Training Center)	\$70,141	\$ 70,141	0
State Pre-K	\$57,001	\$57,001	0
Total	\$146,020	\$144,606	(1,414)

Status of the FY 2011 State Receivables:

As of May 31, 2011, \$15.6 million of FY 2011 grants receivables from the state are outstanding.

State Program	May 2011	30 days past due
Base Operating (Credit Hour)	\$0	\$0
Additional Grant (Equalization)	\$10,000,000	\$8,750,000
Monetary Award Program (MAP)	\$0	\$0
Carl Perkins	\$0	\$0
Adult Education	\$3,331,651	\$2,855,701
Truants Alternative (TAOEP)	\$1,420,991	\$1,291,810
Partnership for College & Career Success (PCCS)	\$0	\$0
All Other State Funded Programs	\$891,314	\$287,930
Total	\$15,643,956	\$13,185,441

STUDENT FINANCE:

Student Refunds:

During the month of May 2011 a total of approximately \$896,000 was refunded to students. The chart below details the number of electronic and paper check refunds processed during March:

Refund Type	Number of Refunds	%
Paper Checks	835	65%
Electronic (ACH)	449	35%
Total	1,283	

Federal and State Programs:

The William D. Ford Federal Direct Loan initiative continues to be supported by City Colleges. The chart below details the Direct Loan disbursements for Fall 2010 and Spring 2011, as of May 31, 2011.

Type	Student Count	Amount	Average
Subsidized	2,490	\$ 6,531,030	\$2,623
Unsubsidized	1,191	3,233,464	2,715
Parent PLUS	14	132,142	9,439
Total	3,695	\$9,896,636	

In addition, we have disbursed the following financial aid to students for the 2010-2011 academic year as of May 31, 2011:

Type of Aid	\$ Disbursed	Student Count	Average
Federal Pell Grant	\$102,117,588	32,650	\$3,128
Federal Supplemental Educational Opportunity Grant (SEOG)	1,219,705	2,047	596
Federal Work-Study	1,970,824	777	2,536
Academic Competiveness Grant (ACG)	325,256	898	362
Illinois Monetary Award Program (MAP)	12,049,784	13,052	923
Total	\$117,683,157		

Student Receivable at May 31, 2011

Term	30-Apr-11	31-May-11	Collected
Summer 2009 and prior	993,802	985,304	8,499
Fall 2009	1,249,509	1,246,589	2,921
Spring 2010	1,447,226	1,418,500	28,726
Summer 2010	438,432	420,884	17,548
Fall 2010	1,689,691	1,629,030	60,662
Sub-total	5,818,661	5,700,305	118,355

Spring 2011	(see note below)	3,057,869	-3,057,869
Grant Total	5,818,661	8,758,175	-2,939,514

NOTE: Spring 2011 (Term 1116) ended May 14, 2011. This is the first month reporting student receivables for this term.

Completed Activities:

- Submitted the 2011-2012 ISAC Gift Assistance Program Budget Packet An institution must complete the Gift Assistance Program Budget Packet every year in order to participate in State of

Illinois funded gift assistance program. The budget identifies tuition and fee amounts for credit courses and 'signature programs.

- Mailed approximately 18,000 student bills, totaling \$ 8.7 million , in which 14% were returned to sender.
- E-mailed approximately 12,000 students to encourage them to enroll in an electronic refund option (i.e. Direct Deposit, U.S. Bank Card)
- E-mailed approximately 500 current and potential students regarding an invalid school code selected on FAFSA/ISIR.
- E-mailed approximately 900 students out of 3,272., who have enrolled in a Nelnet Payment Plan, regarding potential drops due to non-payments on contracts.
- The Final Program Review Determination letter for MX's Department of Education (DOE) off-site program review was received. As a result of this review, DOE is requesting a total liability due from the institution of \$127,179. However, MX, has submitted the "Request to Appeal" to the Department of Education, in an effort to reduce the liability by \$30,000.

Work-in-Progress:

- Awaiting for the execution of the contract for Student Collection services with Enterprise Recovery Systems, Inc.
- Working to implement the following new DOE regulations effective July 1, 2011?: Gainful Employment and Net Price Calculator
- Awaiting the Final Determination Letter from the Program Review completed at KK. We are continuing to review verification files. We expect to receive the final letter June 2011.
- Completing the process of hiring Assistant Financial Aid Directors for the colleges. Interviewing candidates for the Account Specialist position, The Foster Group.

ACCOUNTS PAYABLE:

Work-in-Progress:

- The electronic virtual card incentive payment program is ongoing and therefore AP is steadily meeting with vendors to encourage them to switch from check to the new electronic or virtual card payments. The incentive for the vendors that agree to this payment method will be shorter payment terms; as well as they will not be subject to the 3% withholding or receive a 1099 from the District due to new legislation effective in 2013 and 2012, respectively.
- AP continues to monitor District transactions to ensure compliance with the Board operational policies and procedures; as well as federal and state regulations. Violations are noted and reprimands issued, as needed.
- Implementing AP invoice centralization, ACH, P-Card processes, & authorization forms.
- Assisting the Finance Systems staff with testing the travel voucher and prepayment process in order to efficiently utilize the PeopleSoft system for reimbursements while maintaining the integrity and accuracy of the data.

AP Disbursements:

Accounts Payable	Payment Disbursements (# of /Amount)					
	# of Checks	Amount	# of ACH	Amount	# of P-Card	Amount
May 2010	2,777	\$8.2M	66	\$6.1M	66	\$175,454
May 2011	1,640	\$6.9M	93	\$6.9M	59	\$266,417

In May 2011, A/P had a 41% decrease in printed checks over the prior year due to a reduction in the frequency of payment disbursements (e.g., checks, ACH, p-card) from daily to semiweekly and a 15% increase in electronic payments; thus reducing cost and improving the efficiency and effectiveness of the department.

Accounts Payable Vouchers Processed - FY Comparison by Month:

May 2009	May 2010	% Change	May 2011	% Change
3,526	3,107	-.12%	3,252	+05%

The reduction in voucher processing year to year is due to more strategic sourcing, District-wide combined purchases, and efficiencies gained through combined invoices by vendor. However, the slight increase noted between May 2010 and May 2011 can be attributed to the fiscal year-end close and more District-wide purchases being made for items such as computers, furniture and capital items.

AP Aging for Number of Invoices Paid - FY Comparison by Month:

FY	<30 Days	31-60 Days	61-90 Days	>91 Days	Total
May 2010	2,663	656	199	75	3,593
May 2011	2,232	987	141	145	3,505

A fiscal year comparison for the month of May noted the percentage of total invoices paid in 60 days or less stayed constant between FY 2010 and FY 2011. Past due 61 days or more increased from 7.6% in May 2010 to 8.2% in May 2011. AP is researching negative trend. AP is continuously looking for ways to improve processes and make more efficient use of the system while insuring timely receipt and payment of invoices. In addition, focus has been on more enhanced accountability, proficiency, and management oversight.

Administrative & Procurement Services

Board Reports

Agreements

1.02 FY 2013 Illinois Community College Board Resource Allocation Management Plan (RAMP)

City Colleges of Chicago, as does every community college district in the state, is required to submit by July 1st of each fiscal year an annual request for capital funding to be considered in the next fiscal year. The report in front of you today will be considered during 2012 for funding in FY2013 for the prioritized district-wide projects that have a demonstrated need in order to support the District's instructional objectives, increased program enrollments and emerging technologies. Funding may be phased over several years and require a 25% matching fund commitment from the District when the project is moved to the ICCB recommended project list. With the passage of the authorizing resolution, the final report will be submitted both electronically and in hard copies.

4.00 Pre-Qualified Pool of Architects and Engineers

A formal RFQ solicitation was prepared and 114 firms were notified. 106 responses were received. The evaluation team which included the Office of Administrative & Procurement Services and the Office of MBE/WBE Contract Compliance ranked and evaluated the responses in accordance with the evaluation criteria listed in the RFQ. Ten (10) companies were deemed non-responsive because they did not comply with the submittal requirements of the RFQ. Based on the evaluation scoring, the committee determined that the remaining ninety-six (96) companies should be recommended for the pool of pre-qualified architectural and engineering firms in their areas of expertise after verifying the credentials, licensing, financial capabilities and references. The effective date of this Pre-Qualified List shall be once the contracts are awarded and remain in effect for an initial period of twelve months with an option to renew for three (1) one year periods, subject to the Board's Approval. All companies have committed to comply with our M/WBE participation plan of 25% for MBE's and 7% for WBE's as projects are awarded. Certified M/WBE prime contractors firms have been noted in Appendix A. Verification and review all the required submittal documentation, references and review of any disclosed legal actions delayed submission to the Board of Trustees.

4.01 Intergovernmental Agreement- Fuel Depot Utilization

The Office of Administrative and Procurement Services is requesting approval to extend the Intergovernmental Agreement (IGA) between City Colleges of Chicago (CCC) and the City of Chicago, Department of Fleet Management to provide CCC with access to its fueling stations for all CCC vehicles (approximately 78 vehicles and 6 generators) and upon request, arrange for access to the Fleet Management Tanker to refuel the stationary generators at six (6) of CCC campuses for a two-year period beginning July 1, 2011 through June 30, 2013 at a total cost not to exceed \$400,000. Based on the usage, the average cost per gallon for gasoline for the last quarter has been \$3.65 and for diesel fuel has been \$3.44.

4.02 Renewal License and Training – ReCAPP System

The Office of Administrative and Procurement Services is requesting approval to renew the current software license and additional training of staff district wide for total cost of \$95, 728 for a three year period beginning June 1, 2011 through May 30, 2014. Further, the District will maintain continuity in cataloging facilities data that has proven to be effective in tracking physical modifications, needed repairs and necessary improvement for the District facilities, including data recovery since 2003. The data both current and historical has been instrumental in developing the multi-year capital plans allowing for critical prioritization of available resource within a fiscal year.

Information Technology Report

June 2011 Committee Report

The Office of Information Technology is pleased to report the following updates:

Website Redesign Project

We have completed all current milestones including stakeholder interviews, technical structure and visual design for the website redesign project and are on track for a successful launch on Nov. 17th

Novell Identity Management

In furthering our goal of automation and more effective services to students, we have completed a new identity management solution for our students. Previously students would register at the CCC and would have to wait at least 24 hours to get access to PeopleSoft Self-Service, email, Blackboard and other student services. This month we have completed the implementation of a new identity solution which now gives students access to important city college services within minutes instead of days greatly improving student customer service and setting the stage for more robust registration and enrollment processes.