

March 3, 2025

The Honorable Craig J. Zucker
Senate Budget and Taxation Committee
Capital Budget Subcommittee
The Honorable Mark S. Chang
House Appropriations Committee
Capital Budget Subcommittee
Annapolis, MD 21401

RE: Baltimore City Community College Fiscal Year 2026 Capital Budget

Dear Chairman Zucker and Chairman Chang:

The Governor's budget demonstrates Maryland's commitment to Baltimore City Community College (BCCC). The College provides the students of Baltimore City and surrounding areas with affordable and accessible higher education and maintains a steady focus on the ultimate goals of college completion or workforce training leading to an industry recognized credential. According to the Facility Inventory submitted annually to the Maryland Higher Education Commission (MHEC), "BCCC has the second-largest percentage of gross square feet constructed before 1971 of any Maryland community college, at 15% of total campus gross square footage." Decades have passed without the significant state investment into the College facilities. Addressing the facility needs in an energy efficient and fiscally responsible manner will attract talented faculty and students by creating an energized and healthy environment for learning and socialization. 10-year Master Plan, completed in 2020, incorporated the facilities assessments, including the deferred maintenance needs, as well as major renovations and additions for the learning commons, nursing, facilities, and wellness center to name a few. This transformation of the College infrastructure and operations must come about because that is what the city, state and our students deserve.

The Governor's focus on education is a testimony to his priorities which will impact the economic and workforce growth for the State. The College is dedicated to providing the students of Baltimore City and surrounding areas with affordable higher education and maintaining a steady focus on college completion, transfer preparation, and workforce training. With your support, BCCC has been deliberate in its efforts to keep tuition and fees stable and within the reach of the demographic we serve. BCCC remains one of the most affordable community colleges in the State with one of the lowest tuition rates. Since the Fall of 2017, the College has held the current level of tuition and offers its "in-county" tuition rate of \$110 per credit for all Maryland residents, not just Baltimore City residents.

BCCC's 2019 facilities assessment identified \$41.3 million in deferred maintenance needs, \$31 million of which were classified as immediate needs requiring attention within one to three years. Immediate needs include improved mechanical, electrical, plumbing, windows, and life-safety projects. Coupling the age of the facilities with the lack of routine funding for repairs and projects, immediate safety upgrades and major replacements of most building systems are now required. The Department of General Services and the College have collaborated on critical maintenance projects to swiftly reduce the deferred maintenance backlog in FY2022-FY2025, and 27 individual projects have been initiated or are now completed. We appreciate the state's investment in deferred maintenance and continue this effort to eliminate the backlog with additional funding requests in the FY2026 budget.

The College is committed to supporting the City of Baltimore and providing vital educational and training opportunities. Thank you for your continued support of higher education and Baltimore City Community College.

Sincerely,



Debra L. McCurdy, PhD
President

cc:

Members of the House Appropriations Capital Budget Subcommittee

Members of the Senate Budget and Taxation Capital Budget Subcommittee

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Mission

Baltimore City Community College provides quality, affordable, and accessible education meeting the professional and personal goals of a diverse population, changing lives, and building communities.

Vision

Baltimore City Community College is an innovator in providing quality career pathways and educational opportunities for a diverse population of learners to exceed the challenges of an ever-changing competitive workforce and environment.



**Baltimore City Community College
Fiscal Year 2026 Capital Budget
Response to Department of Legislative Services Analysis**

**House Appropriations Committee
Capital Budget Subcommittee
Mark S. Chang
Monday, March 3th, 2025**

**Senate Budget and Taxation Committee
Capital Budget Subcommittee
Craig J. Zucker
Tuesday, March 4th, 2025**

1. Deferred Maintenance

DLS Concern: The Department of Legislative Services (DLS) notes 2 positions that are critical to the effective management of campus infrastructure have been vacant for an extended period – assistant vice president for facilities and assistant director for capital projects. **DLS recommends the college update the committees on efforts to fill these vacant positions.**

BCCC Response: *The College is actively recruiting for these two positions and continues to make progress with advertising and interviewing for the positions.*

2. Acquisition of Unidentified Properties

DLS Comment: BCCC has not submitted facility program plan to DBM and has yet to engage the DGS – Office of Real Estate to initiate the property acquisition due diligence process. **BCCC should brief the committees on when the required program supporting the proposed acquisition will be submitted to DBM and elaborate on whether the college has identified a preferred site and if applicable what, if any, preliminary engagement has been initiated with the property owner.**

BCCC Response: *Yes, a preferred site has been identified. The facility program, if required by DBM, and preliminary engagement with the property owner will be initiated upon final approval of the capital budget. Preliminary communication with the Office of Real Estate has occurred and will be ongoing throughout the process.*

3. Issues

DLS Recommendation: GO Bond Funds Should be Used for Facility Renewal and Fund Balance for Property Acquisition To improve transparency and ensure that BCCC’s facility renewal needs are funded, the State should provide GO bond funds rather than relying on the college’s fund balance, which it has discretionary authority not to use. Conversely, BCCC’s desire to acquire property to address student and faculty parking needs at the Liberty Campus would

best be served if funded from the college's fund balance, which can be deployed at its discretion when a suitable property has been identified and acquisition negotiated. **Accordingly, DLS recommends switching the funding source for each. Language authorizing the use of fund balance from the colleges current unrestricted funds will be presented to the committees for consideration at public decisions on the budget.**

BCCC Response: While the College agrees that the facility renewal needs should be funded as GO bonds to ensure that the deferred maintenance needs are funded and met, it disagrees that using the fund balance reserve for capital projects should be recommended for either project.

First, BCCC appreciates that the DLS analyst acknowledges in her Key Observations that the \$9m recommended for Deferred Maintenance is only \$4m in new funding, since \$5m authorized for deferred maintenance as PAYGO funding through the Dedicated Purpose Account in 2023 was never released by DBM to the College. There remains \$33m in Deferred Maintenance needs comprising of major HVAC, life safety systems, sustainability projects, and envelope issues. Many of the existing projects have experienced cost overruns and currently the FY24-25 list is \$4m greater than funds available. With the \$5m that was deferred from 2023 in not receiving the PAYGO funds and the \$4m proposed in new funding, no additional projects from the list of \$33m can be initiated. This level of funding being proposed is a bare minimum of being able to continue and complete projects from the original 2022 list.

In addition, the Fund Balance that the College has available is not funding that can be readily accessed and is meant to be kept as a reserve fund. Fund balance is the difference between the assets and liabilities. It is a measure of the financial resources that are available.

Baltimore City Community College (BCCC) has an estimated fund balance of \$89,631,777. However, most of these funds are restricted for investment in capital assets (\$56,079,675), which accounts for intangible assets, leases (GASB 87) and subscription assets (GASB 96) (\$10,172,703), and funds raised by WBJC-FM donors and members (\$4,650,904).

BCCC has a FY2025 deficiency for the COVID Funds that the USDOE has approved for spending through June, 2025 of approximately \$3,200,000. Previous deferred maintenance projects already earmarked and approved by DGS had rollover balance of \$4,788,000.

Estimated Fund Balance

	Amount
Total Fund Balance	\$ 89,631,777.00
Less:	
Invested in Capital Assets (as of 6/30/2024)	\$ 56,079,675.00
Investment in Leases (GASB 87) & Subscription Assets (GASB 96) as of 6/30/2024	\$ 10,172,703.00
WBJC-FM (as of 6/30/2024. Funds can only be used by WBJC - FM) - Funds regulated by Corporation for Public Broadcasting	\$ 4,650,904.00
COVID Funds (FY25: Deficiency)	\$ 3,200,000.00
Deferred Maintenance rollover (earmarked for previously approved projects by DGS) as of 6/30/2024	\$ 4,788,000.00 <u>\$ 78,891,282.00</u>
Estimated Fund Balance, Unrestricted	<u>\$ 10,740,495.00</u>
Deferred Maintenance/Property	\$ (9,000,000.00)
Revised Estimated Fund Balance, Unrestricted	<u><u>\$ 1,740,495.00</u></u>

The balance is approximately \$10,740,495. If BCCC were to use \$9,000,000 for deferred maintenance or the acquisition of property, approximately \$1,740,495 would remain for reserves.

BCCC's auditors and the oversight agencies such as Middle States Commission on Higher Education and Integrated Postsecondary Education Data System (IPEDS) could raise concerns on financial viability and stability. This could cause concern for BCCC's ability to meet its obligations.

GO Bond Recommended Actions

1. Delete funds for property acquisition.

RC00A Acquisition of Unidentified Properties \$ 0

<u>Allowance</u>	<u>Change</u>	<u>Authorization</u>
9,000,000	-9,000,000	0

Explanation: Delete funds for property acquisition. This deletion is associated with applying Baltimore City Community College’s (BCCC) fund balance to acquire unidentified properties. Language authorizing the special fund balance for this purpose will be included in BCCC operating budget recommendations.

BCCC Response: *The College does not concur with deleting GO Bond funds for the acquisition of property. The Special Fund Balance that the College has available is not funding that can be readily accessed and is meant to be kept as a reserve fund.*

2. Add funds for deferred maintenance.

RC00B Deferred Maintenance..... \$ 9,000,000

Add the following language:

(B) Deferred Maintenance. Provide funds to design, construct, and equip various infrastructure, building systems, and site improvements 9,000,000

<u>Allowance</u>	<u>Change</u>	<u>Authorization</u>
0	9,000,000	9,000,000

Explanation: This action adds an authorization for deferred maintenance projects at Baltimore City Community College. The fiscal 2026 capital budget authorizes \$9.0 million in special funds for deferred maintenance. This action authorizes \$9.0 million in General Obligation bonds for these projects. Language to delete the special funds authorization will be included in the operating budget.

BCCC Response: *The College concurs with authorizing \$9.0 million in General Obligation bonds for Deferred Maintenance projects.*