



NASSAU COUNTY LEGISLATURE

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Inter-Departmental Memo

To: Hon. Peter J. Schmitt, Presiding Officer
Hon. Diane Yatauro, Minority Leader
All Members of the Nassau County Legislature

From: ^{SA} Steven Antonio
Office of Legislative Budget Review

Date: June 27, 2011

Re: Nassau Community College Proposed Budget 2011-2012

Attached is the Office of Legislative Budget Review's report on the proposed Nassau Community College. The report details both expense and revenue shifts with explanations. It is, however, important to highlight the following:

- The Property Tax levy supporting the College will remain at \$52.2 million.
- Annual tuition is increasing by \$258 dollars, from \$3,732 to \$3,990.
- New York State is reducing its aid per FTE by \$138. This translates into a cut of \$2.8 million
- The proposed budget includes a \$1 million appropriation of fund balance.
- Budgeted headcount has been reduced by 66 full-time positions.
- Proposed OTPS spending in FY 2011-12 would be approximately \$1.1 million less than that of the adopted FY 2010-11.

If you should have any further questions, please let me know.

cc: Hon. George Maragos, Nassau County Comptroller
Frank Moroney, Nassau County Chief Deputy Comptroller
Jeff Nogid, Director, OMB
Evan Cohen, Executive Director, NIFA
David Gugerty, Policy Director
Dan McCloy, Director of Law, Finance & Operations
Tim Sullivan, Deputy County Executive
Gregory May, Director of Legislative Affairs
William Muller, Clerk of the Legislature
Edgar Campbell, Minority Chief of Staff

Proposed FY 2011-12 NCC Budget

Revenue

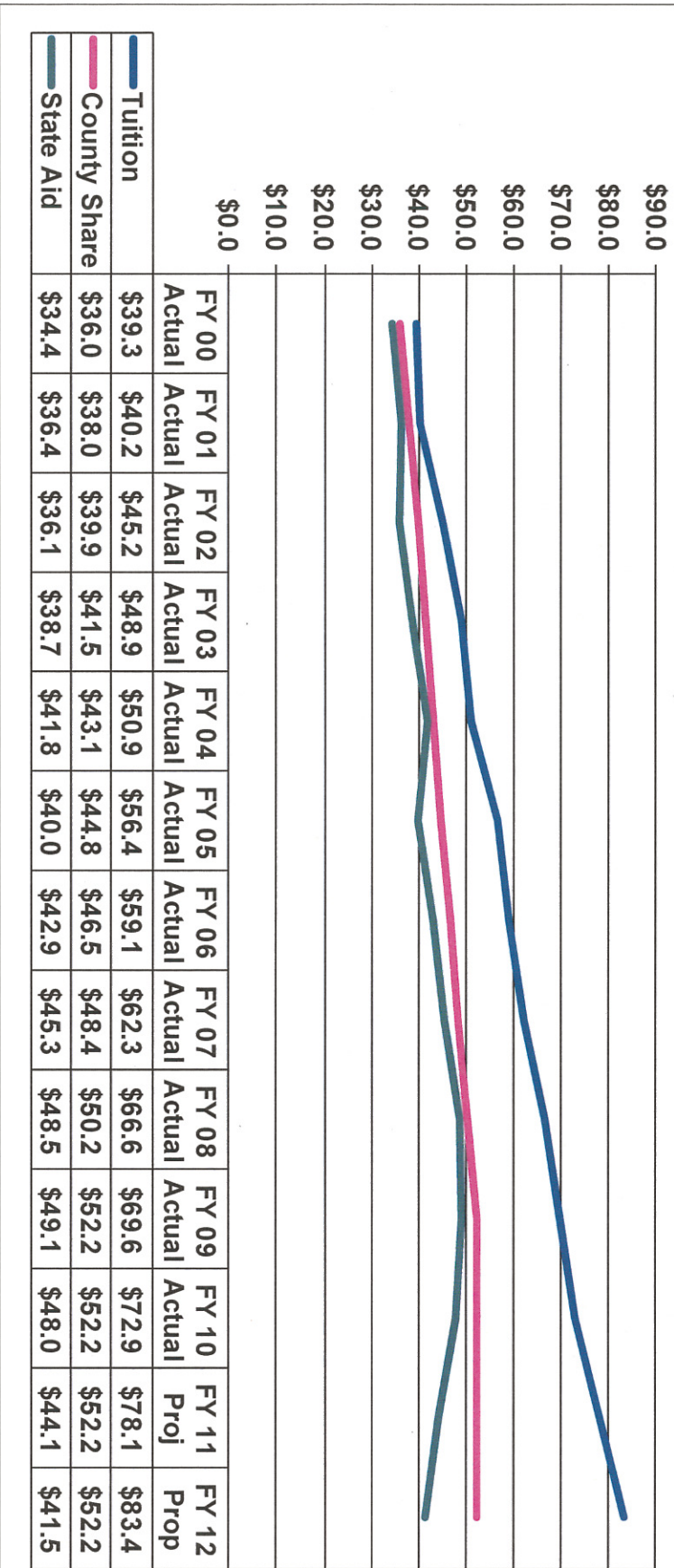
	Historical		2011		2012		Prop. vs. Adopted		Prop. vs. Projected	
	2009	2010	Adopted Budget	OLBR Projected	Proposed Budget	Variance	Percent	Variance	Percent	
Tuition	\$69,614,702	\$72,886,735	\$77,826,901	\$78,143,682	\$83,393,727	\$5,566,826	7.2%	\$5,250,045	6.7%	
Property Tax	52,206,883	52,206,883	52,206,883	52,206,883	\$52,206,883	0	0.0%	0	0.0%	
State Aid	49,134,478	47,991,751	45,867,685	44,089,025	41,456,390	(4,411,295)	-9.6%	(\$2,632,635)	-6.0%	
Rev. Lieu Spons. Share	13,683,943	13,283,966	14,133,758	14,400,000	14,000,000	(133,758)	-0.9%	(400,000)	-2.8%	
Rev. Offset To Expense	3,708,223	4,197,926	4,000,000	4,188,000	4,188,000	188,000	4.7%	0	0.0%	
Service Fees	5,989,142	5,879,878	5,324,000	5,651,000	5,851,000	527,000	9.9%	200,000	3.5%	
Rents & Recoveries	962,370	575,042	950,000	950,000	400,000	(550,000)	-57.9%	(550,000)	-57.9%	
Investment Income	328,369	189,358	200,000	200,000	200,000	0	0.0%	0	0.0%	
Federal Aid	61,522	309,115	250,000	250,000	250,000	0	0.0%	0	0.0%	
Suppl Approp/Fund Balance	0	834,315	0	0	0	0	0.0%	0	0.0%	
Fund Balance Appropriated	0	2,488,541	2,188,000	2,188,000	1,000,000	(1,188,000)	-54.3%	(1,188,000)	-54.3%	
Total	\$195,689,632	\$200,843,510	\$202,947,227	\$202,266,590	\$202,946,000	(\$1,227)	0.0%	\$679,410	0.3%	

- ❖ The proposed FY 2011 – 12 revenue budget is increasing by \$0.7 million, or 0.3%, over the current academic year's projection and will remain flat compared to the previous year's adopted budget.
 - Excluding the \$2.2 million use of fund balance in the current year and the \$1.0 million appropriation in the proposed budget, revenues are increasing by \$1.9 million or 0.9%. This is largely driven by an increase in tuition and a cut in State Aid.
- ❖ Tuition is budgeted increase by \$5.3 million over the 2011 projection.
- ❖ The Property Tax levy supporting the College will remain at \$52.2 million.
- ❖ Base State Aid is decreasing by \$2.6 million to \$41.5 million in the FY 2012 proposed budget compared to the FY 2011 projection. The College budgeted for a cut of \$185 per FTE in FY 2011, however, the actual cut from the Governor's FY 2011 Adopted Budget was \$285 per FTE.

Proposed FY 2011-12 NCC Budget

Tuition, County Share and State Aid

FY 2000 - 2010
(in millions)



- ❖ Of the three primary funding sources for the College, the amount contributed by student revenues has been increasing at a greater rate than property tax (County Share) and state aid.
- ❖ State Aid has decreased to FY 2005 – 2006 levels. This represents a decrease of \$7.6 million or -15% from the highest point which was 2009.

Proposed FY 2011-12 NCC Budget

Tuition (\$83,393,727)

- ❖ The FY 2011 – 12 budgeted escalation in tuition by \$5.3 million to \$83.4 million is a function of two factors, tuition rate and enrollment projections.
 - Tuition is being increased by \$129 per semester, or 6.9%, to \$1,995 per semester; the annual increase is \$258. This is expected to generate \$5.1 million in additional revenue. Even with the increase, Nassau will still be cheaper than Suffolk and Westchester which have both proposed similar increases in their proposed budget.

Yearly Tuition Comparison				
	Current	2012 Proposed	Increase	Diff From Nassau
Westchester	3,850	4,150	300	160
Suffolk	3,776	4,026	250	36
Nassau	3,732	3,990	258	

- Enrollment is anticipated to increase by approximately 0.2% which would translate into approximately \$0.2 million in revenue from the current projections.
- FY 2010 – 11 enrollment is currently projected to be 2.4% higher than the budgeted 2.0% increase.
- Tuition represents 41.1% of the total budgeted revenue.

Proposed FY 2011-12 NCC Budget

Property Taxes (\$52,206,883)

- ❖ There is no Property Tax increase in the proposed budget.
- ❖ Nassau County's share of \$52.2 million represents 25.7% of the proposed budget.
- ❖ The average household currently pays approximately \$104 per year.

State Aid (\$41,456,390)

- ❖ For the past several years the College has had to absorb the impact of reductions in State Aid. This revenue source represents 20.4% of the proposed 2012 budget, down from 22.6% of the adopted 2011 budget. As illustrated below, FY 2009 – 10 had a midyear cut of \$130 per Full Time Equivalent (FTE) student; the FY 2010 – 11 cut was \$285 and the FY 2011 – 12 proposed is \$138 per FTE.
- ❖ Had these cuts not occurred, the College could have received an additional \$10.6 million in FY 2011 – 12.
- ❖ In the past, the State has imposed mid-year cuts and should any additional cuts occur this would put further stress on the budget.
- ❖ The reduction represents a 6.0% decrease from the FY 2011 projections and 9.6% decrease from the FY 2011 Adopted Budget.

State Aid Cuts 2010 - 2012

	Cut / FTE	Dollar Impact on 2012 (in millions)
2010 Mid Year FTE Reduction	\$ 130.0	\$ 2.4
2011 FTE Reduction	\$ 285.0	\$ 5.5
2012 FTE Reduction	\$ 138.0	\$ 2.8
Total	\$ 553.0	\$ 10.6

State Aid

For three years in a row, the college has absorbed decreases in State Aid, while Property Tax has remained flat. The cumulative impact of the cuts from 2010 through 2012 is approximately \$20.4 million.

Proposed FY 2011-12 NCC Budget

Revenue Lieu Sponsor Share – Charges Other Counties (\$11,340,000) and Non-Residents (\$2,660,000)

- ❖ The chargeback rate is an assortment of collections from non-residents, out of state residents, international students and NYS counties without a certificate of residency.
- ❖ The estimated FY 2011 – 12 proposed chargeback rate per non-resident FTE is \$3,330 which is \$310 lower than FY 2010 – 11. Enrollment is projected to be flat.

Revenue Offset to Expenses (\$4,188,000)

- ❖ This area consists of commissions, contract education for various subjects and special course fees that are charged to pay for the costs associated with some courses and programs, such as classes in adult education, corporate training, and English as a second language.
- ❖ An increase of \$188,000 or 4.7% over the current budget is expected in the proposed FY 2011 – 12 Budget.

Investment Income (\$200,000)

Managed by the County Treasurer this revenue source is directly affected by market interest rates. Due to the recession, rates have trended downward. This drift implies lower total investment income. OLBR is projecting investment income to be on budget in the current

Service Fees (\$5,851,000)

		Service Fees			
		Proposed FY 2012 vs. Adopted FY 2011			
Service Fee: Source	Fee	FY 10-11 Adopted Budget	FY 11-12 Proposed Budget	Variance	Revenue
Technology Fee	40	1,500,000	1,500,000	0	0
Student Lab Fees Day	100	1,650,000	1,650,000	0	0
Application	40	700,000	875,000	10	175,000
NG Check Fee	20	20,000	20,000	0	0
Transcript Fees	5	225,000	0	-5	-225,000
Late Registration	25	200,000	200,000	0	0
Nursing Evaluation	75	1,000	1,000	0	0
Tuition Pay Plan	25	440,000	700,000	15	260,000
Change of Program	25	3,000	3,000	0	0
Consolidated Fee	-	0	317,000	30	317,000
Convenience Fee	18	235,000	235,000	0	0
Vehicle Registration	45	350,000	350,000	0	0
Totals		5,324,000	5,851,000		527,000

- ❖ The Proposed Budget for service fees is increasing by 9.9% or \$527,000 from the 2011 adopted budget.
 - The College has implemented a consolidated fee of \$30 which will generate \$317,000 in revenue. This fee is in lieu of other fees such as transcript and admission fees.
 - Tuition pay plan will increase by \$15 for an additional \$260,000 and application fee by \$10 corresponding to \$175,000 in revenue.
 - The Proposed Budget removes the \$5 fee for transcripts decreasing revenues by (\$225,000).

Proposed FY 2011-12 NCC Budget

Fund Balance

Community College Opening Fund Balance Comparison As of Fiscal Year Ending August 31, 2010			
Community College	Unreserved Fund Balance	Total Expenditures	Percent of Fund Balance to Expenditures
Adirondack	\$1,800,848	\$23,428,508	7.69%
Broome	7,116,333	46,221,625	15.40%
Cayuga	4,694,076	28,393,479	16.53%
Clinton	2,761,857	13,898,008	19.87%
Columbia-Greene	3,630,573	14,881,177	24.40%
Corning	8,050,402	31,112,530	25.88%
Dutchess	8,457,823	54,076,855	15.64%
Elie	15,939,227	96,586,242	16.50%
F-I-T	43,816,993	159,017,901	27.55%
Finger Lakes	6,368,433	36,385,005	17.50%
Fulton-Montgomery	2,049,527	16,779,506	12.21%
Genesee	7,693,912	33,973,361	22.65%
Herkimer	4,879,576	21,789,337	22.39%
Hudson Valley	9,851,331	85,572,000	11.51%
Jamestown	6,205,109	29,410,649	21.10%
Jefferson	1,824,981	21,454,637	8.51%
Mohawk Valley	7,871,295	43,288,815	18.18%
Monroe	18,820,342	116,812,407	16.11%
Nassau	12,303,584	201,819,405	6.10%
Niagara	6,794,505	45,610,632	14.90%
North Country	1,680,950	12,375,030	13.58%
Onondaga	3,525,465	64,894,287	5.43%
Orange County	5,877,356	49,819,427	11.80%
Rockland	1,289,650	58,512,690	2.20%
Schenectady	4,308,900	21,143,775	20.38%
Suffolk	15,623,398	171,338,997	9.12%
Sullivan	370,031	15,316,777	2.42%
Tompkins - Cortland	1,317,741	34,566,486	3.81%
Ulster	(116,629)	24,447,226	-0.48%
Westchester	5,429,652	108,464,735	5.01%

Fund Balance FY10 - FY13

Opening Fund Balance FY10	12.3
FY10 Appropriation	(3.3)
FY10 Operating Results	1.9
Opening Fund Balance FY11	10.9
FY11 Appropriation	(2.2)
FY11 Operating Results	(2.9)
Opening Fund Balance FY12 (projected)	5.8
FY12 Appropriation (proposed)	(1.0)
FY12 Operating Results	0.0
Opening Fund Balance FY13	4.8

❖ The chart above shows how fund balance has been decreasing since FY 2010. Should the planned use of \$1 million take place in FY 2012, the College would end the year with \$4.8 million in fund balance. That would represent 2.3% of anticipated expenditures, far less than the 4% targeted by the College's fund balance policy.

❖ On average, in FY10 New York State Community Colleges held 13.10% of expenditures in fund balance. The College is ranked 24th amongst Community Colleges in terms of fund balance percentage. This is slightly lower than Suffolk but greater than Westchester.

Other (\$650,000)

- ❖ Rents & Recoveries revenue in the amount of \$400,000 is expected due to the disencumbering of financial obligations in the prior year.
- ❖ Federal aid in the amount of \$250,000 is received annually for expenses associated with its work-study program, 75% of which is reimbursed by this revenue.

Proposed FY 2011-12 NCC Budget

Expenses

	Historical		2011		2012		Prop. vs. Adopted		Prop. vs. Projected	
	2009	2010	Adopted Budget	OLBR Projected	Proposed Budget	Variance	Percent	Variance	Percent	
Full-time Headcount	1,229	1,251	1,224	1,198	1,158	(66)	-5.4%	(40)	-3.3%	
Salaries	\$125,235,530	\$128,220,560	\$129,410,450	\$131,675,303	\$127,638,123	(\$1,772,327)	-1.4%	(\$4,037,180)	-3.1%	
Fringe Benefits	41,891,246	44,465,594	47,481,621	48,265,753	50,352,721	2,871,100	6.0%	2,086,968	4.3%	
Equipment	2,266,633	2,197,639	1,600,000	1,500,000	1,500,000	(100,000)	-6.3%	0	0.0%	
General Expenses	9,101,325	9,012,032	8,775,000	8,575,000	8,575,000	(200,000)	-2.3%	0	0.0%	
Contractual Services	7,388,838	6,978,414	6,650,000	6,650,000	5,350,000	(1,300,000)	-19.5%	(1,300,000)	-19.5%	
Utility Cost (Tel. & Other)	1,428,713	924,046	1,575,156	1,500,000	1,500,000	(75,156)	-4.8%	0	0.0%	
Utility Cost (LIPA)	4,154,043	3,989,469	4,200,000	4,775,156	4,775,156	575,156	13.7%	0	0.0%	
Interfund Charges	3,037,258	3,089,325	3,200,000	3,200,000	3,200,000	0	0.0%	0	0.0%	
County Scholarships	55,000	55,000	55,000	55,000	55,000	0	0.0%	0	0.0%	
Total	\$194,558,586	\$198,932,079	\$202,947,227	\$206,196,212	\$202,946,000	(\$1,227)	0.0%	(\$3,250,212)	-1.6%	

- ❖ Headcount figures in the chart above are based on are based on June 1 data. In 2010, employees were offered retirement incentives by the County, the College and the State. A total of 78 employees retired as a result of these incentives.
- ❖ Expenses are budgeted to remain essentially flat compared to the adopted 2011 budget.
- ❖ Salaries in the proposed budget are decreasing by 3.1%, or \$4.0 million, when compared to the OLBR's FY 2010-11 salary projection, and declining by 1.4%, or \$1.8 million when comparing budget to budget.
- ❖ Salaries are decreasing despite contractual increases for members of the Nassau Community College Federation of Teachers (NCCFT) and Civil Service Employees Association (CSEA). The agreement with the Adjunct Faculty Association (AFA) expired on August 31, 2010. Salaries for Ordinance employees will remain flat.
- ❖ OLBR's 2011 salaries projection reflects the \$5.2 million termination expense resulting largely from the early retirement incentives. This exceeded the FY 2010-11 termination budget by \$2.5 million.

Proposed FY 2011-12 NCC Budget

- ❖ Increases of 8.5% in health insurance costs and 38.4% in pension costs contribute to the \$2.9 million, or 6%, hike in fringe benefits compared to the current year's budget.
- ❖ OTPS spending is budgeted below FY 2011-12 levels primarily due to a \$1.3 million reduction in contractual services. These contracts include services for building and grounds maintenance. The College has imposed a spending cap on OTPS expenses for FY 2011-12.

Fringe Benefits

Nassau Community College Fringe Benefit Expenses							
	2011 Budget	OLBR Projection	Proposed 2012 Budget	Prop. Vs. Adopted	Percent	Prop. Vs. Projected	Percent
State Retirement	\$3,540,689	\$3,598,503	\$4,057,906	\$517,217	14.6%	\$459,403	12.8%
Teachers Retirement	1,530,631	1,530,631	1,998,388	467,757	30.6%	467,757	30.6%
Social Security	9,284,277	9,444,277	9,189,945	(94,332)	-1.0%	(254,332)	-2.7%
Health Insurance	16,942,763	16,270,033	17,729,160	786,397	4.6%	1,459,127	9.0%
TIAA CREF	6,572,129	7,572,129	6,503,117	(69,012)	-1.1%	(1,069,012)	-14.1%
Optical Plan	135,991	129,098	130,000	(5,991)	-4.4%	902	0.7%
Unemployment	95,001	214,395	250,000	154,999	163.2%	35,605	16.6%
Dental Insurance	684,997	627,286	698,000	13,003	1.9%	70,714	11.3%
Medicare Reimbursement	1,270,000	1,151,938	1,365,000	95,000	7.5%	213,062	18.5%
Health Insurance Retirees	6,667,131	6,843,697	7,517,236	850,105	12.8%	673,539	9.8%
Retirees Optical	14,994	14,329	16,000	1,006	6.7%	1,671	11.7%
Medicare Part D	(425,000)	(425,000)	(475,000)	(50,000)	11.8%	(50,000)	11.8%
MTA Tax	453,019	447,046	433,970	(19,049)	-4.2%	(13,076)	-2.9%
CSEA Legal Fund	75,000	75,000	64,000	(11,000)	-14.7%	(11,000)	-14.7%
NYS Disability Insurance	10,000	0	10,000	0	*****	10,000	*****
Workers Compensation	630,000	772,391	865,000	235,000	37.3%	92,609	12.0%
Total	\$47,481,622	\$48,265,753	\$50,352,722	\$2,871,100	6.0%	\$2,086,969	4.3%

- ❖ The proposed fringe benefits appropriation assumes an 8.5% rate increase for health insurance costs. The rate is lower than the rate projection provided in New York State's 2011 First Quarter Experience Report, which projects the 2012 health insurance premium rate to increase by 13.0% for both individual and family coverage.
- ❖ The FY 2011-12 budget of \$4.1 million for State Retirement is an increase of \$517,217 compared to the FY 2010-11 budget. This increase is due to rising pension contribution rates. Pension rates have continued to increase since the market collapse in 2008 when the New York State Retirement System lost 26% of its value.

Proposed FY 2011-12 NCC Budget

- ❖ The \$6.5 million proposed budget for TIAA CREF is flat compared to the current year's budget, however the 2011 projection includes an additional \$1.0 million in non-recurring costs for employees who participated in the Early Retirement Incentive.
- ❖ The FY 2011-12 Fringe Benefits budget includes a federal subsidy of \$475,000 for Medicare Part-D reimbursement of the prescription drug coverage provided by the College.
- ❖ The social security budget is decreasing by \$254,332, or 2.7%, to \$9.2 million compared to the 2011 projection. The decrease can be attributed to lowered total salaries resulting from the reduced headcount in the proposed budget.
- ❖ The FY 2011-12 appropriations for the optical and dental plans are consistent with the FY 10-11 budgeted amounts.
- ❖ The proposed worker's compensation budget of \$865,000 would be an increase of \$235,000, or 37.3%, from the current year's budget, bringing it more in line with the 2011 projection.

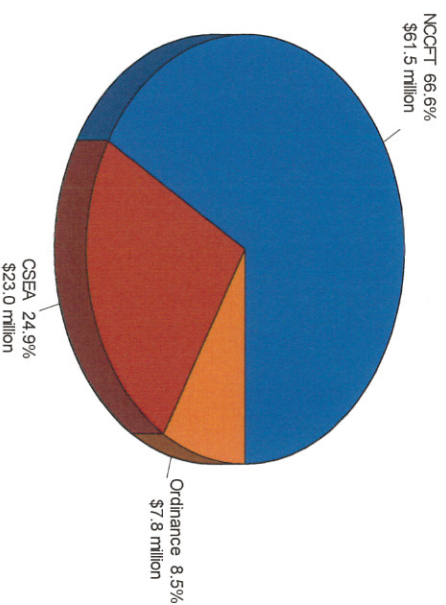
Salaries

FULL-TIME HEADCOUNT												
Union	Adopted 10 - 11			Proposed 11 - 12			Difference		Jun 11 Act. F/T	FY 12 vs. Act.		
	F/T	Pers. Svcs		F/T	Pers. Svcs		F/T	Pers. Svcs		% Chg	F/T	% Chg
NCCFT	756	\$61,450,000		710	\$60,789,234		(46)	(\$660,766)	-6.1%	730	(20)	-2.7%
CSEA	397	23,048,799		386	23,990,581		(11)	941,782	-2.8%	383	3	0.8%
Ordinance	71	7,833,927		66	7,004,816		(5)	(829,111)	-7.0%	85	(19)	-22.4%
Grand Total	1,224	\$92,332,726		1,162	91,784,631		(62)	(\$548,095)	-5.1%	1,198	(36)	-3.0%

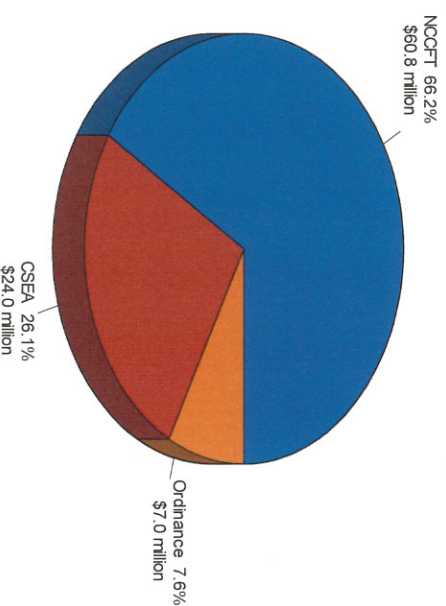
- ❖ Fulltime headcount in the proposed FY 2011-12 budget is decreasing by 62 compared to FY 2010-11.
- ❖ Most of the decrease in headcount is from the NCCFT union, the majority of whose members are responsible for teaching at the College. The current vacancies are a result of attritions and teachers opting into the early retirement incentive plan. In addition, the College is reducing the NCCFT positions in the proposed budget by 20 from the current onboard. This will be made possible through the elimination of temporary non-tenure positions.
- ❖ There are five fewer Ordinance employees included in the FY 2011-12 proposed budget than in the current year's adopted, resulting in a decrease of \$829,111. It should be noted that the June 1 actual shows a total of 85 Ordinance employees on board. This number includes four Grant Advisors whose salaries are charged to the Grant Fund. There are also 14 educators associated with the Language Immersion at Nassau Community College program (LINCC) who will move from Ordinance to NCCFT.
- ❖ The graphs below illustrate salary expenses by union in the proposed budget compared to last year's budget.

Proposed FY 2011-12 NCC Budget

Adopted 2010 - 11 Full Time Salaries by Union



Proposed 2011 - 12 Full Time Salaries by Union



- ❖ As can be seen in the chart on the next page, total part-time headcount is declining by 110, with the greatest decrease occurring in work study and student aides, with 81. The total reduction equals \$830,266.
- ❖ CSEA and Ordinance and Non-Teaching Adjunct part-timers are going down by 58 which is offset by an increase of 10 Teaching Adjuncts.
- ❖ The category of TA substitutes is increasing by 24 heads.

Proposed FY 2011-12 NCC Budget

Union	PART-TIME HEADCOUNT				Difference		% Chg
	Adopted 10 - 11		Proposed 11 - 12				
	P/T	Pers. Svcs	P/T	Pers. Svcs	P/T	Pers. Svcs	
Adjunct - Teaching	1,200	\$24,059,922	1,210	\$24,279,000	10	\$219,078	0.9%
Adjunct - NonTeaching	351	4,051,196	345	4,000,000	(6)	(51,196)	-1.3%
CSEA	171	2,107,909	141	1,999,761	(30)	(108,148)	-5.1%
Ordinance - PT	422	3,000,000	400	2,300,000	(22)	(700,000)	-23.3%
Subtotal	2,144	33,219,027	2,096	32,578,761	(48)	(640,266)	-1.9%
Teaching Substitutes	345	271,107	340	240,000	(5)	(31,107)	-11.5%
TA Substitutes	53	88,893	77	90,000	24	1,107	1.2%
Subtotal	398	360,000	417	330,000	19	(30,000)	-8.3%
Student Aides	276	678,453	250	590,000	(26)	(88,453)	-13.0%
Work Study Aides	167	511,547	112	440,000	(55)	(71,547)	-14.0%
Subtotal	443	1,190,000	362	1,030,000	(81)	(160,000)	-13.4%
Grand Total	2,985	\$34,769,027	2,875	\$33,938,761	(110)	(\$830,266)	-2.4%

OTHER THAN PERSONAL SERVICES

- ❖ Proposed OTPS spending in FY 2011-12 will be about \$1.1 million less than that of the adopted FY 2010-11.
- ❖ Contractual services are declining by \$1.3 million, or almost 20%, primarily in building and grounds maintenance expenses. The College plans to cut back on services such as garbage pickup other lawn maintenance.

OPPORTUNITIES & RISKS

- ❖ Fluctuating energy costs could be either risk or opportunity.
- ❖ The \$1.3 million reduction in contractual services for building and grounds maintenance may be difficult to sustain without impacting quality.