

FINANCE COMMITTEE
BOARD OF TRUSTEES
MINUTES

Meeting of March 27, 2018

Finance & Capital Committee members 2017-2018:

John DeGrace, Chair
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 Chair Gardyn on the eleventh floor of the Administrative Tower at approximately 5 p.m.

Committee members present:

Wanda Jackson
Therese Russell, Student Trustee, appointed ad hoc
Vice Chair Weiss, appointed ad hoc
Chair Gardyn (Ex-officio)

Committee members absent:

John DeGrace
Linda Green
Edward Powers

Also in attendance:

President Keen
VPs Murray, Muscarella, Reznik
Procurement Director Cappello
AVP Friedman
Treasurer Hahn
Comptroller Izquierdo

AGENDA ITEMS

1. Minutes of the Finance Section of the Finance & Capital Committee meeting of January 9, 2018 could not be approved as the Trustees present at the January 9, 2018 meeting were not present at the March 27, 2018 meeting. Minutes of the February 13, 2018 Finance & Capital Committee meeting could not be approved as the Trustees present at the February 13, 2018 meeting were not present at the March 27, 2018 meeting.
2. Pending College Procurement Agreement—There were no Pending College Procurement Agreements to be presented at the March 27, 2018 meeting.
3. Comptroller's Report—January 2018. Comptroller Izquierdo advised that the January audit of OTPS was reviewed with no findings. The Accounts Receivable Report indicates that NCC continues to collect receivables from the spring semester.

Vice Chair Weiss asked why NCC has collected only 50% of the tuition thus far with the spring semester half over. Comptroller Izquierdo advised that the report was done at the end of February. There will be a significant increase in the amount of collections by the next Finance Committee meeting.

4. Discussion: Investment Policy Review. VP Reznik informed board members that there are no changes in the Investment Policy since last year. It was decided last year that a review of the policy would be done on an annual basis. The policy has to be in agreement with general municipal law. Investment income earned for FY 2018 to date is approximately \$91,000. Short discussion followed. Vice Chair Weiss would like a copy of the Investment Policy. VP Reznik advised that the policy is on the NCC website.

5. Discussion: Budget Projections 2018-2019. VP Reznik provided a PowerPoint presentation of the projections of the 2019 budget. There will be two more meetings where the budget will be discussed. The preliminary budget will be presented at the April Finance Committee meeting and the final budget will be presented on May 9, 2018 for a vote. The Legislative meetings are scheduled for June 4, 2018 and June 18, 2018.

FTE – there is consistent decline in FTEs from the height of over 19,600 in FY 2011 to approximately less than 14,000 projected for FY 2019. This will be the fourth year that decline of enrollment is over, or projected to be over 5%. If we had the same number of FTEs as in FY 2009 (18,000), we would have \$26 million more in tuition revenue and \$10 million more in state aid. There would have been \$35 million of additional revenue which is the equivalent of \$2,200 in student tuition.

Expenses – Expenses are in preliminary development. OTPS expenses are being analyzed by strategic managers and entered in Pegasus (Pegasus – internally developed budget and strategic management software). There will be better OTPS projections at the April Finance Committee meeting.

As of today, NCC will have \$3 million additional expense in the FY 2019 budget mainly due to contractual salary increases, steps and promotions. There is also an increase in fringe benefits.

The debt service duration for the retirement incentive was renegotiated and extended to 10 years with Nassau County in September 2017. Debt service cost for FY 2019 was reduced by \$1.6 million compared to FY 2018 budget.

Revenues – Revenue assumptions for FY 2019 estimates a 6% decrease in enrollment. There are four different hypothetical scenarios for tuition increases. (\$0 to \$250 annually).

State aid is estimated based on projected \$100 increase per FTE. This will result in about \$44 million in total state aid. Overall, the amount received from New York State will decrease by approximately \$1.4 million from 2018 state aid operating revenue. State aid represents about 21% of the total operating budget compared to the 30% originally set in the state law.

Sponsor share – There is currently no increase (25% of the budget). Nassau County share is currently higher than the state share.

Vice Chair Weiss expressed concern that OTPS shows no cuts in this preliminary budget. Short discussion followed.

VP Reznik advised that discretionary OTPS is approximately \$16 million (balance of OTPS is not discretionary – for example, utilities) and has been cut for the last three years. Currently, the college community is developing individual departmental budgets in Pegasus to establish overall OTPS budgets. Additional cuts will be considered.

Dr. Keen advised that during the past three weeks, Cabinet members have been having budget discussions. Currently, Cabinet is looking at NCC priorities and areas to save money; the possibility of another retirement incentive is also being discussed. Short discussion followed. VP Reznik advised that there is over \$32 million in savings through the end of 2018 as a result of the last incentive.

Vice Chair Weiss advised that it is hard to look at tuition increases when OTPS figures have not been finalized. VP Reznik advised that state aid is also an estimate. The College will know the state increase next week. There is a meeting scheduled with the County Executive in mid-April to discuss the County contribution, which is also not finalized. Dr. Gardyn suggested that the PowerPoint presentation be brought to the meeting with the County to show what the tuition increase has been for the last 10 years because of the lack of support from Nassau County.

Fund Balance — may need to be used to balance the 2019 budget. Close to \$20 million (or 9.5%) in Fund Balance. Short discussion followed.

Dr. Keen advised that there has been a decrease in enrollment in all community colleges. Nationally there is a decrease in enrollment. NCC enrollment decrease is among the top of the 30 campuses. Short discussion followed.

Vice Chair Weiss inquired if the North Annex will be rented to the Westbury School District for the 2018-2019 year. VP Reznik does not have a commitment for next year from the Westbury School District. VP Muscarella advised that the district does not have an alternative.

Vice Chair Weiss requested that the PowerPoint presentation be sent to those board members who are not present at the March 27, 2018 meeting.

The meeting adjourned at 5:35 p.m.

Respectfully submitted,

Inna Reznik
Vice President Finance