MAURICE CHALMERS
DIRECTOR
OFFICE OF LEGISLATIVE
BUDGET REVIEW

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

Inter-Departmental Memo

To: Hon. Richard Nicolello, 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 17, 2022

Re: Proposed FY 2022-2023 Nassau Community College Budget

Attached is the Office of Legislative Budget Review's (OLBR) report on the Proposed Nassau Community College (NCC) FY 2022-2023 Budget. As with many institutions, the coronavirus has negatively impacted enrollment over the previous two years. The College continues to struggle with enrolling and retaining students, and as such the College experienced their largest enrollment decline of 16.9% in FY 2020-2021, and still projects a significant decrease of 9.6% in FY 2021-22; in addition to budgeting an 8.6% reduction in FY 2022-2023.

Reduced enrollment is not just problematic on Long Island but is also occurring Statewide. According to a recent Newsday article, "SUNY Community colleges have seen a 34% decrease in admission from 2011 to 2021."[1] One of the factors contributing to a drop in enrollment is a decrease in the high school-age population on Long Island. According to US Census estimates, the number of Long Islanders ages 15-19 fell 9.2% from 2010 to 2020.[2]

As a result, enrollment sensitive revenues such as tuition, service fees, state aid and revenue in lieu of sponsor share have all been negatively impacted. The Proposed FY 2022-2023 Budget includes $19.2 million in Fund Balance appropriation to be offset by the transfer

[1] Polsky, Carol, "For LI's community colleges, steep challenges ahead", Newsday, June 4, 2022.
[2] Ibid.

of Higher Education Emergency Relief Funds (HEERF) grant funds. These funds will be used to offset expenses and the declining revenue sources.

The College has been able to manage with the cash infusion of $46.9 million in Higher HEERF grants (which includes $2.0 million from the Town of Hempstead) to reimburse losses from FY 2020 through FY 2024. In addition, $31.4 million in funds were also received from HEERF for student grants to be dispersed without obligation to any student that qualifies based on state criteria.

Due to the availability of the stimulus funding from HEERF grants, the College has been able to maintain its current operations. The College has used these HEERF funds to offset their annual operating deficits which have continued to grow larger in recent years. In FY 2021-2022, the College is projecting a $13.5 million operating deficit which they will offset with stimulus funding, therefore resulting in an artificial overall year-end break-even result. The FY 2022-2023 budget would have produced a sizeable deficit of $19.2 million, but the College will again offset the shortfall with stimulus funding. After FY 2022-2023, NCC plans to use the remaining balance of $0.6 million in Institutional funds.

Since these funds will no longer be available, and the annual operating deficit continues to grow larger, the College is likely to face serious challenges going forward. NCC may be forced to make adjustments to its operations in order to survive the end of the funding assistance.

Fortunately, Suffolk and Nassau Community Colleges are trying to develop strategies to to turn around declining enrollments and attract more students by freezing tuition costs and reaching out to non-traditional learners. The Colleges are trying to adopt reforms to improve student retention by creating clearer routes to degrees and certificates. Both colleges are participating in SUNY's Guided Pathways project, which aims to help students find and stay on paths to academic and career goals, while minimizing wasted credits.[3]

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 4.3%, or $8.2 million, compared to the Adopted FY 2021-2022 Budget. The bulk of the decreases are from salaries and fringe benefits which are partially offset by increases in general expenses and contractual services.
- The expense decrease is primarily driven by a $9.0 million decline in salaries and fringe benefits, when compared to the Adopted FY 2021-2022 Budget. In total, there are $5.1 million in <u>negative</u> salary adjustments. There are approximately $2.7 million in <u>negative</u> salary adjustments (ZZ5), which are anticipated savings from adjuncts, savings from attrition, and delays in filling vacant positions. In addition, there are approximately $2.4 million in other <u>negative</u> adjustments for reduced workload, grant/capital chargebacks, leave of absence, and other savings.
- The College has not budgeted any Cost of Living Adjustments (COLA's) or step adjustments for Civil Service Employees Association (CSEA), NCC Administrators Association (NCCAA), Adjunct Faculty Association (AFA), Nassau Community

[3] Ibid.

College Federation of Teachers (NCCFT), and Ordinance employees, but instead built $3.3 million in the positive salary adjustment line for contingencies for possible contracts that could be negotiated.

- Termination pay is increasing by $0.4 million to $3.4 million, budget to budget. According to the College, there are no incentives planned. The budget is based on already terminated or retired individuals on a scheduled payout.
- The property tax levy supporting the College, is budgeted at $52.2 million, which has stayed constant for over a decade. However, the County cut it's levy in FY 22 but the College was not decreased.
- The student revenue budget is dropping significantly by 17.5%, or $11.6 million when compared to the previous year due to continued declining enrollment. Student enrollment in FY 2022-2023 is budgeted at 8,598, a decrease of 8.6%, compared to the FY 2021-2022 projection of 9,412. Enrollment has declined over 5.0% annually since FY 2015-2016.
- New York State contribution Full-Time Equivalents (FTE) and state aid remain unchanged at $2,997 and $38.4 million respectively compared to the prior year's adopted budget. In FY 2021-2022 Base Aid was calculated on 98% of the prior year Base Aid funding however, in FY 2022-2023 the Base Aid formula was amended to include a floor of 100% of the prior year Base Aid funding amount due to declining enrollment. The SUNY Board of Trustees enacted a resolution to modify this education law permanently.
- Tuition is set to remain unchanged at $2,900 per semester or $5,800 a year in the Proposed Budget. Nassau's tuition rate is higher than both Suffolk's and Westchester's rates. However, Westchester's tuition is increasing by $100, or 2.1% for FY 2022-2023.
- In total, the College is set to receive a $78.3 million from HEERF grants. Of which, $46.9 million are institutional funds and $31.4 million are to be distributed to students.
- The Proposed FY 2022-2023 Budget includes $19.2 million in Fund Balance usage to be offset by the transfer of HEERF funds. Current projections for FY 2021-2022 anticipate $13.5 million will be used to offset expenses.
- At the end of FY 2022-2023, the Fund Balance would sit at approximately $26.6 million, or 13.8% of FY 2021-2022 operating budget. The College by policy has to maintain fund balance of no less than 4.0% of the prior year's budget. The Fund Balance would remain threshold compliant if FY 2021-2022 and FY 2022-2023 results proceed as projected.

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.

cc: Lisa Hahn, Interim Vice President of Finance, NCC
Andrew Persich, Budget Director, OMB
Arthur T. Walsh, Chief Deputy County Executive

Chris Ostuni, Majority Counsel
Meredith Hughes, Deputy Majority Counsel
Peter Clines, Minority Counsel
Michele Darcy, Minority Finance Director
Michael Pulitzer, Clerk of the Legislature

	Historical		2022		2023	2023 vs. 2022		Projected vs. 2023	
	2020	2021	Adopted Budget	OLBR Projected	Proposed Budget	Variance	Percent	Variance	Percent
Full-time Headcount	964	866	868	798	836	(32)	-3.7%	38	4.8%
Salaries	$117,410,418	$107,521,243	$111,095,507	$105,163,245	$103,587,798	($7,507,709)	-6.8%	($1,575,447)	-1.5%
Fringe Benefits	56,248,623	53,787,285	56,317,288	53,436,173	54,793,371	(1,523,917)	-2.7%	1,357,198	2.5%
Equipment	1,163,094	382,617	1,956,889	1,956,889	1,886,580	(70,309)	-3.6%	(70,309)	-3.6%
General Expenses	6,285,628	6,733,127	6,777,107	6,777,107	6,905,257	128,150	1.9%	128,150	1.9%
Contractual Services	6,533,474	5,616,494	8,309,701	8,309,701	9,102,588	792,887	9.5%	792,887	9.5%
Utility Cost	3,464,537	3,513,813	3,654,000	3,654,000	3,654,000	0	0.0%	0	0.0%
Debt Service	1,442,416	1,085,011	1,085,011	1,087,674	1,085,011	0	0.0%	(2,663)	-0.2%
Interfund Charges	2,050,069	2,036,081	2,423,786	2,423,786	2,423,786	0	0.0%	0	0.0%
County Scholarships	26,800	425,355	535,000	535,000	520,000	(15,000)	-2.8%	(15,000)	-2.8%
Total	**$194,625,059**	**$181,101,026**	**$192,154,289**	**$183,343,575**	**$183,958,391**	**($8,195,898)**	**-4.3%**	**$614,816**	**0.3%**

Expenses

- Expenses are budgeted to decrease by 4.3%, or $8.2 million, compared to the Adopted FY 2021-2022 Budget. Decreases in salaries, fringe benefits, equipment, and county scholarships make up this decline in the expense budget.
- Salaries in the FY 2022-2023 Proposed Budget are decreasing by $1.6 million or 1.5%, when compared to the FY 2021-2022 salary projection, and by 6.8%, or $7.5 million when comparing budget to budget. Salaries make up 56.3% of the FY 2022-2023 expense budget. FY 2022-2023 budgeted full-time headcount is decreasing by 32, budget to budget, and growing by 38 when compared to FY 2021-2022 projected numbers, prior to salary savings built into the budget.
  - There are approximately $2.7 million in negative salary adjustments (ZZ5). Most of the savings are from adjuncts and savings from attrition and delays in filling vacant positions.
    - The College anticipates a decrease in enrollment which will correlate to a decrease in the number of class sections offered. Decreases in class section offerings directly affect adjuncts and the number of assignments. Full-time faculty will still be assigned a full load of classes. A projected reduction in enrollment of 9% should result in the reduction of hundreds of class sections, all of which would have been taught by adjuncts.
  - In addition, there is approximately $2.4 million in other negative adjustments for reduced workload, grant/capital chargebacks, leave of absence, and other savings.

Expenses, Cont.

- Historically, the College has always included these savings to the budget, however, in previous years not all have come to fruition. It is crucial to manage those expectations to not impact the budget, especially after HEERF funds are exhausted.

- There is approximately $3.3 million in other positive salary adjustments (ZZ8). According to the College, these salary adjustments are likely for contingencies such as Cost of Living Adjustment (COLA) and step adjustments for the unions, potential retro payments for the Civil Service Employees Association (CSEA), as well as any agreements that could occur with the NCC Administrators Association (NCCAA), any staffing modifications, and possibly the inability to reach the targeted savings in the adjunct faculty.

- As mentioned above, the College has not budgeted a COLA or step adjustment for CSEA, NCCAA, Adjunct Faculty Association (AFA), Nassau Community College Federation of Teachers (NCCFT), and Ordinance employees, but instead built in the salary adjustment line for contingencies for possible contracts that could be negotiated.
  - The CSEA contract expired December 31, 2017.
  - The NCCAA was formed in 2018 and a contract still needs to be negotiated.
  - The AFA contract expires on September 30, 2022.
  - The NCCFT contract expires on August 31, 2022; however, individual lines do include approved promotions.

➢ Termination pay is increasing by $0.4 million to $3.4 million, budget to budget. Typically, the College budgets for termination pay to fund normal attrition from retirements. According to the College, there are no incentives planned. The budget is based on already terminated or retired people on a scheduled payout. CSEA employees are paid out on a three-year schedule and many NCCFT employees are paid out on a five-year schedule. There is also anticipated terminations that will result in costs in the year of the termination.

➢ Fringe benefits are decreasing by $1.5 million or 2.7%, when comparing budget to budget. The biggest declines are in social security, TIAA-CREF, health insurance for retirees, followed by teachers retirement, workers compensation, MTA mobility tax, unemployment, and CSEA legal fund, offset by increases in health insurance for active employees and state retirement.

➢ Other Than Personal Services (OTPS) are increasing in the Proposed Budget. General expenses and contractual services are rising budget to budget.

➢ General expenses are increasing by $128,150 or 1.9%, when compared to FY 2021-2022. The increase is due to the anticipated increase in workforce development (Continuing Education) expenses.

➢ Contractual services are increasing by $0.8 million to $9.1 million compared to FY 2021-2022. According to the College, the outside services that have increased include software for Financial Aid, academic software related to classroom management, online services (Blackboard), and workforce development in addition to inflation.

Expenses, Cont.

- Equipment expenses are decreasing by $70,309 in the Proposed Budget. Approximately, $1.2 million of the $1.9 million is allocated for technology expenses.
- County scholarships and other scholarships are decreasing by $15,000 in the Proposed Budget for enrollment and retention initiatives.

Fringe Benefits

Nassau Community College Fringe Benefit Expenses	2022 Adopted Budget	OLBR Projection	Proposed 2023 Budget	2023 Proposed vs. 2022 Adopted	Percent	2023 Proposed vs. 2022 Projection	Percent
State Retirement	$5,753,037	$5,442,373	$5,800,036	$46,999	0.8%	$357,663	6.6%
Teachers Retirement	2,011,997	$1,903,349	1,898,591	(113,406)	-5.6%	(4,758)	-0.2%
Social Security	7,905,265	$7,478,381	7,104,462	(800,803)	-10.1%	(373,919)	-5.0%
Health Insurance	20,871,854	$19,752,181	21,086,242	214,388	1.0%	1,334,061	6.8%
TIAA CREF	5,184,566	$4,904,599	4,659,369	(525,197)	-10.1%	(245,230)	-5.0%
Optical Plan	110,000	$88,136	110,000	0	0.0%	21,864	24.8%
Unemployment	100,000	$94,600	89,870	(10,130)	-10.1%	(4,730)	-5.0%
Dental Insurance	520,000	$483,591	520,000	0	0.0%	36,409	7.5%
Medicare Reimbursement	2,600,000	$2,600,000	2,600,000	0	0.0%	0	0.0%
Health Insurance Retirees	10,219,477	$9,685,402	9,987,855	(231,622)	-2.3%	302,453	3.1%
Retirees Optical	13,000	$30,986	13,000	0	0.0%	(17,986)	-58.0%
MTA Mobility Tax	368,592	$348,688	331,254	(37,338)	-10.1%	(17,434)	-5.0%
CSEA Legal Fund	52,500	$49,665	47,182	(5,318)	-10.1%	(2,483)	-5.0%
Workers Compensation	607,000	$574,222	545,511	(61,489)	-10.1%	(28,711)	-5.0%
Total	**$56,317,288**	**$53,436,173**	**$54,793,371**	**($1,523,917)**	**-2.7%**	**$1,357,199**	**2.5%**

- The FY 2022-2023 Proposed Budget for fringe benefits is $54.8 million, which represents 29.8% of the operating budget. The Proposed budget is decreasing by $1.5 million, or 2.7%, budget to budget; however, when compared to the current projection the budget is increasing by $1.4 million, or 2.5%.
- The decrease compared to budget, is due to a decline in most of the sub-object codes, with the biggest reductions in social security and TIAA CREF. The increase compared to the projection is directly attributed to an increase in health insurance costs for active employees and retirees.

Fringe Benefits, Cont.

- The Proposed Budget for health insurance for active and retirees remains steady at $31.1 million budget to budget, however it is increasing by approximately $1.6 million compared to the projection. The increase compared to the projection is due to the health insurance growth rate built into the budget. According to the College, a 5.0% growth rate increase was built into the active and retiree budgets effective January 1, 2023.
- The 5.0% growth rate appears slightly optimistic based on an analysis, from the State's benefit consultant AON Empower Results. According to this report, AON projects an overall blended growth of 6.7% for the entire region. Furthermore, in 2021 rates finalized at significant increase of 11.3% for individual and 12.7% for family health insurance plans.
    - If rates finalize above the budgeted assumption of 5.0%, there could be a potential shortfall for the active employee health insurance budget.
- The TIAA CREF budget for FY 2022-2023 is declining by $525,197 or 10.1% compared to the prior year and by $245,230 compared to the current projection.
    - The contribution rate for the Optional Retirement Plan under TIAA CREF remains unchanged at 9.0% on salaries up to $16,500 and 12.0% on salaries over $16,500 for Tier III and Tier IV members.
- The FY 2022–2023 State Retirement System's budget of $5.8 million is increasing by roughly $47,000 budget to budget, and by $357,663 compared to the prior year projection. Based on the State's projected 2023 pension bill for ERS, the contribution rate in the retirement plan that represents most College employees is projected to be 13.1%, which is a big drop from the 18.3% in the current bill. According to the College, the state pension cost includes an additional $2.1 million to adjust for the County's decision to no longer defer a portion of this expense and potentially pay off a portion of the outstanding pension liability from prior year deferrals.
- Social Security expenses are decreasing by $800,803 in the FY 2022–2023 Proposed Budget and $373,919 compared to projections. Social Security costs are a direct correlation to the decline in salary expenses.
- The budget for the New York State Teacher's Retirement System (NYSTRS) of roughly $1.9 million is decreasing by $113,406, or 5.6%, budget to budget, but remains consistent with the current projection. According to the College, the budget is based on the FY 2022-2023 NYSTRS Employer Contribution Rate (ECR) of 10.3%, an increase of 0.5% compared to last year. This retirement cost is a function of the salaries that are subject to the ECR. There could also be an opportunity in this budget for additional savings.
- The Medicare Reimbursement budget remains unchanged at $2.6 million, which is consistent with the current's year projection.

Headcount

FULL-TIME HEADCOUNT								
	On Board May 2022		Proposed 2022-2023		Difference			
Union	F/T	Pers. Svcs	F/T	Pers. Svcs	F/T	Pers. Svcs	HC % Chg	Salary % Chg
NCCFT	463	$45,620,426	473	$46,022,266	10	$401,840	2.2%	0.9%
CSEA	277	16,625,058	290	17,387,010	13	761,952	4.7%	4.6%
ORD	58	6,041,489	73	7,271,526	15	1,230,037	25.9%	20.4%
Unclassifed FT	0	0	0	(1,009,085)	0	(1,009,085)	0.0%	0.0%
TOTAL	798	$68,286,973	836	$69,671,717	38	1,384,744	4.8%	2.0%

- The chart above illustrates **full-time** headcounts for College employees. It compares current on-board to the Proposed FY 2022-2023 headcounts. The full-time headcount has increased by 38 when compared to the current on-board while the salary line is increasing by $1.4 million, prior to any reductions brought about by incentives, retirements, attrition or other reductions. The ZZ5 savings that are anticipated are not reflected in the chart above because they are assigned to a **special payroll** category and not rolled in the F/T (Full-Time) summary.
- In addition, there are negative adjustments of $1.0 million in the full-time line budgeted for chargebacks which were not classified to a union.
- There are currently 463 NCCFT employees on board and the NCCFT headcount in the Proposed Budget will increase to 473 to match the needs of the institution.
- The Proposed Budget has 290 CSEA employees, 13 more than the current on board.
- There are currently 58 Ordinance employees on board and the Ordinance headcount in the Proposed Budget will increase to 73 to match the needs of the institution.

Other Than Personal Services

- OTPS spending in FY 2022–2023 will be about $0.8 million, or 3.4%, more than that of the FY 2021-2022 Modified Budget. The following chart details the OTPS spending from the 2021 actual to the current Proposed Budget:

Other Than Personal Services, Cont.

Nassau Community College OTPS Budget Comparison FY 2021 - 2023						
	2021 Operating Results	2022 Modified Budget	2022 Projected Oper. Results	2023 Proposed Budget	Variance Mod 2022/2023	Variance Proj/Bud
Equipment	$382,617	$1,956,889	$1,956,889	$1,886,580	($70,309)	($70,309)
General Expenses	6,733,127	6,777,107	6,777,107	6,905,257	128,150	128,150
Contractual Services	5,616,494	8,309,701	8,309,701	9,102,588	792,887	792,887
Utility Costs	3,513,813	3,654,000	3,654,000	3,654,000	0	0
Debt Service	1,085,011	1,085,011	1,087,674	1,085,011	0	(2,663)
Interfund Charges	2,036,081	2,423,786	2,423,786	2,423,786	0	0
Scholarships	425,355	535,000	535,000	520,000	(15,000)	(15,000)
	$19,792,498	$24,741,494	$24,744,157	$25,577,222	$835,728	$833,065

- 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 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 $0.8 million increase in contractual services and a $0.1 million rise in general expenses, offset by a $70,309 reduction in equipment and a $15,000 decline in scholarships.
- The FY 2022-2023 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.
- General expenses are increasing by $128,150 due to anticipated increase in the area of workforce development (Continuing Education) expenses.
- The College expects to increase contractual services by $0.8 million compared to the FY 2021-2022 Modified Budget. Most of the increases are the result of increasing costs for software for Financial Aid and academic software related to classroom management and online services (Blackboard), continuing education costs, and some inflation.
- Equipment expenses are decreasing by $70,309 compared to the FY 2021-2022 Modified Budget.

Expense Recap

- The Proposed FY 2022-2023 expense budget represents an $8.2 million budget to budget decrease in expenses as a result of decreases in salary expenses, fringe benefits, equipment, and county scholarships. These decreases are partially offset by increases in general expenses and contractual services.

Expense Risks

- Since all of the union contracts have either expired or will expire, there could be a potential risk of salary increases from new negotiated contracts and the specifics of those agreements.
- The budget includes initiatives of $5.1 million in anticipated salary adjustment savings which are based on decreased adjunct staff, voluntary attrition, and delays in filling vacant positions. The inclusion of these savings will need to be managed by the College to ensure they are realized in order to offset any decreases in revenue.

	Historical		2022		2023	2022 vs. 2023		Projected vs. 2023	
	2020	2021	Adopted Budget	OLBR Projected	Adopted Budget	Variance	Percent	Variance	Percent
Student Revenues	$76,521,793	$66,727,725	$66,612,379	$60,415,755	$54,978,337	($11,634,042)	-17.5%	($5,437,418)	-9.0%
Property Tax	52,193,814	52,206,883	52,206,883	52,206,883	52,206,883	0	0.0%	0	0.0%
State Aid	42,928,062	37,273,290	38,422,182	38,422,182	38,422,182	0	0.0%	0	0.0%
Rev. Lieu Spons. Share	13,751,939	11,665,611	11,504,979	11,504,979	11,504,979	0	0.0%	0	0.0%
Rev. Offset To Expense	2,781,797	1,909,377	4,068,732	1,909,377	2,100,315	(1,968,417)	-48.4%	190,938	10.0%
Service Fees	7,258,574	5,475,193	6,099,310	5,263,443	5,021,286	(1,078,024)	-17.7%	(242,157)	-4.6%
Rents & Recoveries	658,598	345,895	852,923	195,895	395,895	(457,028)	-53.6%	200,000	102.1%
Investment Income	335,528	84,888	300,000	85,000	85,000	(215,000)	-71.7%	0	0.0%
Fund Balance Appropriated	(1,805,046)	5,412,164	12,086,901	13,537,143	19,243,514	7,156,613	59.2%	5,706,371	42.2%
Total	**$194,625,059**	**$181,101,026**	**$192,154,289**	**$183,540,657**	**$183,958,391**	**($8,195,898)**	**-4.3%**	**$417,734**	**0.2%**

Revenues

- The Proposed FY 2022-2023 Budget declined by 4.3% or $8.2 million, compared to the prior year Adopted Budget mainly due to a reduction in student revenues and smaller declines in other revenue streams, which are offset by an increase in Fund Balance appropriation. In comparison to the FY 2021-2022 projection, revenue is up a nominal 0.2%, or $0.4 million.
- The College received Federal grants that will reimburse the loss of revenue due to the pandemic, in turn reducing the negative operating results on the Fund Balance. These funds are recorded in the unreserved Fund Balance. A detailed breakdown of the grants and Fund Balance can be found later in this report.
- The student revenue budget is dropping significantly by 17.5%, or $11.6 million when compared to the previous year due to continued declining enrollment. Student enrollment in FY 2022-2023 is budgeted at 8,598 a decrease of 8.6% compared to the FY 2021-2022 projection of 9,412. Enrollment continues to drop as the College experienced declines of 5.6% in FY 2019-2020, a 16.9% in FY 2020-2021, and projects a 9.6% reduction in FY 2021-2022.
- The County's share of College revenue, the property tax levy, remains at $52.2 million in FY 2022-2023. The property tax levy has remained at this level since FY 2008-2009. However, the County cut its levy for FY 22 but that decrease did not include the College levy.
- State aid remains constant with the prior year's Adopted Budget of $38.4 million and compared to the FY 2021-2022 projection.
- The proposed service fees budget is decreasing by $1.1 million, to $5.0 million, when compared to the Adopted FY 2021-2022 Budget, resulting from declining enrollment.
- The Proposed FY 2022-2023 Budget includes $19.2 million in Fund Balance usage to be offset by the transfer of HEERF funds. Current projections for FY 2021-2022 anticipate $13.5 million will be used to offset expenses.

Grant Funding

- The following chart details the amount of funds that will be received by year.

Higher Education Emergency Relief Fund (HEERF)					
	Institutional Funds			Student Funds	
Grant Year	Loss of Revenue	All Other	Total Institutional Drawdowns	Distribution to Students	Total Student and Institutional
2019-2020	$0	$1,009,016	$1,009,016	$1,971,900	$2,980,916
2020-2021*	14,648,748	3,032,640	17,681,388	9,645,597	27,326,985
2021-2022	17,660,517	0	17,660,517	18,732,588	36,393,105
2022-2023 projected	8,800,000	1,200,000	10,000,000	1,022,400	11,022,400
2023-2024 projected	595,119	0	595,119	0	595,119
Total Award	**$41,704,384**	**$5,241,656**	**$46,946,040**	**$31,372,485**	**$78,318,525**

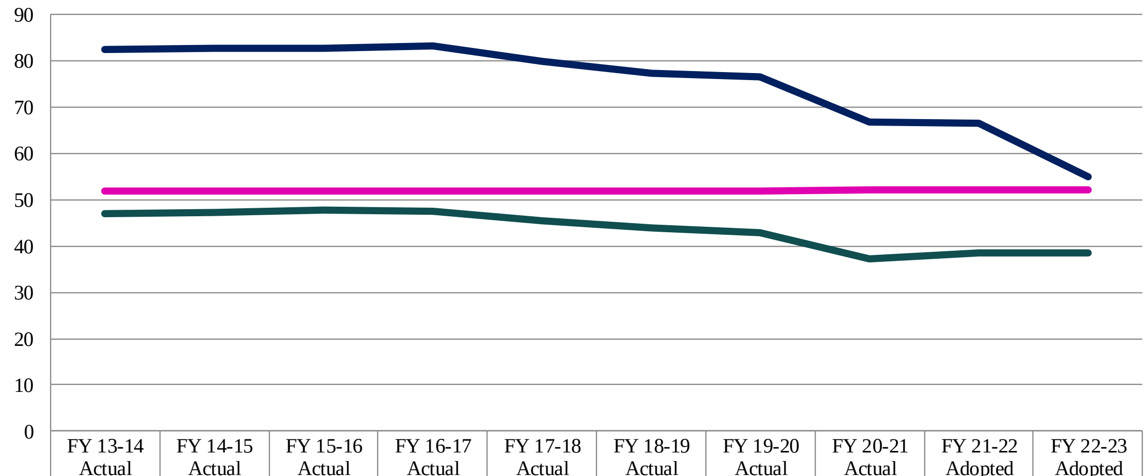
* Includes $2.0 million in grant funds from the Town of Hempstead.

- In total, the College is set to receive a $78.3 million from Higher Education Emergency Relief Fund (HEERF) grants.
- Grants from HEERF totaling $46.9 million will be used to reimburse losses from FY 2019-2020 through FY 2023-2024.
- Of the $46.9 million in Institutional drawdowns, $41.7 million reimburses loss of revenue from state aid, tuition and fees, while $5.2 million covers all other (non-operating) expenses.
- HEERF also provided student grant funds to be disbursed without obligation, to all students that qualified based on criteria set by HEERF and SUNY. The $31.4 million in grants are not included in the proposed FY 2022-2023 operating budget.
  - In FY 2022-2023 the College expects to receive a total of $10.0 million in funds ($8.8 million operating and $1.2 million from non-operating expenses).
  - NCC projects the collection of $0.6 million in Institutional funds for FY 2023-2024.
  - After the depletion of the HEERF funds, the college will no longer have these funds available to offset their operating deficit, which continues to grow each year with declining enrollment.

FY 2013-2014 Actual – FY 2022-2023 Proposed

($ in millions)

Tuition, County Share, and State Aid



	FY 13-14 Actual	FY 14-15 Actual	FY 15-16 Actual	FY 16-17 Actual	FY 17-18 Actual	FY 18-19 Actual	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Adopted	FY 22-23 Adopted
Tuition	82.4	82.8	82.8	83.3	80.0	$77.3	$76.5	$66.7	$66.6	$55.0
County Share	52.2	52.2	52.2	52.2	52.2	$52.2	$52.2	$52.2	$52.2	$52.2
State Aid	46.9	47.3	47.8	47.5	45.5	$44.0	$42.9	$37.3	$38.4	$38.4

- State aid remains flat at $38.4 million in the Proposed FY 2022-2023 Budget, about 20.9% of the overall revenue budget. State aid continues to trend downward since FY 2016-2017 as enrollment decreases at the College, except for a slight rise in FY 2021-2022.
- The County share is $52.2 million in FY 2022-2023, accounting for approximately 28.4% of total revenue. The County share is the College's most stable revenue source, which is not impacted by student enrollment or by 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 $55.0 million, or 29.9% of FY 2022-2023 revenue. Although the rate has increased, the revenue source has been declining since FY 2016-2017.

Tuition

- The tuition budget is significantly down by $11.6 million from the level Adopted for FY 2021-2022. 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 over 5.0% since FY 2015-2016. The pandemic continues to negatively impact enrollment in FY 2022-2023 with enrollment budgeted to decrease by 8.64% and the projected level of Full-Time Equivalents (FTEs) of 8,598.
- It has been said that one of the factors contributing to the declining enrollment is a decrease in high school-age population on Long Island. According to US Census data, the number of Long Islanders ages 15-19 fell 9.2% from 2010 to 2020. Enrollment has plummeted not just in Nassau but also at Suffolk.

Year	FTE Count	% Change	Tuition	% Change
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	13,256	-8.69%	5,350	4.86%
FY 19-20	12,515	-5.59%	5,600	4.67%
FY 20-21	10,406	-16.85%	5,800	3.57%
FY 21-22*	9,412	-9.56%	5,800	0.00%
FY 22-23*	8,598	-8.64%	5,800	0.00%

*Projected FTEs in FY 21-22 and FY 22-23

- Tuition is set to remain unchanged at $2,900 per semester or $5,800 a year in the proposed budget. As the table below depicts, Nassau's tuition rate is higher than both Suffolk's and Westchester's rates. However, Westchester's tuition is increasing by $100, or 2.1%. for FY 2022-2023.
  - Tuition has been frozen for a third year at Suffolk and the second at Nassau.

Yearly Tuition Comparison

	Current	FY 2022-2023 Proposed	Increase	Diff from Nassau
Nassau	$5,800	$5,800	$0	
Suffolk	5,470	5,470	0	-330
Westchester	4,730	4,830	100	-970

Property Tax Levy

- The property tax levy remains flat at $52.2 million in the Proposed FY 2022-2023 Budget.
- The County's contribution represents approximately 28.4% of total revenue.

State Aid

- Compared to the prior year, state aid remains constant at $38.4 million from the current projection and the Proposed FY 2022-2023 Budget.
- The FTE reimbursement rate remains unchanged at $2,997.
- In FY 2021-2022 Base Aid was calculated on 98% of the prior year Base Aid funding however, in FY 2022-2023 the Base Aid formula was amended to include a floor of 100% of the prior year Base Aid funding amount due to declining enrollment.
- The SUNY Board of Trustees have enacted a resolution to amend the education law to include the 100% floor as part of the Base Aid funding formula for FY 2022-2023 and thereafter, making the 100% floor permanent.

Revenue in Lieu of Sponsor Share

- This revenue stream remains flat at $11.5 million, budget to budget. The decline in student enrollment is offset by an increase in the chargeback rate to other counties from $7,140 in FY 2022-2022 to $8,280 for FY 2022-2023.
- 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.

Revenue Offset to Expenses

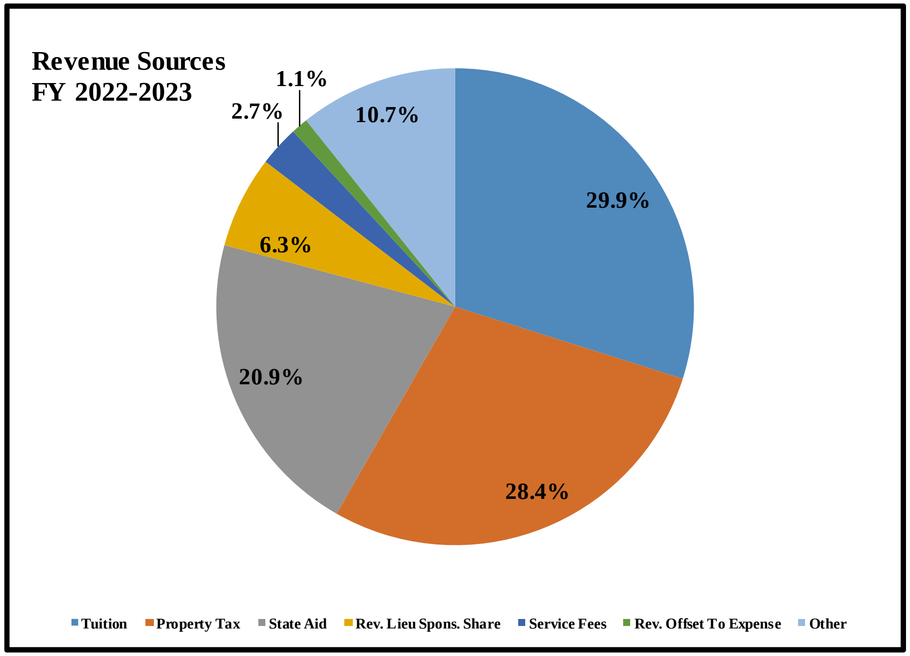
- This revenue source is comprised of commissions, contracts, and fees to cover special course offerings. These special offerings include continuing education, corporate education, and English as a Second Language (ESL), among other courses.
- The FY 2022-2023 revenue offset to expense budget is $2.1 million, 48.4% less budget to budget. However, compared to OLBR's projection the budget is higher by 10% due to an increase of continuing education. According to the College, the workforce development revenue contracts are offsetting the workforce development increases in general and contractual expenses, which are contributing to this change.

Rents and Recoveries

- Budget to budget rents and recoveries has decreased by roughly $0.5 million, or 53.6% and compared to FY 2021-2022 increased by $0.2 million. This revenue is mainly generated as a result of liquidating prior year encumbrances.

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.
  - The FY 2022-2023 investment income budget dropped by $0.2 million, or 71.7% compared to the prior year and flat to current year projections.
  - Given today's environment of rising interest rates, this could provide an opportunity to the College.



Service Fees

- The Proposed FY 2022-2023 service fee budget is about $1.1 million or 17.7% less than the Adopted FY 2021-2022 service fee budget.
- All the service fees remain unchanged, however the budget for the vehicle registration fee is increasing by 20.0% in the proposed budget. This increase is due to the College projecting to collect more fees with the expectation of a greater portion of classes to be held on campus and in person for FY 2022-2023. The other sources of revenue are declining because of the estimated drop in enrollment.

Adopted FY 2022 vs. Adopted FY 2023						
		FY 2021-2022 Adopted		FY 2022-2023 Adopted	Variance	
Service Fee: Source	**Fee**	**Budget**	**Fee**	**Budget**	**Fee**	**Revenue**
Technology	$250	$3,066,230	$250	$2,435,095	$0	($631,135)
Student Lab	100	895,267	100	710,990	0	(184,277)
Application	55	472,775	55	375,462	0	(97,313)
NG Check	20	6,270	20	4,979	0	(1,291)
Academic Transcript Fees	30	0	30	0	0	-
Late Registration	30	124,647	30	98,990	0	(25,657)
Nursing Evaluation	75	314	75	249	0	(65)
Tuition Pay Plan	40	245,461	40	194,937	0	(50,524)
Change of Program	25	984	25	781	0	(203)
Consolidated Fee	30	535,758	30	425,481	0	(110,277)
Convenience Fee	18	185,030	18	146,944	0	(38,086)
Vehicle Registration	55	437,663	55	525,000	0	87,337
Immunization Transcript Fees	5	4,704	5	3,736	0	(968)
Late Payment- Tuition	25	25,692	25	20,404	0	(5,288)
Late Paymnt- Tuit Paymnt Plan	25	98,515	25	78,237	0	(20,278)
Totals		**$6,099,310**		**$5,021,286**		**($1,078,024)**

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 minimum Fund Balance required for FY 2022-2023 is $7.7 million. At the end of FY 2022-2023, the Fund Balance would sit at approximately $26.6 million, or 13.8% of FY 2021-2022 operating budget.
  - The Fund Balance would remain threshold compliant if FY 2021-2022 and FY 2022-2023 results proceed as projected. However, if the HEERF grants are not received as expected the unreserved Fund Balance will be underfunded. According to the College, they will receive $17.7 million in FY 2021-2022 and $8.8 million in FY 2022-2023 and $0.6 million in FY 2023-2024 through HEERF grants.
  - 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 2020-2021 Unappropriated Fund Balance	**$ 31,725,367**
FY 2021-2022 Projected Operating Results	**(13,537,143)**
Reserved Fund to Unreserved Fund Transfer	**18,188,224**
Projected HEERF Grant	**17,660,570**
Projected FY 2021-2022 Unappropriated Fund Balance	**35,848,794**
FY 2022-2023 Projected Operating Results	**(19,243,514)**
Projected HEERF Grant	**10,000,000**
Projected FY 2022-2023 Unappropriated Fund Balance	**$26,605,280**

Fund Balance, Cont.

- In the Fiscal Year ending August 31, 2021, New York State Community Colleges held on average about 25.0% of budgeted expenditures in an unreserved Fund Balance.
- At 18.3%, Nassau Community College ranked 23 out of 30 among Community Colleges in terms of Fund Balance as a percentage of expenditures.
- Nassau ranked lower than both Westchester and Suffolk, who ranked #1 at 48.99% and #21 at 19.43% respectively.
- These rankings are calculated on the $33.3 million Fund Balance the College reported in its NYS Annual Report for the Fiscal Year ending August 31, 2021. 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, 2021

Rank	Community College	Unreserved Fund Balance	Total Expenditures*	Percent Fund Balance to Expenditure
1	Westchester	57,852,906	118,098,948	48.99%
2	Herkimer	10,757,336	22,981,578	46.81%
3	F-I-T	101,940,724	219,195,180	46.51%
4	Genesee	17,121,373	38,100,000	44.94%
5	Niagara	19,349,722	43,677,700	44.30%
6	Onondaga	25,506,225	66,607,769	38.29%
7	North Country	5,601,092	14,687,856	38.13%
8	Jefferson	8,343,333	25,048,395	33.31%
9	Jamestown	10,426,621	31,400,394	33.21%
10	Monroe	36,982,925	119,015,000	31.07%
11	Fulton-Montgomery	4,964,691	16,045,000	30.94%
12	Corning	8,226,931	27,313,599	30.12%
13	Columbia-Greene	4,648,864	17,065,163	27.24%
14	Cayuga	7,680,428	28,570,000	26.88%
15	Finger Lakes	9,678,931	41,613,578	23.26%
16	Hudson Valley	19,817,120	89,659,689	22.10%
17	Broome	11,105,476	52,370,459	21.21%
18	Ulster	5,008,272	23,862,353	20.99%
19	Mohawk Valley	10,187,627	49,599,323	20.54%
20	Dutchess	11,416,851	58,454,579	19.53%
21	Suffolk	41,435,479	213,301,826	19.43%
22	Schenectady	5,260,065	27,483,579	19.14%
23	Nassau	33,304,888	182,119,910	18.29%
24	Clinton	1,505,951	10,255,224	14.68%
25	Rockland	9,448,016	66,911,365	14.12%
26	Adirondack	4,192,496	30,575,770	13.71%
27	Tompkins - Cortland	4,576,674	34,523,721	13.26%
28	Orange County	6,654,385	62,036,222	10.73%
29	Erie	8,097,360	94,989,364	8.52%
30	Sullivan	(4,883,461)	15,319,331	-31.88%

* 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 could miss target if enrollment declines more than projected.
- OLBR believes that a risk to the budget would materialize if FTEs continue to decline once HEERF funding is eliminated. The College must propose a strategy to move forward past the supplement of HEERF funding, which is a minimal $0.6 million that is expected by NCC in FY 2023-2024.
- There could be an opportunity in the investment income budget, given today's environment of rising interest rates.