Review of the 2006-2007 Suffolk County Community College Operating Budget

Central Plaza @ Ammerman Campus

SUFFOLK COUNTY LEGISLATURE
Budget Review Office

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P. O. Box 6100
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July 27, 2006

SUFFOLK COUNTY LEGISLATURE

Gail Vizzini
Director

BUDGET REVIEW OFFICE

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William J. Lindsay, Presiding Officer
and All Suffolk County Legislators
William H. Rogers Legislature Building
725 Veterans Memorial Highway
Smithtown, NY 11787

Dear Legislators:

The Budget Review Office has completed its review of the Recommended 2006-2007 Operating Budget for Suffolk County Community College. The County Executive has presented a spending plan for the College which includes a 6% increase in total appropriations over the previous year's budget.

In the proposed budget, appropriations are offset by a carry over fund balance surplus of $1.4 million, an increase of $175 per FTE for State aid, and a $110 annual increase in full-time tuition. The County Executive has proposed a two percent increase in the County's annual contribution, which is equivalent to $727,808. The recommended budget is in compliance with the tax levy cap and the County contribution could be increased to four percent without having to pierce the cap with 14 votes.

The Budget Review Office finds that in the aggregate revenue is reasonable. We recommend changes in appropriations for an increase of $874,050. There are sufficient salary appropriations for contractual salary agreements as well as for the addition of two laborer positions needed to mitigate the growth in overtime in the Plant and Maintenance Division.

I wish to thank my staff for their diligent work in preparing this review. The Budget Review Office is ready to assist the Legislature in adopting the 2006-2007 Operating Budget for the Community College.

Very truly yours,

Gail Vizzini

Gail Vizzini, Director
Budget Review Office

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SUFFOLK COUNTY LEGISLATURE

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Vivian Viloria-Fisher, Deputy Presiding Officer

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	Legislative Summary Overview of the 2006-2007 Community College Budget
Area	**Description**
Overall Budget	The recommended budget is $151.1 million (excluding $3.7 million in grants) This is a $8.3 million increase or 6% over the 2005-2006 adopted budget.
College Request	In the aggregate the College requested $354,045 more in appropriations, excluding grants than is recommended by the County Executive.
State Aid	State Aid has increased by $175 per FTE to $2,525 per FTE for an increase of $3.03 million.
County Contribution	The County Contribution is recommended at $37.1 million. The College requested a 7.4% increase in the country contribution or $2.7 million more than is recommended. The recommended budget increases the County contribution by 2% or an increase of $727,808. Each 1% change in the County Contribution is equivalent to $363,904 in revenue.
Debt Service	In addition to the recommended County Contribution of $37.1 million, the County provides an additional $6 million for the payment of debt service for college capital projects.
Enrollment	BRO projects enrollment for 2005-2006 to be 16,408 FTE's due to lower than estimated Spring and Summer enrollment. For 2006-2007 we project enrollment to increase by 1% (from the base of 16,408) to 16,572 based upon an increase in high school graduates and the college's recruitment programs. The Executive projects enrollment for 2006-2007 to be flat at 16,430 FTE's.
Tuition	Tuition is currently $2,990 annually and is recommended at $3,100 for an increase of $110 for Full Time student and an increase of $5 per credit for part time students as requested by the College and approved by the Board of Trustees. A $50 annual increase in tuition is equivalent to revenue of $758,000. Tuition at Nassau Community College is $3,310 for full time.
Revenue	The recommended budget includes revenue of $153.5 million, which is apportioned as follows: Student Share 36.7%, State 27.5%, County 25.0%, Other 10.7%.
Middle States	The Middle States Association will conduct it's evaluation of the Community College in Spring 2007. The college requested minimal funds for the customary accommodation of the visiting team from the accrediting association.
Cap Compliance	The college budget is in compliance with the tax levy cap. The Legislature could increase the County contribution by $727,808 without having to pierce the tax levy cap with 14 votes.
Revenue	BRO's revenue recommendations in the aggregate, over the two years equal $13,098.
Expenditures	BRO recommends increasing 2006-2007 appropriations by $874,050. These recommendations pertain to replacement furniture, replacement vehicles, plant and maintenance equipment, on line information services, advertising for the Sayville and Riverhead Downtwn programs, light power and water, and employee benefits. If the Legislative accepts these recommendations, the appropriations may be offset by a corresponding increase in the County contribution, an increase in tuition, a reduction in other expenses, or a transfer from the college reserve fund.
Equipment	Expenditures for equipment per FTE are trending downward from $160/FTE in 2002-2003 to an estimated $102/FTE in 2005-2006. The recommended equipment expenditure is $99/FTE, which is $379,771 less than the amount requested by the college.
Equipment	The BRO recommends an additional $370,082, which will bring the equipment expenditures per FTE to $122/FTE. Most of this is for replacement of the original furnishings in the Ammerman campus library and replacement equipment and vehicles.
Positions	BRO recommends the addition of two positions of Laborer. There are sufficient salary appropriations to fill the new position without adding additional funds and it is anticipated that the additional staff will mitigate the increase in overtime in plant and maintenance.
Resolved Clauses	The recommended budget includes WHEREAS and RESOLVED clauses in the format of a resolution which should be expunged from the budget document.

Explaining the Community College Budget Document

The Community College budget document can be difficult to follow. The attached two tables provide an explanation of how various revenues and expenditures relate to each other. In the Table 1 we show the various relationships between expenditures and revenues listed in the budget document. In Table 2 we describe how the College budget relates to the County General Fund budget.

Table 1
Relationships between Various Expenditures and Revenues in the College Budget Document

The detail on College expenditures begins on page 12 of the 2006-2007 recommended College budget document. As seen in Table 1 we first list the major objects of expense, which range from personal services (1000s) through interfund transfers (9000s). These expenses sum to *Total College Expenditures (excluding grants)*. For 2006-2007 these College costs are recommended to be $151,145,880. Grants are added to arrive at *Grand Total College Expenditures* ($154,920,818 for 2006-2007 recommended).

Grand Total College Expenditures is in turn equal to *Total Funds Available*, which can be found at the bottom of the second block of information in Table 1. As seen in the table, *Total Funds Available* is equal to *Revenues: Total* ($153,504,236) plus the $1,416,582 fund balance surplus that is recommended at the start of the 2006-2007 school year (*Fund Balance, September 1*). The *Revenues: Total* is made up of the sum of revenue sources attributed to *County Share* ($38,411,605), *State Share* ($42,219,172), *Student Share* ($56,409,371), and *Offset Revenue* ($16,464,088).

Finally, College debt service is not counted in the above College expenditures. The reason is that Section 6304 of Article 126 of the New York State Education Law mandates that the local sponsor of a county community college be responsible for the payment of all capital cost. As discussed below, College debt service is paid out of the General Fund budget plus a portion of the College property tax levy. College debt service is recommended to be $6,046,484 in 2006-2007.

Table 2
Relationship between the College Budget and the County General Fund Budget

The accompanying table shows the impact that the College budget has on General Fund expenditures. This information is shown in a different form on page 2 of the 2006-2007 recommended College budget. There are two General Fund appropriations that are based on the actions taken in adopting the College budget. Payment of the County share of College expenses also includes the College property tax[1]. In particular

1. The Suffolk County Contribution represents appropriation 001-2495 in the General Fund budget and revenue code 818-2810 in the College budget. The 2006-2007 recommended College budget would require a 2007 General Fund contribution of $32,827,160.
2. The General Fund transfer to the College (001-E818) is the General Fund appropriation that corresponds to College revenue 818-2812-Transfer from General Fund. The 2006-2007 recommended College budget would require a 2007 General Fund transfer of $5,414,078.
3. The College share of the property tax is broken down into non-mandated and mandated shares. The 2006-2007 recommended college property tax is $4,990,074, with $4,291,068 attributed to non-mandated and $699,006 to mandated. The methodology used to calculate the non-mandated, mandated breakdown is discussed in a separate section of this report titled "Cap Compliance".

We conclude with an explanation of what College expenses are paid from the above revenue sources. This is shown in the last two blocks on the accompanying table. First is the Contribution to Community College Fund, which is recommended to be $37,118,228 for the 2006/2007 College budget. This is financed from two of the sources listed above: (1) the $32,827,160 recommended Suffolk County Contribution (001-2495) and (2) the $4,291,068 non-mandated College tax levy.

There are two remaining College revenue items listed above, that are not part of the Contribution to the Community College Fund – the $5,414,078 recommended transfer from the General Fund (001-E818) and the $699,006 mandated College tax levy, which together total $6,113,084. These revenues finance the $5,414,078 in debt service costs for College capital projects and also account for minor costs incurred by the General Fund for incentive payments to the College for keeping out-of-county tuition expenses down ($31,600) and to encourage students to enter the nursing program ($35,000).

[1] There are a few other revenues listed as part of the county share (on p. 7 of the 2006-2007 recommended college budget), which are not related to the discussion in this section of the report.

Table 1
Relationships between Various Expenditures and Revenues in the College Budget Document
Suffolk Community College Recommended Budget 2006 - 2007

	2006/2007 Recommended	Relationship	Page Number in Budget Document
1000-Personal Services	$93,588,940	(1)	p. 12
2000-Equipment	$1,629,480	(2)	pp. 12-13
3000-Supplies Materials & Other Expenses	$8,175,369	(3)	pp. 13-14
4000-Contractual Expenses	$10,436,992	(4)	p. 14
8000-Employee Benefits	$34,753,123	(5)	p. 14
9000-Interfund Transfers	$2,561,976	(6)	pp. 14-15
Total College Expenditures (excluding grants)	$151,145,880	(7)=(1)+…+(6)	p. 12
Grants	$3,774,938	(8)	p. 12
Grand Total College Expenditures	$154,920,818	(9)=(7)+(8)	pp. 5, 12
Offsets to Expenses / Offset Revenue	$16,464,088	(10)	pp. 5, 7
Net Operating Costs	$138,456,730	(11)=(9)-(10)	pp. 4, 5
County Share	$38,411,605	(12)	p. 7
State Share	$42,219,172	(13)	p. 7
Student Share	$56,409,371	(14)	p. 7
Offset Revenue	$16,464,088	(15)	pp. 7-11
Revenues: Total	$153,504,236	(16)=(12)+…+(15)	p. 7
Fund Balance, September 1	$1,416,582	(17)	p. 4
Total Funds Available	$154,920,818	(18)=(16)+(17)	p. 4
Debt Service Obligation / Total Cost of Debt [1]	$6,046,484		pp. 2, 3

1. College debt service is not counted in total College expenditures. The reason is that Section 6304 of Article 126 of the New York State Education Law mandates that the local sponsor of a county community college be responsible for the payment of all capital cost.

Table 2

Relationship between the College Budget and the County General Fund Budget

		2005/2006 Adopted	2006/2007 Recommended
1.	818-2810-Suffolk County Contribution (=001-2495)	$32,797,690	$32,827,160
2.	818-2812-Trans from General Fd (=001-E818)	$4,641,619	$5,414,078
3.	818-1001-Real Property Taxes	$4,097,721	$4,990,074
3.a.	NonMandated College Tax Levy	$3,592,730	$4,291,068
3.b.	Mandated College Tax Levy	$504,991	$699,006

4.	818-Contribution to Community College Fd	$36,390,420	$37,118,228
1.	818-2810-Suffolk County Contribution (=001-2495)	$32,797,690	$32,827,160
3.a.	NonMandated College Tax Levy	$3,592,730	$4,291,068

5.	Revenue Sources for Mandated County Expenses and Incentive Payments	$5,146,610	$6,113,084
2.	818-2812-Trans from General Fd (=001-E818)	$4,641,619	$5,414,078
3.b.	Mandated College Tax Levy	$504,991	$699,006
	Appropriations Paid from the above Revenue Sources	$5,146,610	$6,113,084
	818-Debt Service	$5,115,010	$6,046,484
	Out-of-County Tuition: County Incentive Payment	$31,600	$31,600
	Nurses Tuition Reimbursement Program & Other Contracts	$0	$35,000

The information listed above is presented in a different form on page 2 of the Suffolk Community College Recommended Budget 2006-2007.

Cap Compliance

The County Executive is required to submit a recommended community college budget that is in compliance with the county's tax levy cap.

Table 1: LL 29-95 tax levy compliance

Tax levy compliance restricts growth in the college's non-mandated tax levy to 4 percent or the increase in the GDP implicit price deflator, whichever is greater. Growth for 2006 will be restricted to 4 percent. The college's non-mandated tax levy is established by calculating the "appropriate percent" of the county's contribution to the community college. The "appropriate percent" is set equal to the 2005 adopted General Fund tax levy as a percent of General Fund non-aided revenue. As seen in Table 1 the "appropriate percent" is calculated to be 11.56 percent. The year 2005 is used since it corresponds to the required two years prior to the current recommended college budget, as specified in Res. No. 785-95, paragraph 3.d.

After recalculating last year's non-mandated portion of the college levy to conform with the methodology used to compute tax cap compliance, the 2006/2007 recommended non-mandated College levy of $4,990,074 is $84,139 or 2.0% above last year's recalculated 2005/2006 adopted non-mandated levy (see line 7 in Table 1). Since the recommended 2% increase is one-half the allowable 4%, the college budget is in compliance with the tax levy cap. The college non-mandated tax levy can be increased by an additional $84,138 without having to pierce the cap with a super majority vote of 14 legislators. An increase of this amount is also consistent with a $727,808 or 2% increase in the county's contribution to the community college (see line 6). Since this is also one-half the allowable 4% increase, the 2006/2007 recommended contribution to the community college of $37,118,228 can be increased by an additional $727,808 without exceeding the college's tax levy cap.

Table 2: LL 21-83 expenditure cap

Resolution No. 716-1994 exempts the college budget from compliance with the expenditure cap (Local Law No. 21-1983). When the college budget is adopted, non-mandated college expenditures may increase by more than four-percent without a super majority vote of fourteen legislators. This accommodation is made because the college budget is adopted ahead of the county's operating budget. The legislation does not absolve the county from conforming to the expenditure cap across all funds. If the college budget is adopted at a level above the expenditure cap, then the county's overall discretionary operating budget must be reduced accordingly, or be approved with a vote of fourteen.

As seen in Table 2, recommended non-mandated college expenditures exceed the LL 21-1983 expenditure cap by $2,595,158. When the 2007 operating budget is recommended, allowable four-percent growth in non-mandated expenditures across all county funds will have to be reduced by $2,595,158 from the allowable four-percent growth level. Since last year's adopted college budget exceeded the expenditure cap by $1,596,207, this represents an increase of $998,950 in the impact that the college budget has on the expenditure cap.

Table 1: LL 29-95 Tax Levy Compliance for the 2006/2007 College Budget [1]

	2005/2006 Adopted	2006/2007 Recommended	Formula	2006/2007 Recommended change from 2005/2006 Adopted
General Fund Total Revenue (2005 adopted) [2]	$1,847,749,655		(1)	
General Fund State & Federal Aid and Department Income (2005 adopted) [2]	$497,604,490		(2)	
General Fund State Aid	$307,515,458			
General Fund Federal Aid	$189,639,032			
001-R818-Transfer from Community College	$450,000			
Nonaided Revenue	$1,350,145,165		(3) = (1) - (2)	
General Fund Stand Alone Tax Levy	$156,084,080		(4)	
General Fund Stand Alone Tax Levy as a % of Nonaided Revenue	**11.56%**		(5) = (4) / (3)	
NonMandated Tax Levy Calculations:				
818-Contribution to Comm College Fd 818	$36,390,420	$37,118,228	(6)	**$727,808**
NonMandated Portion of Tax Levy [3]	$4,206,929	**$4,291,068**	(7)=(5)*(6)	$84,139
Amount the College Budget is ***Under*** the LL 29-95 Nonmandated Tax Levy Cap		**$84,138**	[1.04 x (7) for 2005/06] *minus* [(7) for 2006/07]	
Amount Nonmandated Expenses (Contribution to Comm College) are ***Under*** the Tax Levy Cap		**$727,808**	[1.04 x (6) for 2005/06] *minus* [(6) for 2006/07]	
Mandated Tax Levy Calculations:				
Fund 818 Debt Service	$5,115,010	$6,046,484	(8)	$931,474
Mandated Portion of Tax Levy [3]	$591,323	**$699,006**	(9)=(5)*(8)	$107,683
2006/2007 Recommended College Property Tax Levy		**$4,990,074**	(10)=(7)+(9)	

1. Calculations are based on the College's Type C agreement. See Res. No. 785-95, paragraph 3.d., signed on 8/29/95, and the new Type C agreement, dated 2/9/96.

2. 2005/2006 Adopted for the General Fund is based on the 2005 adopted budget.

3. In order to calculate tax cap compliance, the 2005/2006 adopted "NonMandated Portion of Tax Levy", and "Mandated Portion of Tax Levy", listed above, were recalculated (they differ from last year's adopted figures). This is consistent with the methodology we have used for several years, which requires both 2005/2006 adopted and 2006/2007 recommended values to be based on the same "tax levy as a % of nonaided revenue" (11.56% in the above table). If different percentages were used for the two years we would not have an apples-to-apples comparison.

Table 2: LL 21-83 Expenditure Cap Impact of the College Budget on the 2007 Operating Budget Expenditure Cap

	2005/2006 Adopted	2006/2007 Recommended	2005/2006 Adopted to 2006/2007 Recommended change
Total Gross Operating Costs [1]	$145,520,784	$154,920,818	$9,400,034
Grants [2]	$2,683,551	$3,774,938	$1,091,387
Nonmandated Appropriations	$142,837,233	$151,145,880	$8,308,647
Amount the College Budget ***Exceeds*** the LL 21-83 Expenditure Cap (to be added to nonmandated expenditures in the 2007 operating budget) [3]	$1,596,207	$2,595,158	**$998,950**

1. "Total Gross Operating Costs" can be found on pp. 5 and 12 of the 2006/07 Recommended Budget.

2. "Grants" can be found on p. 12 and pp. 38-52 of the 2006/07 Recommended Budget.

3. Amount the College Budget Exceeds the LL 21-83 Expenditure Cap *equals* 4% growth in 2005/2006 Adopted "Nonmandated appropriations" *less* 2006/2007 Budget

State Aid

The State is a major source of public funding for the College. As outlined in Section 6304 of the New York State Education Law, Financing of Community Colleges:

> "State financial aid shall be one-third of the amount of operating costs, as approved by the state university trustees. Operating costs shall not include any payment of debt service or rentals or other payments by a local sponsor to the dormitory authority pursuant to any lease, sublease or other agreement entered into between the dormitory authority and a local sponsor. Such aid for a college shall, however, be for two-fifths of operating costs for any fiscal year of the college during which it is implementing a program of full opportunity provided a plan has been approved by the state university trustees."

The College is considered a full opportunity program (FOP) college. Although the cost sharing for higher education was reformulated for full opportunity program colleges with state aid increasing to two-fifths or 40% of operating costs, the State Legislature votes to exempt the State from its 40% cost share for "full opportunity" through the passage of a special budget provision to suspend its cost sharing obligation. Consequently, the state has failed to meet this 40% level and has, in fact, fallen below even the original one-third commitment causing the financial burden to be shifted to students and local taxpayers through tuition and property taxes.

As seen in the following table, for both the statewide average for SUNY community colleges and for Suffolk County, there has been a decrease share of revenue from both state aid and from the local county sponsor. This has been made up by an increase in the share paid by students and other revenue sources. Relative to all other revenue sources for SUNY community colleges, state aid has declined by 0.6% over the last seven completed school years (1997-1998 to 2004-2005) and the local sponsor's contribution has declined by 1.1%.

Percentage of Total Revenue*

Description	1997 – 1998 School Year	2004 – 2005 School Year	Difference More (Less)
SUNY Average:			
Students	35.1%	36.4%	1.3%
State	28.2%	27.6%	(0.6)%
County**	30.3%	29.2%	(1.1)%
Other	6.4%	6.8%	0.4%
Suffolk:			
Students	35.2%	38.8%	3.6%
State	28.1%	26.9%	(1.2)%
County**	30.8%	27.1%	(3.7)%
Other	5.9%	7.2%	1.3%

***Source: Figures obtained from the 2004-2005 Annual Report Summary for Community Colleges from SUNY.**
****Includes other revenue in lieu of the sponsor's (County's) annual contribution.**

For Suffolk County, the College received 1.2% less in state aid in proportion to other revenues in the 2004-2005 school year than what it received in the 1997-1998 school year. This is less than the 3.6% proportionate increase in student revenue over the same period of time. The percent of all revenue that comprises the County's contribution was 3.7% lower in the 2004-2005 school year than what it was in the 1997-1998 school year in comparison to all other revenues.

The State provides aid to the College in several forms, including special grants. However, the majority of aid received by the College from the State is based on student enrollment and eligible facility rental aid (revenue code 818-3270). Each year the Governor proposes and the State Legislature adopts a funding rate per full-time equivalent (FTE) student. To arrive at the amount of basic aid to be paid to each school, this rate is applied to either (1) the number of FTE students from the immediately preceding year when there is growth or (2) to a weighted average of FTE students for the three previous years when there is retrenchment.

The more successful a school is in increasing its student enrollment the more likely it is that the amount of aid per FTE received from the State will increase. For the school years from 1997-1998 to 2004-2005, Suffolk's enrollment steadily increased, while the State's FTE rate has fluctuated. This is detailed in the following table.

School Year	College FTE Count Number	College FTE Count Pct. Chg.	State FTE Rate	State FTE Rate Pct. Chg. More/(Less)
1997 - 1998	12,962	N / A	1,900	N / A
1998 - 1999	13,058	0.7%	2,050	7.9%
1999 - 2000	13,384	2.5%	2,125	3.7%
2000 - 2001	13,589	1.5%	2,250	5.9%
2001 - 2002	14,211	4.6%	2,250	0.0%
2002 - 2003	15,642	10.1%	2,300	2.2%
2003 - 2004	15,992	2.2%	2,300	0.0%
2004 - 2005	16,266	1.7%	2,235	(2.8)%
2005 – 2006 (Estimated)	16,430	1.0%	2,350	5.1%
2006 - 2007 (Projected)	16,430	0.0%	2,525	7.4%

Last year, the State adopted an FTE rate of $2,350 for the 2005-2006 school year, which was a $115 or 5.1% increase from the amount approved for the previous school year. As a result, the College and the Executive are both estimating state aid revenues (including facility rental aid) for the 2005-2006 school year to be $38,890,008 which is more than what was received for the 2004-2005 school year. Our analysis indicates that this figure is reasonable; therefore, we recommend no change in this estimate for the adopted budget.

As the College has been experiencing a growth in FTE's, the majority of State aid to be paid to the College, (revenue code 818-3270) for the 2006-2007 school year will be based on:

1. The State authorized FTE rate.
    - The State authorized an increase in the FTE rate to $2,525, which is $175 or 7.4% higher than the approved $2,350 rate for the 2005-2006 academic year.

2. The number of FTE students for the 2005-2006 academic year.
    - The proposed budget includes a projected 1% increase in FTE's, from 16,220 in 2004-2005 to 16,430 in 2005-2006.
    - The Budget Review Office estimated number of FTE's for this same time period is 16,408 or 22 FTE's less.

3. The State approved facility rental aid rate.
    - The State approved a facility rental aid rate of 50% for the College's eligible rental costs for physical space. The rental costs for physical space incurred by the College (in support of state

aidable enrollments that are eligible for up to 50% reimbursement from the State) must exclude costs of services such as electricity, gas, heat and janitorial services where the expenses are included in the rental charges.

- The projected amount for State approved facility rental aid is $733,422.

The proposed budget includes a significant increase ($3,329,164) in state aid for the 2006-2007 school year, which is 8.6% more than what is estimated for the 2005-2006 school year. Our review indicates that this projected increase is overstated by $55,500. Based upon a reduced number of projected FTE's we recommend reducing state aid for the 2006-2007 academic year in revenue code 818-3270 by $55,550.

Proposed and BRO State Aid Projections for the 2006-2007 Academic Year

	State Authorized FTE Rate (1)	# of 2005-2006 FTE's (2)	State Aid for FTE's (1 x 2)	State Rental Aid (4)	Total (3+4)
Proposed	$2,525	16,430	$41,485,750	$733,422	$42,219,172
BRO Rec.	$2,525	16,408	$41,430,200	$733,422	$42,163,622
Difference					**$55,550**

Student Tuition

Suffolk County Community College is the largest multi-campus community college in the State University of New York (SUNY) system. Students include traditional high school graduates as well as non traditional students such as adults looking for new skills and employees that are sent by their employers for training. The College's tuition is based on the recommendation of the College President subject to approval by the College's Board of Trustees. If the County Legislature disagrees with the proposed tuition, as requested by the Board, it can request, but cannot mandate a change in tuition rates. In the past, the Legislature has chosen to make the College's use of legislative authorized appropriations contingent upon compliance with the Legislature's request to change tuition rates. The following table details the College's full-time and part-time tuition rates over the years.

***Full-Time and Part-Time Tuition Over the Years**

School Year	Tuition Full-Time	Change from Prior Year ($)	Change from Prior Year (%)	Tuition Part-Time	Change from Prior Year ($)	Change from Prior Year (%)
1996-1997	$2,180	N/A	N/A	$94	N/A	N/A
1997-1998	$2,180	$0	0.0%	$94	$0	0.0%
1998-1999	$2,180	$0	0.0%	$95	$1	1.1%
1999-2000	**$2,245	$65	3.0%	***$96/$95	$1/$0	1.1%/0.0%
2000-2001	$2,330	$85	3.8%	$99	$3/$4	3.1%/4.2%
2001-2002	$2,430	$100	4.3%	$103	$4	4.0%
2002-2003	$2,500	$70	2.9%	$105	$2	1.9%
2003-2004	$2,600	$100	4.0%	$109	$4	3.8%
2004-2005	$2,890	$290	11.2%	$121	$12	11.0%
2005-2006	$2,990	$100	3.46%	$125	$4	3.3%
2006-2007 (Proposed)	$3,100	$110	3.68%	$130	$5	4.0%

* A full-time student is a student who is enrolled in a minimum of 12 credit hours or credit hour equivalents of academic work per semester.
** FT tuition for 1999-2000 was $1,130 for the fall semester and $1,115 for the spring semester for a total of $2,245.
*** The Board of Trustees approved a $96 PT tuition rate for the Fall of 1999 semester and a $95 PT tuition rate for the Spring of 2000.
****Additional student fees for certain courses and increases in the fees charged for non-credit courses are not included in the table.

The proposed 2006-2007 Suffolk County Community College Operating Budget includes full-time and part-time tuition rate increases as requested by the College. The College requested a $110 increase in tuition for full-time students. The increase was based on inflation, as measured by the Consumer Price Index (CPI) for the New York Region, through February 2006. The average price index for the 12-month period up to February 2006 was 3.83% above the previous 12-month period. The proposed full-time student tuition rate of $3,100 represents an increase of 3.68%, which is slightly less than the rate of inflation. However, the proposed increase is more than the 3.46% increase adopted last year. During the past ten years, the highest percentage increase in full-time tuition was 11.2% in the 2004-2005 academic year and the lowest student tuition rate increase was 0% in both the 1997-1998 and the 1998-1999 academic school years.

The following table compares the College’s full-time tuition rates to Nassau County Community College as well as to the average SUNY community college.

Comparison of SUNY Community College Full-Time Tuition Rates

Academic Year	SUNY*	NCCC	SCCC
1995-1996	$2,171	$2,120	$2,100
1996-1997	$2,300	$2,120	$2,180
1997-1998	$2,372	$2,090	$2,180
1998-1999	$2,354	$2,055	$2,180
1999-2000	$2,386	$2,150	$2,245
2000-2001	$2,410	$2,200	$2,330
2001-2002	$2,452	$2,400	$2,430
2002-2003	$2,531	$2,525	$2,500
2003-2004	$2,708	$2,650	$2,600
2004-2005	$2,819	$2,900	$2,890
2005-2006	N/A	$3,140	$2,990
*Average full-time tuition rate for thirty SUNY community colleges			

Compared to Nassau County Community College's current tuition rate for the 2005-2006 academic year, $3,140, Suffolk's rate of $2,990 is $150 less. For the upcoming 2006-2007 academic year, Nassau has proposed a tuition rate of $3,310, while Suffolk has proposed a rate of $3,100 or $210 less than Nassau.

Compared to other SUNY community colleges over the last nine completed academic years (1995-1996 to 2003-2004), up until the 2004-2005 school year Suffolk and Nassau tuition rates had been less than the average community college. In 2004-2005 Suffolk's tuition rate was $71 higher and Nassau was $81 higher than the average. While Nassau's tuition rate has been lower than Suffolk's during six of these ten years, during the last four years Suffolk's tuition rate has been lower than Nassau's.

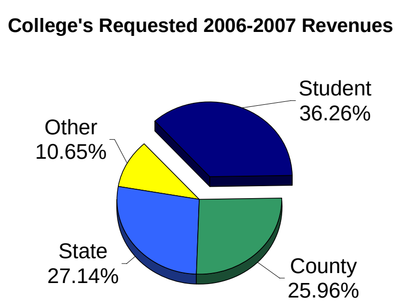
Although the College has adopted a $110 increase in its full-time tuition rate for the 2006-2007 academic year, it remains the least expensive educational alternative in the Suffolk County region, as detailed in the table that follows.

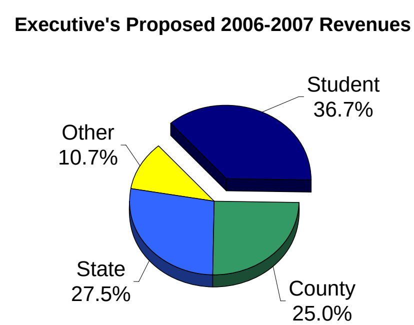
College's Comparison of Its Tuition Rate to Other Area Colleges

Area Colleges	Cost (4 Years)	Cost (2 Years)	Cost 2 years at SCCC	Estimated Savings from Attending SCCC for Two Years
St. Joseph's College	$47,816	$23,908	$7,000	$16,908
SUNY Stony Brook	$29,648	$14,824	$7,000	$7,824
C.W. Post	$92,920	$46,460	$7,000	$39,460
Dowling College	$55,524	$27,762	$7,000	$20,762
NYU	$126,760	$63,380	$7,000	$56,380
Pace University	$88,400	$44,200	$7,000	$37,200
Hofstra University	$80,048	$40,024	$7,000	$33,024
* Source: Data provided by the College.				

Student tuition, along with state aid, the County's annual subsidy and various offset revenues, provides the College with the revenue it requires to offer its educational curriculum. Section 6304 of the New York State Education Law, Financing of Community Colleges outlines the funding partnership among the County, State and its students with each sharing one third of the cost of higher education. In the 1970's colleges were encouraged to become "full opportunity colleges," admitting any person with a high school diploma or the equivalent. Currently, all community colleges are considered full opportunity program (FOP) colleges. The cost sharing for higher education was reformulated for these full opportunity program colleges with state aid increasing to two-fifths or 40% of operating costs, as also stipulated in Section 6304 of the New York State Education Law. However, historically the State Legislature votes to exempt the State from its 40% cost share for "full opportunity" through the passage of a special budget provision to suspend its cost sharing obligation. Consequently, the state has failed to meet this 40% level and has, in fact, fallen below even the original one-third commitment causing the financial burden to be shifted to students and local taxpayers through tuition and property taxes.

The following two charts compare the cost sharing percentages of the College's revenues included in the 2006-2007 Requested and Proposed budgets.





The following table is a comparison of the College's operating revenues as a percent of net operating costs for fiscal year 2004-2005 with comparable SUNY community colleges.

Comparison of SCCC Operating Revenues as a Percent of Net Operating Costs For Fiscal Year 2004-2005 with Comparable SUNY Community Colleges

	*Local Share Revenue	State Aid Revenue	**Student Tuition
Suffolk	**30.5%**	**28.4%**	**41.0%**
Erie	22.5%	33.6%	43.9%
Monroe	19.0%	35.6%	45.3%
Nassau	37.2%	26.1%	36.7%
Westchester	32.7%	29.0%	38.3%
Average SUNY Community College	32.0%	29.3%	38.7%

Source: 2004-2005 Annual Report Summary of SUNY Community Colleges
* Local Share Revenue includes sponsor contribution, chargeback revenue, out-of-state tuition above the resident rate and other revenue in lieu of sponsor contribution, adjusted by additions to or use of fund balance.
** Student tuition includes financial assistance.

The percent of the net operating costs that the students at Suffolk County Community College shared in the 2004-2005 academic year was in between four comparable community colleges in the SUNY system, with two higher and two lower than Suffolk. Compared to the average of the 30 community colleges in the SUNY system, students at Suffolk paid 2.3% more of net operating costs in the 2004-2005 academic year.

The following table compares the proposed and the College's updated FTE student enrollment levels. It should be noted that the College's original request was used in the proposed budget. Based on more recent information the College lowered their projections for FTE's. An FTE represents a student who has enrolled in a course load consisting of 30 semester credit hours or the equivalent of such credit hours in the case of non-credit course offerings during the course of one college fiscal year.

Comparison of the
Proposed and College's Requested
FTE Student Enrollment

	Proposed		College 7/13/06 Updated Estimate		
Academic Year	Number of Full Time Equivalent (FTE)	% Change	Number of Full Time Equivalent (FTE)	% Change	Proposed less the College
2003/2004	15,992	N/A	15,992	N/A	0
2004/2005	16,220	1.4%	16,266	1.7%	(46)
Estimated 2005/2006	16,430	1.3%	16,408	0.9%	22
Rec./Req. 2006/2007	16,430	0.0%	16,408	0.0%	22

* The actual number of FTE's for the 2004-2005 academic year included in the proposed budget is incorrect and should be 16,266 as reported by the College.
** The College's original estimated and projected FTE's was the same as the number included in the proposed. Based on more recent enrollment data and a decrease in summer enrollment the College has reduced its estimate.

For the 2005-2006 academic year, the proposed budget has estimated a 1.3% increase, which is incorrectly included in the proposed budget document as a 5% increase in FTE enrollments over the previous academic year. The College's updated estimated student enrollment for the 2005-2006 academic year is 16,408 or a 0.9% increase.

The Budget Review Office believes that the 2005-2006 estimated revenue from student tuition of $54,357,228 is overstated. As a result of our estimates for student tuition, the Budget Review Office recommends lowering the 2005-2006 estimated revenue by $676,871. This is detailed in the following table.

	2005/2006 Estimated		
	Executive	BRO	Change (BRO-Exec)
Total Student Revenue (Student Share)	$54,357,228	$53,680,357	-$676,871
818-1350 STUDENT TUITION-FULL TIME-FALL	$18,333,206	$18,336,363	$3,157
818-1351 STUDENT TUITION-FULL TIME-SPRING	$16,770,808	$16,339,751	-$431,057
818-1352 STUDENT TUITION-PART TIME-FALL	$6,549,878	$6,553,636	$3,758
818-1353 STUDENT TUITION-PART TIME-SPRING	$6,461,597	$6,314,334	-$147,263
818-1356 STUDENT TUITION-WINTER INTERSS	$522,925	$523,019	$94
818-1360 STUDENT TUITION-SUMMER	$3,791,878	$3,614,921	-$176,957
818-1365 STUDENT TUITION-POLICE ACADEMY	$465,000	$465,000	$0
818-1368 STUD. TUITION-NONCREDIT-AIDABLE	$150,000	$157,326	$7,326
818-1369 STUD.TUITION-NONCR-AIDABLE-ESL	$1,311,936	$1,376,007	$64,071

Our 2005-2006 estimated student tuition revenue of $53,680,357 or $676,871 less than included in the proposed budget is based on the following:

- Year-to-date actual tuition revenue through July 12, 2006.
- Since year-to-date data are not available for two tuition revenue codes, estimates were used for student tuition from summer school (818-1360) and student tuition for the Police Academy (818-1365).

For the 2005-2006 summer semester the College estimated, as of July 13, 2006, that summer enrollment would be 95.67% of last years actual. Consequently, the Budget Review Office reduced the estimated revenue from student tuition for the 2006 summer semester based on this decrease in enrollment and a part-time tuition rate increase of 3.3% over the previous year.

For the upcoming 2006-2007 academic year, the proposed budget and the College are anticipating a flat level of enrollment while the Budget Review Office is projecting a modest 1% increase in FTE's. A historical review of the actual FTE's since the 1997-1998 academic year reveals that the College has enjoyed a continuous rise in FTE enrollment for the past seven completed academic years, with only one instance where the rate of enrollment increased by less than 1%. In fact, based on data in the following table trend growth is in excess of 3%.

Change in FTE Enrollment

School Year	Full-time Equivalent Enrollment	% Change from Prior Year
1997-1998	12,961	N/A
1998-1999	13,058	0.7%
1999-2000	13,384	2.5%
2000-2001	13,589	1.5%
2001-2002	14,211	4.6%
2002-2003	15,642	10.1%
2003-2004	15,992	2.2%
2004-2005	16,266	1.7%
2005-2006 (BRO est.)	16,408	0.9%
2006-2007 (BRO proj.)	16,572	1.0%

To be conservative, our forecast calls for growth of a modest 1%. This is based on the following factors: (1) the economy, (2) inflation, (3) population demographics and (4) recruitment and retention.

For the 2006-2007 academic year, the Budget Review Office finds the recommended amount for student tuition, $56,409,371, reasonable in the aggregate. Our student tuition revenue projection is based on:

- The lower base revenue amount estimated by BRO for 2005-2006.
- Proposed growth in tuition rates of 3.68% or $110 for full-time students and 4.0% or $5 increase for part-time students.
- FTE enrollment growth of 1%.

We have arrived at a similar projection for 2006-2007 as included in the proposed budget due to the combination of our projection starting with a lower 2005-2006 estimated base and our forecasted higher growth rate for FTE enrollment (the proposed budget assumes no growth and BRO assumes a 1% growth). The following is a discussion of the factors that impact FTE enrollment.

Impact of the Economy on Enrollment

The Budget Review Office does not expect the state of the economy to have a significant impact on student enrollment this coming academic year. The economy is showing signs of slowing down, although growth continues to be positive. For instance, both employment and sales tax have continued to grow locally through the first half of 2006, although their rates of growth have slowed. In fact, an economic slowdown often leads to an increase in enrollment. This becomes the case when finding a job proves to be more difficult, making school attendance a more attractive alternative. At this point the economy does not appear to be bad enough to have much of a positive effect on enrollment. At the same time the economy is not strong enough to have an adverse effect on enrollment.

Impact of Inflation on Enrollment

Inflation is also not likely to have much of an impact on enrollment decisions. This is because the increase in tuition is growing at about the same rate as inflation. Last year inflation in the New York region was roughly 3.9%. In comparison, the College increased student tuition by $100 or 3.34% over the previous year. The College is proposing a $110 or 3.68% increase for the 2006-2007 academic year. The Budget Review Office recognizes that revenues from student tuition are a function of both student enrollment levels and tuition rates. The annual student tuition rate, as discussed previously, for the upcoming academic year is set at $3,100. The level of student enrollment is determined by factors that are largely outside the control of the College, namely the nature of the economy, number of high school graduates, other population demographics, and competition from other regional schools. The one factor that the College does have control over is its recruitment and retention efforts. Our projections also took into account data provided by the New York State Department of Education (NYSED) and population demographics for Suffolk County.

Impact of Population Demographics on Enrollment

It appears that the more likely factors to affect enrollment are demographics, course offerings and recruitment and retention efforts by the College. The NYSED is expecting the number of high school graduates in Suffolk County to be 17,292 in 2006, which is a 5.5% increase over last year's 16,394. Growth in the number of high school graduates should have a favorable impact on enrollment for the upcoming academic year. Historically, approximately 20-22% of these high school graduates will attend Suffolk County Community College. Assuming that 60% of the College's new enrollees are high school graduates and 20% of the 5.5% increase in high school graduates will attend the College, enrollment based on this population should increase by approximately 1.1%. Assuming the other 40% of the College's new enrollees represent adults that range between the ages of 20 to 54, and that there is an overall decrease in this population cohort, the adult student population is estimated to reduce overall College enrollment by one-tenth of one-percent (0.1%). Therefore, the overall net effect of demographics is expected to increase student enrollment by an estimated 1%.

Impact of Recruitment and Retention on Enrollment

The College also has been actively seeking to increase student enrollment through the following recruitment and retention efforts:

1. Expanding course offerings to attract new students. For example, the College scheduled early morning classes at the Grant Campus during the spring 2006 semester, beginning at 6.30 a.m., so that students

could earn credits prior to starting their work day. The College is a commuter college, with its Grant campus strategically located for students that are already commuting to and from work on the Long Island Expressway. Early morning classes allows students to start their day earlier by attending a College course and then proceeding to their job with minimal inconvenience.

2. Incorporating a Distance Education (DE) Program into its regular educational curriculum. On a limited basis, students can take courses without physically attending classes. Suffolk has the fourth highest enrollment of DE students in the SUNY system.

   The College's distance education program has the potential for further growth as technology advances and students and faculty acclimate to this fairly new mode of education. An increasing comfort level of faculty members will lead to an increase in course offerings, which will lead to a larger number of opportunities for students to enroll.

3. Providing local businesses with highly skilled technical workers in a wide variety of technical areas through the issuance of a two-year degree and specialized certificate programs, such as the Heating, Ventilation, Air Conditioning and Refrigeration (HVAC/R) Technician Training Program with the Oil Heat Institute. This training program is reported to be the only program of its kind on Long Island, since the SUNY at Farmingdale program was discontinued some twelve years ago. This program includes corporate support through equipment and scholarships contributions.

   For a number of years the County's Capital Budget and Program included capital project 2111, HVACR Technology/Services Bldg, which provides for a new facility on the Grant Campus that will accommodate the requirements of the HVACR Technician Training Program with more space and suitable facilities. This project is in the design phase. Introductory Resolution No. 1511-2006 would have appropriated $2.4 million for construction and $157,000 for furniture and equipment; however, it was withdrawn by the Executive as of 6/20/06.

4. The College was a recipient, on October 19, 2005, of the largest grant in the school's history. The grant was from the U.S. Department of Labor's Employment and Training Administration, for Community-Based Job Training to support capacity building and workforce training for high growth industries. The grant award was in the amount of $2.38 million and is a multi-year (November 1, 2005 through October 31, 2008) Mechatronics Training Initiative grant. Suffolk County Community College was the only award recipient in New York State.

The primary purpose of the Community-Based Job Training Grant is to build community colleges' capacity to equip workers with the skills local industries require for success. This grant will help prepare workers for jobs expected to experience high growth in industries where demand for qualified workers is exceeding supply. The College is pursuing additional grant opportunities through the U.S. Department of Labor's Employment and Training Administration.

Specifically, the Mechatronics training program will provide training in shortage areas, such as automation and control systems, tolerance, specifications and instrumentation, and machining processes. Five training modules and an industry internship will be developed with input from industry partners and will be offered initially to incumbent workers. Training will result in module certifications and skill pathways will be designed to encompass a six-month and a one-year Certificate program. The College is currently designing an Associates Degree with a concentration in Mechatronics.

5. Developing cost-effective and accessible life-long learning and professional development curricula through its continuing education and employer-driven corporate training courses. The College serves the largest number of continuing education and workforce development students among community colleges in the SUNY system. The College's projected growth areas include health technology, advanced computer skills, culinary skills and events, literacy, and certifications and licenses.

   One of the College's major initiatives is a comprehensive professional development program for Suffolk County employees. Training includes desktop, server and Web tools technical options along with business and management courses. As per the College, revenues average $18,000/month. The College began a continuing education course for Geographic Information Systems (GIS) in January 2006 with numerous County departments in attendance.

6. Reversing the trend where Suffolk residents attend other SUNY sponsored community colleges, particularly Nassau County Community College, that results in a chargeback to Suffolk County. The chargeback occurs when a Suffolk County resident chooses to attend an alternative community college and is considered a non-resident of that County. Suffolk County incurs a negative fiscal impact with a chargeback rate that is based on the particular college's operating chargeback rate.

7. Broadening its outreach to the community by meeting the demands for trained staff in the nursing and allied health fields, as well as the

culinary arts and hospitality industry, through the development of two downtown satellite educational centers, one in Sayville and one in Riverhead.

The Sayville downtown center serves the needs of the nursing and allied health programs. This program was initially accomplished in conjunction with an agreement with Good Samaritan Hospital to provide much needed nursing instruction. The program has expanded to include agreements with Brookhaven, Mather, Eastern Long Island, St. Catherine, St. Charles and Central Suffolk hospitals. Each of these hospitals has agreed to pay for additional nursing faculty, and tuition and fees for its employees who enroll in the school's nursing program. Recent conversations with the College indicate that there is additional interest being shown in this program.

The Riverhead downtown center is expected to be available for the 2007-2008 academic year. This facility will be in close proximity to the College's Eastern Campus. The College's current budget request includes appropriations for start-up. This site will become the new home of the Culinary Arts program. It will also provide training and professional studies to support the region's growing hospitality industry and will house and operate a Main Street Bakery as part of its program. The size of this facility is approximately 28,000 square feet and it is projected to be available to the College on a lease basis beginning June 2007.

8. Offering more than 75 degree programs and transfer options to students who wish to go on and earn advanced degrees.

9. Meeting the needs of the changing demographic profile of the student body and regional workforce through the addition of a number of specialty programs, including English as a Second Language (ESL) and General Equivalency Diploma (GED) programs.

10. Offering a "College Success Program", with each campus admitting a select group of students to this supportive program. The intent of this program is to help students successfully manage the demands of the first year of college to improve their retention rate. Students who have the attitude and potential to succeed in college and who, after being tested, have been placed in two pre-college courses (EG 10, RE 10 or pre-college math) will be given the opportunity to participate in the College Success Program, with no additional cost beyond the regular tuition and fees for a full-time student.

11. Offering "dual credit" courses for high school students to earn high school and college credit for successfully completed coursework. The

course's instructional content will be delivered by a high school teacher whose academic qualifications are judged by the College to be comparable to those of the college faculty teaching the course. The high school teacher will be assigned a College faculty mentor to oversee and assist with the course. This program is expected to begin implementation in the 2006 Fall or possibly Spring semester. The dual credit courses will provide an opportunity for high school students to receive college credit, while in high school, that will seamlessly transfer to Suffolk County Community College.

12. Offering transfer opportunities through agreements with four-year colleges and universities, as described by the College:

    - Unified Programs of Study: agreements which give students a detailed course by course framework for a variety of degrees beginning with an Associate's degree at SCCC and finishing with a Bachelor's degree.
    - Joint Admissions: offer students the opportunity to be accepted at SCCC and simultaneously one of the four-year schools with which SCCC has joint agreements. The acceptance at the four-year school takes effect upon completion of an associate's degree in a qualified program at SCCC.
    - Articulation: articulation agreements are formal agreements between SCCC and four-year colleges and universities allowing students transfer the maximum number of credits with ease to institutions with which SCCC has an established transfer process in place.
    - Jointly Registered: jointly registered teacher preparation programs prepare students for careers teaching Elementary, Secondary and Special Education. They allow students the opportunity to complete their A.A. degree at SCCC and then seamlessly transfer to baccalaureate degrees in teacher education.
13. Additionally, last year Long Island University (LIU) abandoned it's under graduate programs at its Southampton Campus, leaving residents of this area of the County with limited alternatives to seek a post-secondary education close to home. This situation has had a positive impact on the College's Eastern campus. According to the College's Fall Semester Comparison Report completed in June of 2006, with 65 days to the start of classes, FTE's on the Eastern campus are projected to increase by 7.60% during the 2006-2007 academic year.

Finally, another factor that supports our 1% projected growth rate in FTE enrollment is the preliminary data on pre-registration. For the upcoming 2006-2007 academic year, the 2006 Fall Semester Comparison Report of preenrollment (completed with 65 days to the start of classes) is favorable. It indicates that as of June 26, 2006, enrollment by headcount is up by 5.87% over the previous year at this time. The report also indicates that last year at this time, in terms of full-time equivalent students, enrollment is 5.91% higher. Although this is only a preliminary indication that can vary considerably when the final tally is taken later this year, it is nevertheless a positive sign for College enrollment for the upcoming 2006-2007 academic year.

In conclusion, a summary of the Budget Review Office's recommended changes to tuition revenue are shown in the following table:

Proposed and BRO
Student Tuition Revenue

Academic Year	Executive's Proposed	BRO Recommended	Change (BRO - Exec)
2005-2006 (Estimated)	$54,357,228	$53,680,357	($676,871)
2006-2007 (Projected)	$56,409,371	$56,409,371	$0
TOTAL	**$110,766,599**	**$110,089,728**	**($676,871)**

County Contribution

Along with the State and the students, the College's other major source of public funding is the County. The County's annual contribution is meant to be a subsidy for the purpose of balancing the College's budget requirements. It helps to ensure that there will be an adequate amount of financial resources available for the College to pay its normal operating costs during the forthcoming school year. The County's annual contribution is not fixed by law since the County Legislature can approve whatever amount it deems appropriate. However, in the past, the State Legislature has conditioned aid for local community colleges to the requirement that local sponsors at least match their annual subsidy given to their respective schools for the previous school year.

Once the County remits to the College its annual contribution, the funds become the College's legal property to be dispensed in accordance with the expenditure authorizations included in its adopted budget, and the special provisions of an autonomy agreement previously approved by the County Legislature. Any excess funding that remains at year end does not get returned to the County, but is instead retained by the College to help defray next year's cost of operations, or is placed in a reserve fund to meet future needs.

The Executive recommended an increase of $727,808 or a 2% increase in the County's annual subsidy to the College for the 2006-2007 school year. Each 1% increase in the county contribution is equal to $363,904. Last year, the Legislature rejected the Executive's recommendation for a 0% increase and instead provided a 4% increase in the County's contribution. During the eight year period from 1997-1998 to 2005-2006, the County's annual subsidy to the College has increased by 30.9%, as detailed in the table that follows.

Suffolk County's Annual Contribution to the Community College

School Year	Amount	% Change From Prior Year	% Change From Base Year
1997 – 1998	$27,800,135	N / A	N / A
1998 – 1999	$28,356,138	2.0%	2.0%
1999 – 2000	$29,490,384	4.0%	6.1%
2000 – 2001	$30,669,999	4.0%	10.3%
2001 – 2002	$33,644,989	9.7%	21.0%
2002 – 2003	$33,644,989	0.0%	21.0%
2003 – 2004	$33,644,989	0.0%	21.0%
2004 – 2005	$34,990,788	4.0%	25.9%
2005 – 2006	$36,390,420	4.0%	30.9%

For the seven year period from the 1997-1998 school year to the 2004-2005 school year, the growth in the annual contribution made by an average sponsor was 26.3%, compared to a 25.1% increase by Nassau County and a 25.9% increase for Suffolk County, as detailed in the table that follows.

Comparison of Sponsor Contributions to Community Colleges

School Year	SUNY Average	Nassau County	Suffolk County
1997 – 1998	$7,205,911	$35,824,298	$27,800,135
2004 – 2005	$9,102,396	$44,798,717	$34,990,788
Percent Change	26.3%	25.1%	25.9%

For the 2004-2005 school year, the County financial support was greater than the average community college in SUNY received from its local sponsor relative to its total revenue intake. Compared to Nassau County, however, Suffolk's contribution was proportionately less. The trend for local sponsor support has been downward, requiring local community colleges to increase reliance upon other sources of revenue since the 1997-1998 school year (see table to follow).

Annual County Subsidy as a Percentage of Total Revenues

School	1997 – 1998 School Year	2004 – 2005 School Year	Difference More (Less)
SUNY Average	22.80%	20.9%	(1.9)%
Nassau	29.20%	27.6%	(1.6)%
Suffolk	30.40%	26.1%	(4.3)%

The College requested a 7.44% increase of $2,707,447 in the County's annual subsidy, which would raise the total local sponsor share to $39,097,867. The recommended 2006-2007 budget increases the County's contribution by 2%, which raises the total local sponsor share to $37,118,228. If adopted by the Legislature, the County's contribution would represent 25% of the total revenue, which is lower than the estimated 2005-2006 school year proportion of 25.2%, as detailed in the table that follows.

Executive's Proposed Revenue Allocations Between Funding Sources

School Year	Other	County	State	Students	Difference (Student County)
2005-2006	9.4%	25.2%	27.1%	38.4%	13.2%
2006-2007	10.7%	25.0%	27.5%	36.7%	11.7%

The difference in percentage of funding between the County and the students has improved slightly from 13.2% in the 2005-2006 academic year to 11.7% in the 2006-2007 academic year.

In addition to the local sponsor share of $37,118,228, the County also has a serial bond debt service obligation for principal ($3,865,842) and interest ($2,180,642) of $6,046,484, a County incentive payment of $31,600 related to out-of-county tuition and a nurses tuition reimbursement program and other contracts payment of $35,000 for a grand total of $43,231,312 in County funds, as detailed in the table that follows.

Proposed County Appropriations

Local Sponsor Share	Serial Bond Debt Service Obligation	County Incentive Payment Related to Out-of-County Tuition	Nurses Tuition Reimbursement Program and Other Contracts Payment	Total
$37,118,228	**$6,046,484**	**$31,600**	**$35,000**	**$43,231,312**

Offset Revenue

This classification of College revenues called "Offset Revenue" is an amalgamation of some 123 different revenue sources (accounts) that include the following categories of income: student fees, facility rental and use charges, commission income, fine assessments, and private, state, and federal grants. Collectively these revenues represent a significant portion of the College's total income, and have gained increasing importance to the College as a source of revenue.

Offset revenues have increased by 79.9% ($5,388,619 to $9,695,415) in the space of seven academic years (1997-1998 to 2004-2005) at Suffolk County Community College. For the 1997-1998 academic year, offset revenue accounted for 5.9% of the College's total revenue. Seven years later, (2004-2005 academic year) this revenue source made up 7.2% of the College's total revenue. This is a higher percentage than either Nassau County Community College or the average SUNY community college. While Nassau increased its revenue from this source from 4% to 5.6%, the average SUNY community college experienced an increase from 6.4% to 6.8%. This is shown in the following table.

Offset Revenue

	SUNY Average		NASSAU		SUFFOLK	
School Year	**Amount**	**Pct.***	**Amount**	**Pct.***	**Amount**	**Pct.***
1997 – 1998	$1,995,649	6.4%	$4,916,482	4.0%	$5,388,619	5.9%
2004 – 2005	$2,993,790	6.8%	$9,036,046	5.6%	$9,695,415	7.2%
Difference	**$998,141**	**0.4%**	**$4,119,564**	**1.6%**	**$4,306,796**	**1.3%**

***Represents the ratio of this revenue source to all school revenue sources in total.**

The 2005-2006 estimated offset revenues included in the proposed budget are $1,701,187 more than included in the adopted budget. This is due to offset revenue from two new programs (nursing and mechatronics) and increasing interest rates adding to interest earnings. The following table details the offset revenue areas that are mainly attributable to this significant difference.

Offset Revenue Major Difference
Between the Adopted Budget and the Estimated Budget

Rev. Code Fund (818)	Description	2005/2006 ADOPTED	2005/2006 ESTIMATED	Difference
1434	SERVICE FEES-TECHNOLOGY FEE	$1,537,165	$1,607,993	**$70,828**
1443	DRIVER'S EDUCATION FEE	$220,000	$275,000	**$55,000**
2401	INTEREST AND EARNINGS	$425,000	$680,000	**$255,000**
2430	LABOR CHARGE-MP-FIELD HOUSE	$147,000	$97,000	**($50,000)**
2455	COMMISSION- CAFETERIA	$31,827	$100,000	**$68,173**
2510	GRANT-PRV-SCH,SCSMC,CSH NURSING	$0	$78,274	**$78,274**
4236	FEDERAL AID: LI REG. MECHATRONICS TRAIN	$0	$799,392	**$799,392**
	Total	**$2,360,992**	**$3,637,659**	**$1,276,667**

The 2006-2007 recommended offset revenues are $2,642,837 more than included in the 2005-2006 adopted budget. The following table details the offset revenue areas that are mainly attributable to this significant difference.

Offset Revenue Major Difference
Between the Adopted Budget and Recommended Budget

Rev. Code (Fund 818)	Description	2005-2006 Adopted	2006-2007 Recommended	Rec. less Adpt.
1434	SERVICE FEES-TECHNOLOGY FEE	$1,537,165	$1,617,993	**$80,828**
1443	DRIVER'S EDUCATION FEE	$220,000	$313,000	**$93,000**
1476	CONTRACT:HOSPS SUPPORT NURSING PRGM	$342,500	$930,464	**$587,964**
2401	INTEREST AND EARNINGS	$425,000	$725,000	**$300,000**
2454	COMMISSION-BOOKSTORE	$830,000	$880,000	**$50,000**
3205	STATE AID: STEP	$116,997	$182,676	**$65,679**
3209	STATE AID: ALE	$229,485	$408,921	**$179,436**
3276	STATE AID: TECHNICAL AID	$0	$114,625	**$114,625**
4205	FEDERAL AID: WORK STUDY PRGM	$546,400	$597,882	**$51,482**
4230	FEDERAL AID:ABE:HAUPPAUGE ONE STOP CENTER	$96,317	$0	**($96,317)**
4236	FEDERAL AID: LI REG. MECHATRONICS TRAIN	$0	$860,611	**$860,611**
	Total	**$4,343,864**	**$6,631,172**	**$2,287,308**

The recommended offset revenues for the 2006-2007 academic year are $100,478 less than the College requested, as detailed in the following table.

Executive's Recommended Changes to the College's 2006-2007 Operating Budget Request

Rev. Code (Fd 818)	Description	2006-2007 Executive's Recommended	2006-2007 College's Requested	Difference
1442	MULTIPURPOSE USEAGE FEE	$700,196	$740,299	($40,103)
3276	STATE AID: TECHNICAL AID	$114,625	$175,000	($60,375)
	Total	**$814,821**	**$915,299**	**($100,478)**

Based on our review, we believe the estimated offset revenues are understated by $450,501 for the 2005-2006 academic year and the recommended offset revenues are understated by $138,627 for the 2006-2007 academic year, as detailed in the following table.

Budget Review Office Recommendations

		2005-2006			2006-2007		
Rev. Code (Fd 818)	**Description**	**Executive's Est.**	**BRO's Est.**	**Diff.**	**Executive's Rec.**	**BRO's Rec.**	**Diff.**
1415	County Technical Training	54,268	$65,697	**$11,429**	$50,000	$50,000	**$0**
1433	Serv. Fees - Tuition Payment Plan	895,047	$930,290	**$35,243**	$895,047	$930,290	**$35,243**
1435	Serv. Fees - Telecourses	216,172	$241,120	**$24,948**	$216,172	$241,120	**$24,948**
1439	Service Fee - Special Program	0	($10,841)	**($10,841)**	$0	$0	**$0**
1444	Graduation Review Fee	16,783	$0	**($16,783)**	$0	$0	**$0**
1449	Student Liability Insurance	150,000	$175,000	**$25,000**	$150,000	$175,000	**$25,000**
1450	Credit Card Convenience Fee	75,000	$99,080	**$24,080**	$75,000	$99,080	**$24,080**
2430	Labor Charge-MP-Field House	97,000	$108,496	**$11,496**	$100,000	$100,000	**$0**
2459	Commission-Coca-Cola Bottling	89,120	$109,356	**$20,236**	$80,000	$109,356	**$29,356**
3259	State Aid: TOP:DIET	0	$47,764	**$47,764**	$0	$0	**$0**
3265	State Aid: Sayville Downtown Education	0	$100,000	**$100,000**	$0	$0	**$0**
3266	State Aid: DASNY-Sayville Downtown CE	0	$150,000	**$150,000**	$0	$0	**$0**
4203	Federal Aid: SEOG	25,000	$2,500	**($22,500)**	$26,000	$26,000	**$0**
4214	Federal Aid: Title III	0	$50,429	**$50,429**	$0	$0	**$0**
	Total	**$1,618,390**	**$2,068,891**	**$450,501**	**$1,592,219**	**$1,730,846**	**$138,627**

Out-of-County Tuition Revenue

Out-of-county tuition revenue is collected from students that do not have residency in Suffolk County. These are students that have not lived in New York State for one year or more and Suffolk County for six months or more. The College collects out-of-county tuition from the following three sources:

1. Non-resident students from out of state
2. Students of residence in this state, but not of this county
3. Other counties of this state who sponsor their own residents while they attend school here in this county

These three sources of revenue can be significant, and collectively they have been growing in importance over the seven school years from 1997-1998 to 2004-2005. Revenues from out-of-county tuition for all SUNY community colleges have increased by $36,743,391 over this period, from $71,268,668 to $108,012,059. Relative to total revenue intake from all sources, out-of-county tuition has increased from 7.5% to 8.3%. This is detailed in the following table.

SUNY Community Colleges Out-of-County Tuition Revenue

	1997-98 School Year		2004-2005 School Year		
Revenue Source	**Amount**	**Percent**	**Amount**	**Percent**	**Difference**
Out of State Students	$15,441,965	1.6%	$29,589,772	2.3%	$14,147,807
Out of County Students	$2,068,760	0.2%	$7,420,005	0.6%	$5,351,245
Other County Sponsors	$53,757,943	5.7%	$71,002,282	5.4%	$17,244,339
TOTAL	**$71,268,668**	**7.5%**	**$108,012,059**	**8.3%**	**$36,743,391**
***Represents the ratio of this revenue source to all school revenue sources in total.**					

The geographic location of the College, on an island, inherently decreases the likelihood of out-of-county students choosing to attend Suffolk County Community College compared to other SUNY community colleges that are located in areas that are more conducive to students choosing a community college outside of their county. Relative to the average SUNY community college and our nearest neighbor, Nassau Community College, Suffolk receives very little in out-of-county tuition revenue, although progress has been made over the course of the last seven academic years, as detailed in the following table.

**Comparison of Suffolk's Out-of-County Tuition Revenue
to
the SUNY Average and Nassau**

	SUNY Average		Nassau		Suffolk	
School Year	**Amount**	**Pct.***	**Amount**	**Pct.***	**Amount**	**Pct.***
1997 – 1998	$2,375,622	7.5%	$11,483,021	9.4%	$381,234	0.4%
2004 – 2005	$3,600,402	8.3%	$11,944,561	7.4%	$1,366,557	1.0%
Diff. Pos. (Neg.)	**$1,224,780**	**0.8%**	**$461,540**	**(2.0%)**	**$985,323**	**0.6%**
***Represents the ratio of this revenue source to all school revenue sources in total.**						

In absolute dollars, Suffolk's out-of-county tuition grew by $985,323 over the last seven years compared to Nassau's reported increase of $461,540, and compared to the average community college, which received $1,224,780 more from this revenue source. Out-of-county tuition for Suffolk accounted for 1.0% of revenue from all sources in the 2004-2005 academic year, which is up 0.6% from 0.4% in the 1997-1998 school year. Although this relative increase in out-of-county tuition is slightly less than the 0.8% growth experienced by the average community college, it is nevertheless a highly positive result considering that Nassau's out-of-county tuition declined by 2.0% of total revenue.

Of the three forms of out-of-county tuition revenue, since the 1997-1998 academic year, Suffolk has experienced the most growth from payments made by students who are NYS residents, but not of this county, and who did not obtain the approval of their local counties (as sponsors) to make tuition payments on their behalf to Suffolk Community College. From the 1997-1998 academic year to the 2004-2005 academic year, out-of-county tuition revenue from this source grew from $70,949 to $630,124 or a $559,175 gain. This is shown in the table below.

Three Components of Suffolk County Out-of-County Tuition Revenue

	Out of State Students		Out of County Students		Other County Sponsors	
School Year	**Amount**	**Pct.***	**Amount**	**Pct.***	**Amount**	**Pct.***
1997 – 1998	$102,216	0.1%	$70,949	0.1%	$208,069	0.2%
2004 – 2005	$290,400	0.2%	$630,124	0.5%	$446,033	0.3%
Diff. Pos. (Neg.)	**$188,184**	**0.1%**	**$559,175**	**0.4%**	**$237,964**	**0.1%**
***Represents the ratio of this revenue source to all school revenue sources in total.**						

A comparison of year to date actuals from May 2005 to May 2006, reveals that the increase in out-of-county tuition revenue is mainly attributable to charges to other counties (818-2238).

Comparison of Out-of-County Tuition Revenue, May Actuals

Rev. Code (Fund 818)	Description	May 2005 Actual	May 2006 Actual	Difference
1395	Non-Resident	$376,434	$360,794	($15,640)
1397	Out-of -State	$258,307	$262,066	$3,759
2238	Charges to Other Counties	$386,060	$522,124	$136,064
	Total	**$1,020,801**	**$1,144,984**	**$124,183**

One factor having a favorable impact on out-of-county tuition revenue is the College's active participation in the SUNY Distance Learning Network, ranked fourth in the State. The school's curriculum development and course offerings are apparently becoming more attractive to those who live outside the County.

Based on year to date revenues through May 2006 and the percent of total revenues that these three areas represented in the remaining months of the 2004-2005 academic year, the Budget Review Office believes the Executive's estimates for out-of-county revenues are understated by $95,795. We recommend adjusting the budget for the upcoming academic year, as detailed in the following table.

Out-of-County Tuition Revenue
For The 2005-2006 School Year

Rev. Code (Fund 818)	Account Title	Proposed	BRO Estimated	Difference More (Less)
1395	**State Non-Resident Tuition**	$377,198	$364,095	**($13,103)**
1397	**Out-of-State Non-Resident Tuition**	$291,182	$294,626	**$3,444**
2238	**Tuition Charges to Other Counties**	$497,780	$603,234	**$105,454**
	TOTAL	**$1,166,160**	**$1,261,955**	**$95,795**

Based on an average percentage change over the past two completed academic years (2003-2004 and 2004-2005) and the Budget Review Office's estimate for the 2005-2006 academic year, we project that the out-of-county tuition revenues from these three sources in the 2006-2007 academic year will be $1,270,373, which is $80,196 more than included in the proposed budget. This is detailed in the following table.

Out-of-County Tuition Revenue
For The 2006-2007 School Year

Rev. Code (Fund 818)	Account Title	Executive's Projected	BRO's Projected	Difference More (Less)
1395	**State Non-Resident Tuition**	$393,347	$356,455	**($36,892)**
1397	**Out-of-State Non-Resident Tuition**	$302,830	$304,876	**$2,046**
2238	**Tuition Charges to Other Counties**	$494,000	$609,042	**$115,042**
	TOTAL	**$1,190,177**	**$1,270,373**	**$80,196**

Although not a College obligation, the County General Fund Budget incurs a large cost in payment of out-of-county tuition claims received from other SUNY supported community colleges for Suffolk residents who attend these schools. For the 2004-2005 academic year, 3,052 Suffolk residents attended these other schools at a cost to this County of $7,384,637, a 6.6% increase over the previous academic year. This is detailed in the following table.

Out-of-County Tuition Expense

Description	School Year 2003 – 2004	School Year 2004 - 2005	Difference More (Less)	Percent Change
Number of Students	2,840	3,052	212	7.5%
Amount Expended	$6,924,406	$7,384,637	$460,231	6.6%

In the past, we have offered various solutions to help mitigate this cost. In particular:

1. The County Legislature could exercise its legal right to charge the ten town municipalities in Suffolk County for all or a portion of the cost of out-of-county tuition paid to other community colleges on behalf of residents of this area as provided for in the New York Education Law, Article 126, Section 6305(5).

2. The County Legislature could seek State legislative support to amend the New York Education Law to limit out-of-county tuition chargebacks by restricting the county's (sponsor) financial obligations to only those instances where educational programs or courses of study are not offered by their local community college as determined by the Chancellor's Office of SUNY.

3. The County Legislature could enact legislation that would require all residents to obtain certificate of residency forms at any one of Suffolk's

three campuses to foster recruitment opportunities, although the actual documents would still be filed with the County Comptroller's Office for validation purposes as required by the New York Education Law.

4. The County Legislature could require the College to provide an annual accounting of how it has utilized funds received from the County as an incentive to initiate new efforts to mitigate the flight of Suffolk residents to other community colleges.

5. The County Legislature could enact legislation that directs the County Comptroller to conduct a field audit every three years of claims made by other community colleges for out-of-county tuition to minimize overpayments due to fraud or negligence, and to effect recoveries where inappropriate payments are found.

Incentive Revenue

Pursuant to Resolution No. 184-1996, as amended by Resolution 663-2000, the College is eligible to receive an annual incentive payment from the County when there is a reduction in the number of Suffolk residents attending school at other SUNY-sponsored community colleges in the state. If the number of Suffolk residents attending school elsewhere for the immediately preceding school year is less than the base year number for 1994-1995, then the County Legislature may, at its discretion, approve a maximum stipend of $200 per student based on headcount.

Since the 1994-1995 school year when 3,230 Suffolk residents attended other community colleges, the number has been below this benchmark with the lowest occurring in the 2000-2001 school year when as few as 2,633 residents attended SUNY sponsored community colleges elsewhere in the state.

For the most recently completed 2004-2005 academic year, the number was 3,052 or 212 more than the 2,840 for the immediately preceding 2003-2004 academic year, as detailed in the table that follows.

Suffolk County Residents Attending Other SUNY Community Colleges

School Year	Number of Residents	Diff. from Base Year More (Less)	Pct. Change from Base Year
1994 – 1995	3,230	N / A	N / A
1995 – 1996	3,152	(78)	-2.4%
1996 – 1997	3,174	(56)	-1.7%
1997 – 1998	3,154	(76)	-2.4%
1998 – 1999	3,031	(199)	-6.2%
1999 – 2000	2,910	(320)	-9.9%
2000 – 2001	2,633	(597)	-18.5%
2001 – 2002	2,910	(320)	-9.9%
2002 – 2003	2,842	(388)	-12.0%
2003 – 2004	2,840	(390)	-12.1%
2004 – 2005	3,052	(178)	-5.5%

The number of Suffolk residents who attended school at other SUNY community colleges in 2004-2005 was lower than the number for the 1994-95 base year by 178. Upon approval by the County Legislature, the College will be entitled to an incentive payment of as much as $35,600, the maximum amount permissible. The proposed 2006-2007 College budget provides for this revenue incentive payment of $35,600 in the 2005-2006 estimate.

Since it has been the practice of the Legislature to approve the maximum amount in each instance the College has been eligible to receive an incentive payment, we would expect the Legislature to make the same allowance for the College in the upcoming 2006-2007 academic year. Considering that the proposed 2006-2007 College budget includes $31,600 in incentive revenue, it would appear that the Executive is expecting the final count to be 3,072 for the 2005-2006 school year, which represents a projected increase of 20 students attending other SUNY-sponsored community colleges (3,072 versus 3,052).

The County Comptroller's Office reports that the number of residency certificates issued for the 2005-2006 academic year, as of July 19, 2006, is 3,167 or 63 lower than the number for the 1994-1995 base year. Because this number is already 115 more than the number of residency certificates that were issued in the 2004-2005 academic year and the number of residency certificates is subject to increase as the Comptroller's Office is still issuing residency certificates for the summer session, it is reasonable to expect that the final count of the number of Suffolk residents attending school at other SUNY community colleges will be higher than last year's number. Assuming the Legislature will approve an incentive payment for the College next year, and that the maximum rate of $200 per resident will be applied, we believe the College is more likely to receive an incentive payment closer to $12,000. This is $19,600 less than the $31,600 requested by the College and included in the proposed budget, as shown in the following table.

Projected County Incentive Payment

Source	Est. Number Qualified Residents	Estimated Incentive Payment*
Executive Budget Office	158	$31,600
Suffolk Community College	158	$31,600
Budget Review Office	60	$12,000
*__Figures calculated based on the assumption that the maximum rate of $200 per resident will be applied.__		

Based on the above observations, the Budget Review Office recommends reducing revenue 818-2251 Out-of-County Tuition: County Incentive by $19,600 in 2006-2007.

We recommend requiring the College to annually account for the usage of these funds through a report to the Legislature. The report should include how the College has used these funds to mitigate the flight of Suffolk residents to other community colleges and any special initiatives that the College has undertaken to enhance its marketing, recruitment and retention programs. We also recommend that the Legislature require the College to undertake a study of the certificates of residency to determine the home addresses of those residents who went to other community colleges. The results of the study would determine what high schools these individuals attended which would enable the College to target these schools for field visits by staff counselors as well as students who participate in the Student Ambassador Program.

The Budget Review Office continues to recommend that the Legislature consider adopting a formal policy that would change current practices in regard to the issuance of certificates of residency. By law, the County Comptroller must authenticate a person's residency in this county before issuing a certificate of residency. The resident then presents this certificate to the other community college to facilitate payment for out-of-county tuition charge backs, which are then paid by the County.

We recommend issuing the certificate of residency forms at the College, although they would still have to be filed with the County Comptroller for validation purposes. In this way, the resident would actually have to visit one of these campuses before enrolling in an out of county college. As an effort to retain college students in this County, this change in procedure would present the College with an opportunity to meet with the student and:

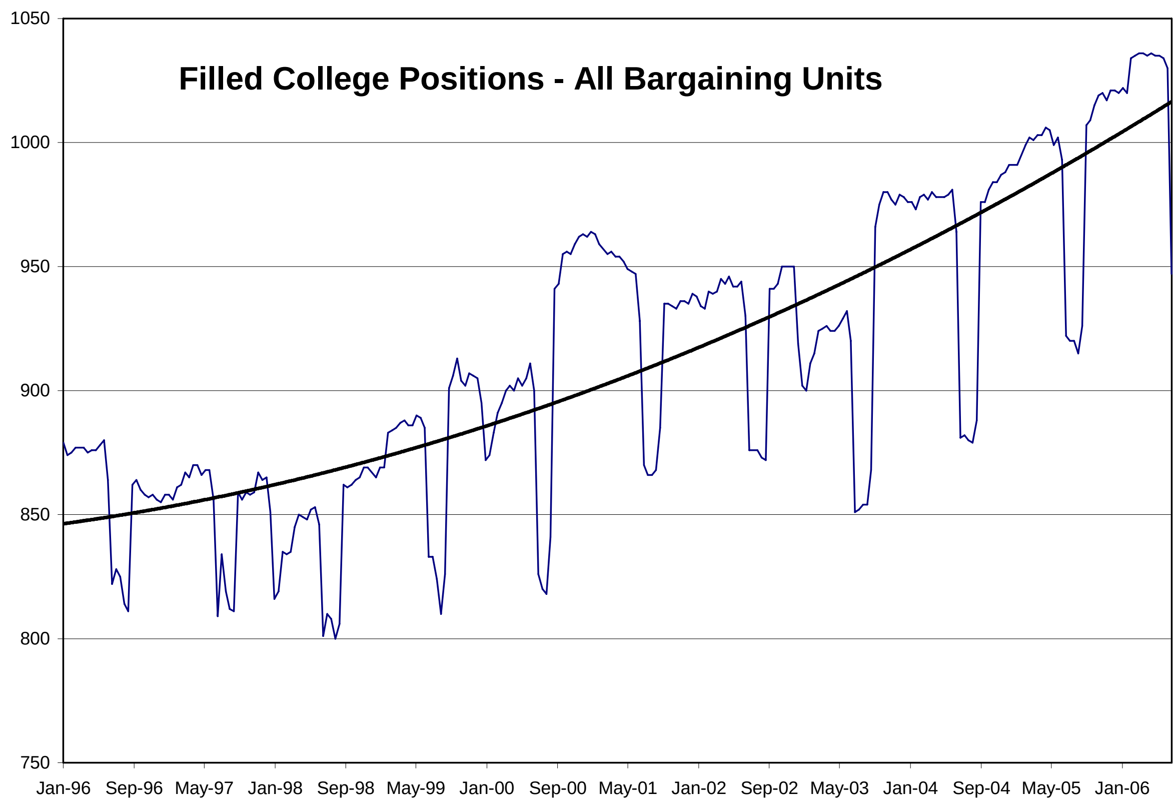
1. Present its course catalogue and brochures
2. Offer a tour of its campus

3. Provide academic counseling to answer any questions regarding the College's course offerings and availability of financial aid

Personal Services & Staffing

Personal Services include all expenditures related to full and part time salaries, overtime, terminal leave and other types of pay. For 2005-2006, adopted personal services totaled $88.6 million, comprising 62% of the adopted budget for the College. It is estimated that these costs will be $88.0 million or $605,797 less than adopted.

Over the past several years, the Budget Review Office has supported the concept that the College fill additional full-time instructional positions as well as other positions that would abate overtime, overload and adjunct expenditures. However, the college continues to have shortfalls in these areas and year end surpluses in permanent salaries. The adopted 2005-2006 budget included $65.4 million for permanent salaries. The Budget Review Office estimates that there will be a surplus of approximately $1.9 million in permanent salaries.



Over the past ten years there has been a growth of 166 positions in the college's staff. The annual "dips" in the above chart are the 10-month employees who are not reported in this data for the summer months. The trend line displays that the college staff has steadily but moderately increased over this period of time.

Overtime is paid to support personnel during periods of peak activities such as registration and special events. The 2005-2006 overtime estimate is 41% greater than the adopted amount. Much of this overtime was accrued in the Plant Operation and Maintenance division for maintenance and security issues. The college requested five new positions to alleviate these problems. This has become an annual dilemma but these positions were not included in the 2006-2007 recommended budget. The recommended overtime for 2006-2007 is 8.8% less than the adopted amount.

REQUESTED NEW POSITIONS			REQ	REC
Assistant Professor	2220-3006	Student Success Program	1	0
Professional Assistant	2220-5015	Culinary Arts	1	0
Clerk Typist	2220-5015	Culinary Arts	1	0
Laborer	2260-3020	Central Maintenance	1	0
Laborer	2260-3020	Central Maintenance	1	0
Campus Security Guard I	2260-4030	Security - Ammerman	1	0
Campus Security Guard I	2260-5030	Security - Eastern	1	0
Custodial Worker I	2260-6020	Security - Western	1	0
Campus Security Guard I	2260-6030	Security - Western	1	0
Clerk Typist	2270-4010	Executive Dean - Ammerman	1	0
Clerk Typist	2270-6020	Business Affairs - Western	1	0
Assistant Professor	2803-3001	LI Regional Mechatronics	1	1
Professional Assistant I	2803-3001	LI Regional Mechatronics	1	1
		TOTAL	13	2
Abolished			2	2

The College had requested $93.1 million for personal services in 2006-2007, an increase of $4.5 million or 5% over the adopted amount. The Executive has recommended an increase of $4.98 million or 5.6% more than the current year adopted amount. This amount includes funding for the recent collective bargaining agreement with the Faculty Association and anticipated costs for the pending Guild Association settlement.

The Budget Review Office estimates that the recommended amount of permanent salaries is reasonable for 2006-2007. If adopted as recommended, the budget would provide sufficient appropriations for:

- All currently filled positions.

- Filling the recommended two new positions for the entire school year.
- Negotiated salary increases for all employees as well the pending agreement with the Guild Association.
- The ability to fill approximately fifteen vacant positions.

VACANT POSITIONS	Instruction	Academic Support	Library	Student Services	Plant O&M	General Admin.	Gen. Inst. Supp.	Other	
JOB TITLE	2210	2220	2240	2250	2260	2270	2280		Total
ASSISTANT PROFESSOR	2							1	3
ASSOC VP FOR STUDENT AFFAIRS						1			1
ASSOCIATE PROFESSOR			1						1
CAMPUS ASST DIR OF ADMISSIONS				1					1
CAMPUS SECURITY GUARD I					**2**				2
CHIEF MANAGEMENT ANALYST							1		1
CLERK TYPIST								1	1
COLL ASSOC DEAN-INSTRCTNL TEC	1	2							3
COUNSELOR		2							2
CUSTODIAL WORKER I					2				2
DATA BASE MANAGER							1		1
DIR OF STUDENT ACTIVITIES				1					1
HEAD CLERK				1					1
INSTRUCTOR	2						1		3
MAINTENANCE MECHANIC IV					1				1
PRINCIPAL CLERK							1		1
PROFESSIONAL ASSISTANT 2	2							1	3
PROFESSIONAL ASSISTANT 3		1							1
PROFESSOR	4			1					5
REG NURSE SUPVR-CLINIC				1					1
SENIOR CLERK TYPIST				3					3
WASTEWATER TRTMT PLT OP (3A)					1				1
Grand Total	11	5	1	8	6	1	4	3	39

The Budget Review Office recommends that the two vacant Campus Security Guard I positions should be filled and two new Laborer positions in Central Maintenance be added as requested to alleviate annual overtime shortages. There are sufficient funds included in the recommended budget to fill these positions for a full year.

We further recommend a correction to the staffing presentation. Two positions recommended to be abolished are filled. The intent is to create two new positions that accurately reflect the titles and grades due to omission. The corrections are the addition of the following positions:

1. Associate VP for Campus Affairs, Grade 38 (General Administration - AVP for Campus Affairs, 2270-3033). The abolished position was a Grade 37, same job title.

2. Administrative Director of Special Projects, Grade 32 (General Administration – President's Office, 2270-3010). The abolished position was a Grade 34, Administrative Director of Human Resources.

These title and grade changes will have a minimal budgetary impact and sufficient funds are included in the recommended budget.

Non-Personal Services Expenditures:

Equipment (2000), Supplies (3000) and Contractual Expenses (4000)

Overview of Non-Personal Services Expenditures

Non-personal services include equipment, supplies and contractual expenses.

The Executive has recommended a budget of $20,241,841 for non-personal services, which is $1,069,118 or 5.3% less than requested as shown in the following table.

Executive's Recommended and SCCC's Requested 2006-2007 Budgets for Equipment, Supplies and Contractual Expenses

	Equipment (2000)	Supplies (3000)	Contractual Expenses (4000)	Total
Executive's Recommended	$1,629,480	$8,175,369	$10,436,992	**$20,241,841**
SCCC's Requested	$2,009,251	$8,455,083	$10,846,625	**$21,310,959**
Difference	**($379,771)**	**($279,714)**	**($409,633)**	**($1,069,118)**

Equipment (2000):

The college's equipment expenditures per FTE in 2003-2004 ($157) and in 2004-2005 ($128) exceeded both the average levels per FTE for all NYS SUNY community colleges and all of the "per FTE" equipment expenditure amounts for similar NYS SUNY community colleges except for Erie as shown in the following table.

Comparison of SCCC Equipment Expenditures with Comparable SUNY Community Colleges

	2003/2004				2004/2005			
Community College	**Expense for Equip.**	**% Change**	**% of Gross Exp.**	**$ Per FTE Student**	**Expense for Equip.**	**% Change**	**% of Gross Exp.**	**$ Per FTE Student**
Suffolk	**$2,517,189**	**0.8%**	**2.0%**	**$157**	**$2,078,168**	**(17.4%)**	**1.5%**	**$128**
Erie	$2,372,915	6.2%	3.1%	$214	$2,213,740	(6.7%)	2.8%	$194
Monroe	$2,001,851	5.9%	2.2%	$147	$949,874	(52.6%)	1.0%	$68
Nassau	$2,363,248	31.4%	1.5%	$132	$1,792,634	(24.1%)	1.1%	$98
Westchester	$832,336	-5.3%	1.1%	$93	$864,724	3.9%	1.1%	$83
SUNY Community Colleges	$24,274,406	12.7%	2.0%	$152	$20,127,427	(17.1%)	1.5%	$124
Source: 2004-2005 Annual Report Summary of SUNY Community Colleges								

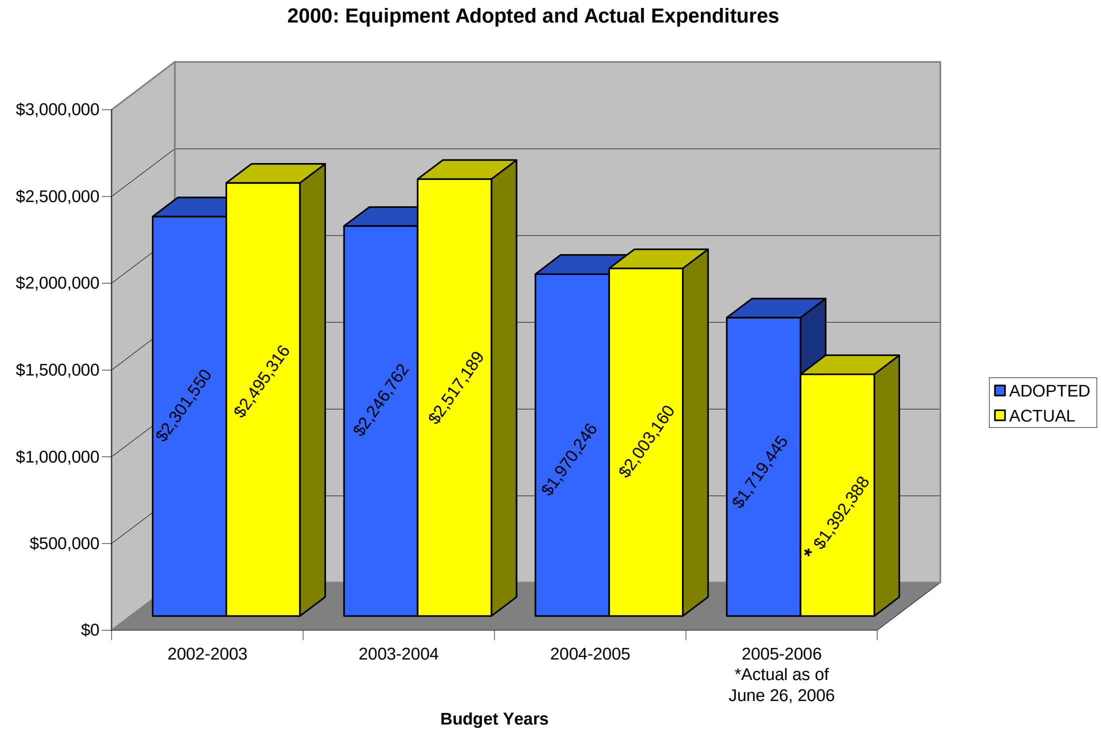
The following chart is a history of the college's annual expenditures for equipment per full-time equivalent.

Annual Expenditures For Equipment Per FTE Student

Academic Year	Expense for Equipment	% of Gross Expenditure	$ Per FTE Student
2001-02	$1,822,049	1.7% of $108,316,659	$128 / 14,210
2002-03	$2,497,181	2.1% of $116,717,939	$160 / 15,640
2003-04	$2,517,189	2.0% of $125,834,563	$157 / 15,991
2004-05	$2,003,160	1.5% of $136,105,589	$128 / 16,266
2005-06 (Estimated)	$1,673,665	1.2% of $140,778,671	**$102 / 16,430
2006-07 Executive (Recommended)	$1,629,480	1.1% of $151,145,880	**$99 / 16,430
2006-07 BRO (Recommended)	$1,999,562	1.31% of $151,515,962	$122 / 16,430

**** FTE figures based on estimated 5% increase in 2005-06 and a projected 0% increase in 2006-07**

In the academic years spanning 2001-2005 the college's gross expenditures for equipment averaged 1.8%. The Executive estimates the amount spent per FTE on equipment is $102 for 2005-2006 and proposes $99 for 2006-2007. Both the Executive's estimated and recommended equipment expenditures per FTE are low in comparison to the college's annual history of equipment expenditures per FTE. The 2005-2006 estimate of $1,673,665 for equipment is $45,780 or 2.7% less than the adopted budget of $1,719,445. Actual expenditures for equipment exceeded the adopted amounts in past years, however the difference had decreased substantially in 2004-2005, and is anticipated to drop further in 2005-2006 as demonstrated in the following graph.



As of June 26, 2006, the college has encumbered or expended $1,392,388 or 77% of the adopted budget for equipment in the 2005-2006 academic year. There is an unexpended balance of $327,057. In the prior academic year, as of June 30, 2005, the college had encumbered or expended $1,655,545 or 84% of the adopted budget for equipment. The college's projection for total equipment expenditures in 2005-2006 as of May 30, 2006 is $1,661,518 and the Executive's estimate is $1,673,665. Based on this information and the college's year-to-date expenditures as of June 26, 2006, the Budget Review Office agrees that the Executive's estimated budget of $1,673,665 for the 2005-2006 academic year is reasonable.

The College requested $2,009,251 for equipment for the 2006-2007 academic year. The Executive recommended funding in the amount of $1,629,480, which is $379,771 or 18.9% less than requested. The major differences in what the college requested and the Executive recommended are addressed below in greater detail.

<u>Furniture & Furnishings (2010)</u>

The college requested $356,219 for replacement of furniture and furnishings throughout all three campuses. The Executive has recommended funding of $96,725, which is 72.9% less than requested. The replacement of library, laboratory, and classroom furniture in the Ammerman Library represents $280,000 or 72.8% of the requested funding. The college asserts that a great deal of the furniture and furnishings currently found in the Ammerman Library are original, forty year old pieces in desperate need of replacement. The College Wide Budget Committee assessed the replacement of the furniture as a critical need based upon its condition. As observed by BRO, a substantial portion of current furniture is soiled, broken and dilapidated and no longer suited to facilitate the space requirements of the learning tools utilized by students today. The cost of new furniture and furnishings for the library is $249,805 as detailed in the following table. BRO recommends increasing the Executive's proposed budget in this sub object by $249,805 for total funding of $346,530, which is 2.8% less than requested by the college.

Ammerman Campus Library Furniture Replacement Cost

Location	Cost
1st Floor West	$17,190
1st Floor East	$48,050
2nd Floor West	$53,550
2nd Floor East	$53,650
Service Counters/Office Furniture	$77,365
Total	**$249,805**

<u>Purchase of Automobiles (2030)</u>

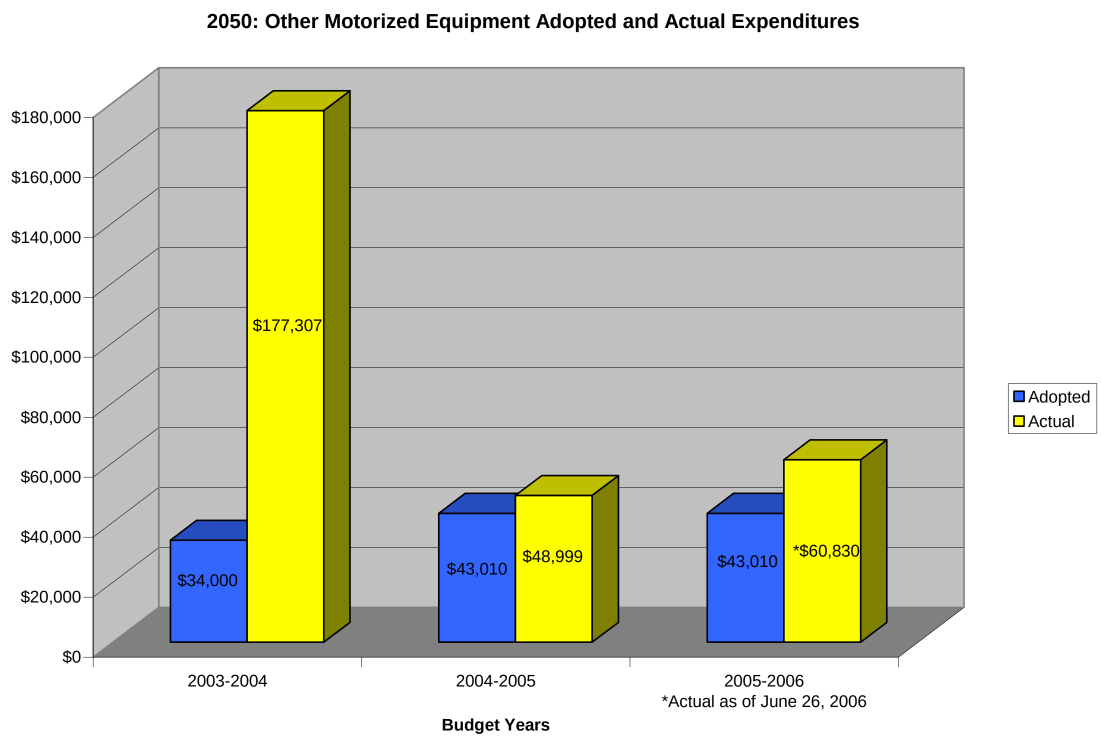
The college requested $20,000 for a vehicle to replace a 1986 Ford van with 93,248 miles which has been taken out of service at the Ammerman campus in the Maintenance and Facilities department. Recent enhancements at Ammerman Central Plaza have created a more scenic campus; however the trails and plantings make it necessary to use smaller trucks and vans for delivering supplies and materials. Large trucks no longer have access to the Central Campus square. The Executive has not included funding for this replacement vehicle. BRO recommends including $20,000, as requested, in order to replace this decommissioned vehicle. Additionally we recommend that the college include form 4B (which delineates vehicle assignments and mileage) in their future operating budget requests. The college did not include form 4B in its 2006-2007 operating budget request, making it difficult to review and compare the need for replacement vehicles.

<u>Trucks, Trailers, and Jeeps (2040)</u>

The college also requested $25,000 for replacement of a decommissioned 1987 Ford pick-up truck with 90,743 miles used at the Ammerman campus in the Plant and Facilities department. BRO recommends including $25,000, as requested, in order to replace this decommissioned vehicle.

Other Motorized Equipment (2050)

The college requested $118,287 for various types of motorized equipment used throughout the campuses in different capacities. Funding of $43,010 was adopted in the 2005-2006 budget as requested by the college. This year the college's request has increased $75,277 or 175%. The Executive recommends funding of $43,010 which is the same as the 2005-2006 adopted and is 64% less than requested by the college in 2006-2007. As of June 26, 2006 the college has encumbered or expended $60,830 or 41% more than adopted in the 2005-2006 budget. The actual expenditures for Other Motorized Equipment in the 2004-2005 academic year also exceeded both the adopted and estimated funding. The substantial increase in the college's requested funding in the 2006-2007 budget can be attributed to requests made by Plant Maintenance & Operations of $55,000 and Warehouse & Mail of $25,000 for cleaning and receiving equipment, respectively. The receiving equipment is also related to the aesthetic enhancements at the Central Plaza. In the 2005-2006 budget neither of these departments requested funding in this sub-object. Over the past three years the actual expenditures on Other Motorized Equipment have consistently been higher than the adopted funding (see following graph), therefore, BRO recommends adding an additional $75,277, as requested by the college.



The Budget Review Office recommends increasing the Executive's proposed budget for equipment by $370,082, as shown in the following table. This will bring the total appropriations for equipment to $1,999,562 or $122 per FTE compared to the Executive's $99 per FTE. This is still $90,149 less than adopted in 2005-2006.

2006-2007 Equipment Budget Recommendations

Org/Sub Object	Description	BRO Recommended	Exec Recommended	BRO - Exec
2210-2010	Furniture &Furnishings	$346,530	$96,725	$249,805
2270-2030	Purchase of Automobiles	$20,000	$0	$20,000
2260-2040	Trucks, Trailers, and Jeeps	$25,000	$0	$25,000
2260-2050	Other Motorized Equipment	$118,287	$43,010	$75,277
Total		**$509,817**	**$139,735**	**$370,082**

Supplies (3000):

The 2005-2006 estimated budget for supplies is $7,208,278, which is $222,199 less than adopted. Based on the college's expenditures of $5,981,456 as of June 26, 2006 the estimate is reasonable. The Budget Review Office does not recommend any adjustments to the Executive's proposed budget for supplies.

The 2006-2007 recommended budget for supplies is $8,175,369, which is $744,892 or 10% more than the 2005-2006 adopted budget and $279,714 or 3.3% less than the college's 2006-2007 request.

The Executive's proposed budget for supplies differs from the college's request in six areas which are addressed below.

<u>Membership & Subscriptions (3070)</u>

The college has requested $667,320, which is $429,895 or 181% greater than the 2005-2006 adopted funding of $237,425. The Executive has recommended funding of $643,218, which is $24,102 or 3.6% less than requested by the college. The Budget Review Office concurs with the need for this significant increase. The vast majority of the increase is due to the college's technological enhancements in administrative systems and membership fees associated with Project Lighthouse and the ERP (Enterprise Resource Planning) implementation as follows:

- Membership in the SUNY Information Technology Exchange Center (ITEC) constitutes $163,000 of the requested funding. ITEC provides support for both administrative and academic systems and charges a flat membership fee in addition to a per FTE student charge. ITEC hosts the college's Enterprise application server and passes along its IBM operating system license to the college as well. In addition ITEC makes volume purchases of enterprise software such as Oracle and Hyperion which allows the college use of these programs at a discounted rate.

- Membership in the SUNY Student Information & Campus Administrative Systems Center (SICAS) constitutes $259,000 of the requested funding. SICAS provides direct support of member campus SunGard Higher Education Banner Systems. SICAS charges a flat fee as well as a per FTE student charge and membership allows campuses steeply discounted support from SunGard ($179 vs. $358 per hour for custom programming and $109 vs. $218 per hour for baseline support). Members also receive 19 core SunGard products with no license fee and 60% discounted support and the opportunity to obtain four major companion products (Document Imaging, Portal, Reporting Data Store, Data Warehouse) at a 70% discount to the higher education price.

The Budget Review Office recommends adding $24,102 to memberships and subscriptions as requested by the college. This additional amount is for membership in regional Associations for Academic Counselors; membership in NACE for career service administrators and various subscriptions for student and faculty academic research.

Technology Fee Supplies (3440)

The Executive recommended a budget of $72,500 for the 2006-2007 academic year, which is the same as the adopted and estimated in the prior year and $68,350 or 48.5% less than requested by the college. This expenditure is directly related to Student Technology Fee revenue. A large portion of the increase requested by the college can be attributed to two areas:

- On-line information services constitutes approximately $50,000 of the college's request. Revenue offsets a service called First Search which is a research, abstracting, and indexing service that offers more than 70 databases in 14 subject areas. This application provides the college with site licenses and an unlimited number of searches. The library's budget has not been able to keep up with the demand for these research services.
- Additionally approximately $84,000 of this funding is used in supporting the College's student portal which maintains licenses for student e-mail and virus protection.

Upon initial purchase of these applications multi-year licenses were ordered. However, the multi-year arrangements conclude in January of 2007 and the expenses will now be incurred on a yearly basis. BRO recommends increasing funding in this sub object by $68,350 to $140,850, as requested by the college to continue the online research, e-mail and virus protection.

Other: Unclassified (3500)

The Executive's recommended budget is $123,389, which is $62,788 or 33.7% less than requested by the college. The requested components that comprise the $62,788 not included in the recommended budget are:

- Middle States support funding of $15,600 for travel, lodging, food, and technical support expenditures incurred when the Middle States Accreditation Team visits the college.
- Rental fees of $11,014 for a facility to house physical education courses currently being offered at the Eastern Campus which has no gymnasium. This expense is tied to a fee charged to the students that use the facility.
- Academic Affairs component of $15,000 for buses for Honors Program events including Washington, Georgetown, Holocaust Museum, travel expenditures for job candidates and supplies for curriculum and assessment.
- Funds in the amount of $7,043 for college fairs, open houses, transfer day programs and other student services.
- The College Wide Associate Dean's budget of $14,131, which provides for hospitality and accommodations for the General Education Department for program reviews, professional development, workshops and conferences and for seminars and supplies for the Adult Learners and Instructional Technology Programs.

BRO recommends increasing the Executive's proposed budget in this sub-object by $55,745 for total funding of $179,134, which is $7,043 less than requested by the college.

Rent: Business Machines & Systems (3510)

The Executive's recommended budget is $297,240, which is $7,152 or 2.4% less than requested by the college and 2.1% less than the Executive's estimated budget of $303,624 for the 2005-2006 academic year. As of June 26, 2006 the college has already encumbered or expended $270,807. The 2005-2006 estimates are reasonable. Based upon the 2005-2006 estimate and actual expenditures incurred by the college, BRO recommends adding $7,152 in 2006-2007 for total funding of $304,392.

Recruitment Initiatives (3750)

The Executive's recommended budget is $38,322, which is the same as the 2005-2006 estimate and $22,978 or 60% less than requested by the college. The recommended budget is $21,553 or 56.2% less than the adopted funding in 2005-2006. The Executive is estimating 0% growth in FTE students for the 2006-2007 academic year. It seems unreasonable to decrease funding in this area at a time when enrollment is projected to be flat. The college has grown the

FTE student population every year since 1997, therefore BRO recommends increasing recruitment initiatives by $22,978 for total funding of $61,300.

Advertising (3770)

The Executive has recommended funding of $470,906, which is $94,344 or 16.7% less than requested by the college and $29,094 or 5.8% less than the 2005-2006 estimate of $500,000 for the college's advertising costs. As of June 26, 2006 the college has encumbered or expended $421,109 or 74% of the 2005-2006 adopted budget. The college projects spending all adopted funding for advertising in the 2005-2006 academic year. Based upon the expenditures of the college as of June 26, 2006 the Executive's estimate of $500,000 seems reasonable.

The Budget Review Office recommends increasing the Executive's proposed budget for advertising by $91,754 for total funding of $562,660. If the advertising budget was adopted as recommended by the Executive, the college would realize reductions in the advertising initiatives for the Sayville and Riverhead Downtown Centers. The culinary center in Riverhead is slated to open its doors in the 2007-2008 academic year and failure to advertise at this juncture may jeopardize its success.

BRO continues to recommend that the college conduct a study to determine the effectiveness of its current advertising venues. The study should include information on where to concentrate brochures, pamphlets, and other college materials. It should also glean information from the admissions department as to how students heard about the college and what factors influenced the students to apply. We suggest the report be generated in-house utilizing academic resources such as students and professors. The results of such a study could prove invaluable in helping the college to reach its target market and maximizing the effectiveness of its advertising efforts.

In summary, the Budget Review Office recommends increasing the Executive's proposed budget for supplies by $270,081 as addressed in the previous analysis. This increase would result in total funding of $1,915,656 for supplies in the 2006-2007 budget as demonstrated in the following table.

2006-2007 Supplies Budget Recommendations

Sub Object	Description	BRO Recommended	Exec Recommended	BRO-Exec
3070	Memberships & Subscriptions	$667,320	$643,218	$24,102
3440	Technology Fee Supplies	$140,850	$72,500	$68,350
3500	Other: Unclassified	$179,134	$123,389	$55,745
3510	Rent: Business Machines & Systems	$304,392	$297,240	$7,152
3750	Recruitment Initiatives	$61,300	$38,322	$22,978
3770	Advertising	$562,660	$470,906	$91,754
Total		**$1,915,656**	**$1,645,575**	**$270,081**

Contractual Expenses (4000):

The estimated 2005-2006 contractual expenses total $9,805,351, which is $219,359 less than adopted. As of June 26, 2006, the college expended or encumbered a total of $5,926,172, which is $4,098,538 less than adopted. The Budget Review Office recommends decreasing the 2005-2006 estimate by $304,719 and increasing the 2006-2007 recommended budget by $239,093. These recommendations are detailed in the analysis that follows.

Telephone and Telegraph Expenditures (4010)

The 2005-2006 estimate for telephone and telegraph expenditures is $800,000, which is $49,700 less than adopted, and is reasonable. As of June 26, 2006, the college has expended $497,924, which is low based upon historical expenditures. In 2006 the college switched over from a traditional telecommunications system to a new Cisco Systems VoIP(voice over internet protocol) telecommunication system which has allowed them to reduce expenditures in this area. Although there have been some complications with the billing process, resulting in the low expenditures as of June 26, 2006, the college does project expenditures of $800,000 in this sub object .

The Executive's proposed budget is $721,000, which is $79,000 or 11% less than the estimated budget. The college requested $747,367, which reflects a reduction of $79,000 for technology fees, as the one-time upgrading of wiring and cabling needed to enhance connectivity at the college was completed last year. In addition, the college's request reflects savings of $23,333 in college wide phone services in spite of the fact that there will be more facilities. This may be attributed to the utilization of a new VoIP telecommunications system throughout the campus. Based upon the college's utilization of cost saving measures, completion of connectivity improvements in the prior year, and actual expenditures within this sub object in the 2005-2006 academic year, the Budget Review Office is in agreement with the Executive's proposed budget of $721,000.

Light, Power & Water (4020)

The Executive's estimated budget is $4,852,898, which is $940 less than adopted in 2005-2006. The college has encumbered or expended $3,229,250 as of June 26, 2006, which represents 66.5% of the adopted budget. Historically the college has expended a greater portion of budgeted funding in this sub-object by this point in the year. In addition, various energy conservation measures implemented by NYPA (New York Power Authority), such as updated controls, motors, and lights, have been completed and the savings are being realized. Finally the very mild winter season experienced in 2005-2006 has likely decreased the college's consumption of energy for heating, therefore BRO recommends decreasing the 2005-2006 estimate by $304,719 to $4,548,179.

The Executive proposes funding of $4,809,534, which is $43,364 less than estimated and $344,913 less than requested by the college. The following observations make a compelling case for the likelihood that county energy costs will continue to rise, therefore the Budget Review Office recommends increasing the Executive's proposed budget by $200,740 for total funding of $5,010,274.

An Overview of the Energy Market

All influences speak to continued energy price volatility. While actual weather driven consumption remains a significant influence on energy pricing, the market price influence of energy supply inventories and demand forecasts have given way in priority to global geopolitical events and seasonal storm forecasts that may impact energy producing regions.

Events of the past few weeks highlight the sensitivity of global energy prices to geopolitical events. According to a variety of sources:

- The Iranian nuclear situation has added a premium of more than $2.50 per barrel of oil, and
- The test launch of North Korean long-range missiles caused a price spike of approximately $1.50 per barrel.

It is important to note that neither of these two factors influences the supply or demand of oil, but both significantly add to the risk factor being applied to the base price of energy.

More ominously, many fear that the growing conflict between Israel and Lebanon may escalate into a full blown regional war. Beyond the human and environmental costs of such a conflict, no generally circulated energy forecasts to date would account for such a significant influence on global energy pricing.

In addition, the Government Accountability Office released a June 2006 report on Energy Security which evaluated various scenarios relating to the threat of Venezuelan actions that reduce or eliminate the sale of oil from Venezuela to the United States. The report was requested by Senator Richard Lugar, Chairman of the Committee on Foreign Relations and suggests that the near-term (first three months) affect on the global price of crude oil could be in excess of $11 per barrel.[2] James Williams suggests in the WTRG Energy Economics Newsletter review of the GAO report that, adjusted for current prices and Venezuelan oil production levels, the increase could exceed $20 per barrel.[3] The GAO report was well timed as an article appearing in the Bloomberg News on July 12, 2006 states:

[2] "Energy Security: Issues Related to Potential Reductions in Venezuelan Oil Production", United States Government Accountability Office, June 2006 http://www.gao.gov/new.items/d06668.pdf

[3] Energy Economist: News & Issues, James L. Williams, July 6, 2006 http://www.energyeconomist.com/a6257783p/archives/ee060705.html

> Venezuela is usually one of the top four suppliers of crude oil and fuel to the U.S., according to Energy Department figures. In some months the country sends more to the U.S. than Saudi Arabia. The top four suppliers include Mexico and Canada, and the order of the rankings change month by month. **Venezuela has signed new supply agreements with China, India, Jamaica, Haiti, Paraguay, and Bolivia**. The country's output is not growing because of a lack of investment in new production, so **supplies to those countries come at the expense of the exports to the U.S**.[4]

In a move that could portend the continued divestiture of Venezuelan assets in the United States, making a break with the U.S. energy market more probable, the Associated Press also released an article on July 12, 2006 that notes:

> Venezuela-owned CITGO Petroleum Corp. has decided to stop distributing gasoline to 1,800 independently owned U.S. stations, shedding a lackluster segment of its business while forcing the owners of those stations to find other suppliers. While it may create some logistical headaches for gasoline retailers in the short term, the move should not have any impact on the nation's overall fuel supply. As a result, the CITGO brand will disappear entirely from 10 states and be less common in four additional states by March 2007, when the change goes into affect.
>
> Venezuela is the world's fifth-largest oil exporter and the U.S. is its top buyer. The United States relied on Venezuela for about 11 percent of its oil supply in 2005.[5]

Seasonal storm forecasts suggest that the current hurricane season may be as severe as the 2005 season. U.S. Energy Secretary Sam Bodman was recently quoted by Reuters as stating that the United States has permanently lost some ten (10) percent of Gulf Coast oil production and five (5) percent of natural gas output due to hurricane damage last year.[6] Even if storms don't occur, a risk factor premium is likely to contribute to the upward trend on energy prices through the 2006 season.

Other factors contributing to the Budget Review Office projected energy costs for object 4020 include:

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4 "Venezuela's Oil Sales to U.S. Drop as Chavez Sends More to Asia", Peter Wilson, Bloomberg News, July 12, 2006 http://www.bloomberg.com/apps/news?pid=20601086&sid=a_H7VhJXt_6I&refer=latin_america

5 "Citgo Won't Sell Gas to U.S. Stations", Natalie Obiko Pearson, The Associated Press, July 12, 2006 http://www.chron.com/disp/story.mpl/ap/fn/4043093.html

6 "Oil price may hit economic growth: Bodman", Matthew Robinson, New York Reuters, Tuesday, May 23, 2006

1. an upward cost adjustment for consumption of natural gas during the coming winter than was experienced during the unusually warm winter of 2005-2006

2. an upward adjustment on cost for consumption of natural gas due to:

    a. residual winter storage that was injected at higher 2005 prices but not consumed during the warmer than normal period, and

    b. reduced energy content (Btu's) per unit of consumed natural gas due to more intensive refining process driven by the high cost of petrochemicals[7], and

3. an upward cost adjustment for consumption of electricity due to the probability of an increase in LIPA's fuel and purchased power surcharge as early as the end of September 2006.

These observations portend that the County's upcoming 2007 operating budget will need to include substantial appropriations for light, power, and water (4020). Furthermore, these observations underscore the need for the county to be proactive in its energy conservation measures as included in capital project 1664 Energy Conservation at Various County Facilities.

<u>Travel: Other (4340)</u>

The 2006-2007 proposed budget is $271,398, which represents a 20% increase over the Executive's estimated budget and a 12.4% decrease or $38,353 less than the college's request. This sub-object consists of contractual travel expenses for Faculty and Guild members as well as travel for college business. Several items have contributed to the increase in travel expenses as detailed below.

- Faculty and Guild members are eligible for contractual travel reimbursement for conference attendance once every two years. This allowance will increase every two years beginning September 1, 2005 and is currently $1,250.
- $25,000 has been budgeted for travel by college personnel associated with the installation of the ERP (Enterprise Resource Planning) system.
- $22,000 has been budgeted for travel of college employees associated with the Middle States Accreditation.

[7] Natural gas typically contains amounts of propane, butane, and other petrochemicals which have a higher Btu content than methane, the primary ingredient of natural gas. When natural gas is harvested there is typically limited refining of the product beyond a drying and particulate removal process. Due to the high price those petrochemicals currently command, the industry is more rigorously processing natural gas to yield greater volumes of petrochemicals for direct sale to market. The result is likely to reduce the heating value of natural gas delivered to retail customers served by local energy providers.

- $16,000 has been budgeted for the College Wide Associate Deans for professional development at seminars, workshops, and conferences particularly in the area of distance education and instructional technology.

The Budget Review Office recommends increasing the proposed budget by $38,353 to $309,751, as requested by the college, to fund the previously addressed increases as anticipated in the 2006-2007 academic year.

Computer Services (4210) and Fees for Services (4560)

The Budget Review Office is in agreement with the Executive's proposed 2006-2007 funding for computer services ($52,000) and fees for services ($2,158,698), as requested by the college. The college's request includes what has been estimated as the most costly year of the multi-year implementation of the enterprise resource planning (ERP) system. ERP is the college's multi-year plan to replace outdated software, upgrade the computer center's hardware and improve their business processes. The college's implementation of ERP for 2006-2007 includes the greatest expenditures within any one year in the areas of vendor costs ($1,217,815), internal costs ($567,942), and project contingencies ($338,973). These expenses can be attributed to the fact that in 2006-2007 the core functions of admissions, financial aid, registration, finance, and billing along with workflow, reporting, and portal will be brought online. This is the most intense and therefore the most expensive year of the implementation and the costs associated with this project are anticipated to decrease considerably next year.

In summary the Budget Review Office recommends decreasing 2005-2006 estimated contractual expenses by $304,719 and increasing the Executive's proposed budget for Contractual Expenses by a total of $239,093 as shown in the following table.

2005-2006 Estimated

Sub Object	Description	BRO Recommended	Exec Recommended	BRO-Exec
4020	Light, Power, & Water	$4,548,179	4,852,898	(304,719)
Total		**$4,548,179**	**4,852,898**	**(304,719)**

2006-2007 Contractual Expenses Recommendations

Sub Object	Description	BRO Recommended	Exec Recommended	BRO-Exec
4010	Telephone & Telegraph	$721,000	$721,000	$0
4020	Light, Power, & Water	$5,010,274	$4,809,534	$200,740
4340	Travel: Other	$309,751	$271,398	$38,353
4210	Computer Services	$52,000	$52,000	$0
4560	Fees For Service: Non-Employee	$2,158,698	$2,158,698	$0
Total		**$8,251,723**	**$8,012,630**	**$239,093**

Employee Benefits

Health Plan

Over ninety-eight percent of the College's 1,583 employees and retirees are enrolled in the self-insured Employee Medical Health Plan (EMHP) and the remaining 1.1 percent (18 enrollees) is enrolled in one of several HMO health plans. Over one third of the College's health insurance enrollees are retirees; 565 (35.7%). The College transfers funds each month to the EMHP Fund (Fund 039) based upon the number of enrollees, coverage (family or individual) and the selected plan (EMHP or HMO). The EMHP premium and interfund transfer rate is set each January in accordance with the County's adopted operating budget. The 2006 annual interfund EMHP rate is $5,649.60 for individual coverage and $12,049.80 for family coverage.

The 2005-2006 estimated budget includes $15,285,948 for health insurance, which is $501,377 less than the adopted budget of $15.8 million. Based upon expenditures through July 2006, the estimated health insurance expenditure is reasonable.

The 2006-2007 recommended budget includes $17.2 million for health insurance, an increase of $1.9 million (12.4%) over the estimated 2005-2006 budget. The recommended health insurance budget assumes a 10% increase in health insurance premiums commencing January 2007. The recommended health insurance budget is conservative and reasonable. Prior to the adoption of the College Budget, the draft report from the County health insurance consultant PricewaterhouseCoopers' estimating the County's 2006-2007 health insurance costs should be available. Adjustments can be made to the College's health insurance appropriations, if necessary, based upon additional information in their report.

Retirement

Employees of the College are enrolled in one of three retirement plans. Generally, faculty and administrators participate in either the New York State Teachers' Retirement System (TRS) or the Teachers Insurance Annuity Association-College Retirement Equities Fund (TIAA-CREF). The remaining employees are enrolled in the New York State and Local Employees' Retirement System (ERS).

Employees' Retirement System (ERS)

The estimated 2005-2006 budget includes $2,479,335 for ERS, which is $400,000 less than the adopted budget and is $332,000 less than the 2004-2005 actual expenditure. The adopted budget is based upon a composite employer contribution rate of 12.35% of salaries. The College apportions ERS retirement to the academic year in which the expense occurred. Seven twelfths (7/12) of the College's December 2005 ERS payment is apportioned to the current academic year. In December 2005, the College paid $2,581,196 for ERS retirement, which includes $242,066 for debt service cost for the 2002 early retirement incentive program (ERIP). Resolution 839-2003 authorized the issuance of a serial bond to finance the College's unpaid portion of their 2002 ERIP, $881,472 through 2007. Five twelfths (5/12) of our projected December 2006 College ERS payment of $3,055,638 ($2,813,572 for the employer contribution and $242,066 for the 2002 early retirement incentive program) is also apportioned to the current academic year. Our projection uses an updated composite employer contribution rate of 11.07% of salaries. Our analysis concludes that the estimated ERS retirement of $2.48 million is understated by $175,000.

The 2006-2007 recommended budget includes $2,669,625 for ERS, which is $59,710 less than the College requested. Our analysis projects ERS to be $3,082,800 based upon the current composite employer contribution rate of 11.07% of salaries and including $240,215, the last of five debt service payments for the 2002 early retirement incentive program. Therefore, the recommended budget is understated by $413,175.

Chapter 260, New York State Laws of 2004 changed the retirement payment due date from December 15th each year to February 1st each year. However, municipalities have the option to make their payments by December 15th in order to obtain an 8 percent per annum discount for prepayment prior to February 1st. According to correspondence from the New York State and Local Employees' Retirement System, the College has the option to make their payment in December independent from the County. The 2006 County operating budget assumes the County will make its retirement payment in February 2007. The College will save approximately $25,000 by paying its retirement bill by December 15, 2006. Our projection assumes the College will make their ERS payment in December 2006.

Over the two academic years, the difference between our ERS projections and the Executive's ERS projections is $588,175.

Teachers Retirement System (TRS)

The estimated 2005-2006 budget includes $1,936,443 for TRS, which is the same as the adopted budget. The estimated amount is based on an employer contribution rate of 7.97% of salaries totaling $18.7 million and includes $442,889 for the forth of 5 annual payments for the 2002 ERIP. The estimated TRS retirement appropriation is $31,338 less than our projection which is based upon wages paid through June. It appears that the shortfall is due to a $37,951 adjustment for the reconciliation of the 2004-2005 TRS retirement costs.

The recommended budget includes $2,100,486 for TRS as requested by the College. This appropriation level is based upon the TRS estimated employer contribution rate of 8.6% of salaries totaling $19.2 million and includes $442,889 for the last of five 2002 ERIP payments. The recommended TRS appropriation is reasonable.

Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF)

The 2005-2006 estimated employer contribution to TIAA-CREF is $4,010,963, which is $100,000 less than the adopted budget. Based upon expenditures of $2,804,598 through the June 26, 2006 payroll and including an adjustment for the recent Faculty Association agreement, the estimated budget is overstated by $200,000.

The recommended 2006-2007 budget includes $4,277,950 for TIAA-CREF, which is $116,987 greater than the College requested. Because both the College and the Executive started with an inflated base, our analysis concludes that the recommended budget is overstated by $200,000.

Benefit Fund

The College contributes to two benefit funds, AME and Faculty Association, based upon the number of enrollees.

The annual AME Benefit Fund contribution per enrollee is $1,231 for 2005 and $1,281 for 2006. The AME Benefit Fund contribution increases to $1,331 in 2007 for the 410 AME members and the 22 exempt employees.

The recent Faculty Association agreement retroactively increased the employer contribution from $1,483 per enrollee to $1,533 effective September 1, 2005 for the 479 Faculty Association members and 126 Guild members. The College also contributes $10 annually to the Faculty Association Benefit Fund for approximately 1,000 adjunct faculty members. The agreement also increases the annual benefit fund contribution by $50 effective September 1, 2006 to $1,583.

The benefit fund appropriation includes life insurance premiums for approximately 350 college aides. The life insurance benefit is provided through the AME Benefit Fund. The 2005-06 annual premium is $30.26 per college aide.

The estimated budget includes $1,445,450 for benefit fund contributions, which is $35,950 more than the adopted budget. As of June 26, 2006 expenditures total $1,366,630, which excludes $5,265 for the spring semester life insurance premium for the college aides, $95,326 for the AME July/August benefit fund payment, and $23,825 for the Faculty Association's retroactive $50 annual increase for the benefit fund contribution. The estimated budget is understated by $50,000.

The recommended budget includes $1,460,450 for the employer contribution to the two benefit funds, which is $35,950 more than the College requested. The College's request did not include the increased Faculty Association contribution. Although this funding level considers the scheduled increases in the AME and Faculty Association Benefit Fund contributions, there are insufficient appropriations for the projected increases. The recommended budget is under-funded by $80,000.

Social Security (FICA)

Social Security taxes are comprised of two components—Old Age Survivors and Disability Insurance (OASDI) and Medicare Tax. The 2005 employer's contribution for OASDI is 6.2% of an individual's earned wages up to $90,000 and the Medicare rate is 1.45% for all earned wages. The 2006 OASDI wage base is $94,200. Based upon the average annual increase in the OASDI wage base during the past ten years, 4.17%, the Budget Review Office is projecting the 2007 wage base to increase by $3,900 to $98,100.

The estimated budget includes $6,423,602 for FICA, which is same amount as the adopted budget. The estimated FICA is 7.30% of the estimated total personnel costs of $88.0 million. The estimated FICA is slightly higher than the historical levels of 7.19% of wages and is possibly overstated by $50,000.

The 2006-2007 budget includes $6,850,710 for FICA, which is $227,108 greater than the College requested and represents 7.21% of total personnel costs of $93.6 million. The Budget Review Office agrees with the recommended FICA. Our projections assume that the personal services appropriations are budgeted properly and are expended.

Workers' Compensation

The County retains an insurance risk consultant to determine the workers' compensation "chargebacks" for each department. The adopted budget is based upon a premium rate that is specific to the College's workers' compensation expenditure history. The estimated 2005-2006 appropriation of $1,194,632 is the same amount as the adopted budget. For the current academic year, the College remitted $1,193,725, which is $907 less than estimated.

The recommended 2006-2007 budget includes $1,408,010 for workers' compensation and is reasonable.

Employee Benefits Summary

In total over the two-year period, employee benefits are understated by $299,513. The following chart summarizes the Budget Review Office's recommended changes to appropriations in the area of employee benefits:

Obj	Obj. Description	2005-2006 Estimated Budget	2006-2007 Recommended Budget	2-Year Impact
8280	State Retirement (ERS)	$175,000	$413,175	$588,175
8100	State Teachers Retirement	$31,338	$0	$31,338
8160	TIAA-CREF	($200,000)	($200,000)	($400,000)
8380	Benefit Fund Contribution	$50,000	$80,000	$130,000
8330	Social Security	($50,000)	$0	($50,000)
	Total	$6,338	$293,175	$299,513

Status of Funds

The financial position of the College is presented in the "Status of Funds" portion of the proposed budget in two accounting funds, an operating fund (on p. 4) and a reserve fund (on p. 6). Taken together, these two funds indicate what the College's financial standing is expected to be at the conclusion of the current 2005-2006 school year, and what financial resources will be required to meet anticipated operating costs for the upcoming 2006-2007 school year. Table 1 considers both the operating and reserve funds, while the remaining tables will consider the operating fund only.

As seen in Table 1, for the current 2005-2006 school year the Executive anticipates that the College will have a combined operating fund and reserve fund year end fund balance surplus of $5,789,450, which is **$1,894,086** more than the $3,895,364 that was actually achieved at the end of the previous school year.

Table 1 Status of Funds – Year End Fund Balances College Operating Fund and Reserve Fund			
Sept. to August School Year	**Operating Fund**	**Reserve Fund**	**Total**
2004 – 2005	**($477,504)**	**$4,372,868**	**$3,895,364**
2005 – 2006*	**$1,416,582**	**$4,372,868**	**$5,789,450**
Diff. More (Less)	**$1,894,086**	**$0**	**$1,894,086**

***Figures represent Executive Office estimates included in proposed College budget.**

Table 2 compares the current year's 2005-2006 estimated budget to what was adopted at this time last year. The 2005-2006 College operating fund was adopted with a starting fund balance surplus of $294,118, but the actual figure turned out to be a **deficit of $477,504**. As such, the adopted surplus was $771,622 less than the actual amount.

The Executive estimates that although the current 2005-2006 operating fund budget started with a $477,504 deficit, the year will end with a fund balance **surplus of $1,416,582**. The increase is attributed to College spending that is estimated to be $2,682,603 less than adopted. These savings are partially offset by revenue that is expected to be $525,961 less than adopted.

Table 2 Status of Funds – Year End Fund Balances – Operating Fund Comparison Between Adopted and EXEC Estimated For The 2005-06 School Year				
Description	**Date / Period**	**Adopted 2005 – 2006**	**Executive Estimated* 2005 – 2006**	**Difference Fav. (Unfav.)**
Beg. Fund Bal.	**Sept. 1, 2005**	**$294,118**	**($477,504)**	**($771,622)**
Revenues	**Sept. 1 – Aug. 31**	**$131,436,977**	**$130,911,016**	**($525,961)**
Total	**Sept. 1 – Aug. 31**	**$131,699,533**	**$130,433,512**	**($1,266,021)**
Expenditures	**Sept. 1 – Aug. 31**	**$131,699,533**	**$129,016,930**	**($2,682,603)**
End Fund Bal.	**August 31, 2006**	**$31,562**	**$1,416,582**	**$1,385,020**

***Figures represent Executive Office estimates included in proposed College budget.**

A comparison of the Executive's 2005-2006 estimated College budget to that of the Budget Review Office is summarized in Table 3. As can be seen, the Budget Review Office estimates that operating fund revenues will be $130,575 less than what is projected in the proposed budget, and that operating fund expenditures will be $298,381 less. According to our estimates, the Executive's projected 2005-2006 year end fund balance **surplus of** $1,416,582 is understated by **$167,806**, and that it is more likely that the surplus will be $1,584,388.

Table 3 Status of Funds – Year End Fund Balances – Operating Fund Comparison Between EXC and BRO Estimates For The 2005-06 School Year				
Description	Date / Period	EXEC. Est. 2005 – 2006	BRO Est. 2005 – 2006	Difference Fav. (Unfav.)
Beg. Fund Bal.	Sept. 1, 2005	($477,504)	($477,504)	$0
Revenues	Sept. 1 – Aug. 31	$130,911,016	$130,780,441	($130,575)
Total	Sept. 1 – Aug. 31	$130,433,512	$130,302,937	($130,575)
Expenditures	Sept. 1 – Aug. 31	$129,016,930	$128,718,549	($298,381)
End Fund Bal.	August 31, 2006	$1,416,582	$1,584,388	$167,806

Table 4 compares Budget Review Office findings to the Executive's 2006-2007 recommended College budget. Our review indicates that the Executive's revenues should be increased by $143,673 over the recommended amount and expenditures should be raised by $1,172,431. Factoring in our anticipated 2005-2006 year end fund balance surplus, which is $167,806 more than estimated by the Executive, the Executive's proposed budget would in total need an additional **$860,952** in funding.

Table 4 Status of Funds – Year End Fund Balances – Operating Fund Comparison Between EXC and BRO Recommendations For The 2006-07 School Year				
Description	Date / Period	EXC. Rec'ded 2006 – 2007	BRO Rec'ded 2006 – 2007	Difference Fav. (Unfav.)
Beg. Fund Bal.	Sept. 1, 2006	$1,416,582	$1,584,388	$167,806
Revenues	Sept. 1 – Aug. 31	$137,040,148	$137,183,821	$143,673
Total	Sept. 1 – Aug. 31	$138,456,730	$138,768,209	$311,479
Expenditures	Sept. 1 – Aug. 31	$138,456,730	$139,629,161	$1,172,431
End Fund Bal.	August 31, 2007	$0	$(860,952)	$(860,952)

It should be stressed that in the final analysis the $860,952 in additional funding recommended in this report is a policy decision for the Legislature to make. In fact, $752,021 of the $860,952 is attributed to revenue reductions based on more complete information on enrollment than was available at the time the recommended budget was submitted to the Legislature. In particular

1. State aid (818-3270) for 2006-2007 is expected to be $55,550 less than recommended. This is largely due to lower than expected summer enrollment.
2. Incentive payments made by the County to the College for out-of-county tuition (818-2251) should be reduced by $19,600 in 2006-2007. This is largely due to the number of residency certificates issued as of July 19, 2006, which is more than the number implicit in the recommended budget.
3. Student tuition should be lowered by $676,871 from the Executive's 2005-2006 estimate. For the most part this is due to lower than expected summer enrollment.

Should the Legislature decide to embrace the entire $860,952 in additional funding outlined in this report, it could be offset by an equal increase in the Contribution to the Community College Fund or an increase in tuition revenue. This total increase would raise the County contribution from a recommended 2% to 4.37%. It could also be offset by an increase in tuition of approximately $55 per full-time student and $5 per credit for part time.

Finally, an $860,952 increase in the Contribution to the Community College Fund would show up in the budget as *(1)* an increase of $761,421 in the Suffolk County Contribution (001-2495) and *(2)* an increase of $99,531 in the non-mandated portion of the College property tax. The increase in the Contribution to the Community College Fund would be partially offset as a result of a $19,600 decrease in the General Fund transfer to the College (001-E818) that is implicit in our recommendations. The $19,600 decrease represents the Budget Review Office recommendation to reduce the County incentive payment to the College for keeping down the cost of out-of-county tuition. This incentive payment is financed out of the General Fund transfer to the College.