

FINANCE COMMITTEE
BOARD OF TRUSTEES
MINUTES

Meeting of March 8, 2016

The meeting of the Finance Section of the Finance and Capital Committee of the Board of Trustees was called to order by Chair Gardyn on the eleventh floor of the Administrative Tower at approximately 5:30 p.m.

Trustees Present: Jorge Gardyn, Chair
 Kathy Weiss, Vice Chair
 John DeGrace
 Linda Green
 Wanda Jackson
 Edward Powers
 Donna Tuman
 Jennifer Borzym, Student Trustee

Also in attendance: Interim President Dolan
 Executive VP Saunders
 VPs Conzatti, Muscarella, Reznik
 AVP Friedman-S.
 Acting General Counsel/Government & Media Relations Murray
 Comptroller Izquierdo
 Treasurer Hahn
 Procurement Director Cappello

*Chair Gardyn appointed Vice Chair Weiss and Trustee Powers ad hoc to the Finance and Capital Committee for the March 8, 2016 meeting.

AGENDA ITEMS

1. Minutes of the Finance Section of the Finance and Capital Committee meeting of February 9, 2016 were presented for approval. Vice Chair Weiss made the motion seconded by Trustee Powers. The February minutes were approved.

2. Pending College Procurement Agreement—There were no Pending College Procurement Agreements to be presented at the March 8, 2016 Finance & Capital Committee meeting.

3. Comptroller's Report of Expenditures—January, 2016. Comptroller Izquierdo advised that expenditures and OTPS and Personal Service Contracts were reviewed with no exceptions. Short discussion followed regarding the Accounts Receivable Report. Chair Gardyn noted that \$160,000 was received within this fiscal year for Receivables over five years old and complimented all on a job well done. Vice Chair Weiss questioned the procedures for those students who have outstanding balances. AVP Friedman advised that these students are unable to register for class, and do not have access to their grades. VP Weiss is concerned over last year's Accounts Receivables as NCC is owed \$2 million. VP Reznik advised that the collection timeframe is a two-year period; thereafter, outstanding balances are sent to a collection agency. Comptroller Izquierdo continued his report stating that collection from spring 2016 is at \$17.6 million over billings of \$37 million.

4. Travel Requests—There were no travel requests to be presented at the March 8, 2016 Finance & Capital Committee meeting.

VP Reznik advised that there are two addendum items to the Finance Calendar that required Board approval at the March 8, 2016 meeting. Trustee Tuman asked for a motion for the first donation (TKO Evolution). Motion was made by Vice Chair Weiss, seconded by Trustee Powers. All were in favor and the donation will be presented to the full Board for approval.

Trustee Tuman asked for a motion for the second donation (Scarlett Dress). Motion was made by Vice Chair Weiss, seconded by Trustee Green. All were in favor and the donation will be presented to the full Board for approval.

5. Discussion—Current Year-to-Date Fiscal 2016 Projection and Preliminary Fiscal 2017 Budget.

VP Reznik gave a PowerPoint presentation which was based on the annualized first four months of fiscal 2016. Preliminary 2017 budget figures were presented as well. This presentation included discussion regarding New York State Aid; the governor proposed a \$0 increase, while the SUNY Chancellor proposed an increase of \$285. For this presentation only a \$125/FTE increase was used.

Finance will give another budget presentation at the April Board of Trustees meeting before the final budget is presented for their vote in May. Finance anticipates using the final per FTE increases from New York State if the NYS budget is approved and hopefully by that time better estimate of contributions from Nassau County. By the end of April, NCC will close our budgetary system (Pegasus). In May, the final budget will be presented to the Board of Trustees for their vote. Once passed, the budget can be presented to the County Legislature in June. After the Legislature approves the Budget, it will be sent to SUNY for their approval, and hopefully, NCC will have the tuition schedule in place for the Fall 2016 semester on time.

VP Reznik referred to the Expenses page of the presentation. Expenses represent a combined schedule showing 2016 projected results and the 2017 preliminary budget. The major assumptions used to prepare are: 5% drop in enrollment, \$125 increase in State Aid per FTE; NCC is anticipating that the County will increase their contribution by \$500,000; if no increase, this will be the 8th year that taxes have not been raised in Nassau County.

The projected number of salaries for 2016 in the February Board of Trustees' presentation was \$1.5 million higher than budget. At that time, we could only estimate the Adjunct faculty costs; however, not many more Adjuncts were hired because of lower enrollment and more efficient scheduling. The number last month was based on previous assumptions, and the number of hours that was believed to be needed. Adjuncts are paid seven times during a semester; their actual payroll began on February 29 for the spring 2016 semester.

Short discussion followed with Vice Chair Weiss asking if a salary is provided for a Vice President of Academic Affairs in the 2017 Budget. VP Reznik advised that the salary is included in the 2017 Budget for the VP Academic Affairs position. She added that should a VP of Academic Affairs be hired, the salary would be prorated. Vice Chair Weiss would like to eliminate the Executive Vice President position if NCC hires a Vice President of Academic Affairs. (She looked at other colleges who have VP Academic Affairs, and have no Executive VP) VP Reznik advised that VP Academic Affairs position is budgeted at \$160,000. A hiring search is conducted on every position at NCC and the line is prorated based on when the position is filled. Interim President Dolan advised he would take under advisement as we look at organizational chart.

VP Reznik advised that there is another variance from 2016 projected number presented in February; there's a decrease in the "other line" explained by the decrease in scholarships and Safer Grant expense total from \$755,000 to \$215,000. After conversations with Nassau County Office of Emergency Management, the County is now expected to reimburse NCC in the amount of approximately \$500,000. Overall, NCC is \$1.2 million better than the 2016 budget as far as expenses are concerned.

The preliminary 2017 Budget is so far a 1.3% increase over the 2016 Budget. The largest portion of the budget is salaries (\$127.8 million), fringe benefits increased (\$1.5 million) due to increase in pension and health benefits.

OTPS: (all expenses “other than personnel services”) The numbers are basically the same as the 2016 Budget. These numbers will not change until Pegasus (budgetary system) closes and management has actual budget requests from individual academic departments (in May). Debt service amount for bonds issued by Nassau County includes the first premium of NCCFT bonds.

There will most likely be no significant savings from retirements in the 2017 budget, as there is no incentive this year. In the 2016 budget, 105 employees retired; the cost to NCC approximately \$10 million between COLAs, Steps and promotions from the unions. There are no additional Adjunct backfill costs.

Revenues: no major changes in terms of the 2016 projected numbers (page 7). NCC is currently projecting actual 4.67% enrollment drop for 2016.

State Aid will increase slightly; this will be affected by decrease in enrollment based on FTE—a lot of assumptions yet to be finalized on Revenue page. State Aid Revenue numbers will be more complete in April once State votes on its budget.

Short discussion followed with Vice Chair Weiss speaking of the \$9.5 million deficit with regard to Expenses vs. Revenue.

VP Reznik referred to the chart on page seven (7) which shows different ways to fill this gap; two variables being tuition and savings measures. There are some savings in terms of utilities---looking at the various options on how to run NCC operations from maintenance perspective. These options will be further identified and finalized when Pegasus is closed. The Finance Department is hopeful to save \$1 million in these areas.

Various scenarios presented were discussed. At \$4 million in savings, the remaining gap of \$4 million will require a tuition increase of \$253. The last scenario on the page is the least optimistic, which shows other additional savings; therefore, the tuition increase would be \$479.

Short discussion followed regarding savings in utilities. VP Muscarella added that there is a very small percentage in savings – housing – heavy equipment contract. Snow removal costs in 2016 were lower than the anticipated budget allowance. Interim President Dolan added that NCC is looking at ways to maintain other buildings on campus to find the right balance between the use of outside vendors and NCC employees.

Interim President Dolan advised that 90% of our budget is in the personnel area; it is the predictable amount in any organization; however, that is where the money is. The preliminary news from the governor is not good. The governor proposed no money for community colleges, and there was a big reduction proposed from the Grant for the Greenhouse.

Fund Balance update: VP Reznik advised that Fund Balance numbers look better from last month’s report; however, Fund Balance will still be under 4% depending on savings.

Short discussion followed by Trustee DeGrace on differences between Full-Time (F/T) teaching lines & Adjuncts. F/T teaching load assumes they teach a certain number of classes; the remaining classes are assigned to Adjuncts.

Interim President Dolan noted that the original assumption regarding retirement was a 10-year repayment; however, it was reduced to four (4) years because of the agreement made with NIFA. Nassau County may need to be reminded of this factor because some of tuition increase may be because the repayment time is now four (4) years and not ten (10).

The meeting adjourned at 6:25 p.m.

Respectfully submitted,

Inna Reznik
Vice President Finance