

Review
of
County Executive Proposed
Nassau Community College
FY 2004 - 05 Budget



Office of Legislative Budget Review
Nassau County Legislature



ERIC C. NAUGHTON
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Inter-Departmental Memo

To: Hon. Judith A. Jacobs, Presiding Officer
Hon. Peter Schmitt, Minority Leader
Members of the Nassau County Legislature

From: Eric C. Naughton, ^{en}Director
Office of Legislative Budget Review

Date: July 30, 2004

Re: Review of Proposed Nassau Community College Budget for
Fiscal Year September 1, 2004 to August 31, 2005

Enclosed please find an analysis of the FY 2004-05 budget for Nassau Community College proposed by the County Executive. The budget presented by the County Executive differs from the budget adopted by the NCC Trustees by an additional \$500,000. The recommended budget of \$163.0 million represents an increase of \$4.9 million (3.1%) compared to the FY 2003-04 adopted budget.

The three major components of the revenue budget are tuition, state aid and funding from the County through property taxes. Most of the budgetary increase is comprised of \$3.5 million in tuition, \$1.7 million in property taxes, and \$0.8 million in service fees, with a \$1.0 million decrease in revenue lieu sponsor share and \$0.3 million in state aid. The proposed budget does not contemplate the use of fund balance. This budgeting approach has and will continue to enable the College to develop a reserve to fund one-time expense items and emergencies and to provide a cushion in the out-years if some of the assumptions do not materialize. The College is assuming that the fund balance will be at the current level of \$4.5 million, but depending on the final results of the current year, the balance could decrease slightly.

Salaries and fringe benefits make up 87.1% of the expense budget. This portion of the budget is increasing by 4.9%, which is related to contractual raises and rising pension and health insurance costs.

The following report will highlight concerns that my office has with the budget that has been recommended by the County Executive. Those concerns are as follows:

The Governor proposed a state aid reduction of \$115 per full-time equivalent student (FTE). The College along with most community colleges has assumed that this cut will be restored by the State Legislature. This creates a \$2.1 million risk.

- Based on recent enrollment statistics, \$500,000 in tuition revenue was added to the budget approved by the Trustees. It must be pointed out that last year on July 8 enrollment was up 3.26% suggesting strong growth in the FY 2003-04 budget. Enrollment actually declined by nearly 2%, which indicates that preliminary statistics are not a good indicator for the year.
- The salary budget is insufficient to fund the current staff at the College. The College Administration is in the process of implementing a \$3.0 million cost reduction plan to alleviate this problem.
- The Other Than Personal Services (OTPS) portion of the budget is being reduced due to the budget constraints. OLBR is concerned with the impact that the deferment of planned projects and the reduction in the level of ongoing maintenance will have on the College's infrastructure.

If there should be budget problems in FY 2004-05, the College will probably have to further defer OTPS spending, seek additional revenue or utilize its fund balance.

The budget that has been recommended by the County Executive includes \$500,000 for a nursing scholarship program. It is being funded by way of the anticipated increase in enrollment. Currently there is no indication as to the amount of individual scholarships or how they will be awarded. The merits of such a program are something that you as policy makers will have to debate. However, from a financial standpoint I would recommend based on the uncertainty of the state aid and the speculative nature of the enrollment numbers that the funding of this program be delayed. The Legislature, if it desires, could approve the \$500,000 funding as a supplemental appropriation after the State budget is approved and more information on student enrollment is known.

If my office can be of any further assistance, please let me know.

cc: Dr. Sean Fanelli, President, CEO
Hon. Howard Weitzman, County Comptroller
Richard Luke, Executive Director, NIFA
Art Gianelli, Deputy County Executive

FY 2004 – 05 PROPOSED BUDGET

REVENUE BUDGET

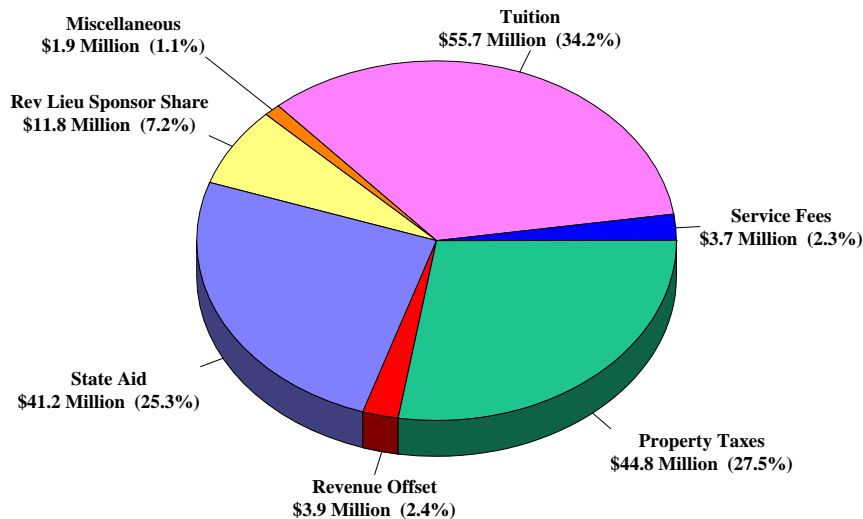
The County Executive has submitted to the Legislature the Nassau Community College FY 2004-05 operating budget of \$162,958,848. This represents an increase of \$4.9 million, or 3.1%, over the current year's adopted budget. Compared to the projected revenues that will be collected this year, the increase is \$7.7 million, or 5.0%. The budget unanimously approved on May 11 by the College's Board of Trustees contained \$500,000 less in tuition revenue. That amount will be used to fund a Nursing program scholarship, which will be discussed below.

Revenue Source	Adopted FY 2003 - 2004	Proposed FY 2004 - 2005	Proposed vs. Adopted	% Change	Projected FY 2003 - 2004	Proposed vs. Projected	% Change
Tuition	\$52,157,451	\$55,703,309	\$3,545,858	6.8%	\$50,444,403	\$5,258,906	10.4%
Property Taxes	\$43,117,148	\$44,798,717	\$1,681,569	3.9%	\$43,117,148	\$1,681,569	3.9%
State Aid	\$41,496,000	\$41,181,500	(\$314,500)	-0.8%	\$41,761,100	(\$579,600)	-1.4%
Rev. Lieu Spons. Share	\$12,842,113	\$11,798,322	(\$1,043,791)	-8.1%	\$11,355,459	\$442,863	3.9%
Rev. Offset To Expense	\$3,800,000	\$3,900,000	\$100,000	2.6%	\$3,800,000	\$100,000	2.6%
Service Fees	\$2,870,000	\$3,705,000	\$835,000	29.1%	\$2,870,000	\$835,000	29.1%
Other	\$1,372,000	\$1,372,000	\$0	0.0%	\$1,562,000	(\$190,000)	-12.2%
Investment Income	\$400,000	\$500,000	\$100,000	25.0%	\$300,000	\$200,000	66.7%
Total Revenues	\$158,054,712	\$162,958,848	\$4,904,136	3.1%	\$155,210,110	\$7,748,738	5.0%

The largest revenue source for the College is tuition, which, based on the projected enrollment for the upcoming academic year, is expected to raise \$55.7 million. The other major sources of revenue are property taxes (\$44.8 million), state aid (\$41.2 million), and revenue lieu sponsor share (\$11.8 million).

Revenue Sources

Proposed FY 2004 - 05 Budget
(\$163 Million)



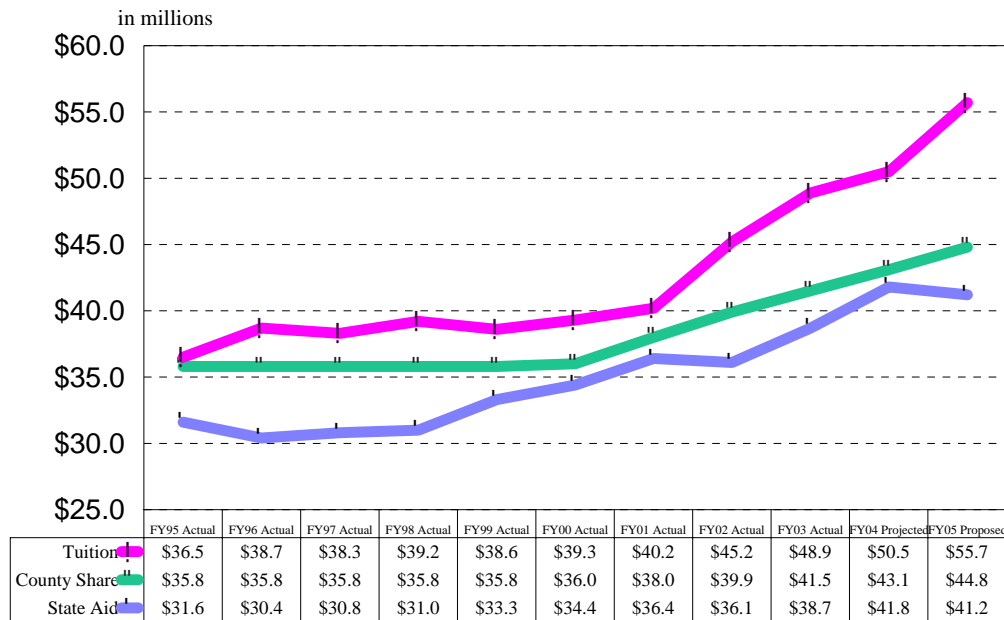
FY 2004 – 05 PROPOSED BUDGET

The remaining \$9.5 million consists of revenue offset to expenses (\$3.9 million), service fees (\$3.7 million), and miscellaneous, made up of other (\$1.4 million), and investment income (\$0.5 million).

Every New York State high school graduate is guaranteed admission to his or her local community college, which is funded through a partnership of the students, who pay tuition, the state, and the county. Nassau’s local share is provided by way of a dedicated property tax levy.

Tuition, County Share, and State Aid

1995 - 2005



From the FY 1995 actuals to the 2005 proposed amounts, tuition receipts will have risen 52.6%, state aid 30.4%, and County share 25.1%. This represents an increase of \$37.8 million dollars, of which tuition accounts for \$19.2 million, state aid \$9.6 million, and County share \$9.0 million.

Tuition (\$55,703,309)

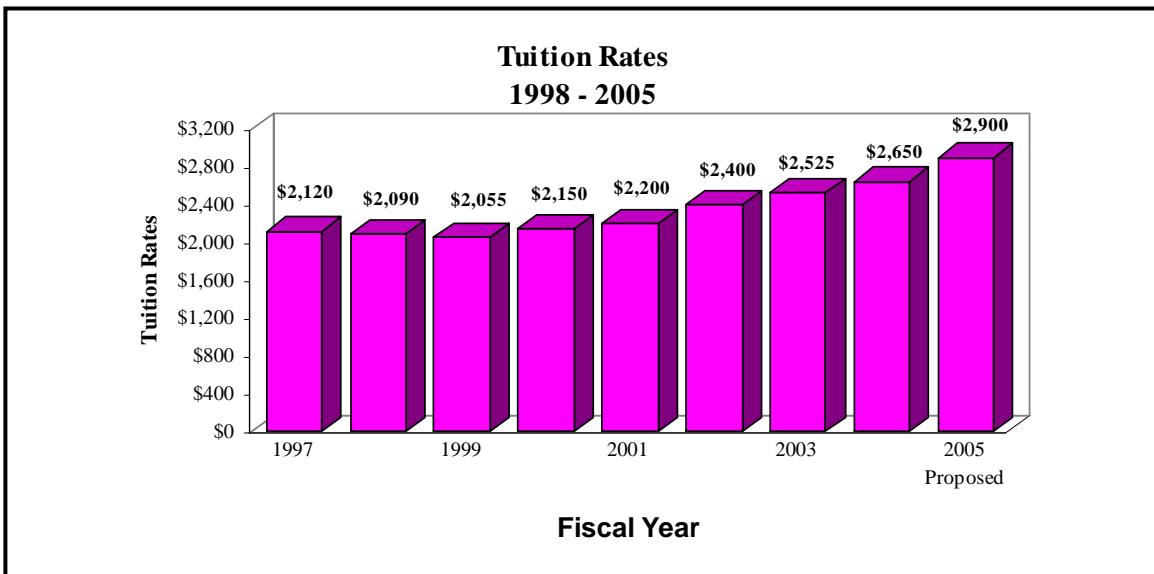
Tuition is the largest revenue source of the College. The FY 2004-05 tuition revenue budget is \$3.5 million, or 6.8%, more than the FY 2003-04 budget. Due to enrollment that was approximately 2% less than anticipated, the current year’s tuition is projected to come in \$1.7 million under budget. The proposed budget would then represent an increase of \$5.3 million or 10.4% over the estimated FY 2003-04 actuals. The additional revenue is expected to be generated as a result of a \$250 tuition increase, from \$2,650 to \$2,900 per year, coupled with a slight 0.9% growth in enrollment. The additional funding of \$500,000 that was added to the proposed budget to establish a Nursing program scholarship is anticipated to be generated by the 0.9% enrollment growth. Every 1% change in enrollment would be worth approximately \$552,000 in tuition.

FY 2004 – 05 PROPOSED BUDGET

The following is a statistical snapshot of the student body during the Fall 2003 semester:¹

- 20,984 students were enrolled in 30 academic departments. 62% were full-time students and 73% attended day classes.
- 81.3% of the students were from Nassau County, 11.4% came from Queens, and 5.9% were from Suffolk County. The remaining 1.4% came from elsewhere in New York State or from out of state.
- Excluding those of unknown origin, 43.4% of the students were members of ethnic minorities: 19.7% Black, 12.6% Hispanic, 5.6% Asian, 5.2% non-resident alien, and 0.3% American Indian.
- About 65% of Nassau's graduates continue their education at a four-year institution.
- Approximately 20% of the graduates from Nassau County high schools attend Nassau Community College

Demographic factors point towards the College having the opportunity to draw upon a growing population of potential students. The latest projections of New York State high school graduates by the New York State Education Department show an increase until 2009. Full-time undergraduate enrollments will continue to increase, however, until 2012, due to a short lag time as high school graduates feed into college ranks. Institutions drawing their full-time undergraduates substantially from three downstate regions (Mid-Hudson, Long Island, and New York City) are expected to experience the fastest growth in full-time undergraduate enrollment.²



Tuition, after slight reductions in fiscal years 1998 and 1999, has steadily risen since then. The proposed rate for FY 2004-05 would be a 9.4% increase over the current year, and bring the average annual increase since 1999 to 5.9%.

¹ Data provided by Nassau Community College Office of Institutional Research

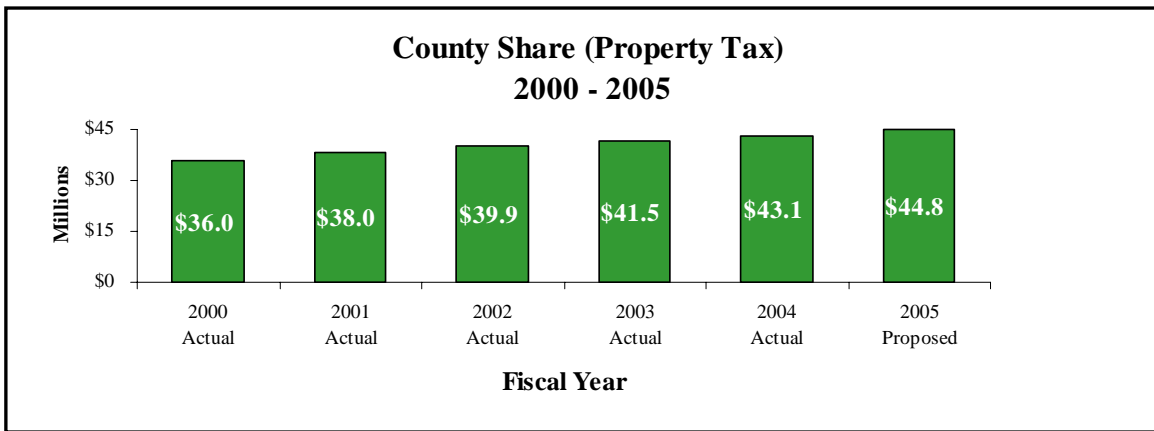
² New York State Education Department Office of Higher Education, Office of Research and Information Systems, "New York State College and University Enrollment Projections 2003 – 2013"

FY 2004 – 05 PROPOSED BUDGET

The average full-time resident tuition at the state’s 30 community colleges for the upcoming academic year, still subject to local legislative approval, is \$2,816 ranging from a low of \$2,450 (Schenectady) to a high of \$3,064 (Corning). Nine of the community colleges charge a higher tuition than Nassau, fifteen charge less. Suffolk’s tuition for the current year is \$2,600. The board of trustees approved an increase of \$430 to \$3,030. County Executive Steve Levy has proposed lowering the increase to \$340, which would bring tuition next year to \$2,940.

Property Taxes (\$44,798,717)

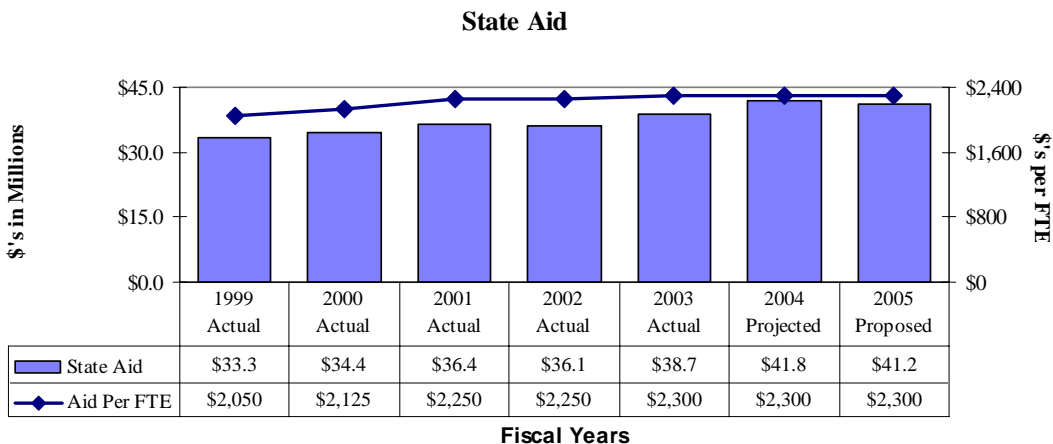
County share, after remaining constant at \$35.8 million from FY 95 through FY 99, will, at the proposed level, have increased approximately 25.1% since then. County share is made up of a dedicated property tax levy.



The 3.9% property tax increase of \$1.7 million in the proposed budget will cost the average Nassau homeowner an additional \$5.08, for a total contribution to the College of \$85.30. The statewide average of County share (“Sponsor’s Contribution”) as a percentage of operating revenues in FY 2002-2003 was 21.8%. Nassau County’s share, in the proposed budget, is 27.5%.

State Aid (\$41,181,500)

State aid is received for each full-time equivalent student (FTE’s), based on the prior year’s enrollment. An FTE is equal to 30 credits annually. For the current fiscal year, the State is providing \$2,300 per



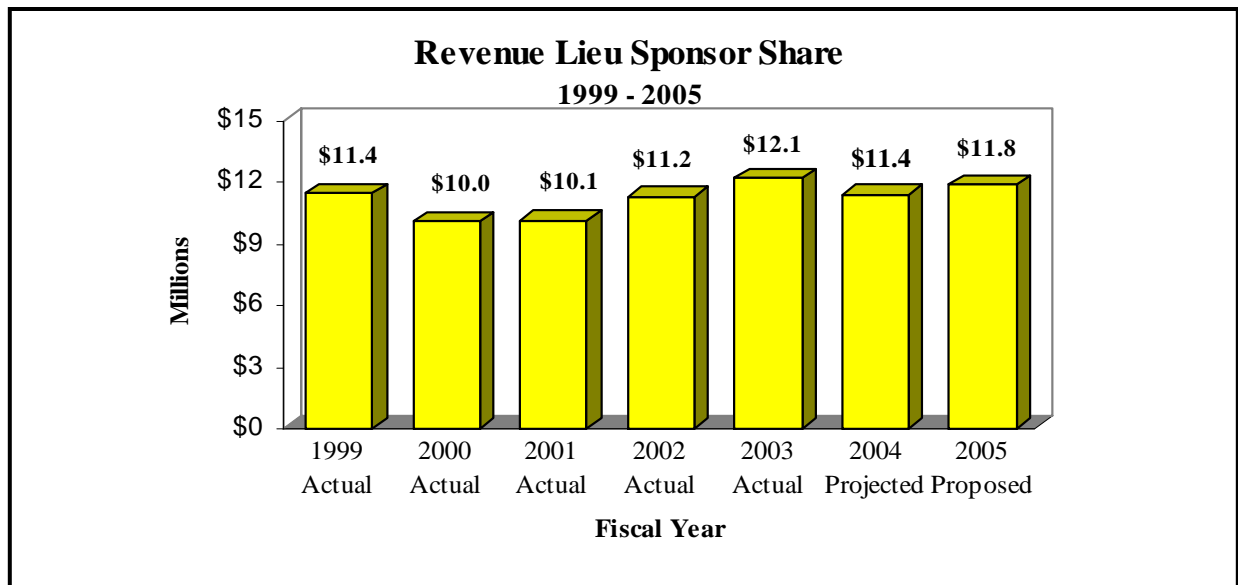
FY 2004 – 05 PROPOSED BUDGET

FTE. As of the current date, the state budget for FY 2004 – 2005 has yet to be approved. The Governor has proposed a cut of \$115 per FTE to this rate. Based on information that had been received from SUNY, the College anticipated that the State Legislature would restore the cut, and consequently has budgeted State Aid at the current level. At this time four counties have not budgeted State Aid at the \$2,300 level. They are Hudson, North Country, Westchester and Suffolk. In the event that the Governor's cut is enacted, the amount at risk in the proposed College budget is approximately \$2.1 million.

After enrollment growth of nearly 3.5% in FY 2002-2003, the current year has seen a drop of 2% in the fall semester, 1% in the spring, and 4% for the summer. Since State Aid is determined by the prior year's enrollment, this decline is reflected in the proposed budget.

Revenue Lieu Sponsor Share - Charges Other Counties (\$9,970,822) and Non-Residents (\$1,827,500)

The College is entitled by State regulations to a chargeback payment from the home county of residence for each non-Nassau resident with a certificate of residence attending Nassau Community College. The amount charged is based upon County expenditure for Nassau residents attending the College. The revenue from chargeback payments had been increasing due to the growing enrollment of non-Nassau residents coupled with recent increases in the chargeback rate. During the most recent fall semester there were 1,515 full-time and 881 part-time students who were residents of Queens, a drop of approximately 2.0% from the previous fall. The numbers for Suffolk were 910 full-time and 333 part-time students, a decrease of 5.4%.



The current chargeback rate is \$2,930 per non-resident FTE. Assuming an increase comparable to the 3.9% increase in the County share (property tax) brings the FY 2004 – 05 rate to \$3,044.

In addition to the revenue received from other counties, the College is able to charge a higher tuition rate to non-Nassau County residents without a certificate of residence and to out of state residents. The anticipated revenue from these students in the proposed budget year is \$1,827,500.

FY 2004 – 05 PROPOSED BUDGET

Revenue Offset to Expenses (\$3,900,000)

This revenue source consists of commissions, contract education for various subjects and special course fees that are charged to pay for the cost associated with some courses and programs. The College projects a budgetary increase of \$100,000 or 2.6% in FY 2004-05. The bulk of this revenue is generated from enrollment in classes given in adult education, corporate training, and English as a second language. Continued growth in this area is limited by a shortage of available classroom space.

Service Fees (\$3,705,000)

The proposed budget for service fees is increasing by 29.1%, or \$835,000. The majority of income for service fees comes from student lab and technology fees, late registration and application fees, and transcript fees. The following fee increases, contributing to a budgetary increase of \$775,000, will be in effect for the 2004-2005 academic year:

	2004 Fee Amount	2004 Adopted Budget	Proposed 2005 Fee Amount	Proposed 2005 Budget	% Growth in Fee	% Growth Budget
Technology Fee	\$25.00	\$890,000	\$40.00	\$1,450,000	60.0%	62.9%
Application Fee	\$20.00	\$290,000	\$30.00	\$440,000	50.0%	51.7%
Transcript Fee	\$3.00	<u>\$127,000</u>	\$5.00	<u>\$192,000</u>	66.7%	51.2%
Totals		\$1,307,000		\$2,082,000		

Other (\$1,372,000)

The majority of this category, \$1.1 million, is an accounting entry for recovery of a prior year appropriation. When an obligation ceases in a prior year, the funds can be disencumbered, and recognized in the current year. The remaining \$250,000 is for federal aid the College receives for expenses associated with its work-study program, 75% of which is reimbursed by this revenue.

Investment Income (\$500,000)

The County Treasurer manages investment activity for the College. The amount credited to the College is a function of the interest rate and allocation by the County Treasurer. This revenue is projected to come in at \$161,000 for the current year. Although interest rates may be expected to be higher in the near future, it is not clear why the proposed budget will be increased to \$500,000.

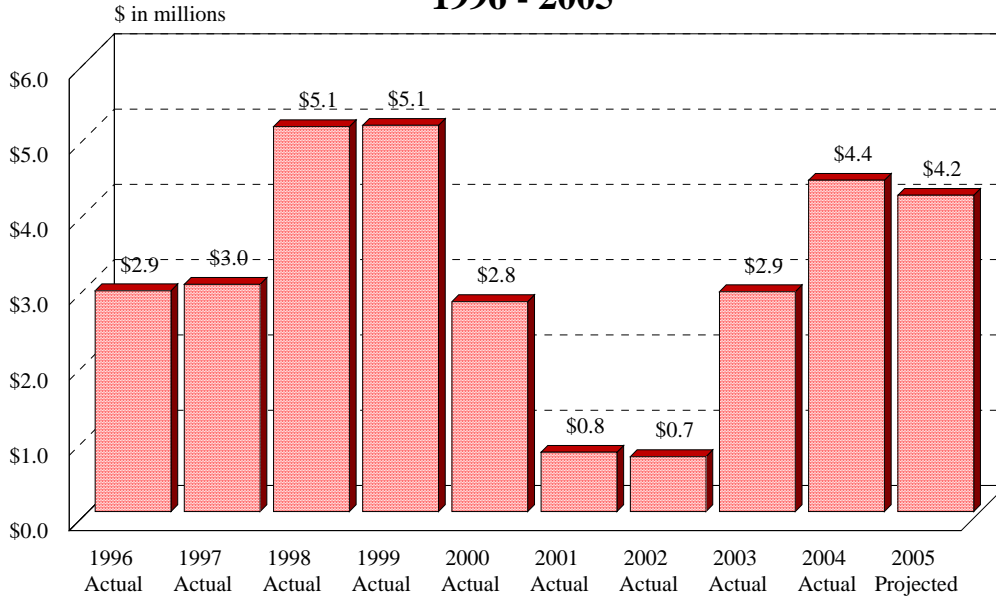
Fund Balance (\$0)

The revenue source, fund balance, represents the anticipated use of surplus from the current year's budget. Although budgeted at \$0 in the proposed budget, the College expects to end the current fiscal year with a fund balance of approximately \$4.2 million. That means that this year's operating budget will generate a deficit of \$0.2 million which will be subtracted from the existing \$4.4 million fund balance. At this level, the fund balance is below the generally recommended amount of 5% of the operating budget.

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The College has traditionally used its fund balance to help pay for operations while maintaining or decreasing the tuition rate and County contribution. More recently, in order to prevent future structural deficits, any surplus funds will be held in reserve to pay for one-time expenses or fund emergencies. In the event that the risks in the proposed budget do materialize, such as the threatened cut in State aid, and the College's contingency plan is unable to fully make up for any losses, the fund balance will have to be utilized. This kind of relief is only temporary, however, and can result in a structurally imbalanced budget.

Beginning Fund Balance 1996 - 2005



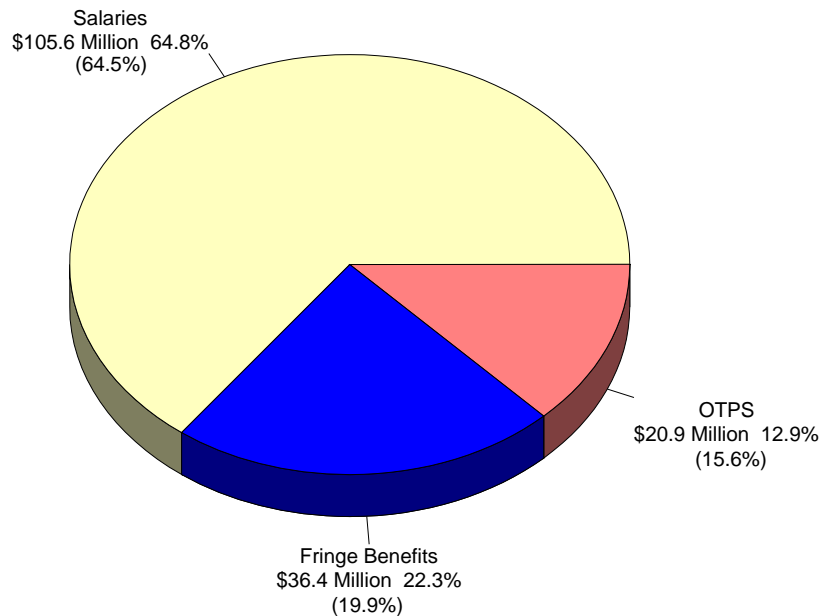
FY 2004 – 05 PROPOSED BUDGET

EXPENSE BUDGET

The proposed expense budget for Nassau Community College (NCC) for the fiscal year September 1, 2004 through August 31, 2005, totals \$163.0 million, an increase of \$4.9 million, or 3.1%, over the current year's appropriation and an increase of \$7.7 million, or 5.0% over the current year's projection.

Personal Services	Adopted FY 2003 - 2004	Proposed FY 2004 - 2005	Proposed vs. Adopted	% Change	Projected FY 2003 - 2004	Proposed vs. Projected	% Change
Salaries, Wages & Fees	\$101,511,692	\$105,594,832	\$4,083,140	4.0%	\$101,573,935	\$4,020,897	4.0%
Employee Fringe Benefits	33,934,000	36,420,823	2,486,823	7.3%	32,600,000	3,820,823	11.7%
Subtotal	\$135,445,692	\$142,015,655	\$6,569,963	4.9%	\$134,173,935	\$7,841,720	5.8%
OTPS							
Equipment	\$2,103,055	\$2,000,000	(\$103,055)	-4.9%	\$1,864,271	\$135,729	7.3%
Materials & Supplies	1,561,700	1,500,000	(61,700)	-4.0%	1,550,000	(50,000)	-3.2%
General Expenses	4,423,358	4,441,000	17,642	0.4%	4,302,772	138,228	3.2%
Contractual Services	8,048,587	5,747,740	(2,300,847)	-28.6%	6,801,812	(1,054,072)	-15.5%
Utility Costs	949,320	1,015,133	65,813	6.9%	994,320	20,813	2.1%
Interfund Charges	5,408,000	5,624,320	216,320	4.0%	5,408,000	216,320	4.0%
Other Expenses	115,000	615,000	500,000	434.8%	115,000	500,000	434.8%
Subtotal	\$22,609,020	\$20,943,193	(\$1,665,827)	-7.37%	\$21,036,175	(\$92,982)	-0.44%
Total Expenses	\$158,054,712	\$162,958,848	\$4,904,136	3.1%	\$155,210,110	\$7,748,738	5.0%

Proposed FY 2004-05 Expenditure Budget By Object (Compared to Local Community Colleges)

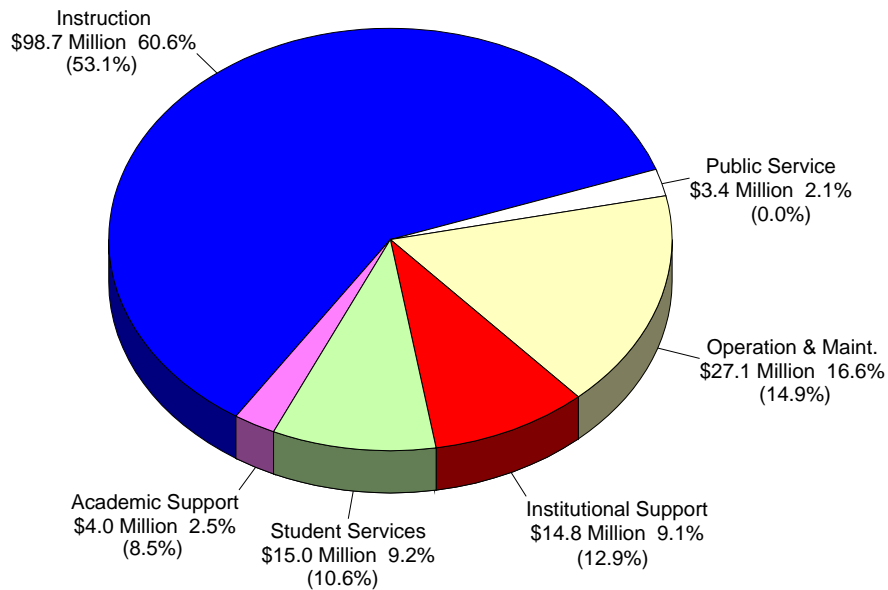


FY 2002-03 actual data from Suffolk and Westchester Community Colleges. Data is from the The State University of New York FY 2002-03 Annual Report Summary.

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As illustrated in the chart on the previous page, the College’s expenditures are made up of 64.8% salaries and 22.3% fringe benefits. Other Than Personal Services (OTPS) makes up only 12.9% of the total proposed budget. As a basis for comparison, the corresponding average percentage for local community colleges in FY 2002-03, the most recent year for which these figures are available, follows in parentheses. NCC spends more on salaries and fringe benefits as a percentage of total costs than the other local community colleges (87.1% vs. 84.4%). In FY 2002-03 Nassau Community College had a net operating expenditure per FTE student of \$7,569, and a student/faculty ratio of 17.3 to 1. The corresponding averages for other local community colleges were \$7,077 and 20.9 to 1.

Proposed FY 2004-05 Expenditure Budget By Function
(Compared to Local Community Colleges)



FY 2002-03 actual data from Suffolk and Westchester Community Colleges. Data is from the The State University of New York FY 2002-03 Annual Report Summary.

The above chart shows the operating expenditures distributed by function for both the proposed NCC budget and, in parentheses, for the other local community colleges (FY 2002-03). In the FY 2004-05 budget NCC proposes spending a higher percentage of their budget on Instruction (60.5%) than the other local community colleges (53.1%). They also propose spending more in Adult Education (2.1% vs. 0.0%), and Operation and Maintenance of Plant (16.6% vs. 14.9%). A smaller portion of NCC’s budget was allocated for Administration (9.1% vs. 12.9%), Academic Support (2.5% vs. 8.5%), and Student Services (9.2% vs. 10.6%).

FY 2004 – 05 PROPOSED BUDGET

I. SALARIES & WAGES

Next year the College will be collapsing the control centers into one and the responsibility centers will be used to track operations and will be coordinated under the budgetary control of either the President or one of the Vice Presidents. The scholarships have been budgeted under the responsibility center of the Vice President also in charge of Maintenance & Operation of Plant. It is anticipated that this new format will improve internal reporting and monitoring of the College's operations. The control centers are still shown here for presentation purposes.

Salaries and wages (\$105.6 million) makes up approximately 64.8% of the total proposed budget and are increasing by 4.0% over the FY 2003-04 budget (\$101.5 million) and the College's FY 2003-04 projected actual (\$101.6 million). This reflects the 2.0% COLA increase and regular step increments to be received September 1, 2004 by the College's largest union, the Nassau Community College Federation of Teachers (NCCFT). In addition, 4.6% increases are included for members of the Civil Service Employees Association (CSEA), which includes the step increases and a 2.8% COLA increase. This is likely to be a little low since the COLA is related to the June CPI-U figure, which was 4.6%, bringing CSEA's COLA in 2005 to the maximum of 3.5%. This equates to about a \$130,000 risk. The Adjuncts will receive 7.9% in FY 2004-05 according to their contract.

The following charts show the distribution of full-time and part-time staff by budgetary control center:

FULL-TIME HEADCOUNT											
Control Center	Adopted 03 - 04		Proposed 04 - 05		Difference			July 04 Act.		Diff. Prop. Vs. Act.	
	F/T	Pers. Svcs	F/T	Pers. Svcs	F/T	Pers. Svcs	% Chg	F/T	F/T	% Chg	
General Administration	116	\$6,227,716	111	\$6,359,986	(5)	132,270	2.1%	107	4	3.7%	
Instruction	743	48,593,856	740	51,033,768	(3)	2,439,912	5.0%	736	4	0.5%	
Work Study Program	0	0	0	0	0	0	0.0%	0	0	-	
Extension & Public Service	12	690,893	13	733,734	1	42,841	6.2%	13	0	0.0%	
Library	38	2,054,252	38	2,117,243	0	62,991	3.1%	38	0	0.0%	
Student Services	157	8,871,485	157	9,293,122	0	421,637	4.8%	150	7	4.7%	
Maint & Operation of Plants	162	8,162,707	146	8,407,727	(16)	245,020	3.0%	144	2	1.4%	
Grand Total	1,228	\$74,600,909	1,205	\$77,945,580	(23)	3,344,671	4.5%	1,188	17	1.4%	

PART-TIME HEADCOUNT								
Control Center	Adopted 03 - 04		Proposed 04 - 05		Difference			
	P/T	Pers. Svcs	P/T	Pers. Svcs	P/T	Pers. Svcs	% Chg	
General Administration	99	\$815,214	71	\$751,464	(28)	(63,750)	-7.8%	
Instruction	1,387	21,657,123	1,413	22,383,502	26	726,379	3.4%	
Work Study Program	0	0	0	0	0	0	0.0%	
Extension & Public Service	178	1,777,211	176	1,829,463	(2)	52,252	2.9%	
Library	67	436,184	68	472,649	1	36,465	8.4%	
Student Services	260	1,636,923	264	1,660,017	4	23,094	1.4%	
Maint & Operation of Plants	60	588,128	57	552,157	(3)	(35,971)	-6.1%	
Grand Total	2,051	\$26,910,783	2,049	\$27,649,252	(2)	738,469	2.7%	

The Office of Legislative Budget Review anticipates an actual FY 2003-04 expenditure of \$102.5 million and an FY 2004-05 salary expenditure of \$107.8 million assuming the current headcount and

FY 2004 – 05 PROPOSED BUDGET

level of overtime, termination and differential pay. The College anticipates addressing this with a \$3.0 million contingency plan. This includes a reduction of class sections, leading to slightly larger but fewer classes. Every retirement will also be reevaluated to determine if there is a need to fill the position. Overtime and differential will also be reviewed for possible reductions. There are no specific reductions in this plan and it is questionable whether it can be fully achieved. Compared to the current year's budgeted headcount, full-time staffing will decrease by 23 positions, bringing it more closely in line with the actual headcount. The actual full-time headcount as of July 1, 2004 was 1,188 with an increase of 17 positions included in the FY 2004-05 budget. The College does not anticipate reducing the full-time actual headcount and three vacancies are anticipated to be filled in Administrative areas and six new peace officers will be hired. In addition, seven teachers on sabbatical will create two positions in the budgeted headcount since these positions will be filled and there is a separate line for teachers on sabbatical.

II. FRINGE BENEFITS

The proposed budget for fringe benefits is detailed below:

Object of Expense	Adopted FY 03 - 04	Proposed FY 04 - 05	Proposed vs. Adopted	% Change	Projected FY 03 - 04	Proposed vs. Projected	% Change
Social Security Contribution	\$7,725,800	\$7,925,456	\$199,656	2.6%	\$7,445,000	\$480,456	6.5%
Health Insurance	10,021,000	11,377,517	1,356,517	13.5%	10,089,475	1,288,042	12.8%
TIAA CREF (Retirement)	5,400,000	5,600,000	200,000	3.7%	5,400,000	200,000	3.7%
Health Insurance Retirees	4,991,900	5,635,000	643,100	12.9%	4,999,900	635,100	12.7%
Teachers Retirement	467,000	475,000	8,000	1.7%	467,000	8,000	1.7%
Medicare Reimbursement	550,000	590,000	40,000	7.3%	550,000	40,000	7.3%
Workers' Compensation	718,500	787,850	69,350	9.7%	718,500	69,350	9.7%
Dental	701,000	810,000	109,000	15.5%	790,000	20,000	2.5%
State Retirement	2,898,000	2,985,000	87,000	3.0%	1,915,125	1,069,875	55.9%
Retirement Debt Service	236,800	0	(236,800)	-100.0%	0	0	-
Optical Plan	149,000	160,000	11,000	7.4%	150,000	10,000	6.7%
Unemployment	75,000	75,000	0	0.0%	75,000	0	0.0%
	\$33,934,000	\$36,420,823	\$2,486,823	7.3%	\$32,600,000	\$3,820,823	11.7%

Fringe benefits are increasing by \$2.5 million or 7.3% from the adopted FY 2003-04 budget and by \$3.8 million or 11.7% from the FY 2003-04 projected. This is primarily due to increases in state retirement and health insurance. The state retirement cost (including group life insurance) is anticipated to be about 12.7% of salaries in FY 2004-05. Based on inflation factors and annual salaries, the total cost in FY 2004-05 should be about \$3.1 million. The current year's projection is about \$1.1 million lower than next year's budget due to the implementation of the 2003 Hevesi (NYS Comptroller) plan, which lowered the contribution rate to 4.5%. Health insurance is expected to jump 12.8% from the projected actual, keeping in line with increases anticipated at the County. The contribution rate for TIAA CREF, the retirement plan for full-time teachers, is based on salaries and not the stock market performance, so it is only increasing by 3.7% from the FY 2004-05 proposed and budget. Health insurance for retired employees is increasing by 12.9% from the FY 2003-04 budget and 19.5% from the current projected actual (\$4.7 million). The social security contribution is expected to increase by 2.6% from the FY 2003-04 budget and 6.5% from the projected resulting in part from increased salaries and the

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anticipated increase in the base contribution level in October 2004. Workers compensation is increasing by 9.7% from both the FY 2003-04 budget and projected actual.

III. OTHER THAN PERSONAL SERVICES (OTPS)

The College's proposed OTPS budget, made up of all expenses other than payroll and fringe benefits, includes a decrease of \$1.7 million from the FY 2003-04 budget and \$92,982 from the FY 2003-04 projected actual. The distribution of these costs by control center can be seen in the chart below:

Control Center	FY 03 - 04	FY 04 - 05	Proposed vs. Adopted	%	FY 03 - 04	Proposed vs. Projected	% Change
	Adopted Budget	Proposed Budget			Projected Actual		
General Administration	\$2,019,350	\$1,838,692	(\$180,658)	-8.9%	\$1,803,530	\$35,162	1.9%
Instruction	3,232,650	3,070,395	(162,255)	-5.0%	\$3,021,780	\$48,615	1.6%
Extension & Public Service	322,000	322,000	0	0.0%	\$322,000	\$0	0.0%
Library	471,905	471,905	0	0.0%	\$471,905	\$0	0.0%
Student Services	752,969	452,969	(300,000)	-39.8%	\$704,569	(\$251,600)	-35.7%
Maint & Operation of Plant	15,810,146	14,787,232	(1,022,914)	-6.5%	\$14,712,391	\$74,841	0.5%
	<u>\$22,609,020</u>	<u>\$20,943,193</u>	<u>(\$1,665,827)</u>	<u>-7.37%</u>	<u>\$21,036,175</u>	<u>(\$92,982)</u>	<u>-0.44%</u>

As demonstrated in the chart on page 8, contractual services are decreasing by \$2.3 million from the FY 2003-04 budget and \$1.1 million from the FY 2003-04 projected. Maintenance and Operation of Plant contracts are decreasing by \$2.0 million from the FY 2003-04 budget due to a reduction in the funding of infrastructure maintenance. These include eliminating pressure washing, railing and metal repair contract work, carpet replacement and refinishing wood floors. Reductions will be made from inventory, upgrades and repairs of toilet partitions, external cleaning, frequency of repair and maintenance of the central HVAC system, frequency of duct cleaning and sanitizing, maintenance on unit ventilators, asphalt repair and repair of damaged vehicles. Although this expense appears to be increasing by \$74,841 over the projected actual, \$500,000 of the proposed budget is for an appropriation for scholarships for the nursing program. The nursing program is a two year program with 380 students who spend two days on the campus and two days in Nassau University Medical Center. This fall 1,000 people applied for 180 seats. Not including the scholarship money, the proposed budget is actually dropping from the FY 2003-04 projected. Funds were utilized for security cameras, additional lighting and the I.D. program in FY 2003-04 which are not expected to reoccur in FY 2004-05.

The projected actual expenditure for student services is also decreasing by \$300,000 from the FY 2003-04 budget due to contractual services. The \$300,000 was put in the FY 2003-04 budget in anticipation of outsourcing security guards, but it has since been decided not to outsource this function and to reclassify this as a salary expense.

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Multi-Year Plan				
EXPENSES	FY 2004 Projected Actuals	FY 2005 Proposed Budget	FY 2006 Plan	FY 2007 Plan
Salaries	101,573,935	105,594,832	110,357,496	115,050,575
Fringe Benefits	32,600,000	36,420,823	38,403,198	40,447,000
Sub-total	134,173,935	142,015,655	148,760,694	155,497,575
Equipment	1,864,271	2,000,000	1,961,606	1,949,893
Materials & Supplies	1,550,000	1,500,000	1,525,000	1,550,000
General Expenses	4,302,772	4,441,000	4,500,000	4,500,000
Contractual	6,801,812	5,747,740	5,801,781	6,186,782
Utility Costs	994,320	1,015,133	1,050,133	1,100,000
Interfund Charges	5,408,000	5,624,320	5,849,293	5,860,000
Other	115,000	615,000	120,000	120,000
Sub-total	21,036,175	20,943,193	20,807,813	21,266,675
Total	155,210,110	162,958,848	169,568,507	176,764,250
 REVENUES				
Investment Income	300,000	500,000	500,000	500,000
Rents & Recoveries	1,122,000	1,122,000	1,122,000	1,122,000
Revenue Offset To Expense	3,800,000	3,900,000	4,000,000	4,100,000
Service Fees	2,870,000	3,705,000	3,805,000	3,905,000
Student Revenues	50,444,403	55,703,309	59,010,434	62,817,558
Rev Lieu Sponsor Share	11,355,459	11,798,322	12,258,456	12,736,536
Federal Aid	440,000	250,000	250,000	250,000
State Aid	41,761,100	41,181,500	42,076,750	42,972,000
Property Taxes	43,117,148	44,798,717	46,545,867	48,361,156
	155,210,110	162,958,848	169,568,507	176,764,250

Using the proposed FY 2004-05 budget as a base, the College is showing no growth for investment income, rents and recoveries and federal aid through FY 2006-07. Revenue offset to expense and service fees are increasing by \$100,000 in each of the out-years. Property tax is projected to grow by 3.9% annually. Student revenues are increasing due to projected tuition hikes of \$250 in FY 2004-05 and \$200 in FY 2005-06 and FY 2006-07. Enrollment is estimated to remain at the FY 2004-05 level. State aid assumes a rate of \$2,300 in FY 2004-05, with \$50 increases in the following two years. This rate is applied to the FY 2003-04 level of FTE's, with no assumed growth in the number of students through FY 2006-07. Revenue lieu sponsor share, which is based on the amount that the County spends for its own residents attending the College, is projected to increase annually by the same 3.9% that the property tax is expected to grow.

Salaries and wages in FY 2004-05 are based on a revised FY 2003-04 base of \$102.3 million less the \$3.0 million contingency plan. Out-year salaries are increasing by 4.5% in FY 2005-06 and 4.3% in FY 2006-07. FY 2004-05 is the last year for both the NCCFT and adjunct contracts and similar increases are anticipated for the out-years as will be received in FY 2004-05. The CSEA contract increases have been utilized in the out-years assuming the maximum possible 3.5% COLA. Fringe

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benefits are increasing 5.4% in FY 2005-06 and 5.3% in FY 2006-07. The State retirement system is assumed to stay at the current contribution rate and health insurance is reasonably expected to increase by about 13.0%. All other fringe benefits are expected to grow at about the same rate as payroll costs. Total OTPS is expected to decrease by 0.6% in FY 2005-06 and to increase by 2.2% in FY 2006-07. The decrease in FY 2005-06 is due to the removal of the \$500,000 nursing scholarship as the level of funding in the out-years is unclear. If it had been included the increase would have been 1.7%. These increases are kept low due to the uncertainty of available funding.

The risks in the proposed FY 2004-05 budget, should they materialize, would of course impact on the out-years of the Multi-Year Plan.