



NASSAU COUNTY LEGISLATURE

Office of Legislative Budget Review

**Review of the
Proposed FY 2008-09
Nassau Community
College Budget**

Eric C. Naughton, Director



OFFICE OF LEGISLATIVE
BUDGET REVIEW

NASSAU COUNTY LEGISLATURE

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Inter-Departmental Memo

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

From: Eric C. Naughton, Director,
Office of Legislative Budget Review

Date: June 11, 2008

Re: Proposed Nassau Community College FY2008-2009 Budget

Pursuant to §183 of the Nassau County Charter, the Office of Legislative Budget Review has prepared a report on the Nassau Community College's proposed operating budget for Fiscal Year 2008-2009. As always, my staff and I remain ready to provide whatever assistance the Legislature may require. This document will be available to your constituents online at <http://www.nassaucountyny.gov/agencies/OLBR/reports.html>.

NASSAU COMMUNITY COLLEGE

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Executive Summary

The Strategic Plan

Nassau Community College has developed a strategic plan to guide its future development. The plan was approved by the Academic Senate November 15, 2007 and adopted by the Board of Trustees at its December 6, 2007 meeting. The plan utilizes a framework of seven Strategic Drivers:

1. Academic Direction
2. Image and Reputation, Market Position and Institutional Competitiveness
3. Access, Diversity, and Community Outreach
4. Student Life and Student Academic Success
5. Campus Environment, Infrastructure, Health and Safety
6. Communication, Organizational Development and Strategic Planning
7. Nassau Financial Stability, Sustainability and Future Fundraising and Friend-Raising

Goals, work objectives, and tasks have been established within each driver. These include the following:

- ❖ Create a professional marketing plan to widely recruit students and promote all existing Liberal Arts and specialized programs, as well as various modes of education available at Nassau
- ❖ Assess and improve student support services and activities
- ❖ Increase international student recruitment
- ❖ Increase student enrollment, persistence, course completion, retention and graduation rates while promoting goal of academic excellence and intellectual growth
- ❖ Strengthen commitment to maintain and, where necessary, to repair or upgrade existing facilities
- ❖ Find additional classroom space and resources for existing programs that are expanding
- ❖ Address campus infrastructure to promote health, safety and an improved working and learning environment
- ❖ Increase new alternative revenue streams, gifts, grants and contracts and develop long range expenditure forecasting to decrease tuition, state and county dependency over the next five years without sacrificing academic freedom and integrity

The use of salary and fringe benefit surpluses in FY 2007-08 and spending priorities in the proposed FY 2008-09 budget are guided by the vision laid out in the College's Plan.

Projected FY 2007-08 Operating Results

- ❖ Although enrollment is up, tuition revenue is projected to come in under budget by \$1.2 million due to write-offs of uncollected payments from anticipated student financial aid and installment payments that have not materialized.
- ❖ Salary surplus of \$3.3 million due to retirement savings and unfilled positions.
- ❖ Fringe benefits surplus of \$1.3 million results from lower than anticipated health insurance and pension rates, Medicare part D reimbursement, and lower salary costs.

REVIEW OF PROPOSED FY 2008-09 NCC BUDGET

- ❖ The College intends to utilize \$4.2 million of the anticipated salary and fringe surpluses of to fund additional OTPS spending on various campus improvements, including \$800,000 for the Public Safety modular building.

The College's Goals for the FY 2008-09 Budget

- ❖ Integrate and carry forward FY 08 initiatives
- ❖ Allocate new resources and reallocate old resources in support of the Strategic Plan
- ❖ Integrate all revenue to advance Strategic Plan
- ❖ Forge a multi-disciplinary approach to implementing Plan and budget priorities
- ❖ Strategically address long-term deficit projections
- ❖ Develop measurable indicators of Plan progress

Proposed FY 2008-09 Budget

The County Executive Recommended FY 2008-09 budget for Nassau Community College, as approved by the Board of Trustees on May 13, totals \$196.4 million, an increase of 3.8%, or \$7.3 million, over the current year's projected spending.

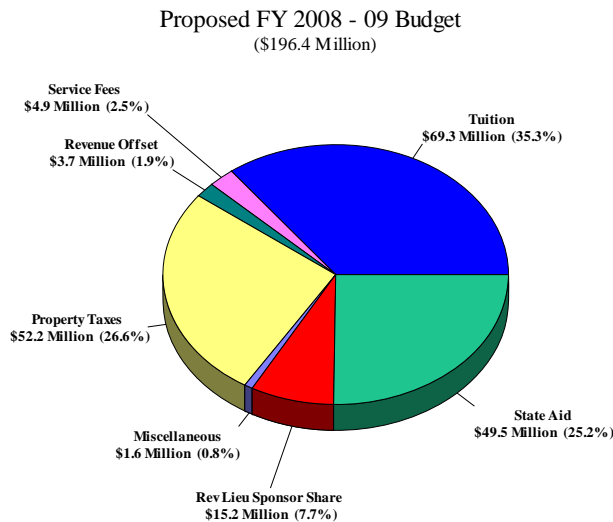
Expense

	2008		2009	Prop. vs. Adopted		Prop. vs. Projected	
	Adopted Budget	OLBR Projected	Proposed Budget	Variance	Percent	Variance	Percent
Full-time Headcount	1,227	1,200	1,242	15	1.2%	42	3.5%
Salaries	\$121,261,401	\$118,000,358	\$125,902,298	\$4,640,897	3.8%	\$7,901,940	6.7%
Fringe Benefits	42,638,017	41,290,596	42,828,225	190,208	0.4%	1,537,629	3.7%
Equipment	1,939,006	2,884,860	2,000,000	60,994	3.1%	(884,860)	-30.7%
General Expenses	6,457,825	7,636,453	9,077,098	2,619,273	40.6%	1,440,645	18.9%
Contractual Services	7,644,415	9,799,933	6,652,415	(992,000)	-13.0%	(3,147,518)	-32.1%
Utility Cost (Tel. & Other)	1,201,000	1,201,000	1,231,025	30,025	2.5%	30,025	2.5%
Utility Cost (LIPA)	4,389,000	4,389,000	4,608,450	219,450	5.0%	219,450	5.0%
Interfund Charges	3,861,888	3,861,888	4,054,982	193,094	5.0%	193,094	5.0%
Other	80,000	80,000	55,000	(25,000)	-31.3%	(25,000)	-31.3%
Total	\$189,472,552	\$189,144,088	\$196,409,493	\$6,936,941	3.7%	\$7,265,405	3.8%

Revenue

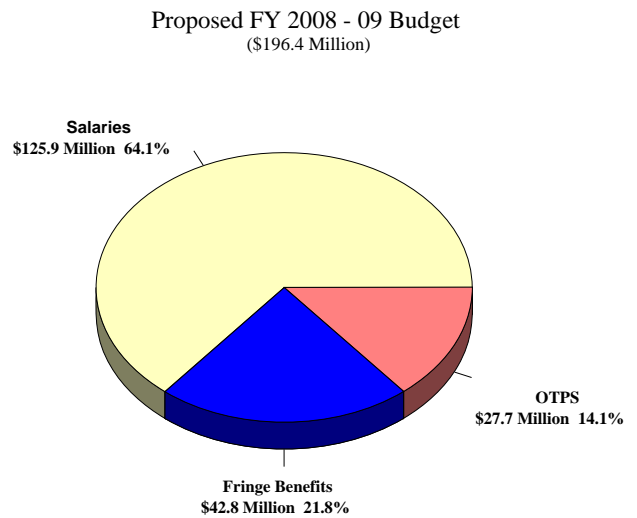
	2008		2009	Prop. vs. Adopted		Prop. vs. Projected	
	Adopted Budget	OLBR Projected	Proposed Budget	Variance	Percent	Variance	Percent
Tuition	\$66,689,203	\$65,496,178	\$69,290,803	\$2,601,600	3.9%	\$3,794,625	5.8%
Property Tax	50,247,241	50,247,241	52,206,883	1,959,642	3.9%	1,959,642	3.9%
State Aid	48,410,675	48,539,260	49,489,028	1,078,353	2.2%	949,768	2.0%
Rev. Lieu Spons. Share	13,982,043	14,824,682	15,187,779	1,205,736	8.6%	363,097	2.4%
Rev. Offset To Expense	3,660,000	3,653,341	3,725,000	65,000	1.8%	71,659	2.0%
Service Fees	4,908,390	4,966,500	4,910,000	1,610	0.0%	(56,500)	-1.1%
Rents & Recoveries	800,000	800,000	700,000	(100,000)	-12.5%	(100,000)	-12.5%
Investment Income	525,000	750,000	650,000	125,000	23.8%	(100,000)	-13.3%
Federal Aid	250,000	350,000	250,000	0	0.0%	(100,000)	-28.6%
Total	\$189,472,552	\$189,627,202	\$196,409,493	\$6,936,941	3.7%	\$6,782,291	3.6%

Major Revenue Sources



- ❖ Tuition revenue is increasing by \$3.8 million from the FY 2007-08 projected amount of \$65.5 million to the proposed budget of \$69.3 million.
- ❖ Tuition rate is increasing by 3.4% or \$118 (\$4 per credit) to \$3,552, worth \$2.3 million.
- ❖ Enrollment is anticipated to increase by 2.2%, generated by new strategic task items, for additional tuition revenue of \$1.5 million.
- ❖ Enrollment from other NY counties is assumed to continue at the current level. The chargeback rate, now at \$3,590 per non-resident FTE, is estimated to increase by approximately 3.9%, in proportion to the County's property tax contribution.
- ❖ Property tax rate of growth is 3.9%, which is an increase of \$2.0 million, or \$3.85 per average household.
- ❖ The State aid rate has remained flat at \$2,675 per FTE, but an additional \$420,000 will be received due to the higher enrollment in the current year, upon which the aid is based.
- ❖ Additional State aid of approximately \$400,000 will be received for 50% reimbursement of the lease costs of the building on Endo Blvd.

Major Expense Categories



- ❖ Planned FY 2008-09 new expenses include:
 - \$1.0 million for lease of new building. Net of State aid reimbursement, the cost will be \$600,000 for nine months.
 - Unfunded State mandated employer contribution of \$414,000 for pension costs.
 - \$700,000 for maintenance for Banner student information system.
- ❖ Salaries in the proposed budget are increasing by 6.7%, or \$7.9 million, when compared to the OLBR's FY 2007-08 salary projection.
- ❖ The NCCFT contract will expire on August 31, 2008, and the CSEA contract has been expired since December 31, 2007. The proposed budget includes funding for wage increases consistent with the parameters of NCC's negotiating position.
- ❖ The entire pension liability reserve of \$1.3 million will be utilized in FY 2008-09 to pay NY State retirement costs.
- ❖ Proposed OTPS budget is \$2.2 million less than projected spending for FY 2007-08, due to transfer of salary and fringe surplus in current year to fund additional OTPS spending on various campus improvements.

Strategic Tasks

- ❖ The FY 2007-08 budget included funding for 21 strategic tasks, or initiatives, that are intended to generate future revenue while addressing necessary operational and safety needs.
- ❖ The implementation of some of the projects was delayed due to the uncertainty of funding. A more detailed discussion of the strategic tasks can be found in the expense section of this report.

Opportunities & Risks

- ❖ The proposed budget includes approximately \$1.7 million in funding for 36 currently vacant positions.
- ❖ Energy costs may be understated in FY 2008-09.
- ❖ Without CSEA and NCCFT agreements currently in place for FY 2008-09, there is both an opportunity and risk, since the terms of the eventual settlements may vary from the salary assumptions built into the proposed budget.
- ❖ Health insurance rates for calendar year 2009 are still unknown, so there is an opportunity and risk.

Fund Balance

- ❖ The College began FY 2007-08 with an unreserved fund balance of \$8.3 million.
- ❖ Based on current projections the unreserved fund balance will grow by \$483,114.

Multi-Year Plan

- ❖ The College's Fiscal 2008 – 2011 Multi-Year Financial Plan, updated on March 19, 2008, assumed property tax growth continuing at 3.9%, tuition increases of 5% and additional state aid of \$100 per FTE in 2010 and 2011.
- ❖ Even with those revenue increases, out-year gaps were projected. Among the gap-closing measures for 2010 and 2011 were an appeal to Sponsor (County) for additional 1% property tax contribution and an appeal to NY State for an additional \$90 in base aid.
- ❖ Since both the property tax contribution and the level of aid provided by New York State are outside the control of the College, the inclusion of additional revenues from these sources in the MYP has to be considered a risk.
- ❖ An updated plan will be included with the County's MYP for 2009 – 2012 that will be adopted in the fall.
- ❖ OLBR recommends that the College submit its updated MYP prior to submitting the NCCFT contract for approval by the Legislature.

Conclusion

Facing the looming prospect of limitations on revenue growth, OLBR recommends that the College formulate and adopt a written fund balance and reserve policy. As stated in the County's policy, this would provide "a framework for the accumulation of unreserved fund balance, the constitution of reserve funds, and the policy purposes for which the [College] ought to use these financial resources."

Also, an important reason for developing such a policy is to provide the taxpayers with an explanation of why financial resources have been set aside and the conditions under which such resources will be expended.¹ GFOA recommends that general purpose governments, regardless of size, maintain unreserved fund balance in their general fund of no less than 5 to 15 percent of regular general fund operating revenues, or no less than one to two months of regular general fund operating expenditures.² However, instead of a rigidly defined standard that dictates what level of financial resources local governments should maintain for contingencies, it is more appropriate for those governments to make their own decisions about whether to set aside more or less resources based on their assessment of the uncertainty that they face.³ Furthermore, because of its relationship with the County, the College does not have to be concerned with cash flow and it does not issue debt, so the College does not have to impress rating agencies by having a large fund balance.

While the health of the economy has a major effect on the County, other forms of uncertainty must be considered by the College:

- Unanticipated changes in the tax and spending policies of the County and the State.
- The imposition of mandates by the State and to a lesser degree the Federal government.
- The financial impact of labor agreements.
- Unforeseen increases in energy costs, health insurance, and termination pay, etc.
- Unexpected repair and maintenance expenditures.

The FY 2008-09 County Executive Recommended Budget provides adequate funding to meet the College's operational needs and the revenue estimates appear to be achievable. Despite the fact that the State did not increase its aid per FTE, the College was able to propose a budget that funds new initiatives, an unfunded State mandate, while maintaining the recent growth rates in property taxes and a tuition rate increase below the HEPI benchmark. The College was able to accomplish this by accelerating the funding of some of its needs out of surpluses it is generating in the current fiscal year and using all of its pension reserve. Unfortunately, these funds will not be available in the out-years when the College will have to fund the full year costs for the Endo lease, maintenance for Phase 2 of Banner, additional mandated pension expense, and increased labor costs without knowing the level of aid from the State or the County.

¹ Ian J. Allan, "Unreserved Fund Balance and Local government Finance," Research Bulletin: *Research and Analysis on Current Issues* (Chicago, Illinois: Government Finance Officers Association, November 1190), p. 5.

² *Appropriate Level of Unreserved Fund balance in the General Fund* (2002), GFOA Recommended Practice.

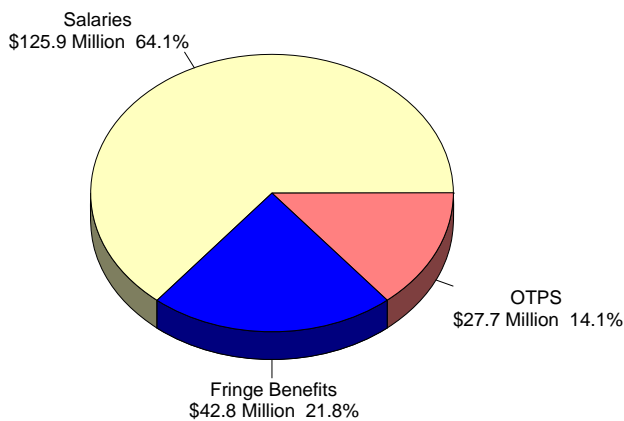
³ Ian J. Allan, "Unreserved Fund Balance and Local government Finance," Research Bulletin: *Research and Analysis on Current Issues* (Chicago, Illinois: Government Finance Officers Association, November 1190), p. 10.

EXPENSE BUDGET

The charts below demonstrate how the expenses are disbursed by object (Chart 1) and by function (Chart 2). Corresponding average percentages for Suffolk and Westchester community colleges for FY 2006-07 are used for comparison. Corresponding average percentages for Suffolk and Westchester community colleges for FY 2006-07 have been used for comparison. The “All” category is comprised of the average for all community colleges excluding Nassau Community College. The comparative data in this report are meant to provide information about neighboring community colleges only and are not intended to endorse particular levels of expenditure and/or revenue categories as a “best practice” measure.

Chart 1

Proposed FY 2008-09 Expenditure Budget By Object
(Compared to Suffolk and Westchester Community Colleges)



	Nassau	Suffolk	Westchester	All
Salaries	66.0%	62.8%	60.1%	58.5%
Fringe Benefits	21.6%	23.6%	22.7%	22.1%
OTPS	12.4%	13.7%	17.2%	19.3%

Data are from the State University of New York FY 2006-07 Annual Report Summary.

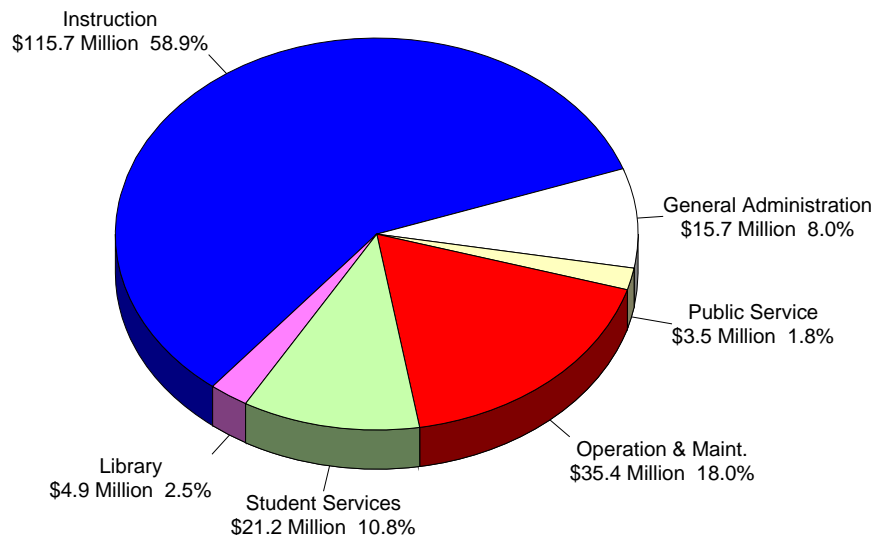
- ❖ College’s proposed expenditures are made up of 64.1% salaries and 21.8% fringe benefits.
- ❖ OTPS expense comprises 14.1% of total operating budget.
- ❖ In FY 2006-07, NCC salaries are higher percentage of the budget than the state average and neighboring counties.
- ❖ In FY 2006-07 percentage average for fringe benefits comparable throughout the state.
- ❖ In FY 2006-07, NCC’s percentage of OTPS was lower than the state average and of neighboring counties.

REVIEW OF PROPOSED FY 2008-09 NCC BUDGET

Chart 2 shows the breakout of proposed budget expenses by function. The largest category is Instruction which utilized 57.8% of the NCC budget in FY 2006-07, where in Suffolk it was 51.3% of the budget and in Westchester, it was 53.0%. Operation and Maintenance of Plant consumed 14.3% of the budget and included many projects that would be included in the capital budget if funds were available. That expense was more in line with other community colleges. General Administration expenses made up 15.3%, below the average for all other colleges. Student Services used 7.8% and the Library 4.8%. Compared to the other colleges, expenses for these two functions were lower in FY 2006-07. For FY 2008-09, Instruction makes up the lion's share of expenses at 58.9%, or \$115.7 million, of the total budget. Operation & Maintenance of Plant and Student Services and General Administration follow with 18.0%, 10.8% and 8.0% respectively. The last two functions, Library, 2.5%, and Public Service, 1.8%, round out the expense budget by function.

Chart 2

Proposed FY 2008-09 Expenditure Budget By Function



Instruction includes LINCC and General Administration includes Institutional Advancement

FY 2006-07 Actual Expenses By Function				
	Nassau	Suffolk	Westchester	All
Instruction	57.7%	51.3%	53.0%	47.6%
Public Service	0.1%	0.0%	0.0%	0.3%
Library	4.8%	8.3%	10.0%	8.8%
Student Services	7.8%	10.5%	11.7%	9.7%
Gen. Administration	15.3%	13.6%	12.6%	19.5%
Operation & Maint. of Plant	14.3%	16.3%	12.6%	14.1%

REVIEW OF PROPOSED FY 2008-09 NCC BUDGET

Table 1

	Historical		2008		2009	Prop. vs. Adopted		Prop. vs. Projected	
	2006	2007	Adopted Budget	OLBR Projected	Proposed Budget	Variance	Percent	Variance	Percent
Full-time Headcount	1,185	1,171	1,227	1,206	1,242	15	1.2%	36	3.0%
Salaries	\$108,630,983	\$117,869,440	\$121,261,401	\$118,000,358	\$125,902,298	\$4,640,897	3.8%	\$7,901,940	6.7%
Fringe Benefits	37,725,233	38,519,830	42,638,017	41,290,596	42,828,225	190,208	0.4%	1,537,629	3.7%
Equipment	1,977,405	2,219,062	1,939,006	2,884,860	2,000,000	60,994	3.1%	(884,860)	-30.7%
General Expenses	5,672,798	6,411,925	6,457,825	7,636,453	9,077,098	2,619,273	40.6%	1,440,645	18.9%
Contractual Services	6,177,776	6,521,044	7,644,415	9,799,933	6,652,415	(992,000)	-13.0%	(3,147,518)	-32.1%
Utility Cost (Tel. & Other)	953,445	3,067,837	1,201,000	1,201,000	1,231,025	30,025	2.5%	30,025	2.5%
Utility Cost (LIPA)	0	0	4,389,000	4,389,000	4,608,450	219,450	5.0%	219,450	5.0%
Interfund Charges	7,554,218	5,252,351	3,861,888	3,861,888	4,054,982	193,094	5.0%	193,094	5.0%
County Scholarships	30,000	50,900	0	0	0	0	***	0	***
Other	0	0	80,000	80,000	55,000	(25,000)	-31.3%	(25,000)	-31.3%
Total	\$168,721,858	\$179,912,389	\$189,472,552	\$189,144,088	\$196,409,493	\$6,936,941	3.7%	\$7,265,405	3.8%

- ❖ Salaries in the proposed budget are increasing by 6.7%, or \$7.9 million, when compared to the College's FY 2007-08 salary projection.
- ❖ Full-time staffing is increasing by 36 when compared to actual June 1st headcount, but one position is being re-evaluated.
- ❖ Fringe Benefits are growing by 3.7% or \$1.5 million when compared to the current year's projection.
- ❖ OTPS expense is declining by 7.3%, or \$2.2 million from FY 2007-08 projections.

Some of the planned FY 2008-09 new expenses include approximately \$1.0 million for the lease of a building on Endo Blvd, \$400,000 of which will be reimbursed by the State, for a net cost of \$600,000. This lease cost is for nine months but the annual cost is expected to be about \$1.3 million. Additionally, a new State mandated employer contribution of \$414,000 for the Optional Retirement Plan (ORP), which will be explained in detail below, is an unexpected cost in FY 2008-09. Also \$700,000 for maintenance for the new computerized Banner system that allows students to register on-line will be added to OTPS expenses in FY 2008-09.

Salaries & Wages

Salaries in the proposed budget are increasing by 6.7%, or \$7.9 million, when compared to the College's FY 2007-08 salary projection. The Nassau Community College Federation of Teachers' (NCCFT) contract is due to expire on August 31, 2008 while the Civil Service Employees Association (CSEA) has been working without a contract since December 31, 2007. The proposed budget includes funding for wage increases consistent with the parameters of NCC's negotiating position. It is unknown when the increases will actually take place or how they will be structured. Since it is unclear what impact the outcome of these agreements will have on the proposed budget or when the contracts will become effective, this item could be considered an opportunity and a risk.

The proposed budget includes approximately \$1.8 million in funding for 36 unfilled positions. OLBR considers this an opportunity since it is not certain when these positions will be filled. Since these positions are budgeted for a full year, any delay in filling them will count as a savings. Some of the vacancies are tied to the College's strategic task plan and hiring for them depends on the timing of implementing certain initiatives. Also, the College has budgeted \$2.0 million for termination costs in

REVIEW OF PROPOSED FY 2008-09 NCC BUDGET

FY 2008-09, whereas the FY 2007-08 projection is only for \$700,000. However, the proposed FY 2008-09 budget is consistent with previous years.

Tables 2 and 3 show the distribution of full-time and part-time staff by budgetary function. Please note that a new function the Center for Academic Success/LINCC has been included in the expense analysis. The Language Immersion at NCC (LINCC) is a new English as a Second Language (ESL) program at Nassau Community College, which is designed to offer English as a Second Language instruction to all eligible applicants to NCC who, through placement testing, show a “pre-college” level command of English. Historically, ESL courses were all offered in the academic departments of Communications, English, and Reading. Then in 2000, based on concerns about academic goals and student needs, the ESL Faculty Advisory Board created a different format for the first two levels (010 and 020) of ESL study. The English Language Institute (ELI) was subsequently housed in Continuing Education while the upper level (030) ESL courses were retained in the three academic departments of the College. However, due to continuing difficulties with the curriculum, scheduling, organization, and staffing of the English Language Institute, the ESL/ELI Faculty Advisory Board voted in July 2007 to create LINCC, a new language immersion program at NCC that addresses the disadvantages of previous programs.

Table 2

FULL-TIME HEADCOUNT										
Function	Adopted 07 - 08		Proposed 08 - 09		Difference			June 08	Difference	
	F/T	Pers. Svcs	F/T	Pers. Svcs	F/T	Pers. Svcs	% Chg	Act. F/T	F/T	% Chg
General Administration	131	8,074,294	123	7,986,733	(8)	(\$87,561)	-1.1%	117	6	5.1%
Instruction	711	53,562,392	722	55,969,801	11	2,407,409	4.5%	717	5	0.7%
Extension & Public Service	13	938,475	16	1,098,694	3	160,219	17.1%	14	2	14.3%
Ctr for Academic Success/LINCC	0	0	10	388,531	10	388,531	***	10	0	0.0%
Library	38	2,378,384	38	2,472,838	0	94,454	4.0%	38	0	0.0%
Student Services	182	11,277,876	181	11,586,367	(1)	308,491	2.7%	165	16	9.7%
Maint & Op. of Plants	152	8,578,328	152	8,928,498	0	350,170	4.1%	145	7	4.8%
Grand Total	1,227	\$84,809,749	1,242	88,431,462	15	\$3,621,713	4.3%	1,206	36	3.0%

The FY 2008-09 proposed budget of 1,242 full-time positions is 15 more than the current year’s budget and 36 more than the June 1st actual, or an increase of 3.0%. Of the 15 positions over the FY 2007-08 Budget, 10 are in the LINCC control center and were previously part-time positions. These positions are currently filled.

- ❖ The following titles, as highlighted in yellow in Table 3, are related to the strategic tasks plan:
 - General Administration - Purchasing Supervisor I is related to Minority and Women’s Business Enterprise (MWBE). The Assistant to Director (Grants Writer) is being reevaluated.
 - Student Services – the 4 Security Officer IV positions are part of the enhanced security plan.

The positions highlighted in green were vacant for the entire year and the other positions became vacant during the year.

REVIEW OF PROPOSED FY 2008-09 NCC BUDGET

Table 3

2009 BUDGETED VACANCIES			
as of 5/30/2008			
General Administration	1	Accounting Assistant II	\$40,261
	1	Asst To The Director (Grants)*	70,000
	1	Clerk II	41,402
	1	Clerk Typist II	46,770
	1	Director Special Programs	90,000
	1	Purchasing Supervisor I	45,565
	6		333,998
Subtotal			
Instruction	1	Assistant To The Dean	75,000
	1	Clerk II	38,371
	1	Clerk IV	76,437
	1	Clerk IV	76,437
	1	Clerk Stenographer I	35,385
Subtotal	5		301,630
Extension & Public Service	1	Assistant Dean	85,000
	1	Clerk II	49,584
Subtotal	2		134,584
Student Services	1	Assistant Registrar	61,045
	1	Clerk I	41,865
	1	Registrars Asst II	60,240
	5	Security Officer I	176,925
	4	Security Officer II	153,484
	4	Security Officer IV	210,484
Subtotal	16		704,043
Maint. & Operation Of Plants	2	Asst To The Director	125,000
	1	Clerk I	34,194
	1	Custodial Worker I	35,385
	1	Maint Electrician Supv.	52,621
	1	Maint Locksmith	45,642
	1	Stationary Engr II	52,621
	7		345,463
	36		\$1,819,718

Positions highlighted in yellow are related to the strategic tasks plan.
 Positions highlighted in green were vacant the entire year.
 * The College is reevaluating this position.

REVIEW OF PROPOSED FY 2008-09 NCC BUDGET

Table 4

Function	PART-TIME HEADCOUNT						
	Adopted 07 - 08		Proposed 08 - 09		Difference		
	P/T	Pers. Svcs	P/T	Pers. Svcs	P/T	Pers. Svcs	% Chg
General Administration	71	\$731,851	39	\$460,867	(32)	(\$270,984)	-37.0%
Instruction	1,367	25,963,276	1,648	27,740,070	281	1,776,794	6.8%
Extension & Public Service	169	1,708,431	1	55,529	(168)	(1,652,902)	-96.7%
Ctr for Academic Success/LINCC	0	0	133	1,803,505	133	1,803,505	***
Library	68	554,363	36	625,649	(32)	71,286	12.9%
Student Services	281	2,404,178	171	2,588,108	(110)	183,930	7.7%
Maint & Op. of Plants	55	533,806	23	407,122	(32)	(126,684)	-23.7%
Grand Total	2,011	\$31,895,905	2,051	\$33,680,850	40	\$1,784,945	5.6%

As shown in Table 4, part-time positions are increasing by 40 from the FY 2007-08 budget and the associated salaries are increasing by 5.6%. Part of the headcount increase is due to the way the College calculates part-time headcount. In FY 2007-08, the College developed a new methodology where 10 credit hours would equal one adjunct professor and 12 assignments would equal one music instructor. In the past, the College would utilize headcount for a certain month without regard to credit hours or assignments.

Fringe Benefits

- ❖ Compared to the Office of Legislative Budget Review’s projected costs, the budget assumes a 7.2% growth rate increase for health insurance costs. The growth rate is consistent with the rate assumed in Nassau County’s Multi-Year Plan.
- ❖ The budget includes the cost for the first year of the three year phase in of 3% Optional Retirement Plan contribution. The phase in which started April 1, 2008 occurs over a three-year period as follows:
 - 1% (Sept. 1, 2008 – March 31, 2009) & 2% (April 1, 2009 – Aug. 31, 2009) in FY 2008-09 for \$414,190
 - 2% (Sept. 1, 2009 – March 31, 2010) & 3% (April 1, 2010 - Aug. 31, 2010) in FY 2009-10 for \$774,823
 - 3% (Sept. 10, 2010 – Aug. 31, 2011) in FY 2010-11 for 1,033,582
- ❖ The FY 2008-09 Proposed Budget of \$1.4 million for the New York State Employee Retirement System includes a reduction of \$1.3 million due to the drawdown of all of the College’s pension liability reserve. The actual cost for FY 2008-09 is \$2.7 million.
- ❖ The treatment of Medicare Part D in the FY 2008-09 Proposed Budget is different compared to the FY 2007-08 Adopted Budget. The FY 2008-09 includes a credit to the expense of \$470,321, compared to \$376,000 budgeted as revenue in FY 2007-08.

REVIEW OF PROPOSED FY 2008-09 NCC BUDGET

The proposed budget for fringe benefits is detailed in Table 5.

Table 5

Object of Expense	Adopted FY 07- 08	Proposed FY 08- 09			OLBR		
			Proposed vs. Adopted	% Change	Projected FY 07- 08	Proposed vs. Projected	% Change
Social Security Contribution	\$9,019,555	\$9,073,393	\$53,838	0.6%	\$8,867,467	\$205,926	2.3%
Health Insurance	14,781,175	15,111,713	330,538	2.2%	14,145,333	966,380	6.8%
Fringe Benefits	(100,000)	0	100,000	-100.0%	0	0	***
TIAA CREF (Retirement)	6,525,003	6,813,647	288,644	4.4%	5,944,523	869,124	14.6%
Health Insurance Retirees	5,623,586	6,347,999	724,413	12.9%	5,907,815	440,184	7.5%
Teachers Retirement	1,406,953	1,653,853	246,900	17.5%	1,584,016	69,837	4.4%
Medicare Reimbursement	987,503	1,178,061	190,558	19.3%	1,001,492	176,569	17.6%
Workers' Compensation	847,000	815,000	(32,000)	-3.8%	705,000	110,000	15.6%
Dental	737,654	659,633	(78,021)	-10.6%	664,550	(4,917)	-0.7%
State Retirement	2,540,372	1,363,641	(1,176,731)	-46.3%	2,660,782	(1,297,141)	-48.8%
Optical Plan	132,216	144,606	12,390	9.4%	142,938	1,668	1.2%
Unemployment	137,000	137,000	0	0.0%	137,000	0	0.0%
Medicare Part D	0	(470,321)	(470,321)	***	(470,321)	0	0.0%
	\$42,638,017	\$42,828,225	\$190,208	0.4%	\$41,290,596	\$1,537,629	3.7%

Fringe benefits are increasing minimally by \$190,000 or 0.4% from the Adopted FY 2007-08 Budget. The FY 2008-09 Proposed Budget is an increase of \$1.5 million or 3.7% compared to the FY 2007-08 projection. The net impact to the proposed FY 2008-09 budget would have been greater if not for the New York State Retirement budget. The FY 2008-09 Proposed State Retirement budget is \$1.2 million less than the FY 2007-08 Adopted Budget due to the use of the \$1.3 million pension liability reserve. The College's original plan was to use the reserve over three years.

Active health insurance is increasing by approximately \$330,500 and health insurance for retirees by \$724,000 compared to FY 2007-08 Adopted Budget. However, compared to the FY 2007-08 projection, health insurance is increasing by \$966,000 or 6.8% and health insurance for retirees is increasing by approximately \$440,000 or 7.5%. The growth rate is optimistic compared to New York State's Quarterly Experience Report. Under their optimistic scenario, New York State's projects rates to increase 7.8% and 7.3% for individual and family health insurance, respectively. Based on the best estimate, rates are projected to increase by 10.6% for individual health insurance and 10.1% for family health insurance. However, historically rates have finalized at year end lower than New York State's report. In 2008, health insurance rates for active employees finalized at an increase of 4.9% for individual and 5.1% for family health insurance.

Teacher's retirement is increasing by \$247,000 or 17.5% from the FY 2007-08 Adopted Budget and by \$70,000 or 4.4% from the current year projection. The FY 2008-09 Proposed Budget is based on an estimated employer contribution rate (ECR) of 7.63%, which is a 1.1% reduction from the FY 2007-08 ECR of 8.73%. The lower FY 2008-09 ECR is due to favorable investment returns over previous years. An estimate for salary adjustments for the full-time faculty is added to the bill. The budget for TIAA CREF (Teachers Insurance & Annuity Association, College Retirement Equities Fund) is increasing by \$289,000 or 4.4% compared to last year's budget and also includes a salary adjustment. The TIAA CREF budget includes the additional contribution cost of \$414,190 for the Optional Retirement Plan (ORP). The FY 2007-08 projection of \$5.9 million includes an additional \$116,000 ORP contribution cost for members who have ten years of service.

Other Than Personal Services (OTPS)

The College's adopted OTPS budget, made up of all expenses other than payroll and fringe benefits, includes an increase of \$1.9 million or 7.2% from the FY 2007-08 budget but a decrease of \$2.0 million or 6.9% from the FY 2007-08 projected actual. The distribution of these costs by function can be seen in Table 6.

Table 6

Function	FY 07 - 08	FY 08 - 09	FY 08-09 vs.		OLBR FY 07 - 08	FY 08-09	% Change
	Adopted Budget	Proposed Budget	FY 07-08 Adopted Budget	% Change	Projected Actual	Proposed vs. Projected	
General Administration	\$3,504,382	\$2,046,682	(\$1,457,700)	-41.6%	\$4,055,682	(\$2,009,000)	-49.5%
Institutional Advancement	0	775,000	\$775,000	***	0	\$775,000	***
Instruction	2,639,004	2,746,104	107,100	4.1%	2,832,553	(86,449)	-3.1%
Extension & Public Service	280,942	502,436	221,494	78.8%	280,942	221,494	78.8%
Center for Acad Success/LINCC	0	39,500	39,500	***	0	39,500	***
Library	599,455	599,455	0	0.0%	599,455	0	0.0%
Student Services	601,658	654,531	52,873	8.8%	1,711,908	(1,057,377)	-61.8%
Maint & Operation of Plant	18,197,693	20,315,262	2,117,569	11.6%	20,372,594	(57,332)	-0.3%
	<u>\$25,823,134</u>	<u>\$27,678,970</u>	<u>\$1,855,836</u>	<u>7.2%</u>	<u>\$29,853,134</u>	<u>(\$2,174,164)</u>	<u>-7.3%</u>

Historically, OTPS spending has been delayed until the end of the fiscal year to determine if there are any revenue shortfalls. As a result of salary and fringe savings and a surplus of termination expense, the College has transferred the excess into OTPS expense to fund strategic tasks that are a part of the College's strategic plan. Two transfers totaling \$4.2 million (one for 2.4 million and one for 1.8 million) went from salary and fringe lines to fund OTPS projects. Each item of the transferred \$2.4 million corresponds to a specific task in the plan. Some of these projects were considered but not funded in the FY 2007-08 budget and others scheduled to take place in FY 2008-09 have been accelerated in FY 2007-08. The implementation of these projects a year ahead of schedule reduced the funding needs for FY 2008-09.

Table 7

Nassau Community College	
Potential FY 08 Projects	
To Be Funded Only If There is Excess Termination Pay Appropriations	
Fiscal Year 08 - Supplemental Projects	
<u>Projects</u>	<u>Amount</u>
Public Safety (Modular Building)	\$800,000
North Hall Elevator-fire alarm/ADA	85,000
Upgrade to campus data wiring	300,000
Banner Finance Consultant (Phase 2)	75,000
Continuation of NIOSH remediation	370,000
Upgrade internet service to 100 meg	70,000
Asphalt and concrete repair	<u>100,000</u>
Total Potential Projects to be funded	\$1,800,000
NIOSH - National Institution of Occupational Safety & Health - Mold remediation	

The disbursement of the projected \$2.3 million is surplus from salary savings is detailed in Table 8 below.

Table 8

Nassau Community College: Identified Potential Expenditures To Be Funded By Board Transfer of \$2,370,000		
<u>Campus Environment, Infrastructure, Health and Safety</u>		
<u>Department</u>	<u>Item</u>	<u>Amount</u>
Health & Safety	Equipment & Supplies	\$21,000
Public Safety	AED equipment & Installation	120,550
Public Safety	Cars and public safety equipment	94,700
Public Safety	Command Center equipment	74,000
MIS	Network Switches and Servers	170,000
MIS	Help Desk System	135,370
MIS	Student ID Card Replacement	95,000
MIS	Imaging License & Equip.	85,000
Physical Plant	Door Replacement	106,122
Physical Plant	Expand Recycling Program	12,378
Physical Plant	Paint Racquetball Courts/Clusters	12,000
Physical Plant	Hand Sanitizer refills	6,000
Physical Plant	Curb cuts, drains, concrete work	68,000
Physical Plant	Tradewinds (Vendor)	50,000
Physical Plant	Elemco	100,000
Physical Plant	Phones systems - emergency plan	35,000
Physical Plant	Roadway Lighting	151,000
Physical Plant	Furniture CCB	40,000
VP-Administration	500 Endo	250,000
VP-Administration	Revise Campus Facilities Plan	250,000
VP-Administration	SUNY Facilities Inventory	10,300
Acad Affs - ACS	HP DL 380 G5 servers & HP MSA	24,852
Acad Affs - ACS	HP DL 380 G5 servers	14,656
Acad Affs - ACS	HP MSA 500 G2	10,922
Acad Affs - ACS	Microsoft SQL 2005 x 64 & disk	3,379
Acad Affs - Art	Classroom furn.for photography	13,475
Acad Affs - Lib	Citrix Systems	33,875
Acad Affs - Mus	Double manual transp.harpsichord	15,000
Acad Affs - OFT	30 workstations for class.comp.lab	8,536
Acad Affs - OFT	31 workstations for class.comp.lab	8,854
Acad Affs - Thr	Risers & seating for Little Theatre	60,000
Student Finance	Renovation of 5th floor	30,000
Finance	Furniture & Equipment	15,000
Finance	Renovation	50,000
<u>Marketing and Image</u>		
Admissions	Marketing	45,000
<u>Nassau Financial Stability and Fundraising</u>		
Finance	Consultant	20,000
Instit Adv / Legal Affs	furniture	15,000
Instit Adv / Legal Affs	space renovation	60,000
Instit Adv / Legal Affs	computers	6,000
Instit Adv / Legal Affs	capital campaign consultant	50,000
	Total of Prioritized Tasks	\$2,370,969

REVIEW OF PROPOSED FY 2008-09 NCC BUDGET

If the items in the previous chart are obtained or completed at an amount less than estimated or if some cannot be executed for some reason, the following table shows the next level of prioritized items will be pursued using the balance of the funds remaining from the \$2,370,000.

Table 9

<u>Prioritized Items - Subsequent List</u>		
<u>Department</u>	<u>Item</u>	<u>Amount</u>
Academic Affairs	Technology Funds- (dedicated funding based on revenue)	\$115,263
Physical Plant	Technology Installation Expense (dedicated funding based on revenue)	76,842
Health & Safety	Environmental Contract	7,791
Human Resources	Strategies Consultant	1,950
Student Services	Gym floor	79,250
Printing & Publications	Supplies	20,000
Total		\$301,096

In light of the strategic plan, FY 2008-09 general expenses will include rental for additional classrooms at Endo Blvd. for \$1.0 million and \$700,000 for the on-line Banner maintenance system for student registration. An additional \$900,000 for marketing has been reclassified from contractual services into general expenses. Therefore, general expenses is increasing by approximately \$2.6 million and contractual services is declining by about \$1.0 million.

The College has budgeted a 5% increase for LIPA costs in 2009, as well as a 5% increase for Tri-Gen CUP charges. Tri-Gen provides natural gas generated chilled and hot water for HVAC purposes. The U.S. government's Energy Information Administration's Short-Term Energy Outlook (May 8, 2008) is projecting the average monthly 2009 regional price for electricity to rise by to rise by 3.4%. EIA is projecting a slight decrease in regional natural gas prices in 2009. However, in light of the recent volatility in crude oil prices, which affect the cost of all petroleum products, there exists a potential for a significant variance from budget in this category of expense.

Opportunities and Risks

The proposed budget includes 36 vacant positions worth \$1.8 million.

- ❖ Energy costs may be understated in FY 2008-09.
- ❖ Due to the status of the labor contracts there is an opportunity and risk:
 1. NCCFT expires August 31, 2008
 2. CSEA expired December 31, 2007
- ❖ Health insurance rates for calendar year 2009 are still unknown, so there is an opportunity and risk.

REVIEW OF PROPOSED FY 2008-09 NCC BUDGET

Table 10 details the status of the FY 08 strategic tasks. A description of each is in the Appendix.

Table 10

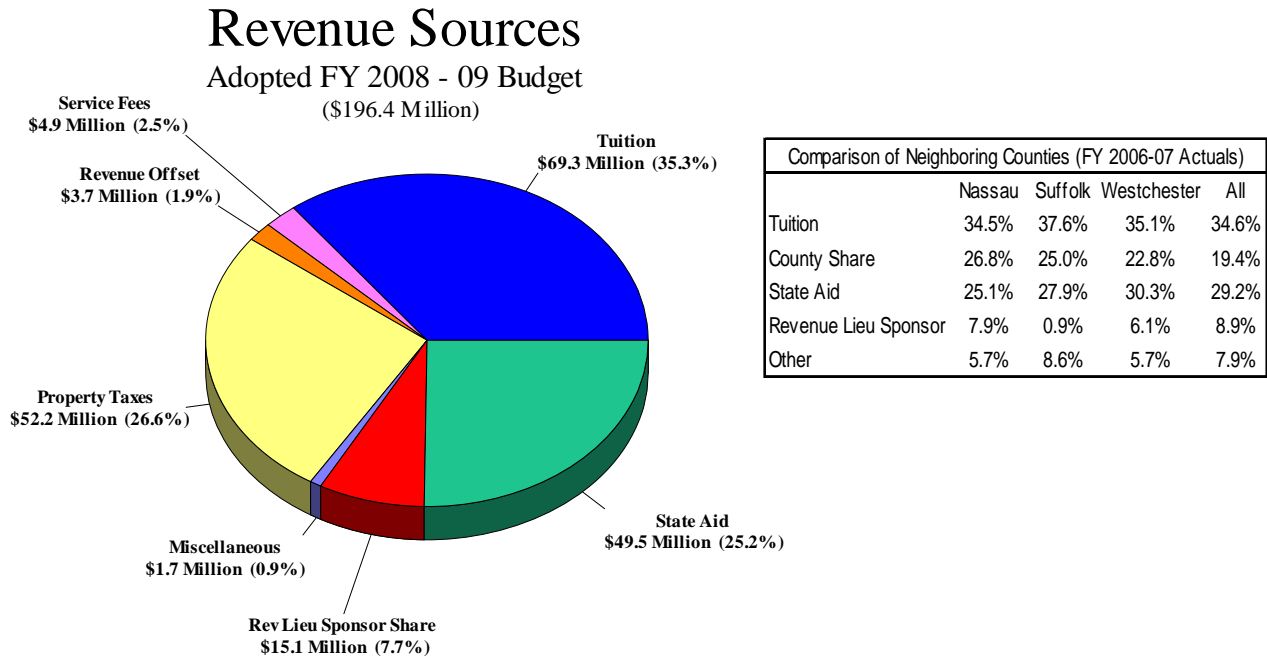
FY 2007-08 Strategic Tasks						
		FY 08		FY 08	FY 08	FY 08
	Task	Expense Budget	Expended	Projected Expense	Revenue Budget	Projected Revenue
Health and Safety	Fire Alarm and Public Address System	\$300,000	\$130,000	\$300,000	N/A	N/A
	Background Security Checks	40,000	15,000	40,000	N/A	N/A
	Public Safety Overtime	100,000	75,000	100,000	N/A	N/A
	Peace Officers, new and upgraded personnel	350,000	0	87,500	N/A	N/A
		790,000	220,000	527,500		
Educational Enhancements	Establish VP for Advancement/External Affairs/Marketing Initiative	465,000	112,000	302,000	27,500	27,500
	Retention	215,000	170,056	170,056	90,625	0
	Increasing International Students	144,815	0	40,000	173,800	52,800
	College Library Renovation	100,000	165,000	165,000	N/A	N/A
	Weekend College	162,000	161,288	161,288	75,000	75,000
	Lifelong Learning	150,000	123,351	123,351	35,000	38,500
	Distance Education Initiative	146,948	110,188	110,188	143,925	537,900
	Development of Associate Degree in Fire Science	43,000	21,266	21,266	43,000	123,750
	Connect to College Program	15,000	15,000	15,000	15,000	7,000
	Connect to College Program II	18,000	18,158	18,158	18,000	13,376
	Corporate Outreach	17,000	17,000	17,000	20,880	20,376
		1,476,763	913,307	1,143,307	642,730	896,202
Enhanced Financial and Contractual Controls	Outside Consultant-Internal Controls and Grants	200,000	220,000	220,000	N/A	N/A
	Internal Audit Function	130,000	35,000	70,000	N/A	N/A
	Capital Project- Processor/Expeditor	75,000	0	18,750	N/A	N/A
		405,000	255,000	308,750		
Other Items	Course Catalog	115,000	112,000	112,000	N/A	N/A
	Student Aid Increase of \$1/ hour	100,000	115,000	120,000	N/A	N/A
	Minority /Women Owned Business Enterprise	86,930	0	40,000	N/A	N/A
		301,930	227,000	272,000		
Grand Total		\$2,973,693	\$1,615,307	\$2,251,557	\$642,730	\$896,202

The Administration has stated that all of the 21 strategic tasks incorporated into the FY 2007-08 budget have been executed or are in the process of being executed.

REVENUE BUDGET

In New York State, every high school graduate is guaranteed admission to his or her local community college. The college is funded through a partnership of student tuition, the State and the County, with Nassau’s local share being provided by way of a dedicated property tax levy.

The largest revenue source for the College is tuition, with a proposed FY 2008-09 budget of \$69.3 million. The other major sources of revenue are property taxes (\$52.2 million), state aid (\$49.5 million), and revenue lieu sponsor share (\$15.2 million). The remaining \$10.2 million consists of revenue offset to expenses (\$3.7 million), service fees (\$4.9 million), and miscellaneous (\$1.6 million), which is made up of rents & recoveries (\$700,000), investment income (650,000), and federal aid (\$250,000).



When compared to actual FY 2006-2007 revenues of neighboring counties as a percent of recognized revenue, state aid and tuition for NCC were below Suffolk and Westchester community colleges. County share was greatest for NCC (26.8%), followed by Suffolk Community College (25.0%) and Westchester Community College (22.8%). Average county share of all New York State Community Colleges, excluding NCC was 19.4%. Revenue lieu sponsor share was 7.9% of budget at NCC, higher than both neighboring community colleges, but lower than the overall state average.

- ❖ The proposed FY 2008-09 operating budget of \$196.4 million represents an increase of \$6.9 million, or 3.7% over the current year adopted budget.
- ❖ Compared to the projected revenues that will be collected this year, the increase is \$6.8 million, or 3.6%.
- ❖ Annual tuition is increasing by 3.4% or \$118 (\$4 per credit increase) to \$3,552.
- ❖ Property tax rate of growth is assumed to remain at 3.9%, which is an increase of \$2.0 million.
- ❖ State aid has remained at the current FY 2007-08 rate of \$2,675 per FTE.

REVIEW OF PROPOSED FY 2008-09 NCC BUDGET

	Historical		2008		2009	Prop. vs. Adopted		Prop. vs. Projected	
	2006	2007	Adopted Budget	OLBR Projected	Proposed Budget	Variance	Percent	Variance	Percent
Tuition	\$59,082,976	\$62,300,461	\$66,689,203	\$65,496,178	\$69,290,803	\$2,601,600	3.9%	\$3,794,625	5.8%
Property Tax	\$46,545,867	\$48,361,156	\$50,247,241	\$50,247,241	\$52,206,883	\$1,959,642	3.9%	\$1,959,642	3.9%
State Aid	42,865,210	45,296,092	48,410,675	48,539,260	49,489,028	1,078,353	2.2%	949,768	2.0%
Rev. Lieu Spons. Share	12,835,683	14,216,297	13,982,043	14,824,682	15,187,779	1,205,736	8.6%	363,097	2.4%
Rev. Offset To Expense	3,369,267	3,760,270	3,660,000	3,653,341	3,725,000	65,000	1.8%	71,659	2.0%
Service Fees	4,166,460	4,930,586	4,908,390	4,966,500	4,910,000	1,610	0.0%	(56,500)	-1.1%
Rents & Recoveries	1,124,849	448,215	800,000	800,000	700,000	(100,000)	-12.5%	(100,000)	-12.5%
Investment Income	537,186	714,624	525,000	750,000	650,000	125,000	23.8%	(100,000)	-13.3%
Federal Aid	257,114	358,899	250,000	350,000	250,000	0	0.0%	(100,000)	-28.6%
Fund Balance Appropriated	0	161,500	0	0	0	0	0.0%	0	0.0%
Total	\$170,784,612	\$180,548,100	\$189,472,552	\$189,627,202	\$196,409,493	\$6,936,941	3.7%	\$6,782,291	3.6%

Tuition (\$69,290,803)

The College's proposed \$69.3 million budget for tuition, or student revenues, was based on an annual tuition increase of \$118 from \$3,476 to \$3,552, or 3.4% above the current year rate. The proposed percentage tuition change remains below the preliminary 2008 HEPI growth index forecast (as of April 16, 2008) at 3.9%, translating into \$16 less than the \$134 increase as per HEPI.¹

- ❖ Tuition revenue is increasing by \$3.8 million from the FY 2007-08 projected amount of \$65.5 million to the proposed budget of \$69.3 million.
- ❖ \$1.5 million of additional student revenues are expected to be generated by the new initiatives, which would be a 2.2 % increase in enrollment.
- ❖ With summer classes not yet completed, enrollment for FY 2007-2008 is projected to come in approximately 1.3% greater than in FY 2006. The FY 2007-2008 enrollment drives the current year's tuition revenues and will determine the FY 2008-2009 State Aid.

¹ HEPI, The Higher Education Price Index, is a measure of the inflation rate applicable to United States higher education. The index is calculated on a fiscal year basis ending June 30, by the Commonfund Institute, a branch of Commonfund, a non-profit organization devoted to the management of college and university endowments. HEPI measures the average relative level of prices in a fixed basket of goods and services purchased by colleges and universities each year through current fund educational and general expenditures, excluding research. HEPI is compiled from data reported and published by government and economic agencies. The eight categories cover current operational costs of colleges and universities. These include salaries for faculty, administrative employees, clerical employees, and service employees, fringe benefits, utilities, supplies and materials, and miscellaneous services. HEPI has been calculated every year since 1983 and includes inflation data going back to 1961.

REVIEW OF PROPOSED FY 2008-09 NCC BUDGET

Nassau Community College Students Receiving Aid in 2006-2007 As of June 3, 2008		
Program	Number of Recipients	Funds
Pell Grant	5,262	\$11,820,469
Tuition Assistance program	4,157	7,695,523
Stafford Direct Loans Subsidized	1,824	4,217,445
Stafford Direct Loans Unsubsidized	1,544	3,868,272
FSEOG (Federal Supp Educational Opp Grant)	2,269	505,867
Federal Work Study	298	455,790
APTS (Aid to Part Time Students)	500	577,666
ACG (Academic Competitiveness Grant)	106	78,475
Federal Perkins Loans	20	<u>32,750</u>
		<u>\$29,252,257</u>

Recipients of financial are for one semester for semester based awards (Pell, TAP, APTS, FSEOG & ACG) and per individual recipient for the awards that are not semester based (loans). The funded amounts are annual. Most recipients receive multiple awards. It is estimated that the number of students receiving at least 1 award in a 12-month period would be between 8,000 and 9,000 students.

Property Taxes (\$52,206,883)

- ❖ For the seventh consecutive year, the proposed budget is based on a 3.9% increase or \$2.0 million in the tax levy dedicated to the College.
- ❖ Nassau County's share of \$52.2 million represents 26.6% of the proposed total budget.
- ❖ The statewide average of County share ("Sponsor's Contribution") as a percentage of operating revenues for all community colleges in FY 2006-07 was 19.4%.
- ❖ Based on current rates, the \$2.0 million incremental in the proposed budget as compared to the FY 2007-08 adopted budget, will cost the average Nassau homeowner an additional \$3.85, for a total contribution to the College of \$103 per Nassau County household.

State Aid (\$49,489,028)

State aid is received for each full-time equivalent student (FTE), based on the prior year's enrollment. An FTE is equal to 30 credits annually. Although the state aid rate has remained the same as the current FY 2007-08 rate of \$2,675 per FTE, state aid is increasing because:

1. The College will receive 50% reimbursement for lease of new building worth approximately \$400,000 in FY 2008-09.
2. Due to the enrollment increase in the current fiscal year (FY 2007-08) aid in FY 2008-09 will increase by approximately \$420,000.

Revenue Lieu Sponsor Share - Charges Other Counties (\$12,658,134) and Non-Residents (\$2,529,645)

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, calculated by the State, is based upon County expenditures for Nassau residents attending the College.

Of the 21,483 total enrolled students as of the spring 2008 semester, 77.9% were from Nassau County, 11.8% came from Queens, and 8.5% were from Suffolk County. The remaining 1.8% enrollment came

REVIEW OF PROPOSED FY 2008-09 NCC BUDGET

from elsewhere in New York State, or out of state. Of the 16,741 total Nassau County resident students enrolled, 50.0% are residents of the Town of Hempstead, nearly 10.0% of the students live in the Town of North Hempstead, and 14.3% reside in the Town of Oyster Bay. The remaining Nassau County students are residents of the City of Glen Cove (1.6%) and the City of Long Beach (1.8%). New York City residents comprise 13.1% of enrollment at the College.

The current FY 2007-08 chargeback rate is \$3,590 per non-resident FTE. Generally, the rate gets higher as the County's property tax contribution increases. Prior year adjustments and number of Nassau residents attending the college also affect the chargeback rate. The college assumes out of County enrollment will continue at the FY 2007-08 level.

In addition to the revenue received from other counties, the College is able to charge double the 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 FY 2008-09 budget year is \$2.5 million, representing approximately \$2.4 million anticipated from international students and students from a New York State county who do not hold a certificate of residency and \$131,500 from non-New York State students.

Revenue Offset to Expenses (\$3,725,000)

This revenue source 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. A surplus of \$65,000 is expected in this revenue category over the current year's budget of \$3.6 million. The proposed FY 2008-09 budget of \$3.7 million is greater than the FY 2007-08 projection by \$71,659. This is an area in which the College's marketing and enrollment management efforts can contribute.

Service Fees (\$4,910,000)

The majority of income for service fees comes from student lab and technology fees and student lab fees. The proposed budget for service fees is increasing by 0.03%, or \$1,610 over the FY 2007-08 budget. The chart below outlines the difference in service fees and revenues from proposed FY 2008-09 amounts to FY 2007-08.

Service Fees						
Proposed FY 2009 vs. Adopted FY 2008						
Service Fee: Source	Fee	FY 07-08		FY 08-09		Variance
		Adopted	Budget	Proposed	Budget	
		Fee	Budget	Fee	Budget	Revenue
Technology Fee	\$40	\$1,444,000		\$40	\$1,410,000	\$0 (34,000)
Student Lab Fees Day	100	1,544,890		100	1,519,200	0 (25,690)
Application	30	461,000		40	450,000	10 (11,000)
NG Check Fee	20	15,000		20	15,000	0 0
Transcript Fees	5	210,000		5	210,000	0 0
Late Registration	25	478,000		25	540,000	0 62,000
Nursing Evaluation	75	1,500		75	1,800	0 300
Tuition Pay Plan	25	260,000		25	260,000	0 0
Change of Program	25	80,000		25	65,000	0 (15,000)
Int'l Student Insurance	1,000	15,000		1,000	15,000	0 0
Convenience Fee	18	75,000		18	100,000	0 25,000
Vehicle Registration	45	324,000		45	324,000	0 0
Totals		\$4,908,390			\$4,910,000	\$1,610

Investment Income (\$650,000)

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. The expectation is that cash balances will increase on average by a few percentage points and that interest rate will remain in the

REVIEW OF PROPOSED FY 2008-09 NCC BUDGET

same or slightly lower range. OLBR is projecting this revenue source to exceed budget by \$225,000 in the current year, reflecting interest earned on higher cash balances. However, the FY 2008-2009 budget proposes investment income will actually decrease from this year's projected actuals by \$100,000 or \$125,000 greater than this year's adopted budget.

Fund Balance

Of the top ten Community Colleges in New York State (ranked by size of operating budget), NCC's fund balance is 4.63% of budgeted expenditures, which is less than the 6.94% on average, but greater than both Suffolk and Westchester Counties.

Community College Fund Balance Comparison			
As of Fiscal Year Ending August 31, 2007			
Community College	Unreserved Fund Balance	Total Expenditures	Percent of Fund Balance to Expenditures
Adirondack	\$2,299,287	\$21,450,000	10.72%
Broome	3,508,287	42,710,685	8.21%
Cayuga County	1,934,558	24,419,067	7.92%
Clinton	1,212,851	12,634,681	9.60%
Columbia-Greene	927,758	13,300,000	6.98%
Corning	5,817,338	29,265,791	19.88%
Dutchess	1,686,284	48,758,306	3.46%
Erie	3,230,791	85,147,062	3.79%
Fashion Institute	35,583,803	132,378,480	26.88%
Finger Lakes	1,796,805	28,394,032	6.33%
Fulton-Montgomery	1,019,488	14,342,707	7.11%
Genesee Community Cc	4,529,046	27,450,000	16.50%
Herkimer County	1,004,809	21,006,294	4.78%
Hudson Valley	4,968,527	71,319,765	6.97%
Jamestown	930,135	27,599,000	3.37%
Jefferson	2,209,628	19,914,412	11.10%
Mohawk Valley	4,676,914	38,881,707	12.03%
Monroe	14,671,472	103,650,000	14.15%
NCC	8,329,907	179,773,146	4.63%
Niagara County	3,394,918	39,944,920	8.50%
North Country Communi	(925,344)	12,179,101	-7.60%
Onondaga	2,966,726	52,388,000	5.66%
Orange County	(952,893)	45,516,544	-2.09%
Rockland	(2,728,848)	51,777,764	-5.27%
Schenectady County	2,537,527	20,361,100	12.46%
Suffolk County	6,002,330	152,247,069	3.94%
Sullivan County	371,508	14,689,092	2.53%
Tompkins-Cortland	253,991	27,749,250	0.92%
Ulster County	630,717	20,998,489	3.00%
Westchester	1,447,624	89,636,268	1.61%

According to the GFOA, in considering the appropriate level of unreserved fund balance, each local government needs to evaluate the degree of risk that it faces on an annual basis and determine the level of financial resources that is necessary to retain for contingencies.

Other (\$950,000)

The majority of this category, \$700,000, is an accounting entry for recovery of prior year appropriations. When an obligation ceases in a prior year, the funds can be disencumbered, and recognized as revenue 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.

Exhibit 1

Statistical snapshot: Student body as of Spring 2008 semester:²

- 20,026 students were enrolled in more than 30 academic departments, of which 62% were full time students. Of the 12,489 full time students, 86.2% attended day classes.
- Specifically, full time day and evening student enrollments have increased by 175 (1.65%) and 139 (8.8%) students respectively. On a part-time basis, there were 54 more day students enrolled (1.3%), offset by a 3.74% decrease in evening students, or a total drop 79 part time students (1.0%) from the spring 2006-07 semester.
- As of the spring 2008, excluding those of unknown origin, 46.6% of the students were members of ethnic minorities, up by 2.47% from last spring semester. African American students accounted for 20.6% of total enrollment, 13.7% of students were of Hispanic origin, 6.8% were of Asian descent, and 0.3% of students were American Indian.
- 5.3% of students enrolled were non-U.S. citizens,
- Since fall 2001, Hispanic, Asian and Afro-American student body increased by 14.3%, 33.6% and 19.21% respectively, while white enrollment decreased by 9.2%.
- Overall, from spring 2001 to spring 2008 semester the College's minority enrollment has increased by 34.0%.
- Approximately 19%-20% of the college-bound graduates from Nassau County high schools attend Nassau Community College.

² Data provided by Nassau Community College Office of Institutional Research

APPENDIX I

FY 2007-08 Initiatives

Health and Safety Related:

Fire Alarm and Public Address System: \$300,000. The purpose of this project is to modernize the campus's aged fire alarm systems and to install a campus wide public address system, which could be used to alert the campus community of dangerous situations. The new code compliant systems will incorporate the current requirements of the Nassau County Fire Prevention Ordinance, the ADA and the State Building Code. Existing systems range in age from 20 to 60 years, and all are considered obsolete and out of manufacture.

Background Security Checks: \$40,000. Background screening of College employees is designed to remove potential risks to students and staff at the College. In addition, it provides a safeguard to the College in terms of liability because the College will have demonstrated its "due diligence" in the hiring process.

Public Safety Overtime: \$100,000. Currently, the Public Safety Department does not have the full complement of personnel needed to perform routine patrol duties and to support the recently implemented public safety programs. This shortage of personnel necessitates overtime tours for public safety officers. In addition, Public Safety is charged with the overtime to cover the security requirements for both College and non-College events that take place on campus.

Peace Officers, new and upgraded personnel: \$350,000. The College will enhance its security measures by upgrading some personnel and hiring other personnel who will have "Peace Officer" status. This process will expedite the arrival of Peace Officers on campus. The enhanced powers associated with peace officer status include the power to make arrests and to conduct radar monitoring of speeding on campus. The Peace Officer program has become a necessity as the College enhances its ability to be a law enforcement entity capable of fulfilling the College's public safety and security needs.

Educational Enhancements That Are Also Revenue Generating Related

Establish VP for Advancement/External Affairs/Marketing Initiative: \$715,000. The College seeks to better coordinate and focus its publications, public relations and community relations activities through a) an administrative reorganization and b) increasing the resources directed towards advertising and other means of increasing the visibility and brand of NCC. Other colleges in the Long Island area spend several times the amount that NCC does for these purposes. The effect of these enhanced efforts and additional resources will be seen in additional revenue generated through greater enrollment and through increased financial support to the College via private donations and other funding streams. This initiative also calls for the hiring of a College counsel, whose responsibilities will solely be related to legal issues affecting the College, thereby enhancing the College's capacity to handle legal related issues "in-house." In addition, this initiative includes funding for an additional grants writer. At the same time, the Vice President for Legal and External Affairs would be replaced with a Vice President for Advancement and Community Affairs, who would be able to focus his/her efforts on the expanded responsibilities of that office without being encumbered with the legal issues that the new College counsel will now handle.

REVIEW OF PROPOSED FY 2008-09 NCC BUDGET

Retention: \$215,000: The College seeks to improve the retention of students from the Fall to Spring semesters through the implementation of a number of measures, including a) keeping the current supplemental instruction “Help Centers” open for additional hours (especially in the evening and on weekends), b) establishing additional Help Centers for other course areas, and c) developing individual learning plans for each incoming freshman to help to pilot high risk students.

Increasing International Students: \$144,815. The College seeks to increase the number of international students attending NCC. In order to attract these students and to better serve their needs, two additional student affairs counselors would be hired. In addition to adding to the diversity of the student body on campus, international students generate additional revenue in the form of double tuition and Full Time Equivalent reimbursement by the State.

Reorganize, redesign and renovate College library: \$100,000. This initiative seeks to enhance the library’s capacity for supporting student learning. In addition, a library that meets students’ needs also has the effect of improving NCC’s chances of retaining students from one semester to the next, with the effect of sustaining NCC’s student revenue base. For example a Student Reserve Center will be established to provide on-site access to required textbooks as other materials required for all courses offered at NCC, so that students will have these materials available to them regardless of their personal financial situation which may affect their ability to purchase the books.

Increase Weekend College Usage: \$162,000. In order to offer even more options for students seeking a higher education, NCC has instituted “The Weekend College.” In addition to the academic benefits for students, the Weekend College can generate significant additional revenues for NCC and utilize classroom space that is available on the weekend, but not during the week. However, in order to attract and retain students for this educational option, the support services (such as advisement, student counseling, registrar, bursar and health services) available on the weekend must be enhanced from their current levels. This initiative seeks to take the necessary steps to attract students to the Weekend College and to provide the additional support services.

Lifelong Learning Initiative: \$150,000. This initiative seeks to authorize two full-time staff lines, thereby bringing the staffing of the Office of Lifelong Learning to a level consistent with maintaining NCC’s standing as a leader on Long Island in business training. Otherwise, NCC runs the risk of losing business to competitor institutions, with an associated loss of revenue. This initiative also involves an increase in funding associated with adding physical space for classrooms and labs.

Distance Education Initiative: \$146,948. The College seeks to expand the distance education program to include at least 30 additional courses over the next five years. The College has identified a demand for courses offered via this modality of instruction. This demand comes from both those individuals who are the traditional NCC students, as well as from students who are beyond the College’s current student pool. In addition to offering students additional educational options, this initiative is a revenue generator for the College.

Development of Associate Degree in Fire Science: \$43,000. This new program seeks to provide students with skills in fire science, hazardous materials management, and risk assessment. There is no comparable program available in the service area of NCC. Public entities and private corporations have indicated personnel needs that are likely to continue into the foreseeable future. However, before committing significant resources, it is proposed that three sections of fire science course be offered in the Fall of 2007 as a pilot project while seeking SUNY and NYS Department of Education approval to

offer a discrete degree program. This approach will enable NCC to test market demand without significant risk and to scale up quickly if demand grows as anticipated.

Connect to College Program I: \$15,000. This program seeks to offer selected NCC courses on-site to high school students who qualify. Courses are taught by NCC faculty and college credit will be granted upon successful course completion. NCC faces a critical shortage of classroom space. Offering selected courses (at a two-thirds discount) at local high schools frees up classrooms on campus, thereby allowing for additional enrollment on campus for NCC students. Therefore, the Connect to College program offers an educational benefit to students and may lead students to eventually come to NCC.

Connect to College Program II: \$18,000. This program seeks to offer remedial courses on-site to the high school students who failed to score the minimum grade on the placement exams which are required if they are to qualify to take NCC credit courses. Two-thirds of NCC's recent entering high school graduates require one or more remedial courses. By remediating students at the high schools with courses taught by NCC instructors, NCC frees up classroom space on campus. More importantly, students are, then, able to begin college with a full load of credit courses, and, thereby, to use their financial aid money, once they are actually attending the College, more efficiently for courses applicable toward a college degree. Testing the high school students on-site necessitates a small sum of additional funding as NCC counselors are sent to the high school. However, the cost is offset by the generation of base aid for college students taking courses in the newly available space on campus (as well as the discounted tuition that high school students are paying for the remedial courses.)

Corporate Outreach: \$17,000. This initiative seeks to provide working adults with a convenient opportunity to advance their education while enhancing their earning potential. The College, the employee, the employer (many of whom subsidize the tuition cost for the employee) and the Long Island community all benefit. The cost of this initiative includes the development of promotional materials. However, this cost will be offset by the tuition that the College generates.

Enhanced Financial Controls

Outside Consultant – Internal Controls and Grants: \$200,000. The outside consultant would review the internal controls in the SCT-Banner system, which will process more than \$100 million in student tuition and fees, and State and Federal student assistance. There is a need to be assured that the system will be secure and will not be vulnerable to the unauthorized access to and distribution of College funds. The outside consultant would also review longstanding grants to the College and to conduct closeout accounting where appropriate.

Internal Audit Function: \$130,000. This initiative seeks to implement an Internal Audit Function, which will evaluate the adequacy of existing internal controls and determine compliance with the policies and procedures related to these internal controls. The College must hire staff to review existing internal controls, to recommend enhancements to these internal controls, and to test the controls for compliance. This is not a “for-profit” initiative, but it could save the College money by enhancing the controls that safeguard the College's assets.

Capital Project – Processor/expeditor: \$75,000. This person would fulfill a capital accountant function. The responsibilities of this position would include: reviewing payment requests from contractors and track payments; review contract payment provisions and make recommendations; assemble reimbursement requests to New York State and grant agencies; develop capital reports for the

REVIEW OF PROPOSED FY 2008-09 NCC BUDGET

Administration and Board of Trustees; monitor County bond debt payments and New York State reimbursements; and monitor inter-fund charges.

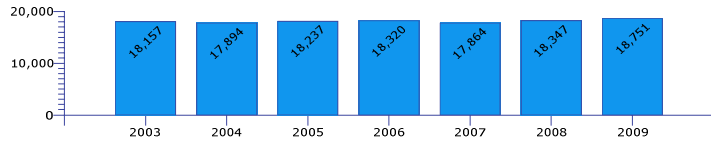
Other Items:

Course Catalog: \$115,000. The printing of the course catalog benefits students and is also part of the College's promotional materials. It is printed on a bi-annual basis.

Student aid increase of \$1/hour: \$100,000. This increase would raise the hourly pay from \$5.15 to \$6.15. This level of compensation has not been increased since 1997. If the College is to maintain its financial accessibility, especially in light of increasing tuition, it is important that the College do what it can to assist students in meeting those expenses. Increasing the hourly wage for students helps to provide this assistance at the same time that it provides the College with supplementary part-time staffing.

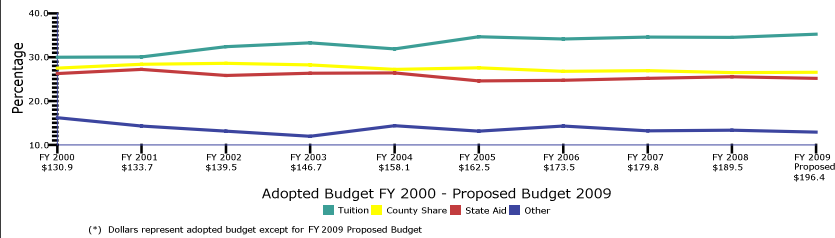
Minority/Women-Owned Business Enterprise compliance position: \$86,930. County law requires extensive outreach and monitor efforts in order to assure that minority and women-owned business enterprises are given every reasonable opportunity to compete for County contracts. This law currently covers College contracts. In order to effectively comply with this law, there should be a full-time M/WBE compliance position at the College.

Nassau Community College Full Time Equivalent Students (FTE's)



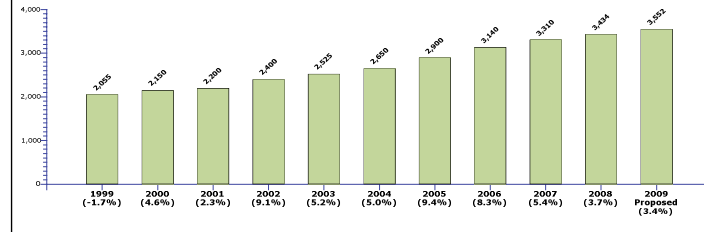
- Starting in 2003, the methodology used by NY State for determining the number of FTE's was changed from counting the number of students attending class three weeks into the semester, to counting the number who registered. This led to a sharp increase in the tally.
- With summer classes not yet completed, enrollment for FY 2007-08 is projected to come in approximately 1.3% greater than in FY 2006-07.
- The FY 2007-08 enrollment drives the current year's tuition revenues and will determine the FY 2008-09 State Aid.
- The College anticipates enrollment to increase by 2.2% assuming continuing of strategic tasks (i.e. retention and marketing).

Tuition, County Share and State Aid Percentage of Adopted Budget



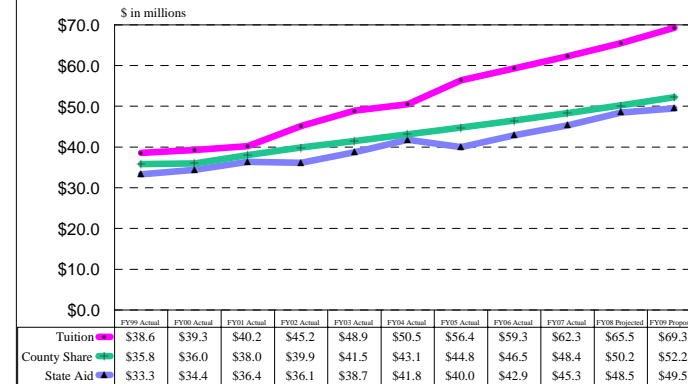
- Since FY 2000, revenues from tuition has increased as a portion of the adopted budget by more than State Aid and County Share.

Nassau Community College Tuition History (Tuition in Dollars)

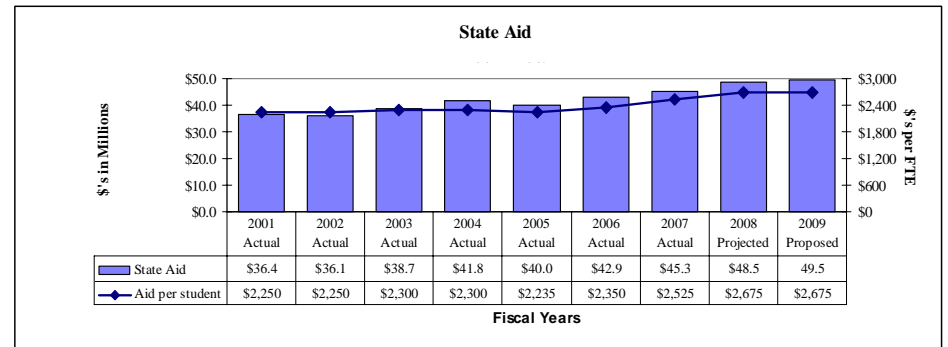
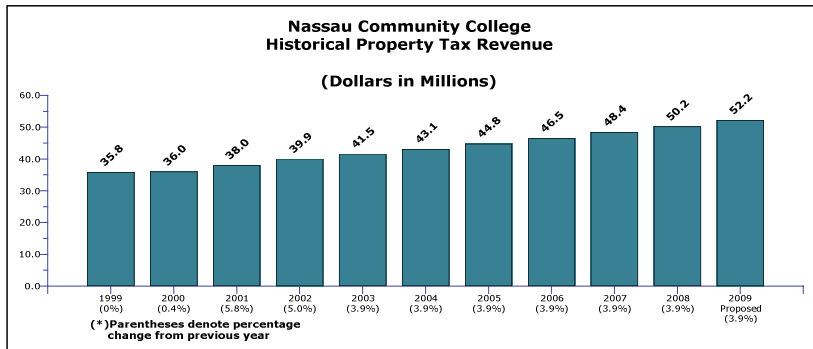


- Tuition at NCC has risen steadily over the past 10 years with slight reductions in FY 1997-98 and FY 1998-99.
- The proposed increase is the lowest dollar amount and percentage increase since FY 2000-01.
- The proposed rate for FY 2008-09 brings the ten-year average annual increase to 5.6%.
- The proposed tuition increase of \$118, represents a \$4 per credit increase to \$148 in FY 2008-09.

Tuition, County Share, and State Aid

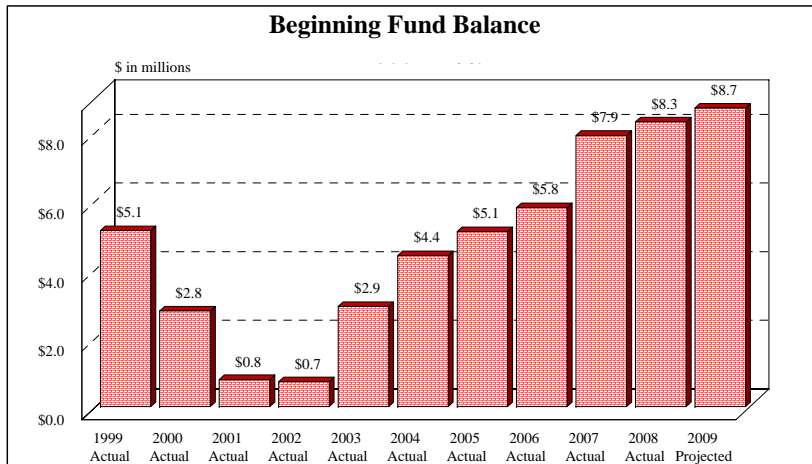


- In FY 1999-00, Tuition made up 35.8% of the \$107.7 million total of the College's three main revenue sources. In the proposed FY 2008-09 budget, it would make up 40.5% of the \$171.0 million total.
- In FY 1999-00, County Share, or Property Tax, made up 33.2% of the \$107.7 million total of the College's three main revenue sources. In the proposed FY 2008-09 budget, it would make up 30.5% of the \$171.0 million total.
- In FY 1999-00, State Aid made up 30.9% of the \$107.7 million total of the College's three main revenue sources. In the proposed FY 2008-09 budget, it would make up 28.9% of the \$171.0 million total.

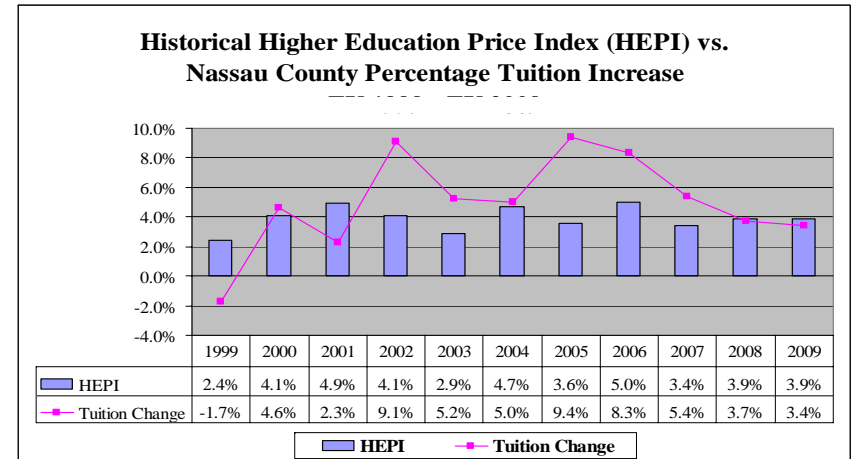


- Property tax rate of growth continues for the seventh consecutive year at 3.9%.
- The proposed total county share amounts to \$52.2 million, or approximately \$103 per Nassau County household.
- The budgetary increase of \$2.0 million will add \$3.85 to the average home owner's tax bill.

- State Aid per FTE has grown by 18.9% since 2001.
- No increase in State Aid rate in 2009.



- Fund Balance is the accumulated unreserved cash balance resulting from prior years' operations.
- The College's policy has been to utilize fund balance to pay for one-time or emergency expenses.
- A projected surplus of \$355,499 in FY 08 will increase opening FY 2008-09 Fund Balance to \$8.7 million, an amount equal to 4.4% of the proposed operating budget.



- 2009 HEPI based on current FY 2007-2008 projection.
- The Higher Education Price Index (HEPI) is a measure of the inflation rate applicable to United States higher education. The index is calculated on a fiscal year basis ending each June 30, by the Commonfund Institute, a branch of Commonfund, a non-profit organization devoted to the management of college and university endowments.
- Proposed percentage tuition change remains below the HEPI growth index currently at 3.9% translating into \$16 less than the \$134 increase as per the HEPI.