




NASSAU COUNTY LEGISLATURE
1550 FRANKLIN AVENUE, ROOM 126
MINEOLA, NEW YORK 11501
(516) 571-6292

Inter-Departmental Memo

To: Hon. Richard Nicoletto, Presiding Officer
Hon. Kevan Abrahams, Minority Leader
All Members of the Nassau County Legislature

From: Maurice Chalmers, Director
Office of Legislative Budget Review 

Date: June 18, 2019

Re: Proposed FY 2019-2020 Nassau Community College Budget

Attached is the Office of Legislative Budget Review's (OLBR) report on the proposed Nassau Community College (NCC) FY 2019-2020 budget. The College continues to face decreasing enrollment, flat property tax revenue and plans to rely heavily on fund balance to mitigate budget challenges. According to the College, they do not expect any significant impact from the joint admissions program with Farmingdale State College nor from the joint SUNY/CUNY Task Force study that analyzed chargeback rate calculations.

This report details for the Legislature both expense and revenue variances with explanations. The following are highlights of the Proposed Budget:

- Expenses are budgeted to decrease by 2.7%, or \$5.7 million, compared to the Adopted FY 2018-2019 Budget.
- The expense decrease is primarily driven by a \$5.8 million decline in salaries and fringe benefits, when compared to the Adopted FY 2018-2019 Budget.
- The decreases are partially offset by rises in equipment and general expenses.
- The property tax levy supporting the College, is budgeted at \$52.2 million, which has stayed constant for over a decade.
- The budget is built on an expected 7.5% enrollment decline. Enrollment has declined 6% or more each year since FY 2015-2016.

- New York State increased its contribution \$100 per Full-Time Student Equivalent (FTE). In the past, the College state aid revenue calculation was heavily reliant on the FTEs which had been declining in the past couple of years. The introduction of a modified base state aid formula in FY 2019-2020 allows for an additional \$1.0 million in state aid to be captured that would not be otherwise possible under the existing base aid formula.
- The College plans to raise the annual tuition rate \$250 or 4.7% to \$5,600. The tuition rate is higher than both Suffolk and Westchester Community Colleges. The College also plans to raise the application fee and late registration fee by \$5 while eliminating the reapplication fee of \$25.
- The College has appropriated \$6.5 million from fund balance, more than triple the previous fund balance in FY 2017-2018. In FY2017-2018 the College ranked 17th of 30 among New York State Community Colleges in terms of fund balance as a percentage of expenditures. However, with the proposed fund balance for FY 2019-2020 the College can potentially drop to 26th place.
- While the planned use of fund balance will not cause the balance to fall below the 4.0% minimum of the previous year's operating budget set by the College Board policy, at 4.2% it is alarmingly close. Any continued usage that could arise from higher than budgeted shortfalls would be concerning.

OLBR would like to thank the College for their continued cooperation in providing the necessary budget explanations and clarifications in preparing this memo for the Legislature.

If you should have any further questions, do not hesitate to contact the Office.

Inna Reznik, Vice President of Finance, NCC
 Ray Orlando, Deputy County Executive for Finance
 Andrew Persich, Budget Director, OMB
 Chris Ostuni, Majority Counsel
 Robert Conroy, Budget Research Analyst
 Peter Clines, Minority Counsel
 Michele Darcy, Minority Finance Director
 Michael Pulitzer, Clerk of the Legislature

	Historical		2019		2020	2020 vs. 2019		Projected vs. 2020	
	2017	2018	Adopted Budget	OLBR Projected	Proposed Budget	Variance	Percent	Variance	Percent
Full-time Headcount	1,017	1,012	1,038	968	988	(50)	-4.8%	20	2.1%
Salaries	\$122,533,020	\$122,582,297	\$122,875,166	\$118,726,941	\$119,117,667	(\$3,757,499)	-3.1%	390,726	0.3%
Fringe Benefits	55,891,350	57,022,042	60,241,000	57,923,781	58,155,274	(\$2,085,726)	-3.5%	231,493	0.4%
Equipment	1,770,095	1,813,500	1,912,774	1,912,774	1,917,470	\$4,696	0.2%	4,696	0.2%
General Expenses	9,258,749	7,148,315	7,885,650	7,885,650	8,469,226	\$583,576	7.4%	583,576	7.4%
Contractual Services	7,860,517	7,981,248	8,828,609	8,828,609	8,692,077	(\$136,532)	-1.5%	(136,532)	-1.5%
Utility Cost	4,224,962	4,007,039	4,287,000	4,287,000	4,072,300	(\$214,700)	-5.0%	(214,700)	-5.0%
Debt Service	400,875	1,024,139	1,088,799	1,088,799	1,085,445	(\$3,354)	-0.3%	(3,354)	-0.3%
Interfund Charges	2,345,495	2,840,080	2,648,000	2,648,000	2,551,354	(\$96,646)	-3.6%	(96,646)	-3.6%
County Scholarships	48,852	27,400	55,000	55,000	55,000	\$0	0.0%	0	0.0%
Total	\$204,333,915	\$204,446,060	\$209,821,998	\$203,356,554	\$204,115,813	(\$5,706,185)	-2.7%	\$759,259	0.4%

Expenses

- Expenses are budgeted to decrease by 2.7%, or \$5.7 million, compared to the Adopted FY 2018-2019 Budget. As is customary with the College during the fiscal year, there had been some adjustments made to the FY 2018-2019 Adopted Budget to reallocate expense lines, however, the bottom line approved by the Legislature remained unchanged.
- Salaries in the FY 2019-2020 Adopted Budget are increasing by \$0.4 million or 0.3%, when compared to the FY 2018-2019 salary projection, but are decreasing by 3.1%, or \$3.8 million when comparing budget to budget. Salaries make up 58.4% of the FY 2019-2020 expense budget. FY 2019-2020 budgeted headcount is decreasing by 50, budget to budget, and growing by 20 when compared to FY 2018-2019 projected numbers.
 - In total there are \$4.6 million in anticipated salary savings from various initiatives which include attrition with limited backfill, employee leave without pay, reduced workload, part-time savings, and SUNY chargebacks. If these savings are not achieved, there will be additional fiscal pressure on the budget.

Expenses, Cont.

- The Nassau Community College Federation of Teachers (NCCFT) is going into the third and final year of their contract. The Cost of Living Adjustment (COLA) the members are receiving is 1.5%. The COLA for NCCFT employees has been included in the FY 2019-2020 Budget.
- According to the College, the Adjunct Faculty Association (AFA) members do have a COLA budgeted at approximately \$1.4 million. It is all budgeted in the salary adjustment line. The COLA represents Cost of Living Adjustments for FY 2019 and FY 2020 of 2.5% each year.
- The CSEA contract expired December 31, 2017 and, no COLAs have been included in the Adopted Budget.
- The Proposed Budget for termination pay of \$1.7 million is in line with the current year Adopted Budget. Typically, the College budgets approximately \$1.7 million for termination pay to fund normal attrition from retirements. This would cover projections for known retirees taking multi-year payouts and make provisions for anticipated new retirees and terminations.
- Fringe benefits are decreasing by \$2.1 million or 3.5%, when comparing budget to budget, which is mostly a result of declines in New York State teacher's retirement system, social security, TIAA, worker's compensation, and health insurance expenditures.
- Other Than Personal Services (OTPS) are rising in the Proposed Budget due to strong general expense growth. Contractual services, utility costs, debt service and interfund charges are declining budget to budget. More detail is provided under the OTPS section.

Headcount

FULL-TIME HEADCOUNT								
Union	On Board May 2019		Proposed 19-20		Difference			
	F/T	Pers. Svcs	F/T	Pers. Svcs	F/T	Pers. Svcs	HC % Chg	Salary % Chg
NCCFT	558	\$51,700,952	561	\$52,629,430	3	\$928,478	0.5%	1.8%
CSEA	336	19,979,201	347	20,396,206	11	\$417,005	3.3%	2.1%
ORD	74	8,063,826	80	7,518,859	6	(544,967)	8.1%	-6.8%
TOTAL	968	\$79,743,979	988	\$80,544,495	20	800,516	2.1%	1.0%

- The chart above illustrates full-time headcounts for College employees. It compares current on-board to the Proposed FY 2019-2020 headcounts. The full-time headcount has increased by 20 when compared to the current on-board, along with the salary increasing by \$0.8 million. The rise in budgeted salaries for full-time positions is being offset by several savings initiatives such as the part-time savings initiative and employee reduced workload, along with the \$1.0 million reduction in anticipated salary savings.
 - Included on the Ordinance line are savings from foundation reimbursements, capital chargebacks, and grant chargebacks.
- There are currently 74 Ordinance employees on board and the headcount in the Proposed Budget will increase by six to match the needs of the institution.

Fringe Benefits

Nassau Community College Fringe Benefit Expenses							
	2019 Adopted Budget	OLBR Projection	Proposed 2020 Budget	2020 Proposed vs. 2019 Adopted	Percent	2020 Adopted vs. 2019 Projection	Percent
State Retirement	\$5,551,000	\$5,381,275	\$5,404,279	(\$146,721)	-2.6%	\$23,004	0.4%
Teachers Retirement	2,674,000	\$2,406,626	2,035,987	(638,013)	-23.9%	(370,639)	-15.4%
Social Security	9,165,000	\$8,667,067	8,768,590	(396,410)	-4.3%	101,523	1.2%
Health Insurance	22,522,000	\$21,544,104	22,445,497	(76,503)	-0.3%	901,393	4.2%
TIAA CREF	6,139,000	\$5,797,827	5,813,367	(325,633)	-5.3%	15,540	0.3%
Optical Plan	110,000	\$105,529	110,000	0	0.0%	4,471	4.2%
Unemployment	100,000	\$100,000	100,000	0	0.0%	0	0.0%
Dental Insurance	570,000	\$599,700	554,271	(15,729)	-2.8%	(45,429)	-7.6%
Medicare Reimbursement	1,630,000	\$2,033,360	1,630,000	0	0.0%	(403,360)	-19.8%
Health Insurance Retirees	10,377,000	\$9,913,768	10,209,467	(167,533)	-1.6%	295,699	3.0%
Retirees Optical	13,000	\$11,730	13,000	0	0.0%	1,270	10.8%
MTA Mobility Tax	427,000	\$403,672	408,400	(18,600)	-4.4%	4,728	1.2%
CSEA Legal Fund	59,000	\$55,125	55,000	(4,000)	-6.8%	(125)	-0.2%
Workers Compensation	904,000	\$904,000	607,416	(296,584)	-32.8%	(296,584)	-32.8%
Total	\$60,241,000	\$57,923,781	\$58,155,274	(\$2,085,726)	-3.5%	\$231,493	0.4%

- The FY 2019-2020 Proposed Budget for fringe benefits is \$58.2 million, which represents 28.5% of the operating budget. The budget is decreasing by \$2.1 million, or 3.5%, budget to budget, but is increasing by \$231,493, or 0.4%, compared to the projection.
 - The FY 2019-2020 proposed budget reflects declines in all sub-object categories except for the optical plans, unemployment insurance and Medicare reimbursement which remains unchanged. The FY 2018-2019 Adopted Budget for fringe benefits was overfunded due to vacancies, and as a result there is a projected surplus of \$2.3 million in the current year.
- The FY 2019–2020 State Retirement System’s budget of \$5.4 million is decreasing by \$146,721 budget to budget, but more aligned with the current projection.
 - The contribution rate in the retirement plan that represents most College employees remains constant at 15.9%. The budget is based on the 2020 New York State & Local Retirement System projected bill that is provided by the New York State Comptroller.

Fringe Benefits, Cont.

- The budget for the New York State Teacher’s Retirement System (NYSTRS) of \$2.0 million is declining by \$638,013, or 23.9%, budget to budget and \$370,639 compared to the current projection. The change is due to a drop in the NYSTRS Employer Contribution Rate (ECR). The rate is decreasing from 10.62% in FY 2018–2019 to 8.86% in FY 2019-2020, which is a 16.6% reduction. This retirement cost is a function of the salaries that are subject to the ECR.
- The social security proposed budget of \$8.8 million is decreasing by \$396,410 compared to the FY 2018-2019 Adopted Budget. The social security budget appears realistic since salaries are declining and this cost is a function of salaries. The proposed budget is in line with the current projections.
- The proposed budget for health insurance for active employees and retirees is decreasing by a total \$244,036 budget to budget, however the budget is increasing by \$1.2 million compared to the current projection. The variance compared to the projection is due to the health insurance rate which was finalized lower than last year’s budget assumption. According to the college the FY 2018-2019 budget included a 9.2% rate vs. the New York State’s Quarterly Experience Report (NYSHIP) actual rate of 2.8% for the family plan.
 - The college proposed budget assumes a health insurance growth rate of 5.9% reflected by the best estimate assumptions in the latest NYSHIP report. Based on the current full-time headcount of 968 level, the health insurance budget seems realistic, however, if staffing rises to the full-time budgeted headcount of 988, the health insurance budget could be at risk by roughly \$376,000. However, this amount of risk may be reduced based on the timing of hiring new personnel.
- The TIAA FY 2019-2020 budget has been reduced by \$325,633 to \$5.8 million budget to budget which is attributed to favorable actual trends.
- The worker’s compensation budget for FY 2019-2020 is decreasing by \$296,584, or 32.8%, compared to the prior year’s budget.

Other Than Personal Services

- OTPS spending in FY 2019–2020 will be about \$0.1 million, or 0.5%, more than that of the FY 2018-2019 Modified Budget. The following chart details the OTPS spending from the 2018 actual to the current Proposed Budget:

Nassau Community College OTPS Budget Comparison FY 2018 - 2020						
	<u>2018</u> <u>Operating</u> <u>Results</u>	<u>2019</u> <u>Modified</u> <u>Budget</u>	<u>2019</u> <u>Projected</u> <u>Oper. Results</u>	<u>2020</u> <u>Proposed</u> <u>Budget</u>	Variance <u>Mod 2019/2020</u>	Variance <u>Proj/Bud</u>
Equipment	\$1,813,500	\$1,912,774	\$1,912,774	\$1,917,470	\$4,696	\$4,696
General Expenses	7,148,315	7,885,650	7,885,650	8,469,226	583,576	583,576
Contractual Services	7,981,248	8,828,609	8,828,609	8,692,077	(136,532)	(136,532)
Utility Costs	4,007,039	4,287,000	4,287,000	4,072,300	(214,700)	(214,700)
Debt Service	1,024,139	1,088,799	1,088,799	1,085,445	(3,354)	(3,354)
Interfund Charges	2,840,080	2,648,000	2,648,000	2,551,354	(96,646)	(96,646)
Scholarships	27,400	55,000	55,000	55,000	0	0
	\$24,841,721	\$26,705,832	\$26,705,832	\$26,842,872	\$137,040	\$137,040

- Historically, the College has adjusted spending for OTPS on an as needed basis. Sometimes OTPS spending shifts at year’s end due to surpluses in other areas of the budget to fund needed expenses. The total budgeted expense bottom line however, remains the same.
- The overall increase in OTPS spending in the Proposed Budget is driven mostly by the \$0.6 million growth in general and equipment expenses, offset by the reduction in contractual services, utility costs, debt service, and interfund charges.
- The FY 2019-2020 debt service budget includes \$1.1 million from the debt related to the termination costs associated with the prior borrowing for the retirement incentives that were offered to CSEA and NCCFT members. The slight decline is due to the renegotiation of the debt agreements with the College and the County.

Other Than Personal Services, Cont.

- General expenses are increasing by \$0.6 million due to rising rental costs at 500 Endo Boulevard and the use of prior year encumbrances to pay for various insurance policies. In addition, the budget was increased for the Radio Technology program within the Allied Health Science department.
- Contractual services are decreasing by \$0.1 million compared to the FY 2018-2019 Modified Budget.
- Utility costs are decreasing by \$0.2 million compared to the FY 2018-2019 Modified Budget.

Expense Recap

- The Proposed FY 2019-2020 expense budget represents a \$5.7 million budget to budget decrease in expenses as a result of decreases in salary expenses, fringe benefits, contractual, utility cost, debt service and interfund charges. These decreases are partially offset by increases in equipment and general expenses.

Expense Risks

- With the CSEA contract expired since December 31, 2017, there could be a potential risk of salary increases from a new negotiated contract that may occur.
- The budget includes a \$4.6 million in anticipated salary adjustment savings. Besides the natural attrition, savings includes approximately \$1.0 million in part-time savings initiative, \$0.6 million in employee reduced workload, \$0.6 million in capital project chargebacks, and \$0.5 million in grant chargebacks. The Administration must find a way to reach this goal or any shortfalls will negatively impact the budget.
- Health insurance could include roughly \$376,000 if the current staffing level rises to the budgeted headcount amount.

	Historical		2019		2020	2020 vs. 2019		Projected vs. 2020	
	2017	2018	Adopted Budget	OLBR Projected	Proposed Budget	Variance	Percent	Variance	Percent
Student Revenues	\$83,304,372	\$80,006,973	\$79,945,884	\$76,723,247	\$74,285,312	(\$5,660,572)	-7.1%	(\$2,437,935)	-3.2%
Property Tax	52,206,883	52,206,883	52,206,883	52,206,883	52,206,883	0	0.0%	0	0.0%
State Aid	47,450,986	45,532,689	43,750,916	43,879,369	42,928,062	(822,854)	-1.9%	(951,307)	-2.2%
Rev. Lieu Spons. Share	13,871,235	13,256,896	14,700,000	14,268,390	14,472,733	(227,267)	-1.5%	204,343	1.4%
Rev. Offset To Expense	3,931,364	4,221,304	4,421,004	4,421,004	4,623,559	202,555	4.6%	202,555	4.6%
Service Fees	7,330,887	8,658,437	8,102,311	7,864,417	7,274,586	(827,725)	-10.2%	(589,831)	-7.5%
Rents & Recoveries	614,174	584,597	990,000	990,000	1,524,678	534,678	54.0%	534,678	54.0%
Investment Income	129,530	226,432	205,000	205,000	300,000	95,000	46.3%	95,000	46.3%
Fund Balance Appropriated	0	2,006,320	5,500,000	5,500,000	6,500,000	1,000,000	18.2%	1,000,000	18.2%
Total	\$208,839,431	\$206,700,531	\$209,821,998	\$206,058,310	\$204,115,813	(\$5,706,185)	-2.7%	(\$1,942,497)	-0.9%

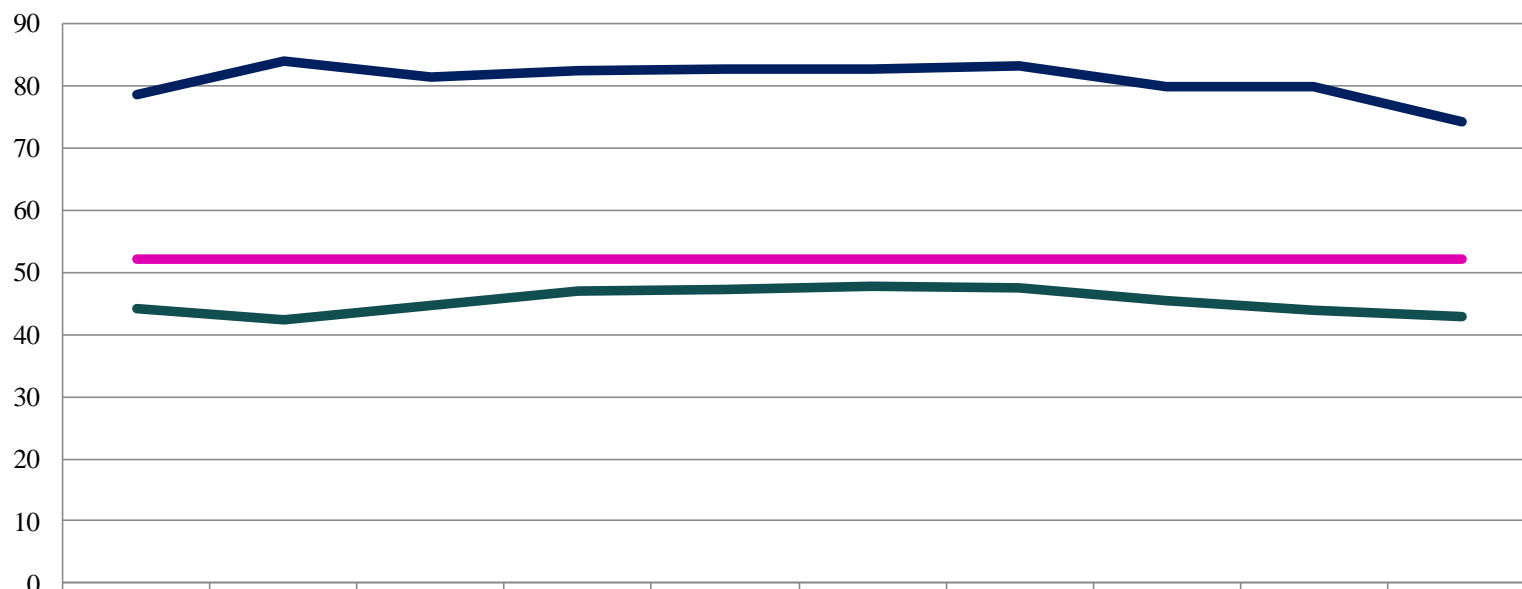
Revenues

- Overall, the Proposed FY 2019-2020 Budget includes 2.7%, or \$5.7 million, less revenue than the Adopted FY 2018-2019 Budget. In comparison to the FY 2018-2019 projection revenue is down 0.9%, or \$1.9 million, in FY 2019-2020.
- The College faces another substantial enrollment decline in FY 2019-2020 of 7.5%. The College experienced a 7.2% drop in FY 2016-2017, 6.5% in FY 2017-2018, and projects an 8.9% decline in FY 2018-2019. As a result of the declining enrollment, the Proposed budget increases the tuition rate and appropriates \$6.5 million from the fund balance.
 - Even with the tuition hike, the student revenues/tuition budget is 3.2%, or \$2.4 million, less than the current projection.
- The State increased its assistance per Full-Time Student Equivalent (FTE) by \$100 in the FY 2019-2020 budget. This increase sets the rate at \$2,947 per FTE which is a positive development. In the past, the College state aid revenue calculation was heavily reliant on the FTEs which had been declining in the past couple of years. The introduction of a modified base state aid formula in FY 2019-2020 allows for an additional \$1.0 million in state aid to be captured that would not be otherwise possible under the existing base aid formula.
- The County’s share of College revenue, the property tax levy, remains \$52.2 million in FY 2019-2020. The property tax levy has remained at \$52.2 million since FY 2008-2009.
- Revenue in lieu of sponsor share is down \$0.2 million budget to budget due to declining enrollment, even though the College anticipates an increase of 11.4% in the chargeback rate. Compared to the latest academic year projections, revenue in lieu of sponsor share is up \$0.2 million, or 1.4%.

FY 2011 Actual – 2020 Proposed

(\$ in millions)

Tuition, County Share, and State Aid



- State aid is \$42.9 million in the Proposed FY 2019-2020 Budget, about 21.0% of the overall revenue budget. State aid has been trending downward since FY 2015-2016 as enrollment decreased at the College.
- The County share is \$52.2 million in FY 2019-2020, accounting for approximately 25.6% of total revenue. The County share is the College’s most stable revenue source, it’s immune not only to changes in student enrollment but also shifting priorities in Albany. Although the funding has been stable, it has been over a decade since the County share was last increased.
- Student revenues are \$74.3 million, or 36.4% of FY 2019-2020 revenue. The College has steadily increased its tuition rate since FY 2013-2014, offsetting the flat property tax levy, variable State support, and declining enrollment.

Tuition

- The tuition budget is down about \$5.7 million from the level Adopted for FY 2018-2019. Tuition is a function of student enrollment and tuition rates. The tuition rate is one of the few revenue sources wholly controlled by the College.
- The enrollment and tuition figures can be found in the table to the right. As the table illustrates, enrollment at the College has declined about six percent or more each year beginning in FY 2015-2016.

Year	FTE Count	% Change	Tuition	% Change
FY 08-09	18,427	0.77%	\$3,552	3.44%
FY 09-10	19,392	5.24%	3,622	1.97%
FY 10-11	19,691	1.54%	3,732	3.04%
FY 11-12	19,274	-2.12%	3,990	6.91%
FY 12-13	18,756	-2.69%	3,990	0.00%
FY 13-14	18,382	-1.99%	4,088	2.46%
FY 14-15	17,862	-2.83%	4,234	3.57%
FY 15-16	16,725	-6.37%	4,534	7.09%
FY 16-17	15,521	-7.20%	4,868	7.37%
FY 17-18	14,517	-6.47%	5,102	4.81%
FY 18-19*	13,219	-8.94%	5,350	4.86%
FY 19-20*	12,228	-7.50%	\$5,600	4.67%

➤ *Projected FTEs in FY 18-19 and FY 19-20

- The College instituted a \$250, or 4.7%, tuition increase to stave off the revenue loss from the 7.5% enrollment decline expected in FY 2019-2020. As the table below demonstrates, Nassau’s tuition rate is higher than both Suffolk’s and Westchester’s rates.

FY 2019-2020 Yearly Tuition Comparison				
	Current	FY 2019-2020 Proposed	Increase	Diff From Nassau
Nassau	\$5,350	\$5,600	\$250	-
Suffolk	5,220	5,470	250	-130
Westchester	4,430	4,580	150	-1,020

Property Tax Levy

- The property tax levy remains flat at \$52.2 million in the Proposed FY 2019-2020 Budget.
- The County's contribution represents approximately 25.6% of total revenue.

State Aid

- Compared to the Adopted FY 2018-2019 Budget, state aid dips 1.9% to \$42.9 million in FY 2019-2020.
- Even though the State increased its FTE reimbursement rate by \$100, up to \$2,947 per FTE in FY 2019-2020, state aid is budgeted to decrease by \$0.8 million.
 - The State has imposed midyear cuts in the past. Further stress would be put on the budget should midyear cuts occur.
- The State Base Aid formula has been modified for FY 2019-2020 allowing for three methods of calculating the base state aid. The modified formula sets the base aid to be the greater of the existing state aid formula or 98% of the base aid from the prior fiscal year. The existing state aid formula calculates the base aid two ways. First, by applying the base aid rate to the prior year enrollment. Second, it applies the base aid rate by a weighted average of FTE's from the prior three years.
 - In scenarios where FTE's are declining the modified State base formula allows for a higher base state aid. In contrast, when enrollment is rising or unchanged the existing formula will generate a higher base state aid.

Revenue in Lieu of Sponsor Share

- This revenue stream has decreased \$0.2 million to \$14.5 million, or 1.5%, budget to budget. The decrease is due to declining student enrollment. The College anticipates an increase of 11.4% in the chargeback rate to other counties.
- Revenue in lieu of sponsor share is an assortment of collections, including tuition from international students, students from out of state, and students from New York State without a certificate of residency from their home county. The bulk of this revenue source comes from charging back other counties for the cost of educating their residents at Nassau Community College (NCC).
- The charge back rate for non-resident FTEs is a function of Nassau's property tax contribution, and FTE levels.
 - Individual non-resident students pay tuition. The County collects the chargeback rate from the non-resident student's home county.
 - In the event a student cannot produce a certificate of residency from their home county, the student is charged double tuition.
- A joint SUNY/CUNY Task Force was created to conduct a study and make recommendations for changes in the calculations of chargeback rates.

Revenue Offset to Expenses

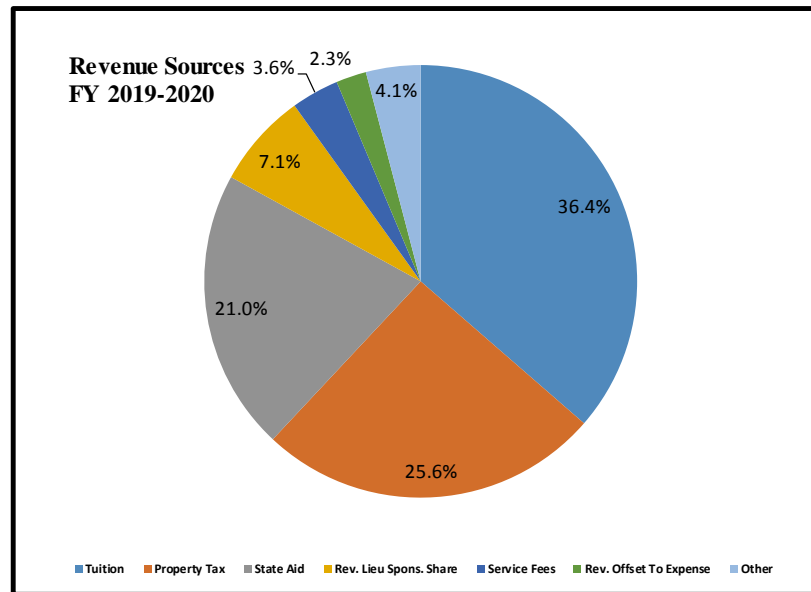
- This revenue source is comprised of commissions, contracts, and fees to cover special course offerings. These special offerings include continuing education, corporate education, and English as a Second Language (ESL), among other courses.
- The FY 2019-2020 revenue offset to expense budget is \$4.6 million with current academic year projections at \$4.4 million. The FY 2019-2020 budget is \$0.2 million, or 4.6% greater than the Adopted FY 2018-2019 Budget.

Rents and Recoveries

- Most of this revenue is generated as a result of liquidating prior year encumbrances. Compared to both the current academic year projection and the Adopted FY 2018-2019 Budget, rents and recoveries are expected to increase by \$0.5 million or 54.0% in FY 2019-2020.
 - According to the College, there are currently many active plant and facility projects occurring and the \$1.5 million budget is the best estimate of the amount expected for the next fiscal year.

Investment Income

- The College Treasurer manages several interest-bearing accounts. Additionally, the County Treasurer handles some of this revenue on the College’s behalf. Investments are by their very nature directly affected by market interest rates.
 - Investment income has increased \$0.1 million or 46.3%, compared to both the budget and current year projections.



Service Fees

- The Proposed service fee budget is about \$0.8 million or 10.2%, less than the Adopted FY 2018-2019 service fee budget.
- The application fee increases from \$50 to \$55 and the late registration fee increases from \$25 to \$30 per semester. Even though some service fees are rising, revenue from each service fee is declining as they are driven by student enrollment.

Adopted FY 2019 vs. Adopted FY 2020						
Service Fee: Source	FY 2018-2019		FY 2019-2020		Variance	
	Fee	Adopted Budget	Fee	Adopted Budget	Fee	Revenue
Technology	\$250	\$4,073,173	\$250	\$3,657,062	\$0	(416,112)
Student Lab	100	1,173,536	100	1,067,775	0	(105,760)
Application	50	628,033	55	563,874	5	(64,159)
NG Check	20	8,329	20	7,478	0	(851)
Academic Transcript Fees	30	15,735	30	0	0	(15,735)
Late Registration	25	165,581	30	148,666	5	(16,916)
Nursing Evaluation	75	417	75	375	0	(43)
Tuition Pay Plan	40	326,070	40	292,759	0	(33,311)
Change of Program	25	1,308	25	1,174	0	(134)
Consolidated Fee	30	711,700	30	638,993	0	(72,707)
Convenience Fee	18	245,793	18	220,683	0	(25,110)
Vehicle Registration	55	581,391	55	521,996	0	(59,394)
Immunization Transcript Fees	5	6,249	5	5,611	0	(638)
Late Payment- Tuition	25	34,130	25	30,643	0	(3,487)
Late Paymnt- Tuit Paymnt Plan	25	130,867	25	117,498	0	(13,369)
Totals		\$8,102,311		\$7,274,586		(827,725)

Fund Balance

- The Board of Trustees established a fund balance policy which states that “an unreserved, unrestricted fund balance of no less than 4.0% of the prior year’s operating budget” must be maintained. The FY 2019-2020 budget appropriates \$6.5 million from the fund balance, more than triple the FY 2017-2018 appropriation.
 - At the end of FY 2019-2020, the fund balance would sit at approximately \$8.8 million, or \$6.5 million less than the previous year.
 - The fund balance would remain threshold compliant if FY 2018-2019 and FY 2019-2020 results proceed as planned. However, NCC has relied heavily on the unreserved fund in recent years due to declining student enrollment. The College is close to depleting the fund as it approaches the minimum balance required for FY 2019-2020 of \$8.4 million. The fund balance for FY 2019-2020 is expected to be 4.2% of FY 2018-2019 operating budget.
 - NCC relies on the fund balance to cover shortfalls caused by a worse than expected decline in enrollment, including deficits in tuition, service fees, payroll contract negotiations, and state aid revenue shortfall.

Fund Balance Reconciliation	
FY 2017-2018 Unappropriated Fund Balance	\$18,105,112
Adopted FY 2018-2019 Fund Balance Appropriation	(5,500,000)
FY 2018-2019 Projected Operating Results	2,730,268
Projected FY 2018-2019 Unappropriated Fund Balance	15,335,380
Proposed FY 2019-2020 Fund Balance Appropriation	(6,500,000)
Projected FY 2019-2020 Unappropriated Fund Balance	\$8,835,380

Fund Balance, Cont.

- In the Fiscal Year ending August 31, 2018, New York State Community Colleges held on average 12.4% of budgeted expenditures in an unreserved fund balance.
- At 9.7%, Nassau Community College ranked 17th out of 30 among Community Colleges in terms of fund balance as a percentage of expenditures.
- This figure represents an improvement from previous years as Nassau normally ranks last compared to Westchester and Suffolk but this year ranked higher than Suffolk.
- These rankings are calculated on the \$19.8 million Fund Balance the College reported in its NYS Annual Report for the Fiscal Year ending August 31, 2018. The State requires only actual expenditures in this report.
- These rankings evaluate the College’s performance as of two years ago. They do not reflect the College’s current climate.

Community College Fund Balance Comparison				
As of Fiscal Year Ending August 31, 2018				
Rank	Community College	Unreserved Fund Balance	Total Expenditures*	Percent Fund Balance to Expenditure
1	Herkimer	\$7,099,753	\$21,330,864	33.28%
2	North Country	4,873,779	14,954,958	32.59%
3	Niagara	14,366,989	45,110,717	31.85%
4	Corning	6,956,120	29,038,350	23.95%
5	F-I-T	52,562,673	222,097,047	23.67%
6	Genesee	7,961,230	38,741,349	20.55%
7	Westchester	20,262,892	113,376,199	17.87%
8	Erie	18,470,884	106,381,454	17.36%
9	Schenectady	4,773,900	28,855,603	16.54%
10	Onondaga	11,368,324	71,412,798	15.92%
11	Jamestown	4,760,730	30,903,112	15.41%
12	Jefferson	3,452,869	27,000,198	12.79%
13	Monroe	14,808,160	119,425,105	12.40%
14	Cayuga	3,555,480	28,799,102	12.35%
15	Columbia-Greene	1,821,863	15,604,270	11.68%
16	Finger Lakes	5,104,508	46,453,934	10.99%
17	Nassau	19,826,480	204,706,837	9.69%
18	Fulton-Montgomery	1,717,210	18,023,881	9.53%
19	Mohawk Valley	4,722,492	49,845,597	9.47%
20	Ulster	2,200,883	23,984,678	9.18%
21	Broome	4,327,321	55,497,656	7.80%
22	Suffolk	16,059,199	216,056,406	7.43%
23	Adirondack	2,266,589	30,905,101	7.33%
24	Rockland	3,934,935	64,169,987	6.13%
25	Dutchess	3,121,343	65,266,953	4.78%
26	Tompkins - Cortland	1,437,336	40,842,705	3.52%
27	Orange County	1,676,985	61,074,955	2.75%
28	Hudson Valley	2,526,186	94,951,981	2.66%
29	Clinton	(170,059)	13,086,376	-1.30%
30	Sullivan	(2,695,367)	16,097,234	-16.74%

*Expenditures do not include unexpended encumbrances at year end
Community Colleges report actual expenses only in their NYS Annual Report

Opportunities & Risks

- Enrollment sensitive revenues such as tuition, service fees, state aid and revenue in lieu of sponsor share would miss target if enrollment declines more than expected; the College built its budget on the assumption that enrollment would decline 7.5% in FY 2019-2020.
- A risk to the budget would materialize should the State slash the reimbursement rate mid-year, an action the State took in the past.
- Continued usage of fund balance could become a problem in the near future and other revenue sources would then become necessary.