

FINANCE COMMITTEE
BOARD OF TRUSTEES
MINUTES

Meeting of April 9, 2019

Finance & Capital Committee members 2018-2019:

John DeGrace, Chair
John Durso
Linda Green
Wanda Jackson
Edward Powers

The meeting of the Finance Section of the Finance and Capital Committee of the Board of Trustees was called to order by Trustee Weiss on the eleventh floor of the Administrative Tower at approximately 5:00 p.m.

Committee members present: John DeGrace, Chair
 John Durso
 Linda Green
 Wanda Jackson
 George Siberon
 Donna Tuman
 Kathy Weiss
 Chair Gardyn (Ex-officio)

Committee members absent: Edward Powers
 Alex Vigueroa, Student Trustee

Also in attendance: President Keen, VPs-Collins, Conzatti, Muscarella, and Reznik,
 Procurement Director Cappello, AVPs Friedman and Wright

AGENDA ITEMS

1. Minutes—of the Finance section of the Finance & Capital Committee meeting of January 8, 2019 were presented for approval. Trustee Durso made a motion, seconded by Trustee Weiss. The minutes were approved.

2. Pending College Procurement Agreements for Board Approval—There were two Pending College Procurement Agreements to be presented at the April 9, 2019 meeting. Item A (Stasi Brothers) will provide asphalt removal and replacement of campus parking lots, walks, roads or pavements. Item B (Compass Group-Canteen Division) – a revenue agreement – will provide vending machines to supply students and the college community with snacks and beverages. Trustee Green made a motion, seconded by Trustee Jackson. The pending college procurement agreements were approved and will be recommended to the full Board of Trustees for approval.

3. Comptroller's Report—VP Reznik advised that Comptroller Julio Izquierdo resigned as of March 11, 2019, and that the college is already advertising for this position. She advised there were several comptroller reports since the January Finance & Capital Committee meeting. All were reviewed cumulatively with no findings or irregularities reported. Accounts Receivable Report: as of March 31, 2019, the Fall 2018 semester collections are at 94.26% and Spring 2019 collections are at 78.6%. There

will be an additional distribution of financial aid. Students will soon be registering for the summer semester and in order to register, their outstanding spring bills must be paid. Therefore, the spring collection percentage will increase by the May 14, 2019 Finance & Capital Committee meeting. Short discussion followed regarding the Accounts Receivables Report.

Trustee Weiss noted that in summer 2018 semester, only two-thirds of collections were reached and asked if this is typical of summer. VP Reznik advised two-thirds was collected in FY2019 but the majority was collected in FY2018. Summer semester collections are better than other semesters because students need their transcripts.

Chair Gardyn noted the total amount of tuition invoiced to students from 2012 – 2019 was the same as if the enrollment did not decline. VP Reznik advised that the total tuition revenue remained approximately the same due to tuition increases. Chair Gardyn asked what the dollar amount of State operating aid would have been if the enrollment had not declined. VP Reznik performed quick calculation and reported that had enrollment not declined, NCC would receive approximately \$57 million in State Operating support.

4. Discussion—Preliminary 2020 Budget (9/1/2019 to 8/31/2020). Dr. Keen made some introductory comments about the budget. The State provided relatively good news that they will fund NCC 98% of FY2019 level for FY2020; and NCC will lose slightly less than \$1 million rather than previously the projected \$3 million under original volume based model. In December, Cabinet members began working on the budget. Cabinet identified a list of efficiencies and President Keen gave targets to individual Cabinet members to come up with expense savings of approximately \$2.5 to \$3 million. Cabinet members still need to work out each of their individual units to finalize savings. This is a preview of the budget, but not the finalized budget. Dr. Keen further advised that the budget challenge continues to be the decline in enrollment. The real challenges that NCC had to face are annual 6% to 9% decreases in enrollment for more than four (4) years in a row, and the college cannot sustain this level of decline without changes. Two early retirement incentives reduced the faculty by approximately 150 positions and we've saved by holding positions vacant and eliminating some administrative positions. We really had to cut back. Although demands from both Administrative and Academic units advise that they are short of staff, there is no choice but to cut back and not fill and/or eliminate positions.

VP Reznik reviewed the proposed FY2020 budget calendar. She advised that the FY2020 commences on September 1, 2019 and ends on August 31, 2020. NCC meets with both the County Executive and County Legislators caucuses before the final budget is proposed. The scheduling of these meetings is usually handled by the governmental position which is now vacant; however, these meetings are being arranged. VP Reznik advised that the final Fiscal Year 2020 budget will be presented to the Board of Trustees on May 14, 2019. The County Legislature presentations will be on June 3 (committee meetings) and June 24, 2019 (full Legislature).

The major driver of the budget is the enrollment decline. This has made a big impact on operations and NCC has to adjust expenses to provide the high quality and affordable education at the same time when State and Local support are not meeting our increased costs and there are steep declines in enrollment.

Fund Balance will once again be used as a revenue source for the FY2020 Budget. At the end of FY2018 (8/31/2018), there was approximately \$18 million of Fund Balance. NCC budgeted to use \$5.5 million of Fund Balance for FY2019 to close the budgetary gap. However, because of the higher than

anticipated savings from the 2019 Early Retirement Incentive, NCC has lower expenses than anticipated and is projecting to use only \$3 million out of budgeted \$5.5 million. NCC will again budget for \$5.5 million of Fund Balance to balance the FY2020 budget. It is projected that at 8/31/2020, Fund Balance will be approximately \$12 million, and it is at 5.8% of this year's operating budget which is higher than the 4% BOT threshold.

VP Reznik presented the following revenue assumptions:

OIRESP (Office of Institutional Research and Strategic Planning) estimates the enrollment decline to be between 6 and 9%. Three different enrollment decline scenarios were presented: decrease of 6%, 7.5% and 9%.

NCC expects the County portion to be flat again this year, approximately \$52 million. State operating aid will be at 98% of the 2019 budget—this equates to approximately \$42.9 million. In all scenarios \$250/year increase tuition or 4.7% is used with \$5.5 million use of Fund Balance. This percentage tuition increase is in line with other community colleges. There is a survey from SUNY and CCBOA (Community College Business Officers Association) that the majority of colleges are raising tuition from 3 to 5%.

There will be an increase in the Applied Music fee from \$200 to \$400. (This is a one-hour private session with music tutor for a 15-week session. The revenue at \$200 is equivalent to \$30,000). Short discussion followed.

Student Financial Affairs, Registrar office, and Admission Departments are working collectively to propose the removal of the Reapplication Fee and increasing the Application Fee. SUNY has a program called STEP OUT – the objective is for students to return to school. The Application Fee is \$50 and the Reapplication is \$25. NCC receives approximately \$600,000 in Application Fees and approximately \$120,000 in Reapplication Fees. By increasing the Application Fee by \$5, we would make up 50% that will be lost on the removal of the Reapplication Fee. NCC Administration believes that this action will attract more returning students. NCC is also looking into increasing the Late Registration Fee to bring this fee up to the level of other schools. Short discussion followed.

VP Reznik introduced fiscal 2020 saving initiatives that are under development:

Course enrollment scheduling efficiencies—fewer sections of same course will be offered. For FY2020 it is estimated to save approximately \$1 million. Dr. Keen advised that a Psychology professor (who worked as data analyst) is working with the Deans and Dr. Collins on an algorithm to fill sections with higher percentage of students with a maximum of 30 students rather than allowing sections to run with 10+ students. Short discussion followed.

The closure of Cluster C for renovations will save on maintenance and utilities. There are also overtime and part time cuts and OTPS efficiencies under development. In total the projected savings total approximately \$3.5 million.

If NCC budgets for 6% drop in enrollment, tuition can be increased by \$248/year and we will achieve a balanced budget. If NCC budgets for 7.5 % drop, NCC needs to find an additional \$1.5 million in savings/revenues. If NCC budgets for a 9% drop, NCC will need to find a solution for an additional \$3 million in budgetary gap. Short discussion followed.

Trustee Weiss inquired about the 4% BOT Fund Balance threshold and if it is possible to use more than 5.5% of Fund Balance to not increase tuition further. VP Reznik advised that while NCC can use more Fund Balance and still meet 4% of BOT policy, it will create a very difficult budgeting situation for future fiscal years. Short discussion followed.

VP Reznik advised that decrease in enrollment is not unique to NCC.

Dr. Keen advised that there are various explanations for why enrollment dropped, but Board members are interested in what strategies NCC has to reverse the situation. On the academic side, reform of developmental education in various other community colleges has been proven to retain more students which is one piece of the enrollment issue. If NCC retains the students, then this counteracts the decline in enrollment. Other academic programs must be pursued. NCC has not pursued the avenue of workforce development in the sense that associate degree programs lead out to the work force. This is something that Nassau County school superintendents have been concerned about.

Four (4) school districts approached NCC at the end of last week asking NCC to collaborate on programs where they would apply to the State for funds and NCC would be a partner. However, the districts approached NCC too late to work out the details. For this program, the Board of Trustees would need to renew a commitment it made in a resolution back in 2006 to decrease tuition in order for the State to fund a portion of the tuition. Short discussion followed regarding school district collaboration.

The meeting adjourned at 6:15 p.m.

Respectfully submitted,

Inna Reznik
Vice President Finance