

FINANCE COMMITTEE
BOARD OF TRUSTEES
MINUTES

Meeting of February 9, 2021

Finance & Capital Committee members 2020-2021:

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 DeGrace via Zoom meeting at 5:03 p.m.

Committee members present: John DeGrace
John Durso
Linda Green
Wanda Jackson
Edward Powers

Committee members absent: None

Other Trustees in attendance: George Siberón (ad-hoc to committee)
Kathy Weiss

Also in attendance: President Williams,
VP's Izquierdo, Muscarella, Kerrigan, Conzatti, Lausch
AVP's Zamore, Friedman
General Counsel Haugen
Associate General Counsel Brodsky
Director Cappello

AGENDA ITEMS

1. **Minutes** - Minutes of the January 12, 2021 meeting were approved. Motion was made by Trustee Durso and seconded by Trustee Siberón. Motion carried.
2. **Pending College Procurement Agreements**

None
3. **Office of the Comptroller's Report** - presented by AVP Zamore
 - a. The Office of the Comptroller performed an examination of OTPS (Other than Personal Services) expenditures based on the reports generated by the Banner system for December 2020. All OTPS expenditures were subjected to selection, and 19 expenditures were selected. The expenditures were audited for appropriateness in accordance with the Code of Rules and Regulations for Community Colleges as promulgated by the State University of New York, proper departmental authorization,

accurate departmental coding, evidence of receipt of goods or services and utilization of appropriate purchasing practices based on the amount of purchase and state and local requirements. The 19 expenditures ranged from approximately \$1,991 to \$222,953 and averaged \$47,612. The cumulative value of the 19 expenditures was \$904,622 and represented 65.05 % of this month's total OTPS expenditures which included paper and UniMarket invoices.

- b. There were no purchases between 10 percent and \$100,000 above original BOT approval. There were no personal service expenditures.
- c. The Accounts Receivable (A/R) Aging Report shows we are at approximately 66% for fiscal 2021.
- d. We are at approximately 44.6% collected of the Nassau County Audit which is \$6.3M of which approximately \$20,000 was collected in fiscal 2021. Trustee Durso asked how does this collection compare with years past at this point. In general, we have been collecting about 98% in past years, and with the pandemic you can see that we are 97.5%. Looking at the Aging Report we are at 66% this year and last year we were at 66.8%.

4. **Financial Presentation** - Presented by VP Izquierdo

The Student FTE Fiscal Years 2015-2021 shows a downward trend. The 10,454 FTE projected for FY 21 includes an expected 10% decrease for Summer. We have had a 17.5% reduction for the Fall and 17.5% reduction for the Spring.

Institutional CARES and CRRSAA Grants total \$21.8 in institutional portion. We look to submit for approval from the State for FY 2021, \$10.6M in lost revenue. The reimbursement would go directly to fund balance. We expect to use another \$1.2M for other expenses in addition to the \$800,000 already used.

Budget vs. Actual shows a negative variance of \$5M for Student Revenues. A negative variance of \$1.3M for State Aid, which went from 20% cut to a 5% cut. In Expenses we are looking at a \$7.6M negative variance for the Salaries & Fringes. Trustee Powers asked what is the difference in what we can draw down from the Town of Hempstead money versus the other money. The TOH monies was \$2M and we used that for specific items that were not operating expenses such as handsfree items, PPE, and partitions. Trustee Powers asked for the timeline of these funds. The funds for students have been extended for one year, the institutional money has not and the deadline is May but we expect that to be extended.

Assumptions for the projections of the next four years:

- Enrollments: No change for FY22 & 23, 3% increase FY 24 & 25.
- Continuing Education: 10% Increase FY 22 25
- Commissions: No change for FY22 & 23 due to the flat enrollment, 3% increase FY 24 & 25
- State Funding: FY 22-25 Per FTE \$2,947
- Nassau County Funding FY 22-25: No change
- Salaries FY 22-25: Increasing based on Avg 2-4%
- OTPS expenses FY 22-25 Increase annually by 3%

Operating Projections

- \$11.2M loss for fiscal year 2020-2021
- \$17.2M loss for fiscal year 2021-2022
- \$23.3M loss for fiscal year 2022-2023

Fund Balance based on Projections

- Fiscal year 2019-2020 unreserved fund balance of \$19.9M with projected results of 2020-2021 bring down to \$8.7M, and with infusion of CARES Grant back up to \$19.5M so we will have a 10% level as compared to prior year expenses.
- Fiscal year 2020-2021 unreserved fund balance of \$19.5 with projected results \$17.2M loss. Expecting to release \$2.5M reserved fund balance into unreserved and final drawdown of CAREs to bring us to \$13,8M so we see 7.3% level as compared to prior year expenses.
- Fiscal year 2022-2023 fund balance of \$13.8 with \$23.3M loss, fund balance runs out if we don't do anything.

Trustee Powers asked if we have projections of cash flow based and when we run out of cash. Based on cash flow we would run into issues in the first half of the semester or September 2022. Dr. Williams said this illustrates that we need to make changes. CARES and CRRSAA are not long lasting and will be depleted. Sharing this vividly shows that we need to make changes to keep the College solvent and fiscally responsible. Trustee Weiss stated that if we don't cut our expenses we will not be able to pay our bills. We all collectively have to figure out how to reduce our expenditures. Some discussion ensued.

5. Updates - Presented by VP Izquierdo

- a. NY State Aid we are waiting to hear if the aid will remain at 95%. They have reinstated the 2020 base and we expect those checks in March. SUNY has stated that 2020 based aid is restored and 2021 base will be cut 5%.

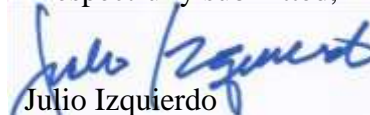
Trustee DeGrace asked if the budget being passed in Washington will help the State of NY in higher education. The State is waiting to get at least \$6B in aid to make sure the cuts are taken away.

- b. CARES and CRRSAA Grants, the aid has been made available. We submitted justification calculations for loss of revenue for the Fall of \$8.8M to SUNY. Once we finalize the FTE count we can submit the Spring.
- c. We have been selected for a County Audit, it is not considered a combative audit but collaborative. Part of the audit is for nepotism and this was a campaign pledge which has been done to a number of county agencies. The HR department has been reviewing a number of processes to make sure we are compliant with policies. The other part is a financial audit that is focused on processes and financial controls at a higher degree than the outside auditors. They will be focused on our fund balance and our future.

Trustee Powers stated that we have to get a handle on our fund balance before September 2022 when we run into cash problems.

The meeting adjourned at approximately 5:36 p.m.

Respectfully submitted,


Julio Izquierdo
Vice President of Finance