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## ***Review of the 2007-2008 Suffolk County Community College Operating Budget***

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**SUFFOLK COUNTY LEGISLATURE**  
**Budget Review Office**

Gail Vizzini, Director  
P. O. Box 6100  
Hauppauge, New York 11788-0099

July 27, 2007

# SUFFOLK COUNTY LEGISLATURE



Gail Vizzini  
Director

## BUDGET REVIEW OFFICE

July 27, 2007

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 2007-2008 Operating Budget for Suffolk County Community College. The County Executive has presented a spending plan for the College which includes a 5.4% 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 \$1.28 million and an increase of \$150 per FTE for State aid. The County Executive has proposed a zero percent increase in the County's annual contribution, which is recommended to remain at \$37,846,036. The recommended budget is in compliance with the tax levy cap.

The Budget Review Office finds that based upon the Executive's stated assumptions of a \$120 increase in tuition and an increase in enrollment of seven tenths of one percent for the 2007-2008 academic year, tuition revenue is overstated by \$630,000. Tuition revenue of this magnitude could only be realized if tuition is higher than the recommended \$120 increase or enrollment is closer to a 2% increase over this year. We recommend a net increase in appropriations of nearly \$1.2 million, the largest component of which is for energy expenses related to light, power and water. There are sufficient salary appropriations for contractual salary agreements as well as for the addition of the six new positions recommended by the Executive.

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 2007-2008 Operating Budget for the Suffolk County Community College.

Very truly yours,

Gail Vizzini, Director  
Budget Review Office

# SUFFOLK COUNTY LEGISLATURE



**William J. Lindsay, Presiding Officer**  
**Vivian Vilorio-Fisher, Deputy Presiding Officer**

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<b>Clerk of the Legislature</b>	<b>Tim Laube</b>
<b>Counsel to the Legislature</b>	<b>George Nolan</b>

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	<b>Legislative Summary of Major Findings</b>
Expenditures	The 2007-2008 Recommended College Budget is \$160,586,687, excluding \$3.5 million in grants. This recommended budget is a 5.4 percent increase over last year's adopted budget, but is \$1,217,882 less than requested by the College.
Grants	If grants are included, the total recommended college budget is \$164,407,552.
Revenues	Total recommended revenues are \$163,626,021. The difference between expenditures and revenues is \$781,531. This structural imbalance between total expenditures and total revenues is offset by a 2006-2007 fund balance surplus of \$1,281,530 to offset expenses less a \$500,000 transfer to the College reserve fund. (\$1,281,530 less \$500,000 = \$781,531)
Reserve Fund	The Colleges reserve fund is reduced by \$1,460,408 to provide revenue to the 2005/2006 fiscal year. It is a policy decision as to the use of reserve funds to balance the budget. \$500,000 is then transferred back resulting in a net reduction to the College reserve fund of \$960,408, which is equivalent to a 2.54% increase in the County contribution.
Tax Levy Cap Compliance	The recommended budget is in compliance with the tax levy cap of 4%. The Legislature could increase the non-mandated portion of the property tax by \$638,464 without having to pierce the cap. The recommended budget understates the non-mandated property tax by \$445,638.
County Contribution	The County Contribution to the College is a transfer from the County's General Fund. State law requires that State aid to the college be conditional on the County matching their contribution to at least what the college was given in the prior year.
0% increase	The Executive proposes no increase in the County contribution which is recommended to remain at \$37,846,036. Each 1% increase in the County contribution is equal to \$378,460 in revenue.
State Aid	State aid to the college is based on a rate per Full Time Equivalent Student (FTE). The rate for 2007-2008 is \$2,675, which is an increase of \$150 or 5.9% over last year. This FTE rate is applied to last year's FTE enrollment, which was an increase of 2.9% over the previous year.
County Share	Revenue as shown in the recommended budget is comprised of 24% County Share, 28% State Share, 37% Student Share and 11% Offset Revenues.
Revenue	When all obligations, including debt service and Federal aid are considered the breakdown is 26% County Share, 31% State Share, 40% Student Share, 1% Federal Aid and 2% Other.

Tuition	For the 2006-2007 academic year, annual full time tuition at Suffolk Community College is \$3,100 compared to \$3,310 at Nassau Community College. On April 18th the Board of Trustees adopted Resolution No. 2007.32 which stated that in the event the County provides no additional support for the College's 2007-2008 operating budget, tuition will increase by \$260 to \$3,360 per full time student. The Board of Trustees endorsed a 4% increase in the County contribution which could be accompanied by a \$154 increase to make full time tuition \$3,254. Nassau County Community College tuition is recommended to increase by 5% to \$3,476 but the Legislature has not yet approved Nassau's 2007-2008 college operating budget.
Enrollment	The Executive and the College project enrollment to increase by 7/10 of one percent over last year. The Budget Review Office believes enrollment has the potential to increase by 2% over last year due to an increase in the number of high school graduates, the affordability and the new culinary, specialty and distance learning programs.
Faculty	The ratio of full time faculty to part time adjuncts is currently 63:34. In 2003 the Board of Trustees approved a goal that daytime sections are taught by 70% full time faculty and 30% adjuncts.
Positions	Over the past 11 years, there has been a growth of 145 positions in the total College's staff.
Positions	The College requested 16 new positions for 2007-2008 of which six are included in the recommended budget.
Positions	The College currently has 66.5 vacant positions and is in the process of filling positions for the Fall and Spring commitments. There are sufficient appropriations in the recommended budget to fill 15 existing vacancies as well as the six new positions created in the recommended budget and two additional positions as recommended by the Budget Review Office.
Positions	The Budget Review Office recommends the addition of two new positions: 1 Animal Caretaker to meet the mandated guidelines for the Veterans Science Program and 1 Assistant Director of Public Safety to enhance public safety.
Retirement	Based upon the current composite rate of 9.28% of salaries, the estimated expenditures for ERS retirement are overstated by \$90,000 in 2006-2007 and \$300,000 in 2007-2008.
Retirement	Based upon the composite rate of 8.73% the recommended 2007-2008 TRS retirement amount is overstated by \$200,000.

Equipment	The 2007-2008 academic year is the first of a five year plan to replace equipment and furniture throughout the three campuses in response to needs identified by the Middle States Accreditation Review. The Executive has recommended \$383,317 or 13% less than the college requested for equipment. The Budget Review Office recommends an additional \$283,317 to allow the college to achieve the first year goals of its replacement plan.
Middle States	It is customary for a college to absorb the costs associated with the travel, lodging and technical support when the Middle States Accreditation Team visits the College as well as the cost to print the final report. The Budget Review Office recommends an additional \$73,307 for supplies and printing as requested by the College associated with the Middle States Review.
Supplies	The Budget Review Office recommends an additional \$62,500 in supplies for laundering and advertising related to the new Culinary program as requested by the College.
Energy	Based on year to date expenses, the Budget Review Office recommends increasing the 2006-2007 estimated expenses for light, power and water by \$500,000 to reflect actual costs. This larger base expenditure will carry through to the 2007-2008 year and therefore the Budget Review Office recommends increasing the 2007-2008 amount by \$800,000.
Distance Learning	The distance learning program is having a favorable impact on increasing revenue from non residents, both out of county students and out of state.
Out-of-County Tuition	The Suffolk County General Fund paid \$7,761,103 in out of county tuition payments as required by State law in 2005-2006 as a subsidy for the education of 2,994 Suffolk County residents opting to attend other community colleges in New York State.

## 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. Table 1 depicts various relationships between expenditures and revenues listed in the budget document. Table 2 describes 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 2007-2008 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 2007-2008 these College costs are recommended to be \$160,856,687. Grants in the amount of \$3,550,865 are added to arrive at *Grand Total College Expenditures* (\$164,407,552).

*Grand Total College Expenditures* is 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* (\$163,626,021) plus the \$1,281,530 fund balance surplus that is recommended at the start of the 2007-2008 school year (*Fund Balance, September 1*) less a \$500,000 recommended transfer to the College Reserve Fund. The *Revenues: Total* is in turn made up of the sum of revenue sources attributed to *County Share* (\$39,362,825), *State Share* (\$46,177,825), *Student Share* (\$60,179,030), and *Offset Revenue* (\$17,906,341).

Finally, College debt service is not included 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 costs. 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 \$6,114,635 in 2007-2008.

**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 2007-2008 recommended College budget. There are two General Fund appropriations in 2008 that will be set as a result of the adoption of the College budget. Payment of the County share of College expenses also includes the College property tax<sup>1</sup>. 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 2007-2008 recommended College budget would require a 2008 General Fund contribution of \$33,470,834.
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 2007-2008 recommended College budget would require a 2008 General Fund transfer of \$5,427,383.
3. The College share of the property tax is broken down into non-mandated and mandated shares. The 2007-2008 recommended college property tax is \$5,154,054, with \$4,375,202 attributed to non-mandated and \$778,852 to mandated. The methodology used to calculate the non-mandated, mandated

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<sup>1</sup> There are a few other revenues listed as part of the county share (on p. 7 of the 2007-2008 recommended college budget), which are not related to the discussion in this section of the report.

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 \$37,846,036 for the 2007-2008 College budget. This is financed from two of the sources listed above: (1) the \$33,470,834 recommended Suffolk County Contribution (001-2495) plus (2) the \$4,375,202 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 \$5,427,383 recommended transfer from the General Fund (001-E818) and the \$778,852 mandated College tax levy, which together total \$6,206,235. These revenues finance the \$6,114,635 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 (\$60,000).

**Table 1**  
 Relationships between Various Expenditures and Revenues in the College Budget Document  
 Suffolk Community College Recommended Budget 2007 - 2008

	2007/2008 Recommended	Relationship	Page Number in Budget Document
1000-Personal Services	\$99,515,431	(1)	p. 12
2000-Equipment	\$2,557,945	(2)	pp. 12-13
3000-Supplies Materials & Other Expenses	\$9,164,836	(3)	pp. 13-14
4000-Contractual Expenses	\$10,570,721	(4)	p. 14
8000-Employee Benefits	\$36,468,459	(5)	p. 14
9000-Interfund Transfers	\$2,579,295	(6)	p. 15
Total College Expenditures (excluding grants)	\$160,856,687	(7)=(1)+...+(6)	p. 12
Grants	\$3,550,865	(8)	p. 12
Grand Total College Expenditures	\$164,407,552	(9)=(7)+(8)	pp. 5, 12
Offsets to Expenses / Offset Revenue	\$17,906,341	(10)	pp. 5, 7
Net Operating Costs	\$146,501,211	(11)=(9)-(10)	pp. 4, 5
County Share <i>(excludes \$1,281,530 fund balance surplus used to offset expenses less \$500,000 Transfer to Suffolk Community College Reserve Fund)</i>	\$39,362,825	(12)	p. 7
State Share	\$46,177,825	(13)	p. 7
Student Share	\$60,179,030	(14)	p. 7
Offset Revenue	\$17,906,341	(15)	pp. 7-11
Revenues: Total	\$163,626,021	(16)=(12)+...+(15)	p. 7
plus Fund Balance, September 1	\$1,281,530	(17)	p. 4
minus Transfer to Suffolk Community College Reserve Fund	\$500,000	(18)	p. 4
Total Funds Available (=Total Gross Operating Costs, p. 5)	\$164,407,551	(19)=(16)+(17)-(18)	p. 4
Debt Service Obligation / Total Cost of Debt <sup>1</sup>	\$6,114,635		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 costs.

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

	2006/2007 Adopted	2007/2008 Recommended
1. 818-2810-Suffolk County Contribution (=001-2495)	\$33,470,834	\$33,470,834
2. 818-2812-Trans from General Fd (=001-E818)	\$5,414,078	\$5,427,383
<hr/>		
3. 818-1001-Real Property Taxes	\$5,074,208	\$5,154,054
3.a. NonMandated College Tax Levy	\$4,375,202	\$4,375,202
3.b. Mandated College Tax Levy	\$699,006	\$778,852
<hr/>		
4. 818-Contribution to Community College Fd	\$37,846,036	\$37,846,036
1. 818-2810-Suffolk County Contribution (=001-2495)	\$33,470,834	\$33,470,834
3.a. NonMandated College Tax Levy	\$4,375,202	\$4,375,202
<hr/>		
5. Revenue Sources for Mandated County Expenses and Incentive Payments	\$6,113,084	\$6,206,235
2. 818-2812-Trans from General Fd (=001-E818)	\$5,414,078	\$5,427,383
3.b. Mandated College Tax Levy	\$699,006	\$778,852
<hr/>		
5. Appropriations Paid from the above Revenue Sources	\$6,113,084	\$6,206,235
818-Debt Service	\$6,046,484	\$6,114,635
Out-of-County Tuition: County Incentive Payment	\$31,600	\$31,600
Nurses Tuition Reimbursement Program & Other Contracts	\$35,000	\$60,000

The information listed above is presented in a different form on page 2 of the Suffolk Community College Recommended Budget 2007-2008.

# Cap Compliance

## Tax Cap<sup>1</sup>

Local Law 29-1995, which amended subsection C4-6(B) of the County Charter, requires the County Executive to submit a recommended community college budget that is in compliance with the tax cap, restricting growth in the non-mandated College property tax to four-percent. Since it is recommended to be the same as was adopted for the current year, the College budget is in compliance with the tax cap. As a result, the Legislature can increase the non-mandated property tax by the full four-percent allowable, or \$638,464, without having to pierce the cap. A super majority vote of fourteen Legislators would be required to pierce the cap and increase the non-mandated tax by a larger amount.

The non-mandated tax is calculated by taking a fixed percent of the \$37.8 million contribution to the community college. Since the recommended contribution is the same as last year's adopted amount, the Legislature can also increase its contribution by the full four-percent, or \$1,513,841, without exceeding the college's tax levy cap.

To conform to the methodology used in computing tax cap compliance, the 2007/2008 recommended non-mandated College levy should be \$4,820,640.<sup>2</sup> This is \$445,638 more than the recommended amount of \$4,375,002. The higher amount would still be in compliance with the tax cap. The reason why the recommended non-mandated tax is incorrectly stated is because it breaks with past precedent. That is, last year's lower percent (11.56%) is applied to the county contribution instead of this year's higher percent (12.74%), while this year's higher percent (12.74%) is correctly used to calculate the recommended mandated property tax.

To correct for this mistake, the non-mandated College levy should be increased by \$445,638. This correction would lead to a corresponding decrease in the Suffolk County Contribution (818-2814), which in turn would have the beneficial effect of reducing 2008 General Fund expenditures (001-2495) by the same \$445,638.<sup>3</sup>

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<sup>1</sup> Tax levy compliance restricts growth in the college's non-mandated tax levy to four-percent or the increase in the GDP implicit price deflator, whichever is greater. Growth for the 2007/2008 College year will be restricted to four-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 2006 adopted General Fund tax levy as a percent of General Fund non-aided revenue. The year 2006 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. In order to calculate tax cap compliance, the 2006/2007 adopted "Non Mandated Portion of Tax Levy", and "Mandated Portion of Tax Levy" are recalculated (they differ from last year's adopted figures). This is consistent with the methodology we have used for several years, which requires both 2006/2007 adopted and 2007/2008 recommended values to be based on the same "tax levy as a % of non aided revenue", which is calculated to be 12.74%. If different percentages were used for the two years we would not have an apples-to-apples comparison.

<sup>2</sup> This would amount to no increase over last year's recalculated 2006/2007 adopted non-mandated levy, which is prescribed by the methodology that is used to compute tax cap compliance and is discussed in footnote 1.

<sup>3</sup> Contribution to Community College Fd = Non-Mandated College Tax Levy + 818-2810-Suffolk County Contribution (=001-2495) =>

\$37,846,036 = \$4,820,640 + \$33,025,396, as revised by BRO, and  
\$37,846,036 = \$4,375,202 + \$33,470,834, as recommended; with the difference being  
\$0 = \$445,638 - \$445,638

## 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 the table below, recommended non-mandated college expenditures exceed the LL 21-1983 expenditure cap by \$2,519,735. When the 2008 operating budget is recommended, allowable four-percent growth in non-mandated expenditures across all county funds will have to be reduced by \$2,519,735 from the allowable rate of growth. Since last year's adopted college budget exceeded the expenditure cap by \$757,333, this represents an increase of \$1,762,403 in the impact that the college budget has on the expenditure cap.

LL 21-83 Expenditure Cap Impact of the College Budget on the 2008 Operating Budget Expenditure Cap
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	2006/2007 Adopted	2007/2008 Recommended	2006/2007 Adopted to 2007/2008 Recommended change
Total Gross Operating Costs <sup>1</sup>	\$156,022,007	\$164,407,552	\$8,385,545
Grants <sup>2</sup>	\$3,774,938	\$3,550,865	-\$224,073
Nonmandated Appropriations	\$152,247,069	\$160,856,687	\$8,609,618
Amount the College Budget <b>Exceeds</b> the LL 21-83 Expenditure Cap (to be added to nonmandated expenditures in the 2008 operating budget) <sup>3</sup>	\$757,333	\$2,519,735	<b>\$1,762,403</b>

1. "Total Gross Operating Costs" can be found on pp. 5 and 12 of the 2007/08 Recommended Budget.

2. "Grants" can be found on p. 12 and pp. 38-55 of the 2007/08 Recommended Budget.

3. Amount the College Budget Exceeds the LL 21-83 Expenditure Cap equals 4% growth in 2006/2007 Adopted "Nonmandated Appropriations" less 2007/2008 Recommended "Nonmandated Appropriations"

## **Revenue Breakdown: County, State, Student**

As mandated by state law and budgeting practices, revenue for Suffolk Community College is broken into three core components: "County Share", "State Share", and "Student Share" (obtained mainly through tuitions). Any auxiliary revenues are considered "Offset Revenue" which includes rental of property, various fees, interest

earnings, federal aid, and revenue from students and the state not included under the core components. As seen in Pie Chart No.1, the 2007-2008 recommended revenue breakdown is:

- 24% “County Share”,
- 28% “State Aid”,
- 37% “Student Share”, and
- 11% “Offset Revenue”.

As seen in the top half of the tables below:

- “County Share” is recommended to increase by 0.6%, from \$39.1 million to \$39.4 million.
- “State Share” is recommended to increase by 8.6%, from \$42.2 million to \$46.2 million.
- “Student Share” is recommended to increase by 9.3%, from \$56.4 million to \$62.2 million.
- “Offset Revenue” is recommended to increase by 8.1%, from \$16.5 million to \$17.9 million.

When all obligations are accounted for, the revenue shares differ from those defined by state law. The “County Share” and “State Share” now include additional funding of \$6.1 million each in debt service payments. “State Share” and “Student Share” are augmented by portions of “Offset Revenue” that can be attributed to these categories.

As seen in Pie Chart No. 2:

- “County Share” increases from 24% to 26% of total revenues.
- “State Share” increases from 28% to 31%.
- The “Student Share” increases from 37% to 40%.
- 1% of revenue is attributed to “Federal Aid”.
- The remaining 2% is “Other”.

When the 2007-2008 recommended college budget is compared to the 2006-2007 adopted budget, the table below shows that when all obligations are included:

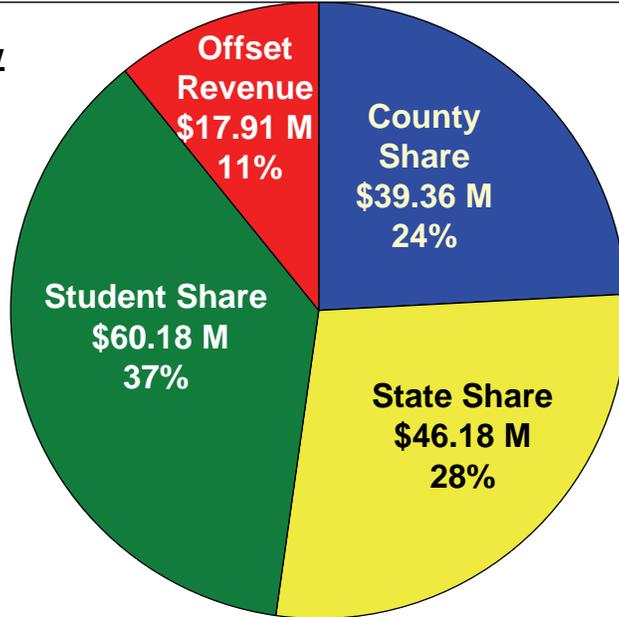
- “County Share” increases .06% from \$45.2 million to \$45.5 million.
- “Federal Aid” dropped by 34.1% to \$2.2 million.
- “State Share” increased 8.4% from \$49.2 million to \$53.8 million.
- The “Student Share” of revenue increased 7.3% from \$64.7 million to \$69.7 million.
- “Other Revenue” saw a year-over-year increase of 8.9%.

<b>Suffolk County Community College Revenue Sources</b>			
<b>As defined by State Law</b>	<b>Adopted 2006-2007</b>	<b>Recommended 2007-2008</b>	<b>% Change</b>
<b>County Share</b>	39,139,413	39,362,825	0.6%
<b>State Share</b>	42,219,172	46,177,825	8.6%
<b>Student Share</b>	56,409,371	62,178,443	9.3%
<b>Offset Revenue</b>	<u>16,464,088</u>	<u>17,906,341</u>	<u>8.1%</u>
<b>Total Revenue</b>	\$154,232,044	\$165,625,434	6.9%
<b>All Obligations</b>	<b>Adopted 2006-2007</b>	<b>Recommended 2007-2008</b>	<b>% Change</b>
<b>County Share</b>	45,185,897	45,477,460	0.6%
<b>Federal Aid</b>	2,992,431	2,231,551	-34.1%
<b>State Share</b>	49,227,323	53,751,099	8.4%
<b>Student Share</b>	64,672,883	69,734,611	7.3%
<b>Other</b>	<u>4,246,478</u>	<u>4,660,570</u>	<u>8.9%</u>
<b>Total Revenue</b>	\$166,325,012	\$175,855,291	5.4%

## SCCC 2007-2008 Recommended Revenue Sources

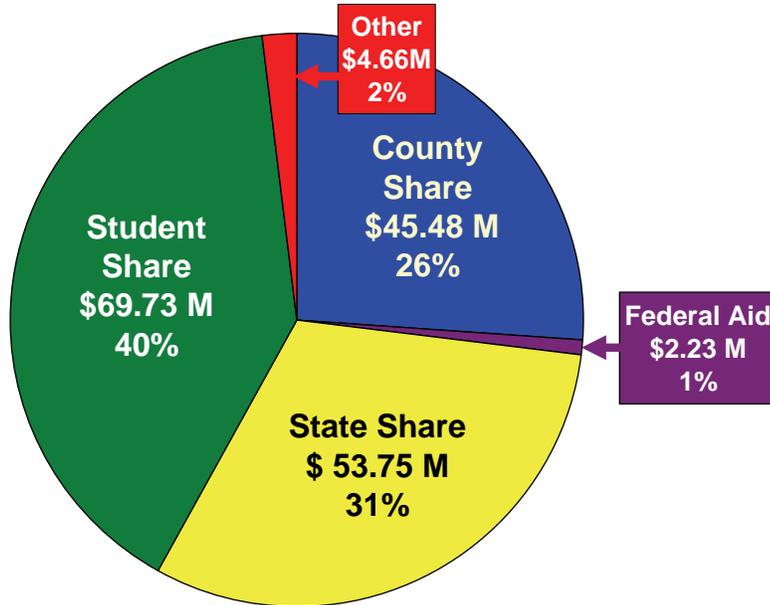
Pie Chart No. 1

### Revenue as Defined by State Law



Pie Chart No. 2

### All Obligations



For "All Obligations" portions of "Offset Revenue" are broken out into "State Aid", "Student Share", "Federal Aid", or "Other". To arrive at the "County" share for "All Obligations", in addition to the "County Contribution" we include debt service, out-of-county tuition, and nurses tuition reimbursement program & other contracts.

## State Aid

The State is a major source of public funding for the College that is provided in various forms. The predominant form of state aid is based on student enrollment. Each year the Governor proposes and the State Legislature adopts a funding rate per full-time equivalent (FTE) student. This rate is then applied to the number of FTE students from

the immediately preceding year when there is growth, and to a weighted average of FTE students for the three previous years when there is retrenchment.

The more successful a school is in increasing student enrollment, the more likely it is the amount of aid to be received from the State will increase. For the last five school years (2001-02 to 2005-06) that data are available, the average annual increase in basic state aid for Suffolk Community College was 4.8%, which was mostly due to an increase in student enrollment (3.9%). The State's FTE rate only increased by an average annual amount of .9% or less than one percent per year (see table to follow).

<b>Suffolk Community College Growth In Full-Time Equivalent Enrollment / State Aid Rate</b>					
<b>School Year</b>	<b>FTE COUNT</b>		<b>FTE RATE</b>		<b>Combined Pct. Chg.</b>
	<b>Number</b>	<b>Pct. Chg.*</b>	<b>Number</b>	<b>Pct. Chg.*</b>	
<b>2001 – 2002</b>	<b>14,211</b>	<b>4.6 %</b>	<b>\$ 2,250</b>	<b>0.0 %</b>	<b>4.6 %</b>
<b>2002 – 2003</b>	<b>15,641</b>	<b>10.1 %</b>	<b>\$ 2,300</b>	<b>2.2 %</b>	<b>12.3 %</b>
<b>2003 – 2004</b>	<b>15,992</b>	<b>2.2 %</b>	<b>\$ 2,300</b>	<b>0.0 %</b>	<b>2.2 %</b>
<b>2004 – 2005</b>	<b>16,220</b>	<b>1.4 %</b>	<b>\$ 2,235</b>	<b>(2.8)%</b>	<b>(1.4)%</b>
<b>2005 – 2006</b>	<b>16,433</b>	<b>1.3 %</b>	<b>\$ 2,350</b>	<b>5.1 %</b>	<b>6.4 %</b>
<b>Ave. Rate Chg.</b>	-----	<b>3.9 %</b>	-----	<b>0.9 %</b>	<b>4.8 %</b>

\* "Pct. Chg." is the incremental change from the prior year.

As reported in The State University of New York (SUNY's) Community Colleges Annual Report Summary, state aid to Suffolk Community College has grown at a faster pace (26.1%) than for either the average SUNY community college (20.3%) or Nassau Community College (18.6%) for the school years from 2001-02 to 2005-06 (see table to follow).

<b>SUNY Community Colleges Five Year Growth in State Aid</b>			
<b>School</b>	<b>2001 – 2002</b>	<b>2005 – 2006</b>	<b>% Change</b>
<b>Average</b>	<b>\$ 10,821,632</b>	<b>\$ 13,013,051</b>	<b>20.3 %</b>
<b>Nassau</b>	<b>\$ 36,144,150</b>	<b>\$ 42,865,210</b>	<b>18.6 %</b>
<b>Suffolk</b>	<b>\$ 30,786,855</b>	<b>\$ 38,806,730</b>	<b>26.1 %</b>

For the current 2006-07 school year, the State raised its FTE rate from \$2,350 to \$2,525 or a 7.5% increase. This was the largest increase in the State's FTE rate in at least the last five school years. Coupled with a 1.3% increase in the number of FTE students for the 2005-06 school year, the College and the Executive are expecting an overall 8.8% rise in state aid for this school year (2006-07). In aggregate dollars, this translates into an expected increase from \$38,806,730 received for the 2005-06 school year to an estimated \$42,228,262 for the 2006-07 school year or a difference of \$3,421,532 (includes facility rental aid). Our analysis indicates that this estimate is reasonable, which is the amount reflected in the proposed budget.

For the upcoming 2007-08 school year, the State has authorized an increase in the FTE rate to \$2,675. This amount is \$150 or 5.9% higher than the \$2,525 that was approved for the current 2006-07 school year. Coupled with the expectation that the College will complete this school year (2006-07) with a FTE enrollment count of 16,907 or 2.9% more than the previous school year, we believe there will be a significant increase in state aid for the 2007-08 school year. The Executive has accordingly proposed a 2007-08 budget for the College that includes a 9.4% increase in state aid (including facility rental aid) or \$3,949,563 more than the previous 2006-07 school year which we are in agreement (see table to follow).

<b>Suffolk Community College State Aid Revenue For The 2006-07 and 2007-08 School Years</b>			
<b>School Year</b>	<b>EXC. Amount</b>	<b>BRO Amount</b>	<b>Difference More (Less)</b>
<b>2006 – 2007</b>	<b>\$ 42,228,262</b>	<b>\$ 42,228,262</b>	<b>\$ - 0 -</b>
<b>2007 – 2008</b>	<b>\$ 46,177,825</b>	<b>\$ 46,177,825</b>	<b>\$ - 0 -</b>
<b>Diff. More (Less)</b>	<b>\$ 3,949,563</b>	<b>\$ 3,949,563</b>	<b>\$ - 0 -</b>

## **Student Tuition**

Student tuition revenue provides the College with the financial resources it requires to offer its educational curriculum along with state aid and the county’s annual subsidy. Tuition income is a function of both student enrollment and tuition rates.

Enrollment is largely determined by factors outside the control of the College, namely the state of the economy, the number of high school graduates, and competition from other regional schools. The College does exercise some influence over enrollment through its marketing program, course offerings, and retention efforts.

The tuition for full-time and part-time students is determined based on the recommendation of the College President and the approval of the College’s Board of Trustees. If the County disagrees with the Board’s decision, it can request, but cannot mandate a change in tuition rates. However, in the past, the County has made the use of budgeted appropriations contingent upon compliance with its request to change tuition rates, which is what the County Executive has proposed in his 2007-2008 College Operating Budget (Introductory Resolution no. 1658-2007).

The College’s 2007-2008 budget request includes a \$260 yearly increase to \$3,360 in the tuition rate for full-time students and an \$11 increase to \$141 in the per credit hour tuition rate for part-time students. These increases are currently reflected in their billings to students. These rates assume a zero increase in the County contribution to the College. Should the County be willing to provide for a 4% increase as requested by the College, the Board of Trustees will set the full-time tuition rate at \$3,254 (an

increase of \$154) and the part-time tuition rate at \$136 (an increase of \$6) as summarized in the following table.

<b>Suffolk County Community College Proposed Full and Part Time Student Tuition For the 2007-2008 School Year</b>					
	<b>2006-2007 Adopted</b>	<b>0% Increase In County Subsidy</b>		<b>4% Increase In County Subsidy</b>	
<b>Tuition Rate</b>	<b>Budget</b>	<b>Amount</b>	<b>Pct.</b>	<b>Amount</b>	<b>Pct.</b>
<b>Full-Time (Annual)</b>	<b>\$3,100</b>	<b>\$3,360</b>	<b>8.4%</b>	<b>\$3,254</b>	<b>5.0%</b>
<b>Part-Time (Cr. Hr.)</b>	<b>\$ 130</b>	<b>\$ 141</b>	<b>8.5%</b>	<b>\$ 136</b>	<b>4.6%</b>

The County Executive’s proposed 2007-2008 College Operating Budget provides for a much lower increase in full-time and part-time student tuition rates than what the College has adopted with a 0% increase in the County’s annual subsidy. The Executive’s Introductory Resolution no. 1658-2007 stipulates that the College’s Board of Trustees must adopt an annual full-time tuition rate no greater than \$3,220, and a part-time tuition rate no greater than \$135 per credit hour “as a precondition to the expenditure of all such appropriations allocated in the 2007/2008 Adopted Suffolk County Community College Operating Budget...” (see table to follow).

<b>College / Executive Proposed Full and Part Time Student Tuition With A 0% Increase In The County’s Annual Subsidy For the 2007-2008 School Year</b>					
	<b>2006-2007 Adopted</b>	<b>College Requested Budget</b>		<b>Executive Recommended Budget</b>	
<b>Tuition Rate</b>	<b>Budget</b>	<b>Amount</b>	<b>Pct.</b>	<b>Amount</b>	<b>Pct.</b>
<b>Full-Time (Annual)</b>	<b>\$3,100</b>	<b>\$3,360</b>	<b>8.4%</b>	<b>\$3,220</b>	<b>3.9%</b>
<b>Part-Time (Cr. Hr.)</b>	<b>\$ 130</b>	<b>\$ 141</b>	<b>8.5%</b>	<b>\$ 135</b>	<b>3.9%</b>

For the 2006-2007 school year, Suffolk Community College’s full-time tuition rate was \$3,100 or \$210 less than Nassau Community College’s rate of \$3,310. For the 2007-2008 school year, Nassau is proposing to increase their full-time tuition rate to \$3,476. Under a budget scenario providing for a zero increase in the County’s annual subsidy, Suffolk Community College’s proposed rate increase would be \$116 less than Nassau’s rate. If the County Executive’s budget proposal is adopted, the College’s full-time tuition rate would be \$256 less than Nassau’s proposed rate (see table to follow).

<b>Comparison of Full-Time Tuition Rates Between Nassau and Suffolk Community Colleges</b>					
<b>School</b>	<b>Adopted 2006-2007</b>	<b>College 2007-2008</b>		<b>Executive 2007-2008</b>	
		<b>Amount</b>	<b>Pct.</b>	<b>Amount</b>	<b>Pct.</b>
<b>Nassau</b>	<b>\$3,310</b>	<b>\$3,476</b>	<b>5.0%</b>	<b>\$3,476</b>	<b>5.0%</b>
<b>Suffolk</b>	<b>\$3,100</b>	<b>\$3,360*</b>	<b>8.4%</b>	<b>\$3,220*</b>	<b>3.9%</b>
<b>Difference</b>	<b>\$210</b>	<b>\$ 116</b>	<b>3.4%</b>	<b>\$ 256</b>	<b>(1.1%)</b>

\*Assumes a 0% increase in the County’s annual subsidy.

Suffolk Community College has proposed an 8.4% increase in the full-time tuition rate for the 2007-2008 school year if the County provides no increase in its contribution. The Executive has recommended a 3.9% increase in the full-time tuition rate under the same assumption. Nassau Community College would receive a 5% increase if their Executive's budget proposal is adopted. Compared to either of Suffolk Community College's alternative budgets, Nassau Community College's full-time tuition rate would remain higher than Suffolk's rate.

Except for the last two school years that comparative data is available, namely 2004-2005 and 2005-2006, Suffolk's full-time tuition rate has been less than the average SUNY community college for nine of the last eleven school years, 1995-1996 to 2005-2006. During this period, Suffolk's full-time tuition rate grew by 42.4%, compared to the average tuition increase for all SUNY community colleges of 35.9%. Compared to Nassau Community College's 48.1% growth rate, Suffolk Community College's rate has not advanced as quickly, which has allowed Suffolk to retain a competitive edge in attracting students to the school (see table to follow).

<b>SUNY Community Colleges</b>			
<b>Full – Time Tuition Rates</b>			
<b>School Year</b>	<b>SUNY*</b>	<b>NCCC</b>	<b>SCCC</b>
<b>1995 – 1996</b>	<b>\$ 2,171</b>	<b>\$ 2,120</b>	<b>\$ 2,100</b>
<b>1996 – 1997</b>	<b>\$ 2,300</b>	<b>\$ 2,120</b>	<b>\$ 2,180</b>
<b>1997 – 1998</b>	<b>\$ 2,372</b>	<b>\$ 2,090</b>	<b>\$ 2,180</b>
<b>1998 – 1999</b>	<b>\$ 2,354</b>	<b>\$ 2,055</b>	<b>\$ 2,180</b>
<b>1999 – 2000</b>	<b>\$ 2,386</b>	<b>\$ 2,150</b>	<b>\$ 2,245</b>
<b>2000 – 2001</b>	<b>\$ 2,410</b>	<b>\$ 2,200</b>	<b>\$ 2,330</b>
<b>2001 – 2002</b>	<b>\$ 2,452</b>	<b>\$ 2,400</b>	<b>\$ 2,430</b>
<b>2002 – 2003</b>	<b>\$ 2,531</b>	<b>\$ 2,525</b>	<b>\$ 2,500</b>
<b>2003 – 2004</b>	<b>\$ 2,708</b>	<b>\$ 2,650</b>	<b>\$ 2,600</b>
<b>2004 – 2005</b>	<b>\$ 2,819</b>	<b>\$ 2,900</b>	<b>\$ 2,890</b>
<b>2005 – 2006</b>	<b>\$ 2,951</b>	<b>\$ 3,140</b>	<b>\$ 2,990</b>
<b>Ten Year Pct. Chg.</b>	<b>35.9%</b>	<b>48.1%</b>	<b>42.4%</b>

\*Average full-time tuition rate for thirty SUNY community colleges.

The amount the College will collect in tuition revenue is also a function of student enrollment. For the 2006-2007 school year, the Executive is estimating a 2.9% increase in enrollment over the previous school year in terms of full-time equivalent students (FTE's). For the upcoming 2007-2008 school year, the Executive and the College project enrollment to increase seven-tenths of a percent in FTE's.

In recent school years (2001-2002 to 2005-2006), Suffolk Community College's FTE enrollment increased by a total of 15.6%, which compares favorably to the average for SUNY community colleges of 7.8%, and Nassau Community College's rate of 4.9% (see table to follow).

Growth in Full-Time Student Enrollment			
Description	2001 – 2002	2005 – 2006	% Change
SUNY*	4,994	5,392	7.8 %
Nassau	16,811	17,642	4.9 %
Suffolk	14,211	16,433	15.6 %

\*Average full-time equivalent (FTE) students for thirty community colleges.

Factors contributing to Suffolk Community College's success in expanding its enrollment during recent years are:

1. **Affordable Tuition:** For the last school year that comparative statistics are available (2005-2006), Suffolk's full-time tuition rate was only \$39 more than the average for all thirty SUNY community colleges. This modest differential is insignificant when you consider that Suffolk Community College must operate in a high cost area for the services it provides. The cost for staffing (salaries and benefits) typically accounts for 85% of a school's operating costs and is no doubt more expensive here on Long Island than what it is in upstate community regions.
2. **Demographics:** The College reports that approximately twenty percent of all public high school graduates choose to attend Suffolk Community College. The State University of New York's Office of Institutional Research and Analysis estimates the number of 2007 high school graduates in Suffolk County at 19,183, which is 5% more than the 18,271 that was estimated for 2006. Last year (2006), there was an estimated 5.5% growth in the number of high school graduates in Suffolk County over the previous year (2005).
3. **Innovative Approaches for Offering Courses:** The College has embraced and incorporated the Distance Education Program into its regular educational curriculum. This program permits students to take courses without physically attending school or attending classes on a limited basis. Through the SUNY Learning Network, Suffolk has experienced substantial growth in this area (approximately 13% growth in each of the last two school years), and now has the fourth highest enrollment in the state-wide system.
4. **New and Expanded Academic Programs for Two-Year Degrees or Specialty Certifications:**
  - Included among these new academic programs is the new Heating, Ventilation, Air Conditioning and Refrigeration (HVACR) Technician Training Program, which has received high acclaim and support from those in the industry. New facilities on the Grant Campus are expected to be available for this program starting with the spring, 2008 semester.

- There is an expanded and improved Culinary Arts Program that will incorporate training in restaurant management and the baking/pastry trade as part of its educational curriculum. A brand new building in Riverhead constructed to meet the academic needs of this program is projected to be occupied by the spring, 2008 semester.
- A downtown satellite educational center has been established in Sayville and another one is expected to open shortly in the Riverhead area to meet the demands for trained staff in the nursing and allied health fields. The College has entered formal agreements with various local hospitals to sponsor the expansion of these programs into these two locations.

5. **Capital improvements; new buildings and renovated facilities on the College's three campuses:** Some examples of the myriad of capital improvements that the County has authorized and funded for the College are:

- The addition of the Health, Sports, and Education Center on the Grant Campus has become a center piece for attracting new students to this campus with a gymnasium, swimming pool, and athletic fields.
- The rehabilitation of Veterans Square on the Ammerman Campus has become a model for demonstrating how the presentation of a school's main thoroughfare can be enhanced to foster an image of academic quality and sensitivity to the needs of its constituency.
- The construction and lease of a brand new facility in Riverhead as an extension to the Eastern Campus to expand and improve the culinary arts and hospitality programs servicing the east end that will have multiple benefits to the school and the community.

The Executive's estimated student tuition revenue for the 2006-2007 school year is based upon a 2.9% increase in full-time equivalent students over the previous school year (2005-2006). Although our analysis suggests that this enrollment estimate is reasonable, when combined with adopted student tuition rates, the Executive Office's student tuition revenue estimate for the current school year may be overstated by as much as \$300,000.

For the upcoming 2007-2008 school year, the Executive's recommended College Operating Budget projects full-time equivalent enrollment to be up by seven tenths of one percent over the previous school year (2006-2007). According to the College's most recent enrollment report (dated July 9, 2007), fall total full-time equivalent enrollment is down by 1.16%. This figure may be somewhat misleading, however, because of a shortage of staff in admissions and the loss of key personnel, which may have resulted in some delay in the normal processing of student applications.

The College reports that student applications for the 2007-2008 school year are up 8.4% over last year (2006-2007), which is a good sign that enrollment will be higher. The State University of New York (SUNY) Institutional Research and Analysis section has reportedly projected a 5% increase in the number of high school graduates for Suffolk County this year. Taken together, these two factors suggest that it is plausible to expect that enrollment will be higher for Suffolk Community College than the seven tenths of 1% projected by the County Executive. We believe it is more reasonable to expect that student enrollment for the 2007-2008 will grow by about 2% over the previous year and could be as high as this year's growth rate that is expected to be close to 3%.

The County Executive's 2007-2008 revenue projection for student tuition is based on the expectation that the College's Board of Trustees will comply with his request to limit tuition rate increases to 3.9% (\$120, full time). Under this assumption and assuming a 2% increase in full-time equivalent students, our calculations indicate that the Executive Office's recommended amount is \$85,000 less than what we believe will be achieved. However, using the Executive Office's estimate of a .7% increase in enrollment, student tuition revenues will be about \$683,000 less than what is included in the recommended budget. Finally, if the College was to continue to charge tuition as adopted by the Board of Trustees for the 2007-2008 school year which is 8.4% (\$260) higher than last year, we believe student tuition revenues would exceed the Executive's recommended amount by approximately \$2,695,000 (see table to follow) assuming a 2% increase in enrollment and by \$1,893,810 using the College's .7% increase in enrollment.

<b>Comparison of Projected Student Tuition Revenue Outcomes Between the College, the Executive, and Legislature For The 2007-2008 School Year</b>			
<b>Source of Assumptions</b>	<b>% Chg. In Student Enrollment</b>	<b>% Chg. In Tuition Rates</b>	<b>BRO Est. Over (Under) Rec'd Budget</b>
<b>Executive</b>	<b>0.7 %</b>	<b>3.9 % (\$120)</b>	<b>\$ (683,000)</b>
<b>College</b>	<b>0.7 %</b>	<b>8.4 % (\$260)</b>	<b>\$1,893,810</b>
<b>Legislature</b>	<b>2.0 %</b>	<b>3.9 % (\$120)</b>	<b>\$ 85,000</b>
<b>Legislature</b>	<b>2.0 %</b>	<b>8.4 % (\$260)</b>	<b>\$2,695,000</b>

### **Comparison of Tuitions: Suffolk Community College vs. Other Local Schools**

The accompanying table compares tuition at Suffolk Community College to other colleges in the NY Metro region. Tuition for Suffolk Community College was \$3,100 per year for a full time student in 2006-2007. Nassau Community College tuition was higher at \$3,310 per year. Tuition for any of the six City University of New York (CUNY) junior colleges was the least expensive at \$2,800 per year for a full time student.

Four-year institutions cost more, but also offer more to their students. Tuition for four-year institutions range from \$4000 per year for any of the eleven CUNY Senior

Colleges, to over \$35,000 per year for the prestigious, Ivy League school, Columbia University. Of more relevant interest are the four-year institutions on the lower end of the cost spectrum; the CUNY colleges and the local State University of New York (SUNY) schools. The prospective enrollee of a two-year school has different needs from the prospective enrollee of a four-year school, thus making comparisons difficult. With that noted, in instances where a two-year school and a four-year school are competing, community colleges may be a less attractive alternative considering that the lowest costing four-year school is only \$900 more per year than Suffolk Community College. For a more detailed look at the costs of various schools in the area, see the table below.

### Annual Tuition Costs in Long Island/NY Metro Area

<b>2 Year Institutions</b>	<b>Full Time Student Tuition Spring and Fall Semesters</b>
CUNY Junior Colleges	\$2,800
<b>Suffolk Community College (2006-2007)</b>	<b>\$3,100</b>
Nassau Community College (2006-2007)	\$3,310

<b>4 Year Institutions</b>	<b>Full Time Student Tuition Spring and Fall Semesters</b>
CUNY Senior Colleges	\$4,000
SUNY Farmingdale	\$4,350
SUNY Stony Brook	\$4,350
SUNY Old Westbury	\$6,900
Berkley College	\$11,600
St. Joseph's College	\$14,000
Five Towns College	\$16,400
Molloy College	\$16,560
Dowling College	\$16,696
Adelphi University*	\$20,230
NY Institute of Technology	\$20,908
Long Island University (C.W. Post)	\$23,370
Long Island University (Brooklyn)	\$23,370
Long Island University (Brentwood)	\$24,700
Hofstra University	\$25,700
St. John's University	\$26,200
Julliard	\$27,150
Pace University	\$29,454
New York University	\$31,534
Fordham University	\$31,800
Barnard College	\$33,776
Columbia University**	\$35,516

All tuitions assume first year students who are residents; does not include any costs other than tuition

\* Uses averages as different programs have different rates

\*\* Uses cost for "Columbia College" undergrad program; University has various programs at different costs

## 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 the fund balance 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 no increase in the County's annual subsidy to the College for the 2007-2008 school year. However, as a rule of thumb, each 1% increase in the County contribution would be equal to \$378,460. Last year, the Legislature rejected the Executive's recommendation for a 2% increase and instead provided a 4% increase in the County's contribution. During the nine year period from 1997-1998 to 2006-2007, the County's annual subsidy to the College has increased by 36.1%, as detailed in the table that follows.

**Suffolk County's Annual Contribution to the Community College**

School Year	Amount	% Chg. Fr. Prior Year	% Chg. Fr. 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%
2006 – 2007	\$37,846,036	4.0%	36.1%
2007 – 2008 Recommended	\$37,846,036	0.0%	36.1%

For the eight year period from the 1997-1998 school year to the 2005-2006 school year, the growth in the annual contribution made by an average sponsor was 30.3%, compared to a 29.9% increase by Nassau County and a 30.9% 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
2005 – 2006	\$9,389,240	\$46,545,867	\$36,390,420
Pct. Change	30.3%	29.9%	30.9%

For the 2005-2006 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 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	2005 – 2006 School Year	Difference More (Less)
SUNY Average	22.80%	20.5%	(2.3%)
Nassau	29.20%	27.3%	(1.9%)
Suffolk	30.40%	25.7%	(4.7%)

The College submitted a request which included a 0% increase from the County which would equate to a total local sponsor share in the amount of \$37,846,036, combined with a \$260 increase in full-time resident tuition and \$11 per credit for resident part-time students. At the same time, the College Board of Trustees encouraged the County to consider providing a 4% increase or \$1,513,841 in County support, which would raise the total local sponsor share to \$39,359,877 combined with a \$154 increase in resident full-time enrollment and \$6 per credit for resident part-time students.

The recommended 2007-2008 budget represents a 0% increase in the County’s contribution, which leaves the contribution at \$37,846,036. Additionally, there is an Executive resolution included in the recommended budget which strongly encourages the College to consider adopting a structure of fees for community college tuition fees no greater than \$3,220 (\$120 increase over last year) for full-time students and no greater than \$135 per credit (\$5 increase over last year) for part-time students as a pre-condition of implementing the 2007-2008 Community College operating budget. If the recommended budget is adopted by the Legislature, the County’s share would represent 24.1% of the total revenue, which is lower than the estimated 2006-2007 school year proportion of 25.0%, as detailed in the table that follows.

**Executive's Proposed Revenue Allocations Between Funding Sources**

School Year	Other	County	State	Students	Difference (Student County)
<b>2006-2007</b>	10.7%	25.0%	27.5%	36.7%	11.7%
<b>2007-2008</b>	10.9%	24.1%	28.2%	36.8%	12.7%

The difference in percentage of funding between the County and the students would slightly deteriorate from 11.7% in the 2006-2007 academic year to 12.7% in the 2007-2008 academic year.

In addition to the recommended County contribution of \$37,846,036, the County also will have a serial bond debt service obligation for principal (\$3,974,181) and interest (\$2,140,454) in the amount of \$6,114,635, a County incentive payment of \$31,600 related to out-of-county tuition and a nurses tuition reimbursement program and other contracts payment of \$60,000 for a grand total of \$44,052,271 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
<b>\$37,846,036</b>	<b>\$6,114,635</b>	<b>\$31,600</b>	<b>\$60,000</b>	<b>\$44,052,271</b>

**Offset Revenue**

This classification of College revenues called "Offset Revenue" is an amalgamation of over 100 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 eleven percent of the College's total income, and have gained increasing importance to the College as a source of revenue.

Offset revenues have increased by 92.7% (\$5,388,619 to \$10,381,869) in the space of eight academic years (1997-1998 to 2005-2006) at Suffolk County Community College. For the 1997-1998 academic year, offset revenue accounted for 5.9% of the College's total revenue. Eight years later, (2005-2006 academic year) this revenue source made up 7.3% 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 4.0% to 4.4%, the average SUNY community college experienced a decrease from 6.4% to 6.0% as shown in the following table.

**Offset Revenue**

School Year	SUNY Average		NASSAU		SUFFOLK	
	Amount	Pct.*	Amount	Pct.*	Amount	Pct.*
1997 – 1998	\$1,995,649	6.4%	\$4,916,482	4.0%	\$5,388,619	5.9%
2005 – 2006	\$2,737,713	6.0%	\$7,444,847	4.4%	\$10,381,869	7.3%
<b>Difference</b>	<b>\$742,064</b>	<b>-0.4%</b>	<b>\$2,528,365</b>	<b>0.4%</b>	<b>\$4,993,250</b>	<b>1.4%</b>
<b>*Represents the ratio of this revenue source to all school revenue sources in total.</b>						

The 2006-2007 estimated offset revenues included in the recommended budget are reasonable and are \$3,971,874 more than the adopted budget. This is largely due to offset revenue from a New York Economic Development Capital Program (NYEDCP) grant, which was accepted and appropriated via Resolution No. 1415-2006. The grant, administered by the Dormitory Authority of the State of New York, in the amount of \$3,000,000, is for the period of November 1, 2006 through August 31, 2009 and provides for facility renovations and the purchase of furnishings and equipment for the Grant, Ammerman, and East Campuses, the Riverhead Center Nursing Lab and Culinary Arts Program, and the Cottage on the Ammerman Campus. The following table details the offset revenues that are mainly attributable to the significant difference between the adopted and estimated budgets.

**Offset Revenue Major Differences Between the Adopted Budget and the Estimated Budget**

Rev. Code Fund (818)	DESCRIPTION	2006/2007 ADOPTED	2006/2007 ESTIMATED	Difference Est. less Adpt.
1366	STUD. TUITION-NONCR-NON-AIDABLE	348,400	435,000	<b>\$86,600</b>
1433	SERV. FEES -TUITION PAYMENT PLAN	895,047	995,087	<b>\$100,040</b>
2401	INTEREST AND EARNINGS	725,000	798,060	<b>\$73,060</b>
2411	RENTAL FROM POLICE TRAILER	0	52,500	<b>\$52,500</b>
2459	COMMISSION- COCA-COLA BOTTLING	80,000	150,000	<b>\$70,000</b>
3267	STATE AID-WDT: RETAIL SKILLS CENTER <sup>1</sup>	0	50,000	<b>\$50,000</b>
3286	STATE AID - SCCC RIVERHEAD DOWNTOWN <sup>2</sup>	0	250,000	<b>\$250,000</b>
3289	STATE AID - NYEDCP FACILITY RENOVATIONS <sup>3</sup>	0	3,000,000	<b>\$3,000,000</b>
3293	STATE AID - NURSE INFORMATION & LEADERSHIP <sup>4</sup>	0	69,628	<b>\$69,628</b>
	<b>Total</b>	<b>\$2,048,447</b>	<b>\$5,800,275</b>	<b>\$3,751,828</b>

**Note:**

1. Res. No. 1451-2006 accepted and appropriated a \$50,000 grant award from the State University of New York for a Community College Workforce Development Training Grants Program for Phase II of the Retail Skills Center.
2. Res. No. 871-2006 accepted and appropriated a \$250,000 grant award from the New York State Urban Development Corporation D/B/A Empire State Development Corporation (ESDC) for a Riverhead Downtown Educational Center to provide funds for the initial costs for equipping the state-of-the art Culinary Arts Student Learning Laboratory, the Baking & Pastry Arts Learning Laboratory, the Demonstration theatre, and other classrooms at the Riverhead facility.
3. Res. No. 1415-2006 accepted and appropriated \$3 million from a New York Economic Development Capital Program (NYEDCP) grant administered by the Dormitory Authority of the State of New York for the period of November 1, 2006 through August 31, 2009 to provide for facility renovations and the purchase of furnishings and equipment for the Grant, Ammerman, and East Campuses, the Riverhead Center Nursing Lab and Culinary Arts Program, and the Cottage on the Ammerman Campus.
4. Res. No. 336-2007 accepted and appropriated a \$69,628 grant award from the New York State Department of Health as part of a three- year Health Workforce Retraining Initiative Grant Program, entitled "Nurse Informatics and Leadership Education (NILE)".

The 2007-2008 recommended offset revenues are as requested by the College and are \$1,442,253 more than the amount included in the 2006-2007 adopted budget. The following table details the significant difference in recommended offset revenue compared to the 2006-2007 adopted budget.

**Offset Revenue Major Differences  
Between the Adopted Budget and Recommended Budget**

Rev. Code Fund (818)	DESCRIPTION	2006/2007 ADOPTED	2007/2008 RECOMMENDED	Rec. less Adpt.
1366	STUD. TUITION-NONCR-NON-AIDABLE	\$348,400	\$461,318	<b>\$112,918</b>
1415	COUNTY TECHNICAL TRAINING	\$50,000	\$100,000	<b>\$50,000</b>
1433	SERV. FEES -TUITION PAYMENT PLAN	\$895,047	\$1,005,038	<b>\$109,991</b>
1434	SERVICE FEES-TECHNOLOGY FEE	\$1,617,993	\$2,543,559	<b>\$925,566</b>
1435	SERVICE FEES-TELECOURSES	\$216,172	\$152,406	<b>(\$63,766)</b>
2401	INTEREST AND EARNINGS	\$725,000	\$975,000	<b>\$250,000</b>
2411	RENTAL FROM POLICE TRAILER	\$0	\$71,750	<b>\$71,750</b>
2459	COMMISSION- COCA-COLA BOTTLING	\$80,000	\$152,000	<b>\$72,000</b>
3209	STATE AID: ALE	\$408,921	\$0	<b>(\$408,921)</b>
3210	STATE AID: LIBERTY PARTNERSHIP	\$101,518	\$299,673	<b>\$198,155</b>
3267	STATE AID-WDT: RETAIL SKILLS CENTER	\$0	\$50,000	<b>\$50,000</b>
3293	STATE AID - NURSE INFORMATION & LEADERSHIP	\$0	\$117,921	<b>\$117,921</b>
4206	FEDERAL AID: VATEA	\$548,668	\$448,300	<b>(\$100,368)</b>
4231	FEDERAL AID: PATCHOGUE ONE STOP CENTER	\$88,258	\$0	<b>(\$88,258)</b>
4236	FEDERAL AID: LI REG. MECHATRONICS TRAIN	\$860,611	\$717,111	<b>(\$143,500)</b>
	<b>Total</b>	<b>\$5,940,588</b>	<b>\$7,094,076</b>	<b>\$1,153,488</b>

The largest significant difference, is a reduction of \$408,921, for revenue code 3209, State Aid: ALE, which is a Federal grant for an Adult Literacy Education Program that the College reports will not receive grant funding in the 2007-2008 academic year.

Based on our review, we believe in the aggregate the 2006-2007 estimated and 2007-2008 recommended offset revenues are reasonable.

### **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 eight school years from 1997-1998 to 2005-2006. Revenues from out-of-county tuition for all SUNY community colleges have increased by \$46,171,510 over this period, from \$71,268,668 to \$117,440,178. Relative to total revenue intake from all sources, out-of-county tuition has increased from 7.5% in the 1997-1998 academic year to 8.5% the 2005-2006 academic year. This is detailed in the following table.

**SUNY Community Colleges Out-of-County Tuition Revenue**

Revenue Source	1997-98 Academic Year		2005-2006 Academic Year		Difference
	Amount	Pct.*	Amount	Pct.*	
<b>Out of State Students</b>	\$15,441,965	1.6%	\$30,664,254	2.2%	\$15,222,289
<b>Out of Cty Students</b>	\$2,068,760	0.2%	\$9,657,647	0.7%	\$7,588,887
<b>Other Cty Sponsors</b>	\$53,757,943	5.7%	\$77,118,277	5.6%	\$23,360,334
<b>TOTAL</b>	<b>\$71,268,668</b>	<b>7.5%</b>	<b>\$117,440,178</b>	<b>8.5%</b>	<b>\$46,171,510</b>

\*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 eight academic years, as detailed in the following table.

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

School Year	SUNY Ave.		Nassau		Suffolk	
	Amount	Pct.*	Amount	Pct.*	Amount	Pct.*
<b>1997 – 1998</b>	\$2,375,622	7.5%	\$11,483,021	9.4%	\$381,234	0.4%
<b>2005 – 2006</b>	\$3,914,673	8.5%	\$13,462,746	7.9%	\$1,388,458	1.0%
<b>Diff. Pos. (Neg.)</b>	<b>\$1,539,051</b>	<b>1.0%</b>	<b>\$1,979,725</b>	<b>-1.5%</b>	<b>\$1,007,224</b>	<b>0.6%</b>

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

Suffolk's out-of-county tuition grew by \$1,007,224 which is an increase of 264.2% over the last eight years compared to Nassau's reported increase of \$1,979,725 (17.2%),

and compared to the average community college, which received \$1,539,051, (64.8%) more from this revenue source. Out-of-county tuition for Suffolk accounted for 1.0% of revenue from all sources in the 2005-2006 academic year, which is up 0.6% from 0.4% in the 1997-1998 school year. The College's increase in out-of-county tuition is a highly positive result considering that Nassau's out-of-county tuition declined by 1.5% 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 2005-2006 academic year, out-of-county tuition revenue from this source grew from \$70,949 to \$525,962 or a \$455,013 gain. This is shown in the table below.

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

School Year	Out of State Students		Out of County Students		Other County Sponsors	
	Amount	Pct.*	Amount	Pct.*	Amount	Pct.*
<b>1997 – 1998</b>	\$102,216	0.1%	\$70,949	0.1%	\$208,069	0.2%
<b>2005 – 2006</b>	\$296,715	0.2%	\$525,962	0.4%	\$565,781	0.4%
<b>Diff. Pos. (Neg.)</b>	<b>\$194,499</b>	<b>0.1%</b>	<b>\$455,013</b>	<b>0.3%</b>	<b>\$357,712</b>	<b>0.2%</b>
<b>*Represents the ratio of this revenue source to all school revenue sources in total.</b>						

A comparison of year to date actuals from May 2006 to May 2007 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 2006 Actual	May 2007 Actual	Diff.
1395	Non-Resident	\$360,794	\$385,391	\$24,597
1397	Out-of -State	\$262,066	\$309,979	\$47,913
2238	Charges to Other Counties	\$522,124	\$604,191	\$82,067
	<b>Total</b>	<b>\$1,144,984</b>	<b>\$1,299,561</b>	<b>\$154,577</b>

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

Based on year-to-date revenues through May 2007, out-of-county revenues are understated by \$35,107. We recommend adjusting the budget for the upcoming academic year, as detailed in the following table.

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

Rev. Code (Fund 818)	Account Title	Executive's Estimated	BRO Estimated	Difference More (Less)
1395	State Non-Resident Tuition	\$394,170	\$404,275	\$10,105
1397	Out-of-State Non-Resident Tuition	\$356,440	\$350,963	(\$5,477)
2238	Tuition Charges to Other Counties	\$624,231	\$654,710	\$30,479
	<b>TOTAL</b>	<b>\$1,374,841</b>	<b>\$1,409,948</b>	<b>\$35,107</b>

Based on an average percentage change over the past two completed academic years (2004-2005 and 2005-2006) and the Budget Review Office's estimate for the 2006-2007 academic year, we project that the out-of-county tuition revenues from these three sources in the 2007-2008 academic year will be \$1,475,956, which is \$87,367 more than included in the proposed budget. This is detailed in the following table.

**Out-of-County Tuition Revenue For The 2007-2008 School Year**

Rev. Code (Fund 818)	Account Title	Executive's Projected	BRO Projected	Difference More (Less)
1395	State Non-Resident Tuition	\$398,112	\$404,691	\$6,579
1397	Out-of-State Non-Resident Tuition	\$360,004	\$372,139	\$12,135
2238	Tuition Charges to Other Counties	\$630,473	\$699,126	\$68,653
	<b>TOTAL</b>	<b>\$1,388,589</b>	<b>\$1,475,956</b>	<b>\$87,367</b>

Although not a College obligation, the County General Fund Budget incurs a large cost for the payment of out-of-county tuition claims received from other SUNY supported community colleges for Suffolk residents who attend these schools. For the 2005-2006 academic year, 2,994 Suffolk residents attended these other schools at a cost to this County of \$7,761,103 a 5.1% increase over the previous academic year. This is detailed in the following table.

**Out-of-County Tuition Expense**

Description	School Year 2004 – 2005	School Year 2005 - 2006	Difference More (Less)	Pct. Change
<b>Number of Students</b>	3,052	2,994	(58)	-1.9%
<b>Amount Expended</b>	\$7,384,637	\$7,761,103	\$376,466	5.1%

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 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 No. 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 exception of the 2006-2007 academic year, which as of June 25, 2007 the Comptroller's office reports that 3,301 residency certificates have already been issued.

For the most recently completed 2005-2006 academic year, the number was 2,994 or 58 less than the 3,052 for the immediately preceding 2004-2005 academic year, as detailed in the table that follows.

**Suffolk County Residents Attending  
Other SUNY Community Colleges**

<b>School Year</b>	<b>No. of Residents</b>	<b>Diff. from Base Year More (Less)</b>	<b>Pct. Chg. from Base Year</b>
<b>1994 – 1995</b>	<b>3,230</b>	<b>N / A</b>	<b>N / A</b>
<b>1995 – 1996</b>	<b>3,152</b>	<b>(78)</b>	<b>-2.4%</b>
<b>1996 – 1997</b>	<b>3,174</b>	<b>(56)</b>	<b>-1.7%</b>
<b>1997 – 1998</b>	<b>3,154</b>	<b>(76)</b>	<b>-2.4%</b>
<b>1998 – 1999</b>	<b>3,031</b>	<b>(199)</b>	<b>-6.2%</b>
<b>1999 – 2000</b>	<b>2,910</b>	<b>(320)</b>	<b>-9.9%</b>
<b>2000 – 2001</b>	<b>2,633</b>	<b>(597)</b>	<b>-18.5%</b>
<b>2001 – 2002</b>	<b>2,910</b>	<b>(320)</b>	<b>-9.9%</b>
<b>2002 – 2003</b>	<b>2,842</b>	<b>(388)</b>	<b>-12.0%</b>
<b>2003 – 2004</b>	<b>2,840</b>	<b>(390)</b>	<b>-12.1%</b>
<b>2004 – 2005</b>	<b>3,052</b>	<b>(178)</b>	<b>-5.5%</b>
<b>2005 – 2006</b>	<b>2,994</b>	<b>(236)</b>	<b>-7.3%</b>

The number of Suffolk residents who attended school at other SUNY community colleges in 2005-2006 was lower than the number for the 1994-95 base year by 236. Upon approval by the County Legislature, the College will be entitled to an incentive payment of as much as \$47,200, the maximum amount permissible. The proposed 2007-2008 College budget only provides \$31,600, which is \$15,600 less than the maximum amount permissible for this revenue incentive payment in the 2006-2007 estimate. The Budget Review Office recommends increasing the estimated revenue for 818-2251 Out-of-County Tuition: County Incentive by \$15,600 in 2006-2007 to provide the College with an incentive payment in the amount of \$47,200, the maximum amount permissible.

Considering that the proposed 2007-2008 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 2006-2007 school year. This represents a projected increase of 78 students attending other SUNY-sponsored community colleges in comparison to the 2,994 for the 2005-2006 academic year. It also represents a 158 student difference from the 1994-1995 base year. Although the recommended 2007-2008 budget highlights a County incentive payment for the reductions in out-of-county tuition, shown as revenue for 2007-2008, the County Comptroller's Office reports that the number of residency certificates issued for the 2006-2007 academic year, as of June 25, 2007, is 3,301 or 71 higher than the number for the 1994-1995 base year. Because this number is already more than the number of residency certificates that were issued in the base year and the number of residency certificates is subject to increase even further 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 disallow the College from receiving an incentive payment in 2007-2008 for the 2006-2007 academic year. Therefore, the

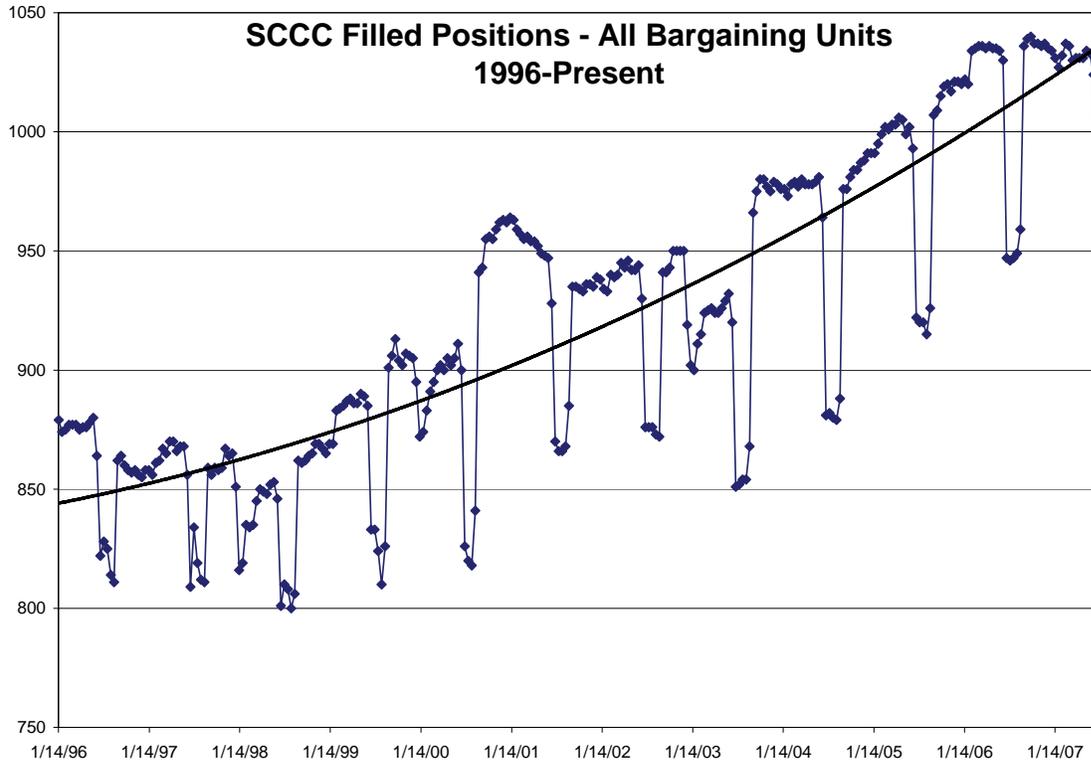
Budget Review Office recommends reducing revenue 818-2251 Out-of-County Tuition: County Incentive from \$31,600 to \$0 in 2007-2008.

## Personal Services & Staffing

Personal Services include all expenditures related to full and part time salaries, overtime, terminal leave and other types of pay. For 2006-2007, adopted personal services totaled \$93.6 million, comprising 62% of the adopted budget for the College. The Budget Review Office estimates that these costs will be \$93.7 million or \$71,286 more than adopted.

Currently there are 406 full-time faculty and 83 full-time professional assistants. In 2003, the Board of Trustees approved a goal that daytime sections are taught by 70% full-time faculty and 30% by adjuncts. As of now the split is 63/34%. The requested budget aims to approach this level.

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.



Over the past eleven years there has been a growth of 145 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.

The college requested 16 new positions for 2007-2008 and six were included in the recommended budget. The difference will represent a savings of \$551,508 in permanent salaries from what was requested.

UNIT	SECTION	TITLE	REQ	REC	DIFF
INSTRUCTION	HEALTH CAREERS-EASTERN	ASST PROFESSOR	2	1	-1
INSTRUCTION	SOCIAL SCIENCES-WESTERN	ASST PROFESSOR	2	0	-2
ACADEMIC SUPPORT	ADMIN OF INSTRUCTION-CENTRAL	PROFESSIONAL ASST I	1	0	-1
ACADEMIC SUPPORT	COLLEGE & ACADEMIC TECHNOLOGY	ASST PROFESSOR	2	0	-2
STUDENT SERVICES	ADMISSIONS OFFICE-CENTRAL	ASST PROFESSOR	1	0	-1
PLANT O&M	SECURITY & PUBLIC SAFETY-CENTRAL	ASST DIR OF PHYS PLANT	1	0	-1
GENERAL ADMIN	FOUNDATION SUPPORT-CENTRAL	VP FOR WORKFORCE & ECON DEV	1	0	-1
GENERAL ADMIN	FOUNDATION SUPPORT-CENTRAL	EXECUTIVE VICE PRESIDENT	0	1	1
GENERAL ADMIN	AVP FOR CAMPUS AFFAIRS	VP FOR INSTITUTIONAL ADVNCMNT	1	1	0
GEN INSTITUTIONAL SUPPORT	COLLEGE & COMMITY REL-CENTRAL	PROFESSIONAL ASST I	1	0	-1
GEN INSTITUTIONAL SUPPORT	GRANTS DEPT-CENTRAL	COLL ASSOC DEAN-INST ADVNCMNT	1	0	-1
VTEA (GC02)	VTEA	PROFESSIONAL ASST I	1	1	0
LIBERTY PARTNERSHIP PGM (GC03)	LIBERTY PARTNERSHIP PGM	CLERK TYPIST	1	1	0
NYSED SCI/TECH PGM (GC06)	NYSED SCI/TECH PGM	PROFESSIONAL ASST I	1	1	0
		TOTAL	16	6	-10

The College had requested \$100.3 million for personal services (excluding grants) in 2007-2008, an increase of \$6.7 million or 7% over the adopted amount. The Executive has recommended an increase of \$5.9 million or 6.3% more than the current year adopted amount.

The Budget Review Office estimates that the recommended amount of permanent salaries is reasonable for 2007-2008. If adopted as recommended, the budget would provide sufficient appropriations for:

- All currently filled positions.
- Negotiated salary increases for all employees.
- Filling the recommended six new positions for the entire school year plus two new positions recommended by the Budget Review Office.
- The ability to fill approximately 15 vacant positions, especially in the Instruction Section. This is based on an average salary of \$52,449 for an Assistant Professor and \$37,025 for a Professional Assistant I.

## VACANT POSITIONS

Section		# Pos.
2210	Instruction	16
2220	Academic Support	8
2240	Library	2
2250	Student Services	5.5
2260	Plant O&M	21
2270	General Admin.	5
2280	Gen. Inst. Supp.	6
2309	Other	3
<b>Grand Total</b>		<b>66.5</b>

The Budget Review Office recommends that two requested new positions be created.

1. Animal Caretaker for Veterans Science Program (not listed on new positions requested table). This position was approved by the Board of Trustees on June 14, 2007. The American Veterinary Medical Association, which is the accrediting agency for the Veterinary Science Program at the Michael J. Grant Campus, has cited the need for a full-time animal caretaker for the Program. The Board of Trustees' Resolution No. 52-2007 amended the SCCC Operating Budget for fiscal year 2007-2008 to add this position. Cost: \$27,170.
2. Assistant Director of Public Safety (listed as Asst Dir of Phys Plant on the new positions requested table). With the increased awareness for public safety the need to improve the College's preparedness and responsiveness is essential. The College has identified this position as a priority. Cost: \$79,158.

There are sufficient funds included in the recommended budget to fill these positions for a full year.

### **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 \$22,293,502 for non-personal services, which is \$575,589 or 2.5% less than requested as shown in the following table.

**Executive's Recommended and SCCC's Requested 2007-2008 Budgets for  
Equipment, Supplies and Contractual Expenses**

	<b>Equipment (2000)</b>	<b>Supplies (3000)</b>	<b>Contractual Expenses (4000)</b>	<b>Total</b>
<b>Executive's Recommended</b>	\$2,557,945	\$9,164,836	\$10,570,721	<b>\$22,293,502</b>
<b>SCCC's Requested</b>	\$2,941,262	\$9,304,633	\$10,623,196	<b>\$22,869,091</b>
<b>Difference</b>	<b>(\$383,317)</b>	<b>(\$139,797)</b>	<b>(\$52,475)</b>	<b>(\$575,589)</b>

The Budget Review Office proposes increasing the Executive's recommended budget of \$1,219,124 to \$23,512,626 as shown in the following table and detailed below in greater depth.

**BRO's proposed and Executive's Recommended 2007-2008 Budgets for  
Equipment, Supplies and Contractual Expenses**

	<b>Equipment (2000)</b>	<b>Supplies (3000)</b>	<b>Contractual Expenses (4000)</b>	<b>Total</b>
<b>BRO's Proposed</b>	\$2,841,262	\$9,300,643	\$11,370,721	<b>\$23,512,626</b>
<b>Executive's Recommended</b>	\$2,557,945	\$9,164,836	\$10,570,721	<b>\$22,293,502</b>
<b>Difference</b>	<b>\$283,317</b>	<b>\$135,807</b>	<b>\$800,000</b>	<b>\$1,219,124</b>

**Equipment (2000):**

The college's equipment expenditures per FTE in 2004-2005 of \$128 decreased substantially in 2005-2006 to \$95; a reduction of approximately 25%. As shown in the following table all similar NYS SUNY community colleges except for Westchester experienced an increase in equipment expenditures between the 2004/2005 and 2005/2006 school years. All community colleges within New York increased equipment expenditures on average 1.7%.

**Comparison of SCCC Equipment Expenditures with Comparable SUNY Community Colleges**

Community College	2004/2005				2005/2006			
	Expense for Equip.	% Change	% of Gross Exp.	\$ Per FTE Student	Expense for Equip.	% Change	% of Gross Exp.	\$ Per FTE Student
<b>Suffolk</b>	<b>\$2,078,168</b>	<b>(17.4%)</b>	<b>1.5%</b>	<b>\$128</b>	<b>\$1,561,307</b>	<b>(24.9%)</b>	<b>1.1%</b>	<b>\$95</b>
Erie	\$2,213,740	(6.7%)	2.8%	\$194	\$2,344,869	5.9%	2.8%	\$206
Monroe	\$949,874	(52.6%)	1.0%	\$68	\$1,301,726	37.0%	1.3%	\$93
Nassau	\$1,792,634	(24.1%)	1.1%	\$98	\$1,904,163	6.2%	1.1%	\$108
Westchester	\$864,724	3.9%	1.1%	\$83	\$814,010	(5.9%)	1.0%	\$79
SUNY Community Colleges	\$20,127,427	(17.1%)	1.5%	\$124	\$20,467,455	1.7%	1.5%	\$127

Source: 2005-2006 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.

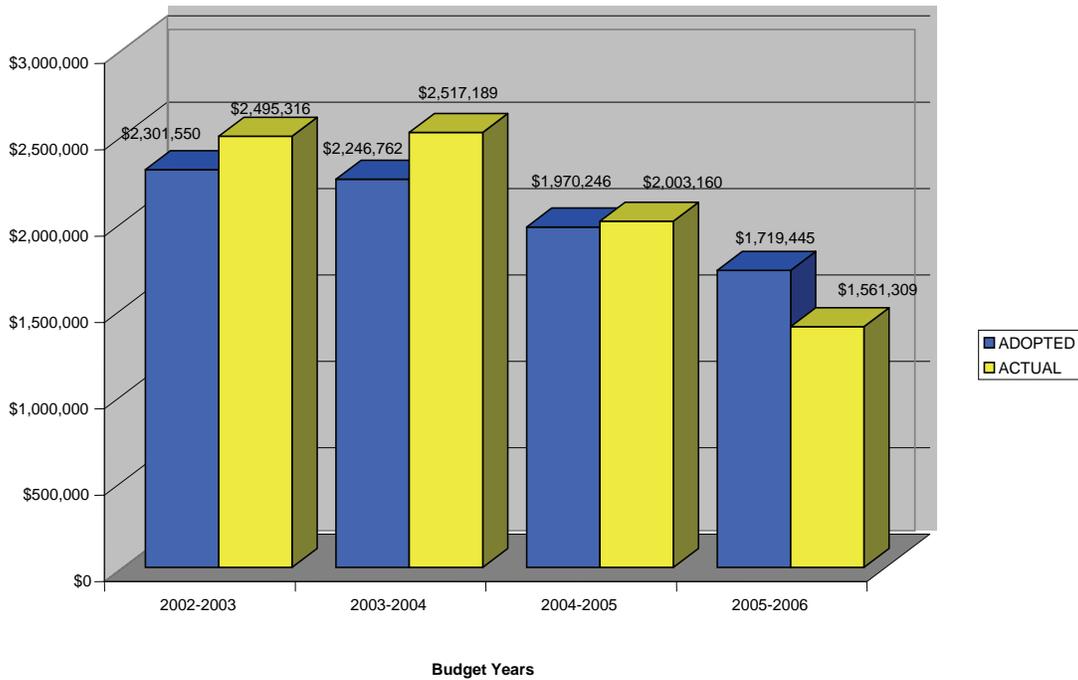
**Annual Expenditures For Equipment Per FTE Student**

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	\$1,561,309	1.1% of \$142,017,511	\$95 / 16,434
2006-07 (estimated)	\$1,959,915	1.3% of \$151,337,601	**\$116 / 16,907
2007-08 Executive (Recommended)	\$2,557,945	1.6% of \$160,856,687	**\$150 / 17,017
2007-08 BRO (Recommended)	\$2,841,262	1.31% of \$151,515,962	**\$167 / 17,017

\*\* FTE figures based on estimated 2.9% increase in 2006-07 and a projected 0.7% increase in 2007-08

In the academic years spanning 2001-2006 the College's expenditures for equipment averaged 1.7% of gross expenditures. The Executive estimates the amount spent per FTE on equipment to be \$116 for 2006-2007 and proposes \$150 for 2007-2008. Actual expenditures for equipment exceeded the adopted amounts in recent history, as shown in the following graph; however, in 2005-2006 actual equipment expenditures of \$1,561,309 were \$158,136 less than the adopted budget of \$1,719,445. Equipment expenditures peaked in the 2003-2004 academic year at \$2.5 million followed by decreases in subsequent academic years of 20% and 22% respectively to \$1.6 million in 2005-2006.

**2000: Equipment Adopted and Actual Expenditures**



As of June 18, 2007, the College encumbered or expended \$1,577,536 or 78% of the adopted budget for equipment in the 2006-2007 academic year, leaving an unexpended balance of \$422,026. In the prior academic year, as of June 26, 2006, the college encumbered or expended \$1,392,388 or 77% of the adopted budget for equipment. The college's projection for total equipment expenditures in 2006-2007 is \$1,962,047 and the Executive's estimate is \$1,959,915. Based on the College's year-to-date expenditures as of June 18, 2007, the Executive's estimated budget of \$1,959,915 is reasonable.

The College requested \$2,941,262 for equipment for the 2007-2008 academic year. The Executive recommended funding of \$2,557,945, which is \$383,317 or 13% less than requested. The 2007-2008 academic year is the first year of a five year replacement plan formulated by the College to update and replace equipment throughout its three campuses. The plan was developed in response to the Middle States Accreditation Review completed in the 2006-2007 academic year which, according to college officials, cites the need to update and replace a great deal of the College's equipment and furnishings. Some pertinent differences in what the college requested and the Executive recommended are addressed below in greater detail.

Furniture & Furnishings (2010)

The College requested \$303,221 for the replacement of furniture and furnishings throughout the three campuses. The Executive recommended \$219,904 which is a 27.5% decrease in funding from the requested budget. BRO's field visits to the College confirmed the need for the replacement of furniture in the Huntington Library as a

significant portion of the furnishings were dilapidated and had exceeded their useful lives. These conditions extend to a large portion of furniture and furnishings throughout all three campuses as noted by the Middle States Accreditation Review team during their recent visit. BRO recommends increasing the proposed budget \$83,317 to \$303,221 as requested by the College in order to accomplish the necessary replacements within the College's five year replacement plan.

#### Office Machines (2020)

The College requested \$536,220 for replacement office machines and the Executive recommended \$336,220 a decrease of \$200,000 or 37.3%. The College's request includes \$125,000 for Biology Lab equipment as follows: 45 digital microscopes, 2 high resolution scopes, 4 incubators, 7 water baths, 24 sterilization systems, and 2 computer physiology systems. Based upon the nature of the equipment requested for the Biology Lab, it seems more aptly suited to be requested under sub-object 2440, Instructional Equipment. BRO recommends increasing the Executive's proposed budget within this sub-object by \$75,000 to allow the college the ability to move forward in a timely manner with their five year plan for replacement of outdated equipment that is nearing the end of its useful life span. Additionally, BRO recommends increasing the recommended budget for sub-object 2440, Instructional Equipment, \$125,000 for Biology Lab equipment to provide a more accurate budget presentation.

#### Other Motorized Equipment (2050)

The College requested \$208,183 and the Executive proposed \$158,183 which is a reduction of \$50,000 or 24%. The College's request includes the replacement of three trucks under this sub-object which would be more appropriately requested under sub-object 2040 Trucks, Trailers and Jeeps. The College requested \$95,000 for the replacement of a 1994 Ford Heavy Duty Dump Truck with 30,364 miles which is used mainly for snow removal. Additionally, the College indicated, that the Executive's proposed cut of \$50,000 from this sub-object would disallow the purchase of a replacement for this vehicle. Although this truck is 13 years old and has likely experienced hard mileage for its entire existence, it is a heavy duty vehicle with low mileage which was built to withstand severe operating conditions. There are options available as opposed to replacement for heavy duty vehicles of this nature. The County has utilized reconditioning services for similar vehicles within our Public Works Fleet with great success and reduced expense as compared to the purchase of new replacements. The Budget Review Office agrees with the level of funding proposed by the Executive however, we recommend decreasing this sub-object by \$119,000 and increasing sub-object 2040 Trucks, Trailers, and Jeeps \$119,000 to more accurately reflect these expenditures.

#### Instructional Equipment (2440)

The Executive recommended \$587,165 as requested by the College within this sub-object. BRO recommends increasing funding \$125,000 to \$712,165 to purchase

equipment for the Biology Lab as detailed previously above. This funding is more accurately portrayed within this sub-object than sub-object 2020, Office Machines, where it was initially requested by the College.

The Budget Review Office recommends increasing the Executive's proposed budget for equipment by \$283,317, as shown in the following table, to bring the total appropriations for equipment to \$2,841,262 or \$167 per FTE compared to the Executive's \$150 per FTE. Our recommended augmentations to particular appropriations should allow the College to move forward with their five year plan for equipment replacement in a timely manner to address the concerns raised by the Middle States Accreditation Review Team.

**2007-2008 Equipment Budget Recommendations**

<b>Sub-Object</b>	<b>Description</b>	<b>BRO Recommended</b>	<b>Exec Recommended</b>	<b>BRO - Exec</b>
2010	Furniture & Furnishings	\$303,221	\$219,904	\$83,317
2020	Office Machines	\$411,220	\$336,220	\$75,000
2040	Trucks, Trailers and Jeeps	\$206,000	\$87,000	\$119,000
2050	Other Motorized Equipment	\$39,183	\$158,183	(\$119,000)
2440	Instructional Equipment	\$712,165	\$587,165	\$125,000
<b>Total</b>		<b>\$1,426,606</b>	<b>\$1,143,289</b>	<b>\$283,317</b>

**Supplies (3000):**

The 2006-2007 estimated budget for supplies is \$8,387,915, which is \$67,535 less than adopted. Based on the College's expenditures of \$6,969,887 as of June 18, 2007 the estimate is reasonable.

The 2007-2008 recommended budget for supplies is \$9,164,836, which is \$709,386 or 8.4% more than the 2006-2007 adopted budget and \$139,797 or 1.5% less than the college's 2007-2008 request.

The vast majority of the difference between the Executive's proposed budget and the College's request lies within four areas addressed below in further detail.

Outside Printing (3040)

The College requested \$504,034, which is \$63,250 or 14.3% greater than the 2006-2007 adopted funding of \$440,784. The Executive recommended funding of \$469,284, which is \$34,750 or 6.9% less than requested by the College. The College's analysis of the Executive's recommendation suggests that the recommended reduction is virtually identical to the cost of printing the Middle States Accreditation Review report which is required of the College as part of the accreditation process. A great deal of resources have gone into the accreditation process and BRO recommends increasing the recommended budget \$34,750 to fund this expense to meet the requirements of the Middle States review process.

### Household and Laundry Supplies (3320)

The Executive recommended a budget of \$140,500 for the 2007-2008 academic year, which is the same as the adopted and estimated budgets and \$22,500 or 13.8% less than requested by the College. The Budget Review Office believes the College's requested increase is reasonable based upon the fact that the new culinary program is slated to enroll its first class this fall 2007 and will likely be a heavy user of these supplies. Therefore, BRO recommends increasing the Executive's proposed budget \$22,500.

### Other: Unclassified (3500)

The Executive's recommended budget is \$182,057, which is \$38,557 or 17.5% less than requested by the College. The sole component that comprises the \$38,557 reduction in the recommended budget is Middle States support funding for travel, lodging, food, and technical support expenditures needed when the Middle States Accreditation Team revisits the College. The Budget Review Office recommends increasing the recommended budget by \$38,557 to \$220,614 as requested by the College. Extensive resources have already been expended with respect to the Middle States Accreditation process and to fail to fund the process through completion at this juncture would be shortsighted at best.

### Advertising (3770)

As of June 18, 2007, the college has encumbered or expended \$381,635 or 68% of the 2006-2007 adopted budget. The College and the Executive project spending \$560,000 or 99.5% of adopted funding for advertising in the 2006-2007 academic year. The College historically spends a large portion of their advertising budget within the last two months of the academic year to advertise for the fall semester. Based upon the expenditures as of June 18, 2007, the Executive's estimate of \$560,000 is reasonable.

The Executive recommended \$601,320, which is \$40,000 or 6.2% less than requested by the College. The Budget Review Office recommends increasing advertising by \$40,000 to \$641,320 as requested by the College. If the advertising budget was adopted as recommended, the College would realize reductions in the advertising initiatives for the new culinary program, which will be housed in the newly constructed Riverhead downtown center, and scheduled to enroll its first class in the fall. Advertising for the new program offering is essential and failure to advertise at this juncture could 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 proposed budget for supplies by \$135,807 as demonstrated in the following table. This increase would provide \$9,300,643 for supplies in the 2007-2008 budget.

**2007-2008 Supplies Budget Recommendations**

<b>Sub-Object</b>	<b>Description</b>	<b>BRO Recommended</b>	<b>Exec Recommended</b>	<b>BRO-Exec</b>
3040	Outside Printing	\$504,034	\$469,284	\$34,750
3320	Household & Laundry Supplies	\$163,000	\$140,500	\$22,500
3500	Other: Unclassified	\$220,614	\$182,057	\$38,557
3770	Advertising	\$641,320	\$601,320	\$40,000
<b>Total</b>		<b>\$1,528,968</b>	<b>\$1,393,161</b>	<b>\$135,807</b>

**Contractual Expenses (4000):**

The estimated 2006-2007 contractual expenses total \$10,209,793, which is \$556,292 less than adopted. As of June 18, 2007, the College expended or encumbered a total of \$7,652,854 which is \$3,113,231 or 29% less than adopted. The Executive has recommended \$10,570,721 in 2007-2008 which is \$52,473 less than requested. BRO recommends increasing the Executive's estimate by \$450,000 and increasing the recommended budget \$800,000 as detailed below.

Light, Power & Water (4020)

The Executive's estimated budget is \$5,060,274, which is \$50,000 less than adopted. The College has encumbered or expended \$4,528,562 as of July 11, 2007, which represents 88.6% of the adopted budget. The month of August has proven to be a high energy usage month at the three campuses based upon historical data. BRO projects energy usage at the College in August 2007 alone to exceed \$1,000,000. Based upon our projections and actual data provided by the College we recommend increasing the estimated budget \$500,000 to \$5,560,274 and increasing the recommended budget \$800,000 to \$5,990,274.

Travel: Other (4340)

The Executive's estimate for 2006-2007 is \$276,112. Based upon actual expenditures as of July 11, 2007 of \$179,341, Budget Review recommends decreasing this estimate \$50,000. The 2007-2008 recommended budget is \$320,905, which is \$52,473 or 14% 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. Some items which contribute to these travel expenses include bargaining agreements which allow Faculty and Guild members to be reimbursed for conference attendance once every two years. This allowance increases every two years beginning September 1, 2005 and is

currently \$1,250. Additionally, \$71,000 has been budgeted for college employees travel expenses associated with the Middle States Accreditation. In the 2006-2007 academic year \$22,000 was budgeted for Middle States travel. The proposed budget is reasonable.

In summary the Budget Review Office recommends increasing 2006-2007 estimated contractual expenses by \$450,000 and increasing the Executive's proposed budget for Contractual Expenses by a total of \$800,000 as shown in the following table.

**2006-2007 Contractual Expenses Estimated**

<b>Sub Object</b>	<b>Description</b>	<b>BRO Recommended</b>	<b>Exec Recommended</b>	<b>BRO-Exec</b>
4020	Light, Power, & Water	\$5,560,274	\$5,060,274	\$500,000
4340	Travel : Other	\$226,112	\$276,112	(\$50,000)
<b>Total</b>		<b>\$5,786,386</b>	<b>\$5,336,386</b>	<b>\$450,000</b>

**2007-2008 Contractual Expenses Recommendations**

<b>Sub Object</b>	<b>Description</b>	<b>BRO Recommended</b>	<b>Exec Recommended</b>	<b>BRO-Exec</b>
4020	Light, Power, & Water	\$5,990,274	\$5,190,274	\$800,000
<b>Total</b>		<b>\$5,990,274</b>	<b>\$5,190,274</b>	<b>\$800,000</b>

## **Employee Benefits**

### **Health Plan**

Over ninety-eight percent of the College's 1,581 employees and retirees are enrolled in the self-insured Employee Medical Health Plan (EMHP) and the remaining 1.2 % (19 enrollees) is enrolled in one of several HMO health plans. Over one third of the College's health insurance enrollees are retirees; 587 (36.7%). 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 2007 annual interfund EMHP rate is \$6,003.60 for individual coverage and \$12,812.40 for family coverage.

The 2006-2007 estimated budget includes \$16,836,902 for health insurance, which is \$350,000 less than the adopted budget of \$17,186,902. Based upon expenditures through June 2007, the estimated health insurance expenditure is reasonable.

The 2007-2008 recommended budget includes \$18.4 million for health insurance, an increase of \$1.6 million (9.5%) over the estimated 2006-2007 budget. The recommended health insurance budget assumes a 10% increase in health insurance premiums commencing January 2008 which is consistent with the estimates provided within the PricewaterhouseCoopers draft Annual Health Benefits Report dated June 28, 2007. This funding level assumes that the Health Insurance Fund (039) will end 2007

with neither a surplus nor a deficit. The recommended health insurance budget is reasonable.

## **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 2006-2007 budget includes \$2,878,074 for ERS, which is \$33,484 less than the adopted budget. The adopted budget is based upon a composite employer contribution rate of 11.7% 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 2006 ERS payment is apportioned to the current academic year. In December 2006, the College paid \$2,867,940 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 2007 College ERS payment of \$2,593,952 (\$2,353,737 for the employer contribution and \$240,215 for the 2002 early retirement incentive program) is also apportioned to the current academic year. Using the updated composite employer contribution rate, 9.28% of salaries, our analysis concludes that the estimated ERS retirement of \$2.88 million is overstated by \$90,000. This projection includes a NYS Retirement System credit of \$39,000 for the prior year.

The 2007-2008 recommended budget includes \$2,894,040 for ERS, which is \$17,518 less than the College requested. Our analysis projects ERS to be \$2,550,357 based upon the current composite employer contribution rate of 9.28% of salaries. It appears that the recommended budget is based upon historically higher employer contribution rates which resulted in the recommended budget being overstated by \$300,000.

Chapter 260, New York State Laws of 2004 changed the retirement payment due date from December 15<sup>th</sup> each year to February 1<sup>st</sup> each year. However, municipalities have the option to make their payments by December 15<sup>th</sup> in order to obtain an 8 percent per annum discount for prepayment prior to February 1<sup>st</sup>. 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 2007 County operating budget assumes the County will make its retirement payment in February 2008. The College will save approximately \$24,550 by paying its retirement bill by December 15, 2007. Our projection assumes the College will make their ERS payment in December 2007.

Over the two academic years, the difference between our ERS projections and the Executive's ERS projections is \$390,000.

### **Teachers Retirement System (TRS)**

The estimated 2006-2007 budget includes \$2,111,690 for TRS (including grants), which is \$25,000 less than the adopted budget. The estimated amount is based on an employer contribution rate of 8.6% of salaries totaling \$20.1 million and includes \$442,889 for the last of five annual payments for the 2002 ERIP. The estimated TRS retirement appropriation is reasonable.

The recommended budget includes \$2,129,704 for TRS (including grants) as requested by the College. This appropriation level is based upon the TRS estimated employer contribution rate of 8.73% of salaries which total \$19.3 million. The TRS appropriation inadvertently includes an additional \$442,889 for the 2002 ERIP payment which was satisfied last year during the 2006-2007 academic year. Our analysis projects the 2007-2008 TRS to be \$1.89 million based upon salaries of \$21.6 million. The recommended TRS appropriation is overstated by \$200,000.

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

The 2006-2007 estimated employer contribution to TIAA-CREF is \$3,967,482, which is \$110,468 less than the adopted budget. Based upon expenditures of \$3,406,871 through the July 1, 2007 payroll, the Executive's estimate is reasonable.

The recommended 2007-2008 budget includes \$4,102,950 for TIAA-CREF as requested by the college and is reasonable.

### **Benefit Fund**

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

The annual AME Benefit Fund employer contribution per enrollee increases \$50 per year, from \$1,281 in 2006 to \$1,331 in 2007 to \$1,381 in 2008 for the 402 AME members and the 20 exempt employees. In addition, the College contributes \$23.10 annually to the AME Benefit Fund to provide for life insurance for approximately 350 college aides.

The annual Faculty Association employer contribution increases from \$1,583 per enrollee to \$1,633 effective September 1, 2007 for the 482 Faculty Association

members and 129 Guild members. The College also contributes \$10 annually to the Faculty Association Benefit Fund for approximately 1,000 adjunct faculty members.

The estimated budget includes \$1,545,414 for benefit fund contributions (including grants), which is \$4,964 greater than the adopted budget. As of July 11, 2007 expenditures total \$1,459,436, which excludes approximately \$5,000 for the spring semester life insurance premium for the college aides, \$95,000 for the AME July/August benefit fund payment. It appears that the estimated benefit fund appropriation is understated by \$14,000.

The recommended budget includes \$1,573,642 for the employer contribution (including grants) for the two benefit funds, as requested by the College. Based upon 1,033 active employees on the June 3, 2007 payroll and the contractual employer contribution rates, the recommended Benefit Fund appropriation is reasonable.

### **Social Security (FICA)**

Social Security taxes are comprised of two components—Old Age Survivors and Disability Insurance (OASDI) and Medicare Tax. The 2006 employer's contribution for OASDI is 6.2% of an individual's earned wages up to \$94,200 and the Medicare rate is 1.45% for all earned wages. The 2007 OASDI wage base is \$97,500. Based upon the average annual increase in the OASDI wage base during the past ten years, 4.26%, the Budget Review Office is projecting the 2008 wage base to increase by \$4,000 to \$101,500.

The estimated budget includes \$6,764,646 for FICA, which is \$86,064 less than the adopted budget. The estimated FICA is 7.20% of the estimated total personnel costs of \$94.0 million. The estimated FICA is consistent with historical levels of 7.23% of wages and is reasonable.

The 2007-2008 budget includes \$7,176,631 for FICA, which is \$126,081 greater than the College requested and represents 7.21% of total personnel costs of \$99.5 million. The Budget Review Office agrees with the recommended FICA.

Our projections for the estimated and recommended budget 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 2006-2007 appropriation of \$1,408,010 is the same amount as the adopted budget. The recommended 2007-2008 budget includes \$1,472,506 for workers' compensation which is a 4.6% increase over the previous year and is reasonable.

## **Employee Benefits Summary**

In total over the two-year period, employee benefits are overstated by \$576,000. The following chart summarizes the Budget Review Office's recommended changes to appropriations in the area of employee benefits:

<b>Obj</b>	<b>Obj. Description</b>	<b>2006-2007 Estimated Budget</b>	<b>2007-2008 Recommended Budget</b>	<b>Two-Year Impact</b>
8280	State Retirement (ERS)	(\$90,000)	(\$300,000)	(\$390,000)
8100	State Teachers Retirement	\$0	(\$200,000)	(\$200,000)
8380	Benefit Fund Contribution	\$14,000	\$0	\$14,000
	<b>Total</b>	<b>(\$76,000)</b>	<b>(\$500,000)</b>	<b>(\$576,000)</b>

## **Fund Balance Reserves**

This section reviews the recommended College fund balances and reserves. This is followed by discussion on (1) whether or not the College operating fund balance surplus should be spent and (2) what is the proper level of funding for the College reserve fund.

The table on the next page shows the status of funds for the College's operating and reserve funds. The two funds are combined at the top of the table. As seen in the table:

1. 2005/2006 Actual year-end fund balance (August 31, 2006): When the College's operating and reserve funds are combined, the actual year-end fund balance for the most recently completed school year, ending August 31, 2006, is shown in the table to be \$3,690,372. In comparison, worksheets from the County's outside auditor, Ernst & Young, indicate a revised fund balance of \$6,303,206.<sup>1</sup> The \$2,612,834 discrepancy is a disconnect between the budget document and the outside auditor's worksheets. The two numbers should be reconciled, but are not. We recommend that all relevant parties (College, Executive's Budget Office,

<sup>1</sup> The outside auditor's worksheets indicate an initial revised fund balance of \$4,995,188. This includes an offset for a GAAP adjustment related to compensated absences of \$1,308,018 million that are not part of budgeted cash and should be added back to arrive at a final revised fund balance in the budget of \$6,303,206 (\$4,995,188 + \$1,308,018).

Legislature's Budget Review Office, and the county's outside auditor) meet during the year to reconcile this difference and make whatever adjustment is necessary to next year's 2008-2009 College budget.

The recommended College budget also includes an audit adjustment in 2005/2006 of \$1,460,408. This is shown in the accompanying table as an increase to revenue in the College operating fund and a decrease in the College reserve fund. This action is partially offset by a \$500,000 recommended transfer in 2007/2008 from the College operating fund to the reserve fund. The net effect is a \$960,408 shift from the reserve fund to the operating fund ( $= \$1,460,408 - \$500,000$ ). Other things being equal, if the reserve fund was not reduced by this amount, the county contribution would have to increase by 2.54% instead of the recommended no growth or zero percent increase. A much clearer budget presentation would simply show a \$960,408 transfer from the reserve fund to the operating fund.

It is a policy decision as to whether the Legislature agrees with the County Executive that the College reserve fund should be reduced in lieu of a \$960,408 increase in the county contribution. This must also be weighed against additional increases proposed elsewhere in this review.

2. 2006/2007 Estimated year-end fund balance: This year the College's combined operating and reserve funds are estimated to end the year (August 31, 2007) with a surplus of \$4,193,990, an increase of \$503,618 over what is listed in the budget for last year. The breakdown is a surplus of \$1,281,530 in the operating fund and \$2,912,460 in the reserve fund.
3. 2007/2008 Recommended year-end fund balance: The recommended year-end (August 31, 2008) fund balance in the College reserve fund is \$3,412,460, an increase of \$500,000 over what is listed in the budget for the current year ( $= \$3,412,460 - \$2,912,460$ ). The increase is attributed to the \$500,000 recommended transfer from the College operating fund to the reserve fund. As noted above, this is only a partial offset to the \$1,460,408 shift in 2005/2006 from the reserve fund to the operating fund. The net effect is a \$960,408 recommended decrease in the reserve fund ( $= \$1,460,408 - \$500,000$ ).

Finally, in terms of the recommended year-end fund balance in the College operating fund, it is by definition zero – a balanced budget. The \$1,281,530 fund balance at the beginning of the 2007/2008 school year is recommended by the County Executive to be spent during next year.

**Status of Funds for Suffolk County Community College Reserve and Operating Funds**

2005/2006 Actual	2006/2007 Adopted	2006/2007 Estimated	Description	2007/2008 Requested	2007/2008 Recommended
<b>Combined Operating and Reserve Funds</b>					
\$3,895,364	\$6,162,831	\$3,690,372	Balance, September 1	\$2,912,460	\$4,193,990
\$129,745,147	\$137,767,956	\$138,746,554	plus Revenue	\$147,719,093	\$146,219,680
\$1,460,408	\$0	\$0	plus Audit Adjustment	\$0	\$0
\$135,100,919	\$143,930,787	\$142,436,926	Total Funds Available	\$150,631,553	\$150,413,670
\$0	\$0	\$0	less Transfer to Community College Fund		\$500,000
\$1,460,408	\$0	\$0	less Audit Adjustment *	\$0	\$0
\$129,950,139	\$139,557,919	\$138,242,936	less Expenditures	\$147,719,093	\$146,501,211
<b>\$3,690,372</b>	\$4,372,868	<b>\$4,193,990</b>	Balance, August 31	\$2,912,460	<b>\$3,412,459</b>
<b>Operating Fund (818) <sup>1</sup></b>					
-\$477,504	\$1,789,963	\$777,912	Balance, September 1	\$0	\$1,281,530
\$129,745,147	\$137,767,956	\$138,746,554	plus Revenue	\$147,719,093	\$145,719,680
<b>\$1,460,408</b>			plus Audit Adjustment		
\$130,728,051	\$139,557,919	\$139,524,466	Total Funds Available	\$147,719,093	\$147,001,211
\$0			less Transfer to Community College Fund		\$500,000
\$129,950,139	\$139,557,919	\$138,242,936	less Expenditures	\$147,719,093	\$146,501,211
\$777,912	\$0	<b>\$1,281,530</b>	Balance, August 31	\$0	<b>\$0</b>
<b>Reserve Fund (819) <sup>2</sup></b>					
\$4,372,868	\$4,372,868	\$2,912,460	Balance, September 1	\$2,912,460	\$2,912,460
\$0	\$0	\$0	plus Revenue	\$0	\$500,000
\$4,372,868	\$4,372,868	\$2,912,460	Total Funds Available	\$2,912,460	\$3,412,460
<b>\$1,460,408</b>	\$0	\$0	less Audit Adjustment *	\$0	\$0
\$0	\$0	\$0	less Expenditures	\$0	\$0
\$2,912,460	\$4,372,868	<b>\$2,912,460</b>	Balance, August 31	\$2,912,460	<b>\$3,412,460</b>

1. Operating Fund (818): See top of page 4 of the SCC Recommended Budget 2007-2008. Note that 2007/2008 "Expenditures" of \$146,501,211 are equal to "net operating costs", which are also shown on page 5.

2. Reserve Fund (819): See page 6 of the SCC Recommended Budget 2007-2008

\* Based on reclassification of liability to fund balance.

**Should the College operating fund balance surplus be spent?**

The College would prefer if these funds were instead placed in the reserve fund and additional revenue included to finance recommended expenditures. An argument can be made that appropriating fund balance to pay for expenditures is a one shot non-recurring revenue. Other things being equal, this could put the College in a deficit position in the following year (2008/2009). As a result, it would be more difficult to maintain future College expenses and/or would eventually require more significant

increases in revenue, most likely in the form of increases in student tuition and/or county contribution.

In theory the College is correct to argue against appropriating fund balance, since it is a non-recurring expense. However, in practice we do not believe it to be a problem in this instance. As seen in the table below, this practice is a problem in the General Fund, because it is followed on a much larger scale. The 2007 adopted General Fund surplus, which was appropriated to reduce the tax levy is 6.66% of expenditures. In comparison, the College surplus is a more modest 0.87%. If the General Fund surplus was the same 0.87% as is recommended for the College, the surplus would be \$17.2 million, as opposed to the \$131.2 million. The point here is that, other things being equal, the General Fund needs to regenerate a surplus of \$131.2 million next year to keep property taxes from increasing by a possible 155% (from \$51,455,503). If the General Fund surplus was \$17.2 million, this would represent a more manageable 33%.

	2007 Adopted General Fund	2007/2008 Recommended College
Fund balance surplus	\$131,206,937	\$1,281,530
Expenditures	\$1,970,385,425	\$146,501,211
Fund balance as a percent of expenditures	6.66%	0.87%

What is the proper level for the College reserve fund?

The Budget Review Office in general supports having a reserve account as a contingency against unexpected cost increases or revenue shortfalls. However, based on observations made below, we do not believe it practical for the Legislature to increase 2007/2008 recommended College reserves. In the final analysis the existence of a reserve account and its size is a policy decision. Factors to consider in making a determination are:

1. As seen in the table below, the County’s Tax Stabilization Reserve Fund is 6.27% of 2007 adopted General Fund expenditures. According to state law, this reserve fund can only be accessed by increasing the property tax levy by 2.5% for use in the General Fund. In comparison, the 2007/2008 recommended College reserve fund is a more modest 2.33% of expenditures. The difference is not so large when one considers that the \$123.5 million balance in the Tax Stabilization Reserve Fund is only 94% of the General Fund operating budget surplus, while the College reserve fund is recommended to be 266% of the College operating budget surplus.<sup>2</sup>
2. As a general guideline, SUNY recommends that each community college, regardless of size, should work to establish unrestricted net assets ranging from

<sup>2</sup> In the past three years (2005-2007) the General Fund surplus has exceeded \$100 million per year. As such, a \$123.5 million reserve fund may not be sufficient should a serious financial problem occur. In addition, the Tax Stabilization Reserve Fund was always under 2% of expenditures until 2001.

5% to 15% of its operating expenses. Based on 2007/2008 recommended net operating costs of \$146,501,211, the range would be \$7,325,061 to \$21,975,182. In comparison, state law limits the Tax Stabilization Reserve Fund to 10% of the General Fund budget.

3. Any goal that may be set for establishing a target level of College reserves would likely need to be reached over several years. For instance, if the goal was 5% of expenditures, reserves would need to increase by \$3,912,601 (= \$7,325,061 – \$3,412,460). To accomplish this in the upcoming budget would require a 10.3% increase in the \$37.8 million recommended county contribution. The recommended county contribution is the same as last year. An increase of more than 4% would exceed the tax cap requiring 14 votes for adoption.

	2007 Adopted General Fund	2007/2008 Recommended College	
Expenditures	\$1,970,385,425	\$146,501,211	(1)
Reserve fund (year-end surplus)	\$123,496,437	\$3,412,460	(2)
Reserve fund as a % of expenditures	6.27%	2.33%	(3)=(2)/(1)
Operating budget fund balance surplus	\$131,206,937	\$1,281,530	(4)
Reserve fund as a % of operating budget surplus	94%	266%	(5)=(2)/(4)

"Reserve fund (year-end surplus)" for the General Fund represents balances in the Tax Stabilization Reserve Fund 403.