



4. vacant College Comptroller position; not having this key position affected the financial statement issuance;
5. single audit finding—related to return of federal funds not being done in the 45 day requirement; this related to two students that were tested.
6. Draft of the Management Representation Letter, which is significantly similar to last year's letter that RSM asks management to sign.

Short discussion followed regarding GASB 75.

The prior Comptroller has agreed to work at NCC on a consulting basis to complete financial statements. The first draft should be ready for review by the end of this week. Jen Katz advised that she is involved in an out of town partner meeting at the time of the June 11, 2019 Finance & Capital Committee meeting; however, she will be available via telephone to present financial statements.

Jen Katz discussed one other important matter regarding the Gramm Leach Bliley Act and the oversight by the Department of Education regarding cybersecurity and protecting the organization against student identifiable information. She has separately discussed this situation with both management and IT. Next year's audit (FY2019) will include a single audit requirement that will require auditors to start testing departments as part of their audit procedures. Dr. Keen advised that a meeting was held yesterday with VP Conzatti and CIO Lawless. There is a SUNY policy in place on cybersecurity. Also, some reorganization has been done to comply with this; we are taking steps in that direction. Short discussion followed.

1. Minutes—of the Finance section of the Finance & Capital Committee meeting of April 9, 2019 were presented for approval. Trustee Green made a motion, seconded by Trustee Weiss. The minutes were approved.

2. FY 2020 Proposed Budget Discussion. Dr. Keen advised that at the April 9, 2019 Finance meeting, a draft of the budget was reviewed, and that this draft has not changed very much. NCC needs to inform Board members about the anticipated items that need to be addressed regarding the enrollment decline. Prior to the presentation of the FY2020 budget, VPs Collins and Conzatti provided a short presentation to discuss issues of recruitment and retention of students while integrating information as to what NCC is currently doing and will be carried forward in the future. Dr. Keen further advised that the impact of the 2019 Early Retirement Incentive helped reduce the salary and benefits portion of the FY2020 budget. It will be a challenge in future budgets if enrollment continues to decline. Brief presentation followed.

VP Reznik provided a handout of the proposed FY2020 budget. She advised that the budget process (FY2020) began in November/December 2018. The FY2020 budget is reasonably balanced—using reduction in expenses, increase in tuition and use of Fund Balance. She gave a PowerPoint presentation reviewing the budget slide by slide. The FY2020 budgeted number for FTEs (full-time equivalent or 30 credits) is 12,227. The Office of Institutional Research provided Finance with the possible enrollment figures for fall 2019 semester between 6 to 9% decline; NCC budgeted for mid-range 7.5% assumption. Short discussion followed regarding fall registration.

The total operating budget has been decreased by approximately \$5.7 million (or approximately 3%). The majority of NCC expenses are non-discretionary as they are payroll related. Regarding revenue by source: the majority of decline is student revenue. NCC is anticipating to receive approximately \$43 million in State Aid; this is a decrease of \$800,000 from FY2019. The State changed its funding formula from strict volume based to the one that established a funding floor. As per this adjusted formula, NCC

will receive 98% of the prior year's budget for FY2020. There will be no increase in contribution from Nassau County, making this year to be the 12<sup>th</sup> straight year with no contribution increase from the County. The FY2020 budget will use \$6.5 million of Fund Balance. Short discussion followed.

Expenses by category: there are two major decreases in operating expense coming from salaries and fringe benefits by approximately \$5.7 million.

As discussed at the April 9, 2019 Finance & Capital Committee meeting, hidden section procedures (reduced selection of sections to students) will be used for the fall 2019 semester. Reduction of administrative positions/salaries is approximately \$.3 million. There is also a decrease in the part-time non instructional staff of approximately \$500,000. Short discussion followed.

There is a slight increase in general expenses: rental of North Annex Building (escalation clause for this year is \$120,000/year); in FY2019 NCC did not have to budget for insurance expense since remaining contracts from the prior year encumbrances were utilized. This explains another \$200,000 of the variance. Also, some programs were under budgeted, for example, the Allied Health Department that added another \$100,000.

Building closure (Cluster C) – will result in the reduction in maintenance and other expenses, OTPS (other than personnel expenses) reductions mostly come from VP Facilities area, and the majority of expenses goes to 58% salary and 28% of fringe benefits. In 2010 there were 1,246 full time employees; in 2020 we have budgeted for 988 full time employees or a 20% decrease. The only increase is the cost of healthcare benefits. NCC pays approximately \$30 million/year for health insurance. NCC pays approximately \$20 million for active employees and approximately \$10 million for retirees (medical insurance only). The overall OPEB (post-employment benefits) liability is over \$480 million.

Tuition: NCC proposed tuition increase is \$250/year. As compared to institutions in the area (both community colleges, 4-year colleges, and public & private institutions), NCC is in the same range as SCCC. The percentage increase is 4.67% of the FY2019 tuition which falls within the range of the 29 other community colleges proposed increases. Short discussion followed.

Revenue assumptions: As previously discussed, the FY2020 budget includes a 7.5% decrease in enrollment, 0% increase from Nassau County, 98% of prior year from State funding, \$250 tuition increase, and \$6.5 million use of Fund Balance. Increase in the Applied Music fee from \$200 to \$400 (affects few students – increase of revenue of approximately \$30,000), admission application processing fee increase to \$55 from \$50, late registration fee increase to \$30 from \$25, and the elimination of the re-admit processing fee of \$25.

Fund Balance: NCC is projecting to use approximately \$3 million out of the budgeted \$5.5 million of Fund Balance that will leave approximately \$15 million in Fund Balance at 8/31/2019. Of that amount of \$15 million, we are proposing to use \$6.5 million as a revenue source for the next fiscal year. This will leave Fund Balance at 4.10% of this year's operating budget or at about \$8.6 million.

Dr. Keen advised that NCC Administration has met with the Minority and Majority Caucus of the County Legislature and briefed them about the NCC budget. The week of 5/10, NCC team is scheduled to meet with County Executive Curran to brief her about the NCC budget. County Legislature meeting dates are: June 3, 2019—committee meeting and June 24, 2019—full meeting. After interpreting the comments and discussion at the two caucus meetings, NCC feels that the legislators would be open to some proposal of increment in County support in future years. Short discussion followed.

3. FY2020 Budget – 9/1/2019 to 8/31/2020. Trustee Green made a motion, seconded by Trustee Powers. All were in favor of presenting the FY2020 Budget to the full Board of Trustees for approval.
4. Final Tuition and Fee Schedule Academic Year 2020. Trustee Green made a motion, seconded by Trustee Powers. All were in favor of presenting the Final Tuition and Fee Schedule for Academic Year 2020 to the full Board of Trustees for approval.

The meeting adjourned at 6:10 p.m.

Respectfully submitted,



Inna Reznik  
Vice President Finance