

FINANCE COMMITTEE
BOARD OF TRUSTEES
MINUTES

Meeting of April 12, 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 5:15 p.m.

Trustees Present: Jorge Gardyn, Chair
 Kathy Weiss, Vice Chair
 Anthony Cornachio
 Linda Green
 Wanda Jackson
 Donna Tuman
 Jennifer Borzym, Student Trustee

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

AGENDA ITEMS

1. Minutes of the Finance Section of the Finance and Capital Committee meeting of March 8, 2016 were presented for approval. Vice Chair Weiss made the motion seconded by Trustee Jackson. The March minutes were approved; however—Trustee Cornachio abstained.
2. Pending College Procurement Agreement—There were no Pending College Procurement Agreements to be presented at the April 12, 2016 Finance & Capital Committee meeting.
3. Comptroller's Report of Expenditures—February, 2016. Comptroller Izquierdo advised that expenditures and OTPS (Other than Personnel Services) and Personal Service Contracts were reviewed with no exceptions. Short discussion followed regarding the Accounts Receivable Report. The collection of the old receivables is at the same pace as last month. Vice Chair Weiss remarked that the total amount collected of old receivables in the amount of \$1.5 million is outstanding. VP Reznik advised that collection agencies are responsible for the collection of old receivables. She further indicated that although for financial statement purposes we write off receivables, internally we maintain the receivables until they are paid. Any student who owes NCC money cannot obtain transcripts or register for classes until the amount is paid in full.
4. Travel Requests—There were three (3) travel requests in the amount of \$7,447.40 to be presented at the April 12, 2016 Finance & Capital Committee meeting. All Trustees were in favor of the travel except Trustee Cornachio, who opposed.

5. Donation—Faculty Student Association – Trustee Green made a motion to consider the resolution seconded by Trustee Jackson of the donation of four (4) Rocket Black/White round seating arrangements with built in charging USB and 110V outlet + 10-foot cord from the Faculty Student Association and recommended to the full Board of Trustees for approval. Student Trustee Borzym inquired as to why the donation read from the Faculty Student Association since the gift was obtained with the help from the Student Government Association. Comptroller Izquierdo advised that NCC cannot accept a gift/donation from the Student Government Association as it is not a separate corporation. A motion was made and the donation will be recommended to the full Board of Trustees for approval.

6. Donation—Alumni Association of Nassau Community College, Ltd. – Trustee Jackson made a motion to consider the resolution seconded by Vice Chair Weiss of the donation of one wide format 45” hot/cold laminator to the Print Shop of Nassau Community College. A motion was made and the donation will be recommended to the full Board of Trustees for approval.

Addendum—Donation—Theory, New York, NY – Trustee Jackson made a motion to consider the resolution seconded by Trustee Cornachio of the donation of 1500 yards of various designer woven wools, shirtings, etc. as well as various knit fabrics to the Marketing, Retailing, Fashion Buying Merchandising, Interior and Fashion Design Department of Nassau Community College. The donation will be recommended to the full Board of Trustees for approval.

7. Discussion—Preliminary 2017 Fiscal Year Budget (9/1/2016 to 8/31/2017). VP Reznik presented the preliminary budget to the Finance Committee. VP Reznik will present the final draft budget for a vote at the next meeting; once approved by Board members, the budget will be passed on to the County Executive and then to the proper legislative committees, and finally, to SUNY. Once the budget is reviewed and passed, NCC students will be able to have the updated tuition increase schedule in order for their financial aid and accurate billing to be applied properly.

This preliminary budget contains no new information; however, there are a couple of new slides to be presented. A slide was presented showing theoretical funding of 40% from the State and what effect it would have on NCC. Based on NCC current expenses, NCC should be receiving \$85 million vs. approximately \$40 million that NCC is getting. NCC is short approximately \$37 million—the difference between theory and actual from the State from original funding formula. The actual percentages are: State contributes 22%, the County contributes 24% (sponsor share) and another 7% for chargebacks which the SUNY/State considers part of the County share. The burden is on NCC students to make up the difference.

With regard to the 2017 Preliminary Budget assumptions for **Expenses**—NCC does not anticipate significant savings from additional retirements unless the State or Nassau County provides an incentive. There is an increase in Personnel expenses due to contractual cost of living adjustments and steps/promotions in union contracts. There is also an increase in Fringe Benefits (for health insurance received from the New York State Department of Civil Service), and the Debt Service is based on the new “renegotiated” Debt Service schedule.

With regard to the 2017 Preliminary Budget assumptions for **Revenues**—student enrollment has decreased by 5% which affects both tuition and fees. There will be no increase for the 7th year from Nassau County (Sponsor). Previously, NCC used the assumption of \$500,000 increased revenue from the County, which now will have to be absorbed by an additional \$25 tuition increase. There will be a \$100 increase in State Aid this year. NCC will not use Fund Balance for this budget.

VP Reznik advised that with regard to the 2016 Projected Operating Results and 2017 Budget for **Expenses**—these figures are based on old assumptions from the slide. The Debt service - \$2.6 million (Nassau County agreed to postpone interest and principal payment on the NCCFT debt). NCC to pay in calendar year 2017 after fiscal 2017 has ended. The first principal payment will occur on February 1, 2017 which falls in fiscal 2017. NCC can pay as late as December 31, 2017, which is in fiscal 2018. This alleviates the amount to be paid (about \$2 million) in 2017; however, NCC will be responsible to pay approximately \$4 million in 2020.

Chair Gardyn asked about the drop in salaries by \$2.5 million between 2015 and 2017; however, the fringe benefits column shows an increase of \$2 million. VP Reznik advised that both the health insurance and pension costs have increased and explained further that NCC provides 100% of health insurance coverage for all NCC retirees as well as the full-time employees; therefore, the base amount does not decline.

VP Reznik advised that with regard to the 2016 Projected Operating Results and 2017 Budget **Revenues**—these figures are based on a 5% drop in enrollment, no increase in the County share, and \$100 increase per FTE from the State. NCC will have \$206 million. This brings us to approximately \$11 million budget gap to close.

Options to close the gap are: increase Tuition or decrease expenditures. We are looking at increasing savings: cutting into Other than Personnel Services (OTPS), including consolidating summer classes to a select group of buildings (thereby closing some buildings), change in maintenance/custodial contracts and other possible savings.

VP Reznik compared 2016 tuition and fees by semester with other institutions in the area. With a hypothetical \$320 tuition increase, NCC would be in line with SUNY schools and much less expensive than private schools in the area. Tech fees were also compared to other schools, as NCC tech fees have not increased in several years. Should NCC Budget Department find \$3 million in savings, there will still be a \$5.6 million budget gap or \$320 in fees and tuition. In May, NCC will know the tuition and fee schedule for Suffolk County Community College. NCC will use their schedule as a comparative for NCC tech fees.

Vice Chair Weiss inquired what is included in the tech fees. CIO Lawless advised that these fees are spread out throughout the campus (various computer labs, radiation labs, etc.).

An information slide was provided showing full-time employees from 2009 to 2016 and budgeted for 2017 and related increases/decreases for headcount of NCC employees.

The next slide shows that in 2011 there were 19,691 FTE's; if NCC experiences another 5% loss in enrollment, this would be a 17% drop in the last six years. Short discussion followed regarding enrollments at other community colleges. There is an average of a 5% decrease in all New York State community colleges (SUNY) in enrollment; the reasons being demographics—improved economy and fewer high school graduates. CUNY schools have different factors that affect their enrollment.

The last slide shows the amount of Fund Balance. It is not anticipated to use Fund Balance in this budget; however, if Fund Balance is used, Board of Trustees approval is required.

Interim President Dolan expressed his disappointment with the lack of funding by Nassau County. Short discussion followed regarding the budget and tuition increase to balance the 2017 budget. However, he advised the Board of Trustees that Finance will have a proposed budget for the May 10, 2016 meeting.

8. Discussion—Willis Towers Watson draft report “Risk Financing Program Review.”

VP Reznik advised that NCC received a draft report from Towers Watson on NCC insurance coverage and NCC is working with them on the draft. She anticipates that the final report will be issued by the next Finance Committee meeting. If VP Reznik receives the report prior to the next meeting, she will distribute to Board members.

The meeting adjourned at 5:50 p.m.

Respectfully submitted,

Inna Reznik
Vice President Finance