

Board of Trustees

Hagerstown Community College
11400 Robinwood Drive
Hagerstown, MD 21740

ACTION

Subject: Capital Funding and Reserve Designations

Date: March 19, 2024

BACKGROUND

The College is currently engaged in a capital improvement program to support instructional programs, student services and special College initiatives. Substantial funding for several projects is provided through state and county Capital Improvement Program (CIP) and private giving. However, in some instances, these allocations are not sufficient to fund the entire project. Many building modifications and renovations are not funded or not funded entirely by the current state and county CIP. Some of the current plans include completion of the NACC, the ATC renovation, the ARCC renovation, various Roof Replacements, the ASA renovation, and the Wellness Center.

With the continued growth of new technologies and the College's reliance on computerized systems for teaching/learning, administration, and student services, it is imperative that the existing IT infrastructure be maintained and expanded to meet these increased demands. With no grant funding on the horizon for IT infrastructure replacement or repair, having a technology designation is imperative. In addition, much of the College's existing high cost instructional equipment has been purchased through either grants or through full-fledged building projects that included furniture and equipment budgets. Funds must also be set aside to pay for instructional equipment replacements.

In order to maintain the capacity to meet increasing healthcare costs, the College annually recommends a fund balance designation as a reserve. The College budget is built on the most likely cost scenario and the reserve would provide additional funding should HCC realize the worst-case fixed costs and claims scenarios.

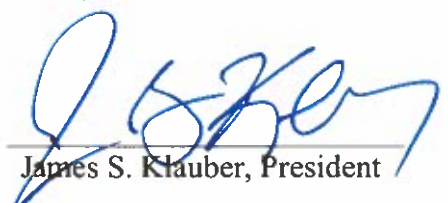
RECOMMENDATION

It is recommended that the Board of Trustees designates \$27,131,027 of the General Fund Balance to meet specific unfunded capital improvement project needs and potential additional healthcare costs.

The undesignated fund balance is approximately 9% of the FY24 operating budget and is set aside for emergency or other unforeseen circumstances or events that the College may face

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James S. Klauber, President