



***Review of the 2008-2009
Suffolk County Community College
Operating Budget***

SUFFOLK COUNTY LEGISLATURE
Budget Review Office

P. O. Box 6100
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July 24, 2008

SUFFOLK COUNTY LEGISLATURE



Gail Vizzini
Director

BUDGET REVIEW OFFICE

July 24, 2008

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 2008-2009 Operating Budget for Suffolk County Community College. The County Executive has presented a spending plan for the College which includes a 3.57% 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 \$2.5 million. The fund balance presentation is adequately reconciled with the financial statements as required by last year's omnibus resolution. The College's Reserve Fund is recommended at \$4.4 million for 2008-2009, which is an increase of \$1 million over the current year. The recommended budget reduces the non-mandated portion of the College tax levy which inadvertently reduces the County's annual contribution. This unintended reduction in maintenance of effort should be corrected by increasing the County Contribution by a modest \$66,400 to avoid any adverse implications pursuant to State Education Law.

The College submitted a budget request predicated on a \$120 annual increase for full-time tuition. The Executive proposes an increase of \$80 annually which would make full-time tuition \$3,336 compared to Nassau Community College's full-time tuition of \$3,552. The College is experiencing a growth in enrollment of 3.4% for 2007-2008 over last year and anticipates growth of 2.75% for 2008-2009. The Budget Review Office has made several recommendations for the Legislature to consider including the addition of several tables to improve the transparency and clarify the Community College adopted budget presentation.

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 2008-2009 Operating Budget for the Suffolk County Community College.

Very truly yours,

Gail Vizzini, Director

SUFFOLK COUNTY LEGISLATURE



William J. Lindsay, Presiding Officer
Vivian Viloría-Fisher, Deputy Presiding Officer

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Legislative Summary of Major Findings and Recommendations

- The Executive recommended a budget of \$171.6 million, an increase of 3.57% over last year's adopted College budget. This exceeds the Colleges request by \$579,247.
- The Executive decreased the non-mandated portion of the College tax levy by \$66,400 to offset the recommended \$66,400 increase in the mandated tax levy. This resulted in an unintended decrease in the County contribution of \$66,400.
- The Legislature should increase the County contribution by \$66,400. Since the recommended 2008-2009 amount is less than this year, not restoring funding to this year's level could result in adverse implications pursuant to State Education Law.
- To improve transparency in budget presentation, we recommend that the Legislature require the College budget document to include two tables that summarize 1) how the College budget relates to the General Fund budget and 2) how College property taxes are set, as shown in the Budget Review Office report.
- The non-mandated College property tax levy is recommended to be less than was adopted for the current year, and therefore the College budget is in compliance with the County Charter and the tax levy cap. However, the recommended budget did not follow the pre-described formula to calculate the non-mandated College property tax levy.
- The correct calculation for the 2008-2009 non-mandated tax levy for the College is \$5,122,189 or \$725,791 more than is recommended. Since the appropriate formula was not followed, this larger increase is necessary to raise the County contribution by \$66,400. The \$725,791 is partially offset by a \$659,391 decrease in the Suffolk County Contribution.
- The recommended budget is \$931,031 below the non-mandated property tax cap. As a result, the Legislature has the discretion to raise the County contribution by as much as \$1,610,518 without piercing the tax cap.
- The Legislature should consider amending the County Charter to eliminate the College tax levy. This would eliminate confusion in displaying and explaining how the College levy is calculated and would also help to avoid discrepancies in calculation, as was the case in the 2008-2009 recommended College budget. The result would be to include what is now the College property tax as part of General Fund expenditures (appropriations 001-2495 and 001-E818) – the College property tax is recommended at \$5,250,467. There is no effective impact associated with this change, since the same taxpayers that pay the General Fund property tax also pay the College tax. The Towns combine the

County General Fund and College tax on their property owner tax bills, therefore this change is transparent on tax bills and would have no impact.

- The College budget is exempt from the expenditure cap (Local Law No. 21-1983). However, if the cap was applied, the recommended non-mandated College expenditures exceed the LL 21-1983 expenditure cap by \$171,093. When the 2009 operating budget is recommended, allowable four-percent growth in non-mandated expenditures across all county funds will have to be reduced by \$171,093 from the allowable rate of growth.
- The revenue to the College, as defined by State Law, is recommended in 2008-2009 as follows: 24% County Share, 28% State Aid, 38% Student Share, and 10% Offset Revenue. The recommended County Share decreases by 0.2%, the State Share increases by 2.9%, the Student Share increases by 6.9%, and Offset Revenue decreases by 3.7%, for an overall revenue increase of 3% in revenue.
- When all revenue obligations are accounted for including \$6.4 million in debt service obligations and the State and Student Shares are augmented by offset revenue, the revenue shares differ from those defined by state law. The breakdown for all revenue obligations is as follows: County Share increases from 23.5% to 25.4% of total revenues, State Share increases from 28% to 30.3%, Student Share increases from 38.3% to 41.1%. and 0.8% of revenue is attributed to Federal Aid for an overall revenue increase of 9.1%.
- The State aid per FTE rate remains flat for 2008-2009. As of June 18, 2008 state aid for the current year had already exceeded the Executive's 2007-2008 estimates. The Budget Review Office projects that state aid will be \$640,085 more than estimated in 2007-2008 and \$331,120 more than recommended for 2008-2009.
- Both the College and the County Executive propose tuition increases for 2008-2009. The College requested a \$120 per annum increase which would make full time tuition \$3,376 while the Executive recommends an \$80 per annum increase which would make tuition \$3,336 annually. On a per-credit basis, both the College and the Executive agree on a \$5 increase to \$141 per credit.
- The College and the Executive project a 3.4% increase in enrollment (full-time equivalent students) for 2007-2008 over the previous school year and a 2.75% increase in enrollment for 2008-2009. The Budget Review Office agrees with the enrollment estimates for the current 2007-2008 school year as they are consistent with fall and spring semester FTE student enrollment figures. As for next year, while 2.75% may be somewhat optimistic, although it is attainable given the current weak economic climate.
- Based on year-to-date revenue reports and projections for remaining revenue from the summer session, police academy, and non-credit aid able student

tuition, the Budget Review Office projects that tuition revenue for this year (2007-2008) is likely to range from \$300,000 to \$500,000 more than estimated in the budget.

- For 2008-2009 the Executive recommends tuition revenue to increase by over 5.6% and has budgeted \$65,156,783. Although we believe that recommended growth is too optimistic and should be just under 5.0%, our higher projected base for 2007-2008 makes the 2008-2009 revenue reasonable.
- We note that 2008-2009 recommended tuition is \$598,132 less than requested by the College which is attributable to the difference in an \$80 increase recommended by the County Executive versus a \$120 increases requested by the Board of Trustees.
- The recommended budget includes \$60,000 in inter-fund revenue from the General Fund (818-R001). As the College does not have an alphanumeric system and therefore does not have this revenue code within its integrated financial management system (IFMS), the Budget Review Office recommends eliminating this revenue code and transferring the \$60,000 to revenue code 818-2811. Revenue code 2811 should also be renamed “Transfer from General Fund – Nurses Tuition Reimbursement Program”, to reflect its purpose.
- The recommended budget narrative indicates that the County Executive plans to provide \$200,000 in County funding to the College Foundation for scholarships although the funding is not included in the recommended budget. The College Foundation is a 501(c) 3 not-for-profit corporation and funding would require the adoption of a resolution to transfer funds from the County’s General Fund to the College Foundation.
- The recommended budget provides \$100,000 for the “Suffolk County Credits for Caring Program”. Although this scholarship program for participants who volunteer for non profits has merit, currently there is no definitive implementation plan nor is there a designated department for its administration. The recommended budget uses a portion of the proposed \$2.3 million audit adjustment as the source of revenue for this program. If the Legislature embraces this new program, the Budget Review Office recommends creating a new revenue code for this purpose. It is not clear if revenue to support this initiative would be listed in the College budget as part of the county share or as part of offset revenue.
- The Executive’s Budget Office should reconcile the discrepancy between what is included in the budget document under “county share” and what the State includes in its annual report. The recommended College budget includes “818-1415-County Technical Training” as part of offset revenue, while the State annual report includes this as part of “other revenue in lieu of sponsor’s contribution”. This revenue amounted to \$107,279 in 2006-2007.

- The recommended budget does not fund the Suffolk County employee computer training program provided by the College. The Legislature should make the policy determination whether or not to reinstate this program. In the event that the Legislature reinstates the training program then revenue code “818-1415-County Technical Training” should be increased by \$100,000.
- Suffolk’s out-of-county tuition grew by \$1,277,297 which is an increase of 335% over the last nine years compared to Nassau’s reported increase of \$3,521,285 (31%), and compared to the average community college, which received \$2,195,834, (92%) more from this revenue source. Out-of-county tuition for Suffolk accounted for 1.1% of revenue from all sources in the 2006-2007 academic year, which is up 0.7% from 0.4% in the 1997-1998 school year.
- Since the 1997-1998 academic year, Suffolk has experienced the most growth in revenue code 818-1395 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 2006-2007 academic year, out-of-county tuition revenue from this source grew from \$70,949 to \$663,375 or a \$592,426 gain.
- Based on year-to-date revenues through May 2008 and historical data, the estimated out-of-county revenues are overstated by \$159,343.
- 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 2006-2007 academic year, 3,472 Suffolk residents attended these other schools at a County cost of \$8,981,321, which is a 15.7% increase over the previous academic year.
- The Legislature may wish to consider legislation to mitigate the cost of out of county tuition. Such legislation could 1) 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, or 2) authorize 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.
- The number of County residents attending other SUNY community colleges exceeds the base year, therefore the Budget Review Office recommends eliminating \$31,600 in revenue in 818-2251 Out-of-County Tuition: County Incentive for both 2007-2008 estimated and 2008-2009 recommended budget, as the College has not met the eligibility criteria for this incentive revenue.

- The College is having difficulty meeting the County's Out-of-County Incentive payment criteria in part because of the methodology for the incentive. To provide an incentive, the Legislature may wish to amend the criteria by replacing the 1994-1995 base year with a methodology that replaces the arbitrary base year with growth over the previous rate.
- Currently, including grants, there are 412 full-time faculty and 86 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 63/37% and it is doubtful that the recommended budget can improve this ratio or achieve the 70/30% standard.
- No new positions were requested by the college nor included in the recommended budget. There is not sufficient funding for additional faculty positions unless it is transferred from other line items.
- The recommended permanent salary budget reflects a cost-to-continue amount for 2008-2009 that provides sufficient appropriations for all currently filled positions, negotiated salary increases for all current collective bargaining agreements and the ability to fill approximately 14 vacant positions.
- The recommended budget provides \$220,621 for replacement furniture and equipment, which is a 42.6% increase from the College's request of \$154,727. This additional funding allows the College to meet its modified 2nd year goals with respect to the Middle Schools Commission Five-Year replacement plan.
- The recommended budget provides \$475,773 for Fuel for Heating which is 22% more than the College requested. The Budget Review recommends an increase of \$62,878 over the recommended amount as current year-over-year price comparisons indicate a 2008 price level at approximately 72% above prices during the same period in 2007. Retail prices continue to rise dramatically during the non-heating season, which has happened during the past four years, and winter season prices should be expected to be even higher.
- The Budget Review Office recommends including \$29,500 for the Welfare to Work Mentoring Education Program. This Legislative initiative began in 2007 and has been successful in reducing the education and training dropout rate of welfare recipients attending community college and vocational training.
- Revenue code "818-2815-Transfer from General Fund – Miscellaneous" should be increased by \$29,500 in 2008-2009 to fund the Welfare-to-Work Program. In addition, in order to reflect its purpose, the name of this revenue code (818-2815) should be changed to "Transfer from General Fund – Welfare-to-Work Program".

- In the aggregate, appropriations for employee benefits are overstated by \$79,000 over the two year period of the operating budget.
- The recommended budget reconciles the College's fund balance presentation to the outside auditor's financial statements in a satisfactory manner. The Budget Review Office has prepared a table that we recommend be included in the Adopted 2008-2009 College budget document that summarizes the operating fund balance and reconciles it to the College's official financial statement reported to the State.
- The recommended budget uses \$2,315,211 in surplus funds as follows:
\$598,182 reduction in the College requested tuition increase, \$1 million transfer to the College reserve fund, and \$717,079 in funding allocated to (1) light, heat, and power, (2) building repairs, and (3) furniture and equipment.
- The College Reserve Fund is recommended as \$4,412,460 an increase of \$1 million over last year.

Relationship Between the College and General Fund Budgets

The accompanying table shows the impact that the College budget has on the General Fund. There are two General Fund appropriations in 2009 that will be set as a result of the adoption of the College budget. County funding of College expenses also includes the College property tax¹. In particular:

- The Suffolk County Contribution represents appropriation 001-2495 in the General Fund budget and revenue code 818-2810 in the College budget. The 2008-2009 recommended College budget would require a 2009 General Fund contribution of \$34,131,342.
- 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 2008-2009 recommended College budget would require a 2009 General Fund transfer of \$5,605,571.
- The College property tax is broken down into non-mandated and mandated shares. The 2008-2009 recommended College property tax is \$5,250,467, with \$4,405,215 attributed to non-mandated and \$845,252 to mandated.

The “Cap Compliance” section of this report explains the methodology used to calculate the non-mandated and mandated College tax levies. In particular:

- The mandated College levy is set equal to the “appropriate percent” of College debt service.
- The non-mandated College levy is set equal to the same “appropriate percent” of the “County contribution” to the community college.
- The “appropriate percent” is set equal to the 2007 adopted General Fund tax levy as a percent of General Fund non-aided revenue. For the 2008-2009 College budget it is calculated to be 13.29%². The recommended budget correctly calculates the mandated levy, but not the non-mandated levy.

As noted in the “County Contribution” section of this report, the Executive’s 2008-2009 recommended budget inadvertently proposed a County contribution that is \$66,400 less than last year. Unless the 2008-2009 “County contribution” is increased to at least the current year’s level of \$38,536,557, revenue from student tuition could be capped and expenditures limited pursuant to State Education Law. As discussed in the “Cap Compliance” section of this report, to increase the County contribution by \$66,400, the College non-mandated tax levy should be increased by \$725,791. This increase would be partially offset by a \$659,391 decrease in the Suffolk County Contribution. The Budget Review Office strongly advises that the Legislature correct this mistake.

¹ There are a few other revenues listed as part of the county share (on p. 12 of the 2008-2009 recommended college budget), which are not related to the discussion in this section of the report.

² The year 2007 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.

Next, at the bottom of the accompanying table we list the sources of funding for mandated expenses – the \$5,605,571 recommended transfer from the General Fund (001-E818) and the \$845,252 mandated College tax levy, which together total \$6,450,823. These revenues finance the \$6,359,223 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).

Finally, the Budget Review Office recommends:

- As noted above, the Legislature should increase the County contribution. Since the recommended amount is less than this year, not restoring funding to this year's level could trigger adverse implications pursuant to State Education Law and could potentially result in a loss of millions of dollars in revenue.
- In order to make the budget presentation more transparent, we recommend that the Legislature require the College budget document to include the accompanying table as a summary. This table helps to clarify how the College budget relates to the General Fund budget and how College property taxes are set.

Relationship between the College Budget and the County General Fund Budget

		2007/2008 Adopted	2008/2009 Recommended
1.	Suffolk County Contribution (818-2810 = 001-2495)	\$34,131,342	\$34,131,342
2.	Transfer from General Fund (818-2812 = 001-E818)	\$5,427,383	\$5,605,571
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3.	818-1001-Real Property Taxes	\$5,250,467	\$5,250,467
3.a.	Non-mandated College Tax Levy	\$4,471,615	\$4,405,215
3.b.	Mandated College Tax Levy	\$778,852	\$845,252
<hr/>			
4.	County Contribution (818-Contribution to Community College Fd)	\$38,602,957	\$38,536,557
1.	818-2810-Suffolk County Contribution (=001-2495)	\$34,131,342	\$34,131,342
3.a.	NonMandated College Tax Levy	\$4,471,615	\$4,405,215
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5.	Revenue Sources for Mandated County Expenses and Incentive Payments	\$6,206,235	\$6,450,823
2.	Transfer from General Fund (818-2812 = 001-E818)	\$5,427,383	\$5,605,571
3.b.	Mandated College Tax Levy	\$778,852	\$845,252
5.	Appropriations Paid from the above Revenue Sources	\$6,206,235	\$6,450,823
818-Debt Service		\$6,114,635	\$6,359,223
Out-of-County Tuition: County Incentive Payment		\$31,600	\$31,600
Nurses Tuition Reimbursement Program & Other Contracts		\$60,000	\$60,000

The information listed above is presented in a different form on page 7 of the Suffolk Community College Recommended Budget 2008-2009.

Summary of Major College Expenditures and Revenues as Recommended for 2008-2009

The attached table provides an explanation of how the major expenditures and revenues relate to each other in the College budget. Detail on College expenditures begins on page 17 of the 2008-2009 recommended College budget document. In the table, we first list the major objects of expense, which range from personal services (1000s) to interfund transfers (9000s). These expenses sum to *Total College Expenditures (excluding grants)*. For 2008-2009 these College costs are recommended to be \$168,739,970. Grants in the amount of \$2,811,934 are added to arrive at *Grand Total College Expenditures* (\$171,551,904).

Grand Total College Expenditures is also calculated at the bottom of the second block of information in Table 1. It is shown to equal *Revenues: Total* (\$170,022,638) plus the \$2,529,266 fund balance surplus that is recommended at the start of the 2008-2009 school year (*Fund Balance, September 1*) less the \$1,000,000 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* (\$40,030,540), *State Share* (\$47,575,455), *Student Share* (\$65,156,783), and *Offset Revenue* (\$17,259,860).

It is important to note that 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 \$6,359,223.

Finally, in order to make for a more transparent budget presentation, we recommend that the Legislature require the College budget document to include the accompanying table as a summary. This would help to clarify how expenditures and revenues add up and where in the document they can be found.

**Relationships between Various Expenditures and Revenues in the College Budget Document
Suffolk Community College Recommended Budget 2008 - 2009**

	2008/2009 Recommended	Relationship	Page Number in Budget Document
1000-Personal Services	\$104,654,150	(1)	p. 17
2000-Equipment	\$2,619,465	(2)	pp. 17-18
3000-Supplies Materials & Other Expenses	\$9,664,137	(3)	pp. 18-19
4000-Contractual Expenses	\$11,732,605	(4)	p. 19
8000-Employee Benefits	\$37,512,846	(5)	p. 19
9000-Interfund Transfers	\$2,556,767	(6)	p. 20
Total College Expenditures (excluding grants)	\$168,739,970	(7)=(1)+...+(6)	p. 17
Grants	\$2,811,934	(8)	p. 17
Grand Total College Expenditures	\$171,551,904	(9)=(7)+(8)	pp. 10, 17
Offsets to Expenses / Offset Revenue	\$17,259,860	(10)	pp. 10, 12
Net Operating Costs	\$154,292,044	(11)=(9)-(10)	pp. 9, 10
County Share ¹	\$40,030,540	(12)	p. 12
State Share	\$47,575,455	(13)	p. 12
Student Share	\$65,156,783	(14)	p. 12
Offset Revenue	\$17,259,860	(15)	pp. 12-16
Revenues: Total	\$170,022,638	(16)=(12)+...+(15)	p. 12
<i>plus</i> Fund Balance, September 1	\$2,529,266	(17)	p. 9
<i>minus</i> Transfer to Suffolk Community College Reserve Fund	\$1,000,000	(18)	p. 9
Total Gross Operating Costs	\$171,551,904	(19)=(16)+(17)-(18)	pp. 10, 17
Debt Service Obligation / Total Cost of Debt ²	\$6,359,223		pp. 7, 8

1. The \$40,030,540 recommended "County Share", which is broken down into its various revenue components, can be found on page 12 of the 2008-2009 recommended college budget. This is the same as "Revenue" under the County Share portion of the status-of-funds presentation on page 9 of the recommended college budget. As shown on page 9, this "Revenue" excludes local funding associated with the \$2,529,266 fund balance surplus used to offset expenses and the \$1,000,000 Transfer to Suffolk Community College Reserve Fund.

2. 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.

Cap Compliance

Tax Cap – Tables 1 and 2

Local Law 29-1995 and 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 County's tax cap, restricting growth in the non-mandated College property tax levy to four-percent. Since it is recommended to be less than was adopted for the current year, the College budget is in compliance with the County Charter.

However, the recommended budget did not follow the pre-described formula that the non-mandated College property tax levy is based on. In particular:

- The recommended County contribution to the community college must first be set.
- The non-mandated property tax is then calculated by taking the "appropriate percent" of the "County contribution". This is shown in Table 2.
- Finally, the Suffolk County Contribution is set as the difference between the "County contribution" and the "non-mandated property tax". The Suffolk County Contribution establishes appropriation 001-2495 in the General Fund operating budget that pays for non-mandated College expenses not accounted for in the non-mandated College property tax levy.

As shown in Table 1, in order to keep the recommended College property tax from rising, the Executive decreased the non-mandated portion of the College tax levy by \$66,400 to offset the recommended \$66,400 increase in the mandated tax levy.

The important point to note is the 2008-2009 recommended "County contribution" is also \$66,400 less than the 2007-2008 adopted amount. This is because the "Suffolk County Contribution" was recommended at the same level as for the current year (\$34,131,342). As noted in the "County Contribution" and "County Share" sections of this report, unless the "County contribution" is increased by at least \$66,400, restoring it to this year's level, revenue could be jeopardized. This was an unintentional mistake that the Legislature should rectify. Table 1 shows the recommended "County contribution" and the correction needed to avoid adverse implications pursuant to State Education Law.

As shown in Table 2, the corrected 2008-2009 non-mandated tax levy for the College is \$5,122,189 or \$725,791 more than is recommended. Since the appropriate formula was not followed, this larger increase is necessary to raise the County contribution by \$66,400. Referring back to Table 1, the \$725,791 is partially offset by a \$659,391 decrease in the Suffolk County Contribution. This partial decrease amounts to a reduction in 2009 General Fund expenditures on behalf of the College (001-2495).

Next, as seen at the bottom of Table 2, the recommended budget is \$931,031 below the non-mandated property tax cap. As a result, the Legislature has the discretion to raise

the County contribution by as much as \$1,610,518 without piercing the tax cap. Even after correcting the recommended budget to increase the County contribution back to this year's 2007-2008 adopted level, the 2008-2009 College budget would still be below the tax cap by \$205,240 and would allow the Legislature to increase the County contribution by an additional \$1,544,118 without exceeding the cap.

Finally, the Budget Review Office recommends that the Legislature consider amending the County Charter to eliminate the College tax levy. This recommendation would eliminate confusion in displaying and explaining how the College levy is calculated and would also help to avoid making mistakes in calculation, as was the case in the 2008-2009 recommended College budget. The result of this change would be to include what is now the College property tax as part of General Fund expenditures (appropriations 001-2495 and 001-E818) – the College property tax is recommended at \$5,250,467. There is no effective impact associated with this change, since the same exact taxpayers that pay the General Fund property tax also pay the College tax. It is important to note that the towns combine the General Fund and College tax on their property owner tax bills. In other words, this change would not show up on tax bills and would have no impact.

Expenditure Cap – Table 3

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 14 legislators. This accommodation is made because the College budget is adopted ahead of the County's operating budget. The legislation does not absolve the County from conforming to the expenditure cap across all funds. If the College budget is adopted at a level above the expenditure cap, then the County's overall discretionary operating budget must be reduced accordingly, or be approved with a vote of fourteen.

As seen in Table 3, recommended non-mandated College expenditures exceed the LL 21-1983 expenditure cap by \$171,093. When the 2009 operating budget is recommended, allowable four-percent growth in non-mandated expenditures across all county funds will have to be reduced by \$171,093 from the allowable rate of growth. Since last year's adopted College budget exceeded the expenditure cap by \$3,748,507, this represents a decrease of \$3,577,415 in the impact that the College budget has on the expenditure cap.

Table 1
County Contribution
818-Contribution to Community College Fund

	2007-2008 Adopted (1)	2008-2009 Recommended (2)	2008-2009 Recommended <i>minus</i> 2007- 2008 Adopted (3) = (2) - (1)	2008-2009 BRO Correction (4)	2008-2009 BRO Correction <i>minus</i> 2008-2009 Recommended (5) = (4) - (2)
County Contribution (818-Contribution to Comm College Fd 818)	\$38,602,957	\$38,536,557	-\$66,400	\$38,602,957	\$66,400
Non-mandated College Tax Levy (818-1001-Real Property Taxes)	\$4,471,615	\$4,405,215	-\$66,400	\$5,131,006	\$725,791
Suffolk County Contribution (818-2810 = 001-2495)	\$34,131,342	\$34,131,342	\$0	\$33,471,951	-\$659,391

Table 2: Calculation of 2008/2009 College Property Tax Levy ¹

	2007/2008 Adopted	2008/2009 Recommended	Formula	2008/2009 BRO Correction	2008/2009 BRO Correction <i>minus</i> Executive's Recommended
General Fund Total Revenue (2007 adopted) ²	\$1,839,178,488		(1)		
General Fund State & Federal Aid and Department Income (2007 adopted) ²	\$464,923,547		(2)		
General Fund State Aid	\$270,012,712				
General Fund Federal Aid	\$194,445,835				
001-R818-Transfer from Community College	\$465,000				
Nonaided Revenue	\$1,374,254,941		(3) = (1) - (2)		
General Fund Stand Alone Tax Levy	\$182,662,440		(4)		
General Fund Stand Alone Tax Levy as a % of Nonaided Revenue	13.29%		(5) = (4) / (3)		
NonMandated Tax Levy Calculations:					
County Contribution (818-Contribution to Comm College Fd 818)	\$38,602,957	\$38,536,557	(6)	\$38,602,957	\$66,400
NonMandated Portion of Tax Levy ³	\$5,131,006	\$4,405,215	(7)=(5)*(6)	\$5,131,006	\$725,791
Mandated Tax Levy Calculations:					
Fund 818 Debt Service		\$6,359,223	(8)	\$6,359,223	\$0
Mandated Portion of Tax Levy ³		\$845,252	(9)=(5)*(8)	\$845,252	\$0
2008/2009 Total College Property Tax Levy		\$5,250,467	(10)=(7)+(9)	\$5,976,258	\$725,791
Amount the College Budget is Under the LL 29-95 Nonmandated Tax Levy Cap		\$931,031	[1.04 x (7) for 2006/07] <i>minus</i> [(7) for 2007/08]	\$205,240	
Amount Nonmandated Expenses (Contribution to Comm College) are Under the Tax Levy Cap		\$1,610,518	[1.04 x (6) for 2006/07] <i>minus</i> [(6) for 2007/08]	\$1,544,118	

Recommended budget does not use the appropriate "formula"

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

2. 2007/2008 Adopted for the General Fund is based on the 2007 adopted budget.

3. In order to calculate tax cap compliance, the 2007/2008 adopted "NonMandated Portion of Tax Levy", and "Mandated Portion of Tax Levy", listed above, were recalculated (they differ from last year's adopted figures). This is consistent with the methodology that has been used for several years, which requires both 2007/2008 adopted and 2008/2009 recommended values to be based on the same "tax levy as a % of nonaided revenue" (13.29% in the above table). If different percentages were used for the two years we would not have an apples-to-apples comparison.

Table 3
LL 21-83 Expenditure Cap
Impact of the College Budget on the 2009 Operating Budget Expenditure Cap

	2007/2008 Adopted	2008/2009 Recommended	Adopted to 2008/2009 Recommended change
Total Gross Operating Costs ¹	\$165,636,324	\$171,551,904	\$5,915,580
Grants ²	\$3,550,865	\$2,811,934	-\$738,931
Nonmandated Appropriations	\$162,085,459	\$168,739,970	\$6,654,511
Amount the College Budget <i>Exceeds</i> the LL 21-83 Expenditure Cap (to be added to nonmandated expenditures in the 2009 operating budget) ³	\$3,748,507	\$171,093	-\$3,577,415

1. "Total Gross Operating Costs" can be found on pp. 10 and 17 of the 2008/09 Recommended Budget.

2. "Grants" can be found on p. 17 and pp. 43-55 of the 2008/09 Recommended Budget.

3. Amount the College Budget Exceeds the LL 21-83 Expenditure Cap equals 4% growth in 2007/2008 Adopted "Nonmandated Appropriations" less 2008/2009 Recommended "Nonmandated Appropriations"

4. Adopted changes are based on SCCBA No. 1-2007.

Revenue Breakdown: County, State, Student

As mandated by state law and budgeting practices, revenue for Suffolk Community College is separated into three core components: County Share, State Share, and Student Share (obtained mainly through tuition). 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 2008-2009 recommended revenue breakdown is:

- 24% County Share,
- 28% State Aid,
- 38% Student Share, and
- 10% Offset Revenue

As seen in the top half of the tables below:

- County Share is recommended to decrease by 0.2%, from \$40.1 million to \$40 million.
- State Share is recommended to increase by 2.9%, from \$46.2 million to \$47.6 million.
- Student Share is recommended to increase by 6.9%, from \$60.72 million to \$65.2 million.
- Offset Revenue is recommended to decrease by 3.7%, from \$17.9 million to \$17.3 million.

When all revenue 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 \$6.4 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 23.5% to 25.4% of total revenues.
- State Share increases from 28% to 30.3%.
- The Student Share increases from 38.3% to 41.1%.
- 0.8% of revenue is attributed to Federal Aid.
- The remaining 2.4% is Other.

When the 2008-2009 recommended College budget is compared to the 2007-2008 adopted budget, the table below shows that when all obligations are included:

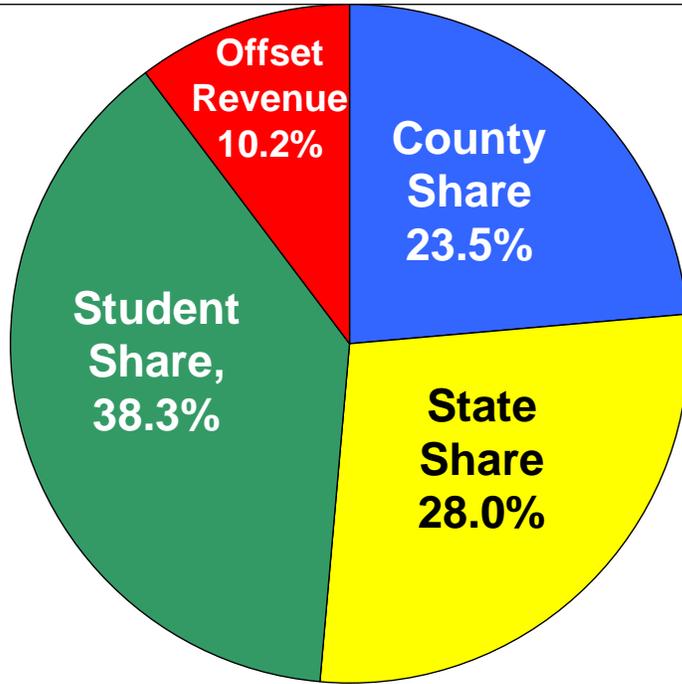
- County Share increases 12.2% from \$40.7 million to \$46.4 million.
- Federal Aid decreases by 45.3% to \$1.5 million.
- State Share increases 12.8% from \$48.2 million to \$55.3 million.
- The Student Share increases 6.2% from \$70.4 million to \$75 million.
- Other Revenue decreases 0.5% to \$4.4 million.

Suffolk County Community College Revenue Sources			
As defined by State Law	Adopted 2007-2008	Recommended 2008-2009	% Change
County Share	40,119,746	40,030,540	-0.2%
State Share	46,177,825	47,575,455	2.9%
Student Share	60,672,580	65,156,783	6.9%
Offset Revenue	<u>17,906,341</u>	<u>17,259,860</u>	<u>-3.7%</u>
Total Revenue	\$164,876,492	\$170,022,638	3.0%
All Obligations	Adopted 2007-2008	Recommended 2008-2009	% Change
County Share	40,731,181	46,389,763	12.2%
Federal Aid	2,231,551	1,536,086	-45.3%
State Share	48,247,899	55,326,676	12.8%
Student Share	70,445,968	75,067,572	6.2%
Other	<u>4,442,763</u>	<u>4,420,987</u>	<u>-0.5%</u>
Total Revenue	\$166,099,362	\$182,741,084	9.1%

SCCC 2008-2009 Recommended Revenue Sources

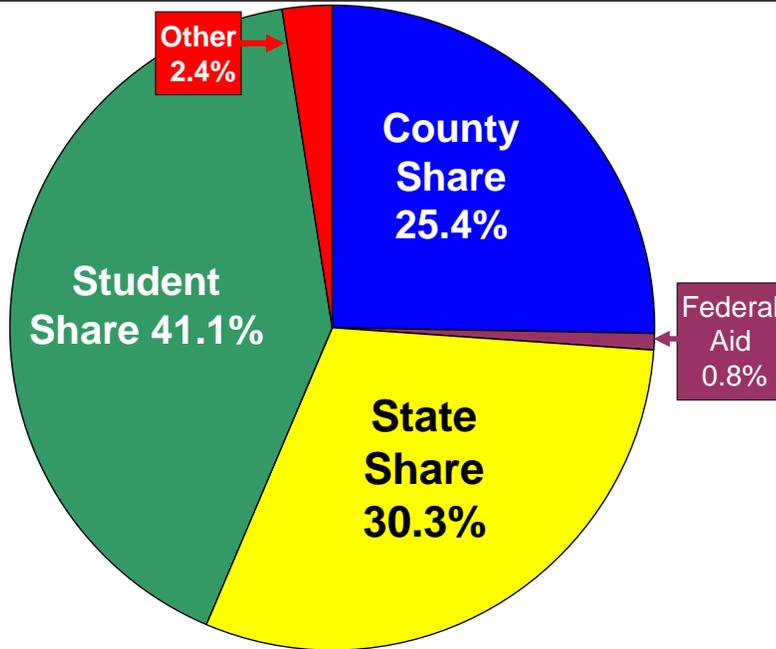
Pie Chart No. 1

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 and 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 the number of full-time equivalent students. The Governor proposes and the State Legislature adopts a funding rate per FTE student. This rate is then applied to the number of FTE students from either

- 1) the immediately preceding year when there is growth; or
- 2) to a weighted average of FTE students for the three previous years when there is retrenchment.

Projections for FTEs can be found in the section of this report entitled "Student Tuition", subsection, on "Enrollment".

For 2007-2008, as of June 18, 2008, state aid had already exceeded the estimated amount in the Executive's budget. By multiplying the expected number of FTEs by the FTE rate we can expect an even greater increase, with state aid revenue projected to be \$640,085 more than the 2007-2008 estimate. For the 2008-2009 school year, the adopted state budget has kept the FTE rate at \$2,675. The College believes that state aid will exhibit a modest increase from this year's level. The Executive's budget concurs, budgeting \$47,575,455 for state aid in 2008-2009. BRO agrees that state aid is likely to increase over the previous year's level; yet, we believe the 2008-2009 recommended amount to be understated by \$331,120. Once again, by multiplying the expected number of FTEs by the FTE rate, the result is state aid of \$47,906,575.

The table below shows BRO's projection for state aid, and the subsequent table shows the difference between the Executive's Recommended Budget projections and BRO's projections.

Suffolk Community College State Aid Revenue			
School Year	Number of FTEs	Revenue Per FTE	Total Revenue
2007-2008	17,430	\$2,675	\$46,625,250
2008-2009	17,909	\$2,675	\$47,906,575

Suffolk Community College State Aid Revenue			
School Year	Executive Amount	BRO Amount	BRO - Exec
2007-2008 est.	\$45,985,165	\$46,625,250	\$640,085
2008-2009 rec.	\$47,575,455	\$47,906,575	\$331,120
Combined	\$93,560,620	\$94,531,825	\$971,205

Student Tuition

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

Enrollment

Enrollment is the paramount driver for various Community College revenues, chief among those are state aid and tuition. Enrollment is largely determined by the following factors:

- The annual number of high school graduates: Statewide, the number of high school graduates for 2007-2008 is expected to increase by 1.37% (2,633 more graduates) over the previous year, according to a study performed by the Western Interstate Commission for Higher Education.
- The state of the economy: It is no secret that we are in the midst of an economic slowdown. In June, The Conference Board Consumer Confidence Index continued its declining trend; falling 7.7 points to 50.4, its fifth lowest reading ever. As a generalization, this lack of confidence in the economy has historically lead to an increase in enrollment for educational institutions.
- Competition from other regional schools: The impact of other regional schools can be found in the “Comparison of Tuitions: Suffolk Community College vs. Other Local Schools” section of this report.
- College initiatives: The College exercises some influence over enrollment through its marketing program and course offerings.

As seen in the following table, for the current 2007-2008 academic school year, the recommended budget is estimating a 3.4% increase in enrollment (full-time equivalent students) over the previous school year. For the upcoming academic school year (2008-2009), the recommended budget includes an enrollment increase of 2.75%. The College budget request concurs with the Executive’s recommended enrollment figures.

<u>Suffolk County Community College</u>		
<u>School Year</u>	<u>Full-Time Equivalent Students</u>	<u>Pct. Chg. From Prior Year</u>
2003-2004	15,992	2.2%
2004-2005	16,220	1.4%
2005-2006	16,433	1.3%
2006-2007	16,852	2.6%
2007-2008 Est	17,430	3.4%
2008-2009 Rec	17,909	2.75%

Enrollment growth picked up last year (2006-2007) as the economy started to show signs of weakness and is expected to grow at an even higher rate this year as the economy weakens. This is consistent with the higher growth rates that are implicit in

the budget, as projected increases for the current year (2007-2008) and recommended for next year (2008-2009) exceed growth rates in each of the previous four years.

The Budget Review Office agrees with the College and Executive enrollment estimates for the current 2007-2008 school year – they are consistent with fall and spring semester FTE student enrollment figures. As for next year, while 2.75% may be somewhat optimistic, it is attainable given the current weak economic climate.

Tuition Rates

The tuition for full-time and part-time students is determined based on the recommendation of the College President and 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. Both the College and the County Executive propose tuition increases. The College requested a \$120 per annum increase while the Executive recommends an \$80 per annum increase. On a per-credit basis, both the College and the Executive agree on a \$5 increase to \$141 per credit.

Suffolk Community College Proposed Student Tuition For the 2008-2009 School Year			
	College Requested Budget	Executive Recommended Budget	Difference (College - Executive)
Full Time (per year)	\$3,376	\$3,336	\$40
Increase from 07-08 rate (\$3,256 per year)	\$120	\$80	\$40
<hr/>			
Part Time (per credit)	\$141	\$141	\$0
Increase from 07-08 rate (\$136 per credit)	\$5	\$5	\$0

Historically, over the past five years (2003-2004 through 2007-2008), Suffolk Community College has had an average increase of \$164 per year, and \$7 on a per credit basis. An \$80 per-year increase, as proposed by the Executive, would be \$84 below the average increase and also the lowest increase in this five-year period. The College’s proposed \$120 per-year increase would be the third lowest increase and \$44 below the average. For exact rates and changes in recent years, see the following table.

Suffolk Community College Five Year Tuition History				
YEAR	Full Time (per year)	Change From Prior Year	Part Time (per credit)	Change From Prior Year
2003-2004	\$2,600		\$109	
2004-2005	\$2,890	\$290	\$121	\$12
2005-2006	\$2,990	\$100	\$125	\$4
2006-2007	\$3,100	\$110	\$130	\$5
2007-2008	\$3,256	\$156	\$136	\$6
Five Year Average Change		\$164		\$7

Tuition Revenue

The recommended College Operating Budget estimates that \$61,678,117 in student tuition revenue will be earned by the end of the 2007-2008 academic school year, an 8.4% increase over the \$56,895,768 in tuition collected for the 2006-2007 academic school year. This increase is due to improving student enrollment and higher tuition rates.

For 2007-2008, based on year-to-date revenue reports and projections for remaining revenue from the summer session, police academy, and non-credit aid able student tuition, the Budget Review Office projects that tuition revenue for this year (2007-2008) is likely to be \$300,000 to \$500,000 more than is listed in the budget. The following table shows the mid-point for the 2007-2008 BRO projection.

For the 2008-2009 school year, the Executive recommends tuition revenue to increase by over 5.6% and has budgeted \$65,156,783. BRO finds this to be a reasonable amount. Although we believe that recommended growth is too optimistic and should be just under 5.0%, our higher projected base for 2007-2008 should make up the difference.

Suffolk Community College Tuition Revenue			
School Year	Executive Amount	BRO Amount	BRO - Exec
2007-2008 est.	\$61,678,117	\$62,078,117	\$400,000
2008-2009 rec.	\$65,156,783	\$65,156,783	0

In closing, we note that 2008-2009 recommended tuition is \$598,132 less than requested by the College. The difference is attributed to the County Executive recommending lower tuition rate increases than requested by the Board of Trustees.

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

The accompanying table compares tuition at Suffolk Community College to other learning institutions in the NY Metro region. For students beginning in 2008-2009, tuition, as presented in the *2008-2009 Suffolk Community College Recommended Budget*, is \$3,336 for the full year; an \$80 increase from the previous year. Nassau Community College tuition is higher, at \$3,552 per year. Tuition for any of the six City University of New York (CUNY) Junior Colleges is the least expensive, remaining, since 2003, at \$2,800 per year for a full time student.

Tuition at four-year institutions is more, ranging from \$4,000 per year for any of the eleven CUNY Senior Colleges, to over \$35,500 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. For a more detailed look at the costs of various schools in the area, see the following table:

Tuition Costs in Long Island/NY Metro Area

2 Year Institutions	Full Time Student Tuition Spring and Fall Semesters
CUNY Junior Colleges	\$2,800
Suffolk Community College	\$3,336
Nassau Community College	\$3,552
4 Year Institutions	Full Time Student Tuition Spring and Fall Semesters
CUNY Senior Colleges	\$4,000
SUNY Farmingdale	\$4,350
SUNY Stony Brook	\$4,350
SUNY Old Westbury	\$4,350
Berkley College	\$12,200
St. Joseph's College	\$14,000
Five Towns College	\$17,400
Molloy College	\$18,700
Dowling College	\$19,000
NY Institute of Technology	\$22,160
Long Island University (Brooklyn)	\$23,370
Adelphi University	\$24,350
Long Island University (C.W. Post)	\$24,700
Long Island University (Brentwood)	\$24,700
Hofstra University	\$27,600
St. John's University	\$28,100
Julliard	\$28,640
Pace University	\$30,632
Fordham University	\$34,200
New York University	\$35,284
Columbia University*	\$35,516

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

*2007-2008 rates for "Columbia College" undergrad program; University has various programs at different costs

County Contribution

The College has three major sources of funding – the County contribution, state aid, and student tuition. In this section we discuss the County contribution, which is also referred to as the “local sponsor share” or “maintenance of effort” (MOE). The County 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 by requiring that local sponsors at least match their annual subsidy from the previous school year.

The Executive's 2008-2009 recommended budget inadvertently proposed a County contribution that is \$66,400 less than last year (\$38,536,557, compared to \$38,602,957). In order to keep the recommended College property tax flat, the Executive decreased the non-mandated portion of the College tax levy by \$66,400 in conjunction with its recommended \$66,400 increase in the mandated tax levy caused by an increase in debt service. The recommended budget presentation is in error because it fails to account for the fact that the non-mandated College property tax levy is part of the County contribution and that determination of the College tax levy is based on a pre-described formula that was not followed.

The Executive's Budget Office has indicated it was not the intent for the recommended budget to decrease the County contribution below the previous academic year. Such a reduction could jeopardize the maintenance of effort and would be inconsistent with the State Legislature's conditions for aid to local community colleges. In addition, any inadvertent decrease in the County contribution could also impact College revenues from tuition and fees. This is the case because the community college is only allowed to increase tuition and fees above those established under Paragraph D of Section 6304 of the Education Law, provided the local sponsor's contribution either in the aggregate or per full-time equivalent student is no less than the comparable actual rates for the previous community college fiscal year. The College believes that should the situation not be rectified, the revenue loss could be in the millions.

The Budget Review Office strongly advises that the Legislature correct this mistake and increase the 2008-2009 recommended County contribution by \$66,400, back to the current year's level. This would also restore the County contribution to the amount that was requested by the College. Changing the County contribution also affects the College tax levy. The impact is shown in the table below, where it can be seen that the County contribution is equal to the sum of the College non-mandated tax levy and the Suffolk County Contribution. The Suffolk County Contribution in turn is equal to appropriation 001-2495 in the General Fund operating budget.

In order to increase the County contribution by \$66,400, the College non-mandated tax levy should increase by \$725,791. This is partially offset by a \$659,391 decrease in the Suffolk County Contribution, which will effectively reduce the 2009 General Fund budget by \$659,391. An explanation of how the College tax levy is calculated can be found in the "Cap Compliance" section of this report.

County Contribution
818-Contribution to Community College Fund

	2007-2008 Adopted (1)	2008-2009 Recommended (2)	2008-2009 Recommended <i>minus</i> 2007- 2008 Adopted (3) = (2) - (1)	2008-2009 BRO Correction (4)	2008-2009 BRO Correction <i>minus</i> 2008-2009 Recommended (5) = (4) - (2)
County Contribution	\$38,602,957	\$38,536,557	-\$66,400	\$38,602,957	\$66,400
Suffolk County Contribution (818-2810 = 001-2495)	\$34,131,342	\$34,131,342	\$0	\$33,471,951	-\$659,391
Non-mandated College Tax Levy (818-1001-Real Property Taxes)	\$4,471,615	\$4,405,215	-\$66,400	\$5,131,006	\$725,791
College Property Tax Levy	\$5,250,467	\$5,250,467	\$0	\$5,976,258	\$725,791
Non-mandated College Tax Levy (818-1001-Real Property Taxes)	\$4,471,615	\$4,405,215	-\$66,400	\$5,131,006	\$725,791
Mandated College Tax Levy	\$778,852	\$845,252	\$66,400	\$845,252	\$0

County contributions in previous years

As shown in the table below, over the past ten years (1998-1999 to 2007-2008) the County's annual subsidy to the College has increased at a compounded rate of growth of 3.49% per year.

Suffolk County's Annual Contribution to the Community College

School Year	Amount	% Change From Prior Year
1998 – 1999	\$28,356,138	2.0%
1999 – 2000	\$29,490,384	4.0%
2000 – 2001	\$30,669,999	4.0%
2001 – 2002	\$33,644,989	9.7%
2002 – 2003	\$33,644,989	0.0%
2003 – 2004	\$33,644,989	0.0%
2004 – 2005	\$34,990,788	4.0%
2005 – 2006	\$36,390,420	4.0%
2006 – 2007	\$37,846,036	4.0%
2007 – 2008	\$38,602,957	2.0%
10-year annual compounded rate of growth (1998-1999 to 2007-2008)		3.49%
2008 – 2009 County Executive Recommended	\$38,536,557	- 0.2%
2008 – 2009 BRO Recommended	\$38,602,957	0.0%

In the next table, we compare the local sponsor share in Suffolk to elsewhere in the State over the past ten years that data are available (1997-1998 to 2006-2007). Compounded annual growth in the local sponsor share over this ten-year period has

been in the mid 3% range statewide as well as in Nassau and Suffolk. While the statewide growth rate of 3.66% per year was higher than Suffolk's 3.49%, Nassau was slightly less. However, overall County support is higher in Nassau County than in Suffolk. Both local counties have considerably higher contributions than the SUNY average.

Comparison of Sponsor Contributions to Community Colleges

School Year	Nassau County	Suffolk County	SUNY Average
1997 – 1998	\$35,824,298	\$27,800,135	\$7,205,911
2006 – 2007	\$48,361,156	\$37,846,036	\$9,959,297
10 Year Annual Compounded Rate of Growth	3.39%	3.49%	3.66%

As shown in the next table, the trend for local sponsor support has been downward, requiring local community colleges to increase reliance upon other sources of revenue.

Annual County Subsidy as a Percentage of Total Revenues

School	1997 – 1998 School Year	2006 – 2007 School Year	Difference More (Less)
SUNY Average	22.80%	20.3%	-2.5%
Nassau	29.20%	26.8%	-2.4%
Suffolk	30.40%	25.0%	-5.4%

If the recommended budget is adopted by the Legislature, the County's contribution would represent 23.5% of the College's total revenue, which is lower than the estimated 2007-2008 school year proportion of 24.1%. If the Legislature implements the Budget Review Office recommendation and increases the County contribution by \$66,400, then the County's contribution would represent 23.6% of the College's total revenue, as detailed in the table that follows.

Executive's Proposed and BRO Recommended Revenue Allocations Between Funding Sources

School Year	Other	County	State	Students	Difference (Student / County)
2007-2008	10.9%	24.1%	28.2%	36.8%	12.7%
Executive's Proposed 2008-2009	10.2%	23.5%	28.0%	38.3%	14.8%
BRO's Recommended 2008-2009	10.2%	23.6%	28.0%	38.3%	14.7%

Note:

The difference between the Executive's and the BRO's County share percentage represents the \$66,400 difference in the County contribution.

The difference in percentage of funding between the County share and student tuition, using the County Executive's proposed figures, would be 14.8%. The difference between the County contribution and student share would deteriorate from the 12.7% difference in the 2007-2008 academic year by 2.1%.

County Share

The "County Share" is made up of various revenue components detailed in the table below. The first two revenue sources, when added together, are equal to the "County Contribution" which is distinguished from the County Share.

The County contribution is comprised of:

- Real Property Taxes represent the College non-mandated tax levy and
- Suffolk County Contribution establishes appropriation 001-2495 in the General Fund operating budget that pays for non-mandated College expenses.

For a more in-depth discussion on these two items see the County Contribution section of this report.

County Share
(see page 12 of the 2008-2009 Recommended College Budget)

Revenue Code	Description	Executive's 2007-2008 Estimated	Executive's 2008-2009 Recommended	Difference
<u>County Contribution:</u>				
818-1001	Real Property Taxes ¹	\$4,471,615	\$4,405,215	(\$66,400)
818-2810	Suffolk County Contribution	\$34,131,342	\$34,131,342	\$0
<u>Out-of-County Tuition:</u>				
818-1395	Charges to State Non-Residents ²	\$401,000	\$413,030	\$12,030
818-1397	Out-of-State Residents Tuition ³	\$355,585	\$366,253	\$10,668
818-2238	Operating Chargeback - Other County ⁴	\$575,000	\$586,500	\$11,500
<u>Other:</u>				
818-1081	Other Payments in Lieu of Taxes	\$36,600	\$36,600	\$0
818-2251	Out-of-County Tuition: County Incentive Payment	\$31,600	\$31,600	\$0
818-2815	Transfer from General Fund – Miscellaneous ⁵	\$29,500	\$0	(\$29,500)
818-R001	Transfer from the General Fund ⁶	\$60,000	\$60,000	\$0
Total County Share		\$40,092,242	\$40,030,540	(\$61,702)

Notes:

1. Revenue code 818-1001-Real Property Taxes has two components, the mandated tax levy and the non-mandated tax levy. Only the non-mandated portion of the tax levy is included as part of the "county contribution" and "county share", as shown in the above table. The mandated College levy pays a portion of College debt service and therefore is not included above, since 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.
2. Represents non-resident students from out of state.
3. Represents students of residence in this state, but not of this county.
4. Represents other counties of this state who sponsor their own residents while they attend school here in this county.
5. These funds are for the Welfare-to-Work Program.
6. These funds are for the Nurses Tuition Reimbursement Program.

Budget Review Office findings and recommendations that relate to the remaining components of the County share are as follows:

- Revenue code "818-2815-Transfer from General Fund – Miscellaneous" should be increased by \$29,500 in 2008-2009 to fund the Welfare-to-Work Program. In addition, in order to reflect its purpose, the name of this revenue code (818-2815) should be changed to "Transfer from General Fund – Welfare-to-Work Program".
- The recommended budget includes \$60,000 in interfund revenue from the General Fund (818-R001). As the College does not have an alphanumeric system and therefore does not have this revenue code within its integrated financial management system (IFMS), the Budget Review Office recommends eliminating this revenue code and transferring the \$60,000 to revenue code 818-2811. Revenue code 2811 should also be renamed "Transfer from General Fund – Nurses Tuition Reimbursement Program", to reflect its purpose.

Additional College revenues that are not considered as part of the County share are:

- The recommended budget narrative indicates that the County Executive plans to provide \$200,000 in County funding to the College Foundation for scholarships. However, the recommended budget does not include \$200,000 for this purpose. The College Foundation is a 501(c) 3 not-for-profit corporation. Funding this County Executive initiative would require the adoption of a resolution to transfer funds from the County's General Fund to the College Foundation. Before doing this the County would first have to determine whether or not there are legal impediments to funding a not-for-profit that may not be providing a direct service in return.
- A policy issue that the Legislature may want to consider is whether or not the \$100,000 for the County Executive's "Suffolk County Credits for Caring Program" should be included in the College budget. Although this program has merit, currently there is no definitive implementation plan nor is there a designated department for its administration. The revenue for this program is not in a separate line item in the recommended budget. Instead, according to the Executive's Budget Office, the recommended budget uses a portion of the proposed \$2.3 million audit adjustment as the source of revenue for this program. If the Legislature embraces this new program, the Budget Review Office recommends creating a new revenue code for this purpose. It is not clear if revenue to support this initiative would be listed in the College budget as part of

the county share or as part of offset revenue. Additional information on this initiative can be found in the supplies section of this report.

Finally, there appears to be a minor discrepancy between what is included in the budget document under “county share” and what the State includes in its annual report. The recommended College budget includes “818-1415-County Technical Training” as part of offset revenue, while the State annual report includes this as part of “other revenue in lieu of sponsor’s contribution”. This revenue amounted to \$107,279 in 2006-2007. Related to this revenue, the Budget Review Office recommends:

- The Executive’s Budget Office should reconcile this discrepancy with the College in order to determine if these revenues should be included under “county share”, as opposed to under “offset revenue”.
- The recommended budget does not fund the Suffolk County employee computer training program provided by the College. The Legislature should make the policy determination whether or not to reinstate this program. In the event that the Legislature reinstates the training program then revenue code “818-1415-County Technical Training” should be increased by \$100,000. The 2006-2007 actual expenditure for this program was \$107,279 and last year the adopted budget included \$100,000 for this purpose. Refer to the “Offset Revenue” section of this report for a more in-depth discussion.

Offset Revenue

This classification of College revenues called “Offset Revenue” is an amalgamation of over 90 different revenue sources 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 approximately ten 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 100.6% (\$5,388,619 to \$11,132,752) during nine academic years (1997-1998 to 2006-2007). For the 1997-1998 academic year, offset revenue accounted for 5.9% of the College’s total revenue. Nine years later, (2006-2007 academic year) this revenue source accounted for 7.4% 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 5.8%, 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%
2006 – 2007	\$2,856,716	5.8%	\$8,014,914	4.4%	\$11,132,752	7.4%
Difference	\$861,067	-0.6%	\$3,098,432	0.4%	\$5,744,133	1.5%

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

In the aggregate, the \$19,504,680 2007-2008 estimated offset revenues included in the recommended budget are reasonable and are \$1,598,339 more than the adopted budget. The \$1,598,339 difference between the adopted and estimated budgets is largely due to offset revenue from a grant award from the United States Department of Labor – Employment Training Administration (DOL-ETA), in the amount of \$1,668,270, including indirect costs, for a Community-Based Job Training Grants Initiative -TEAM: Technical Education in Advanced Manufacturing. Upon the adoption of Introductory Resolution No. 1602-2008, these funds will be accepted and appropriated for the period April 1, 2008 through March 31, 2011. This 100% federally reimbursed three-year program will provide for training in job skills shortage areas such as welding and Computer Numerical Control (CNC) machining skills, incorporating competencies such as communication and problem-solving, resulting in industry certification. 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	2007/2008 ADOPTED	2007/2008 ESTIMATED	Difference Estimated Less Adopted
1366	STUD. TUITION-NONCR-NONDAIDABLE	\$461,318	\$351,736	(\$109,582)
1415	COUNTY TECHNICAL TRAINING ¹	\$100,000	\$2,935	(\$97,065)
1427	SERVICE FEES-LABORATORY ²	\$1,618,134	\$1,552,824	(\$65,310)
1433	SERV. FEES -TUITION PAYMENT PLAN ³	\$1,005,038	\$1,058,579	\$53,541
1447	SUNY LEARNING NETWORK FEE	\$231,550	\$280,000	\$48,450
2401	INTEREST AND EARNINGS	\$975,000	\$900,000	(\$75,000)
2459	COMMISSION-COCA-COLA BOTTLING	\$152,000	\$100,000	(\$52,000)
4209	FEDERAL AID: ADULT BASIC ED (GED) ⁴	\$0	\$49,199	\$49,199
4236	FEDERAL AID: LI REG. MECHATRONICS TRAIN ⁵	\$717,111	\$668,873	(\$48,238)
4239	FEDERAL AID-TEAM:TECH ED IN ADV MA ⁶	\$0	\$1,668,270	\$1,668,270
	Total	\$5,260,151	\$4,964,146	\$1,372,265

Note:

1. In the beginning of 2008, Information Technology Services suspended training classes due to budget constraints.
2. The laboratory fee partially provides for the extra costs of special supplies, equipment and services associated with certain courses.
3. The tuition payment plan fee is a non-refundable fee that is charged when signing up for the plan each semester.
4. Resolution No. 1331-2007 accepted and appropriated a grant award in the amount of \$49,199 from the NYS Education Department, the University of the State of New York, for a State Adult Literacy and Basic Adult Education Program, 100% reimbursed by state funds at Suffolk County Community College for the period November 1, 2007 through June 30, 2008. This resolution accepted the funds in revenue code 3209 while the estimated budget includes these funds in revenue code 4209.
5. The 2007-2008 estimated budget is \$48,238 less than the adopted budget for the Long Island Regional Mechatronics Training Program however, the 2008-2009 proposed budget is \$48,238 more than requested by the College.
6. Upon the adoption of Introductory Resolution No. 1602-2008, the County will accept and appropriate a \$1,668,270 grant award from the United States Department of Labor Employment Training Administration (DOL-ETA) for a 100% federally reimbursed Community Based Job Training grants initiative: Technical Education in Advanced Manufacturing (TEAM).

Resolution No. 1331-2007 accepted and appropriated a grant award in the amount of \$49,199 from the NYS Education Department, the University of the State of New York, for a State Adult Literacy and Basic Adult Education Program, 100% reimbursed by state funds at Suffolk County Community College for the period November 1, 2007 through June 30, 2008. This resolution accepted the funds in revenue code 3209 while the proposed budget includes these funds in revenue code 4209. To correctly reflect this source of revenue from the State and not the federal government, the Budget Review Office recommends including the funds in revenue code 818-3209-State Aid: ALE.

The 2008-2009 recommended budget for revenue code 818-4236-Federal Aid: Long Island Regional Mechatronics Training Program includes \$48,238 that will be recognized and expended in the current academic year. To correctly reflect the College's receipt and use of these grant funds the Budget Review Office recommends including the revenue and associated expenditures in the 2007-2008 estimated budget; revenue code 818-4236-Federal Aid: Long Island Regional Mechatronics Training Program; and expenditure appropriation 818-GRT-GT33-LI Regional Mechatronics Training.

The Suffolk County Employee Computer Training Program was offered through the Department of Information Services. The College provided the courses to assist County employees to improve their computer skills and other abilities to perform their job. The 2007-2008 adopted budget included \$100,000 for this purpose of which the estimated budget includes only \$2,935. This reduction in revenue is due to Information Technology Services suspending computer training classes for County employees in the beginning of 2008 as a result of budget constraints. The 2008-2009 recommended budget does not fund this program. Therefore, the Legislature will need to make a policy determination whether or not to reinstate this program or allow it to be discontinued. The college received \$101,614 in 2004-2005, \$87,693 in 2005-2006 and \$107,279 in 2006-2007 from the County for this program. In the event that the

Legislature desires to reinstate this program, then revenue code "818-1415-County Technical Training" should be increased by an estimated \$100,000. Additionally, as discussed in the "County Share" section of this report, the Executive's Budget Office should communicate with the College to determine if these revenues should be included under "county share" or under "offset revenue" in the budget presentation. The recommended budget includes "818-1415-County Technical Training" as part of offset revenue, while the State annual report includes this revenue as part of "other revenue in lieu of sponsor's contribution".

In the aggregate, the 2008-2009 recommended offset revenues are reasonable and are as requested by the College. The recommended budget is \$646,481 less than the amount included in the 2007-2008 adopted budget and \$2,244,820 less than included in the estimated budget; however this can be mainly attributed to differences in grant funding allocations.

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 who have not lived in New York State for one year or more and Suffolk County during the preceding six months. The College collects out-of-county tuition from the following three sources:

1. Students of residence in this state, but not of this County (revenue code 818-1395)
2. Non-resident students from out-of-state
3. Other counties of this state who sponsor their own residents while they attend school here in this County (revenue code 818-2238)

These three sources of revenue can be significant, and collectively they have been growing in importance over the nine school years from 1997-1998 to 2006-2007. Based on the 2005-2006 SUNY Annual Report on NYS Community Colleges, revenues from out-of-county tuition for all SUNY community colleges have increased by \$65,875,023 over this period, from \$71,268,668 to \$137,143,691. Relative to total revenue intake state wide from all sources, out-of-county tuition has increased from 7.5% in the 1997-1998 academic year to 9.3% the 2006-2007 academic year, as detailed in the table that follows.

SUNY Community Colleges Out-of-County Tuition Revenue

Revenue Source	1997-98 Academic Year		2006-2007 Academic Year		Difference
	Amount	Pct.*	Amount	Pct.*	
Out-of-State Students	\$15,441,965	1.6%	\$31,817,699	2.2%	\$16,375,734
Out-of-Cnty Students	\$2,068,760	0.2%	\$13,334,371	0.9%	\$11,265,611
Other Cnty Sponsors	\$53,757,943	5.7%	\$91,991,621	6.3%	\$38,233,678
TOTAL	\$71,268,668	7.5%	\$137,143,691	9.3%	\$65,875,023
*Represents the ratio of this revenue source to all school revenue sources in total.					

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 nine 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.*
1997 – 1998	\$2,375,622	7.5%	\$11,483,021	9.4%	\$381,234	0.4%
2006 – 2007	\$4,571,456	9.3%	\$15,004,306	8.3%	\$1,658,531	1.1%
Diff. Pos. (Neg.)	\$2,195,834	1.8%	\$3,521,285	-1.1%	\$1,277,297	0.7%
*Represents the ratio of this revenue source to all school revenue sources in total.						

Suffolk's out-of-county tuition grew by \$1,277,297 which is an increase of 335% over the last nine years compared to Nassau's reported increase of \$3,521,285 (31%), and compared to the average community college, which received \$2,195,834, (92%) more from this revenue source. Out-of-county tuition for Suffolk accounted for 1.1% of revenue from all sources in the 2006-2007 academic year, which is up 0.7% 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 1.1% 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 in revenue code 818-1395 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 2006-2007 academic year, out-of-county tuition revenue from this source grew from \$70,949 to \$663,375 or a \$592,426 gain, as detailed in the table that follows.

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

School Year	Out-of-State Students (818-1397)		Out-of-County Students (818-1395)		Other County Sponsors (818-2238)	
	Amount	Pct.*	Amount	Pct.*	Amount	Pct.*
1997 – 1998	\$102,216	0.1%	\$70,949	0.1%	\$208,069	0.2%
2006 – 2007	\$338,653	0.2%	\$663,375	0.4%	\$656,503	0.4%
Diff. Pos. (Neg.)	\$236,437	0.1%	\$592,426	0.3%	\$448,434	0.2%

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

A comparison of year to date actuals from May 2007 to May 2008 reveals a decrease of \$205,216 in out-of-county tuition revenue, which is mainly attributable to a decrease in charges to other counties of this state who sponsor their own residents while they attend school in Suffolk County (818-2238).

Comparison of Out-of-County Tuition Revenue May Actuals

Rev. Code (Fund 818)	Description	May 2007 Actual	May 2008 Actual	Diff.
1395	Non-Resident	\$385,391	\$372,421	(\$12,970)
1397	Out-of-State	\$309,979	\$295,065	(\$14,914)
2238	Charges to Other Counties	\$600,847	\$423,515	(\$177,332)
	Total	\$1,296,217	\$1,091,001	(\$205,216)

Based on year-to-date revenues through May 2008 and historical data, the estimated out-of-county revenues are overstated by \$159,343. We recommend adjusting the estimated budget as detailed in the table that follows.

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

Rev. Code (Fund 818)	Account Title	Executive's Estimated	BRO Estimated	Difference More (Less)
1395	State Non-Resident Tuition	\$401,000	\$387,138	(\$13,862)
1397	Out-of-State Non-Resident Tuition	\$355,585	\$322,358	(\$33,227)
2238	Tuition Charges to Other Counties	\$575,000	\$462,745	(\$112,255)
	TOTAL	\$1,331,585	\$1,172,242	(\$159,343)

Based on an average percentage change over the past two completed academic years (2005-2006 and 2006-2007) and the Budget Review Office's estimate for the 2007-2008 academic year, we project that the out-of-county tuition revenues from these three sources in the 2008-2009 academic year will be \$1,199,021, which is \$166,762 less than included in the proposed budget, as detailed in the table that follows.

Out-of-County Tuition Revenue For The 2008-2009 School Year

Rev. Code (Fund 818)	Account Title	Executive's Projected	BRO Projected	Difference More (Less)
1395	State Non-Resident Tuition	\$413,030	\$389,187	(\$23,843)
1397	Out-of-State Non-Resident Tuition	\$366,253	\$331,624	(\$34,629)
2238	Tuition Charges to Other Counties	\$586,500	\$478,210	(\$108,290)
	TOTAL	\$1,365,783	\$1,199,021	(\$166,762)

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 2006-2007 academic year, 3,472 Suffolk residents attended these other schools at a County cost of \$8,981,321, which is a 15.7% increase over the previous academic year, as detailed in the table that follows.

Out-of-County Tuition Expense

Description	School Year 2005 – 2006	School Year 2006 - 2007	Difference More (Less)	Pct. Change
Number of Students	2,994	3,472	478	16.0%
Amount Expended	\$7,761,103	\$8,981,321	\$1,220,218	15.7%

As was stated in last year's report, there are two options to help mitigate this cost:

1. 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.
2. 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

Section 6305(5) of the New York Education Law requires Suffolk County to pay the local sponsor's share for its residential students who attend community colleges outside of Suffolk County. 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 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.

Since the 1994-1995 school year, when 3,230 Suffolk residents attended other community colleges, the number has generally been below this benchmark. However, that has not been the case for 2006-2007 and 2007-2008. As of June 18, 2008, the Comptroller's Office reports that 3,548 residency certificates have already been issued. These data are shown in the table that follows.

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

School Year	No. of Residents	Diff. from Base Year More (Less)	Pct. Chg. from Base Year
1994 – 1995	3,230	N / A	N / A
1995 – 1996	3,152	(78)	-2.4%
1996 – 1997	3,174	(56)	-1.7%
1997 – 1998	3,154	(76)	-2.4%
1998 – 1999	3,031	(199)	-6.2%
1999 – 2000	2,910	(320)	-9.9%
2000 – 2001	2,633	(597)	-18.5%
2001 – 2002	2,910	(320)	-9.9%
2002 – 2003	2,842	(388)	-12.0%
2003 – 2004	2,840	(390)	-12.1%
2004 – 2005	3,052	(178)	-5.5%
2005 – 2006	2,994	(236)	-7.3%
2006 – 2007	3,472	242	7.5%
2007 – 2008 (as of 6/18/08)	3,548	318	9.8%

The proposed College budget includes \$31,600 for the incentive payment in the 2007-2008 estimate as requested by the College. Given that the number of County residents attending other SUNY community colleges exceeds the base year, the Budget Review Office recommends eliminating revenue in 818-2251 Out-of-County Tuition: County Incentive for both 2007-2008 estimated and 2008-2009 recommended budget, as the College will not be eligible for this incentive revenue.

As seen in the next table, the majority of Suffolk residents attending other community colleges in the state enroll at Nassau County Community College (66.4%) or F.I.T. (15.3%). In comparison to the 1994-1995 base year, the same number of Suffolk County residents, 2,307, chose Nassau County Community College in 2006-2007. The overall change from the base year (242 students) is primarily due to an increase in the number of Suffolk County residents attending Cayuga (69), F.I.T. (69), Herkimer (77), Monroe (38) and Tompkins-Cortland (28).

**Suffolk County Residents Attending Community Colleges
in
Other Counties**

Community Colleges	1994-1995 Number of Students	% of Total	2006-2007 Number of Students	% of Total	Difference in the # of Students	% of the Overall Change
Adirondack	11	0.3%	4	0.1%	(7)	-2.9%
Bronx	2	0.1%	2	0.1%	0	0.0%
Broome	20	0.6%	38	1.1%	18	7.4%
Cayuga	12	0.4%	81	2.3%	69	28.5%
Clinton	49	1.5%	13	0.4%	(36)	-14.9%
Columbia	5	0.2%	0	0.0%	(5)	-2.1%
Corning	2	0.1%	7	0.2%	5	2.1%
Dutchess	25	0.8%	11	0.3%	(14)	-5.8%
Erie	14	0.4%	9	0.3%	(5)	-2.1%
F.I.T.	461	14.3%	530	15.3%	69	28.5%
Finger Lakes	0	0.0%	14	0.4%	14	5.8%
Fulton-Montgomery	1	0.0%	1	0.0%	0	0.0%
Genesee	12	0.4%	5	0.1%	(7)	-2.9%
Herkimer	21	0.7%	98	2.8%	77	31.8%
Hostos	0	0.0%	5	0.1%	5	2.1%
Hudson Valley	29	0.9%	35	1.0%	6	2.5%
Jamestown	0	0.0%	7	0.2%	7	2.9%
Jefferson	4	0.1%	4	0.1%	0	0.0%
Kingsboro	11	0.3%	6	0.2%	(5)	-2.1%
LaGuardia	15	0.5%	20	0.6%	5	2.1%
Manhattan	10	0.3%	22	0.6%	12	5.0%
Mohawk	30	0.9%	19	0.5%	(11)	-4.5%
Monroe	8	0.2%	46	1.3%	38	15.7%
Nassau	2,307	71.4%	2,307	66.4%	0	0.0%
Niagara	0	0.0%	2	0.1%	2	0.8%
North Country	14	0.4%	3	0.1%	(11)	-4.5%
Onondaga	7	0.2%	14	0.4%	7	2.9%
Orange	4	0.1%	0	0.0%	(4)	-1.7%
Queensboro	26	0.8%	48	1.4%	22	9.1%
Rockland	21	0.7%	5	0.1%	(16)	-6.6%
Schenectady	2	0.1%	10	0.3%	8	3.3%
Sullivan	62	1.9%	17	0.5%	(45)	-18.6%
Tompkins-Cortland	15	0.5%	43	1.2%	28	11.6%
Ulster	17	0.5%	29	0.8%	12	5.0%
Westchester	13	0.4%	17	0.5%	4	1.7%
Total	3,230	100%	3,472	100.0%	242	100%

The College should focus its efforts on analyzing why students are choosing these community colleges in particular over attending Suffolk County Community College. It is in the County's best interest for the College to be successful in reducing out-of-county

tuition expenditures. To help mitigate this cost, proposed solutions have been included in the “Out-of-County” section of this report.

Even though Suffolk County has invested enormous sums of money in creating one of the most attractive and academically sound community colleges in the State of New York, with a diverse array of courses and programs with high standards of academic excellence, it is evident that Suffolk County Community College is having difficulty meeting the County’s Out-of-County Incentive payment criteria. If the criterion for the incentive payment is deemed unattainable then its intended purpose is compromised. The Legislature has the following options:

- Leave the criterion for the out-of-county incentive payment as currently adopted
- Do away with the out-of-county incentive payment
- Amend the criterion for the out-of-county incentive payment

If the Legislature chooses to change the criterion for the incentive payment, then Resolution No. 184-1996, as amended by Resolution No. 663-2000, will need to be further amended.

- Resolution No. 184-1996 provided a financial incentive to the college using 1994-1995 as the base year and made the incentive payment contingent upon each dollar of savings generated by a reduction in out-of-county community college tuition.
- Resolution No. 663-2000 amended Resolution No. 184-1996, changing the criteria used to the number of students (headcount) attending community colleges outside of Suffolk relative to the 1994-1995 base year. The change was based on the belief that headcount would be more indicative of the efforts of Suffolk County Community College to reduce the number of students choosing to attend other community colleges.

The College has suggested changing the methodology for the incentive payment by using a headcount of the students attending other community colleges in a given year as a percentage of the College’s overall Full Time Equivalent (FTE)³ enrollment. The incentive would kick in if the percent in the current year was less than the percent established. The view here is that the incentive is not accounting for a possible upward trend in the number of residents attending community colleges. That is, if growth in the number of Suffolk residents attending other community colleges is less than enrollment growth at Suffolk Community College, it could be argued that the College is doing a good job retaining its own students.

This proposed methodology would require the establishment of a criterion for the rate of the incentive payment based on percentage change from the base year. As shown in the table that follows, using data for the 2006-2007 academic year would result in a

³ FTE is derived by dividing total semester student credit hours for the academic year by 30. This figure is available in the SUNY Annual Report.

decrease in the percentage from the base year of 1.9%. In comparison, the current methodology would result in an increase of 242 students over the base year.

Academic Year	# of Residency Certificates Issued¹	# of FTE's²	% Difference
2006-2007	3,472	16,851.8	20.6%
1994-1995 (Base Year)	3,230	14,348.7	22.5%
Difference from the Base Year	242	2,503.1	-1.9%
Note:			
1. As per the County Comptroller's Office			
2. As per the SUNY Annual Report Summary			

Although we agree with the College that the current methodology needs to be amended, we do not agree with their proposed change, since it could result in an incentive payment when the number of Suffolk residents attending other community colleges is rising. In this case the College would be rewarded for increasing out-of-county tuition costs, a negative incentive. Additionally, it appears that the proposed change uses headcount as a percentage of FTE enrollment. Headcount is not a fixed proportion of FTE enrollment. Headcount records the enrollment of each student regardless of the number of credits that he/she is enrolled in, while FTE is computed based on the number of student credit hours.

The Budget Review Office recommends changing the methodology to replace the arbitrary base year with the previous academic year. This is preferable since it would not hold the College to a standard that is over a decade old. Instead it would give the College an incentive to do better than they did the year before. The table that follows illustrates this methodology.

**Change in Suffolk County Residents Attending
Other SUNY Community Colleges
from the Previous Academic Year**

School Year	No. of Residents	Difference from Previous Year More (Less)
1994 – 1995	3,230	N / A
1995 – 1996	3,152	(78)
1996 – 1997	3,174	22
1997 – 1998	3,154	(20)
1998 – 1999	3,031	(123)
1999 – 2000	2,910	(121)
2000 – 2001	2,633	(277)
2001 – 2002	2,910	277
2002 – 2003	2,842	(68)
2003 – 2004	2,840	(2)
2004 – 2005	3,052	212
2005 – 2006	2,994	(58)
2006 – 2007	3,472	478
2007 – 2008 (as of 6/18/08)	3,548	76

This change in methodology would also require the establishment of a criterion for the rate of incentive payment. Determining the rate to be paid for changes from the prior academic year will take further analysis than the time frame this report allows. Therefore, we recommend that the Legislature direct the Budget Review Office, in conjunction with the College, to do an analysis of the incentive payment methodology and present it to the Committee on Economic Development, Higher Education and Energy. Presenting the analysis to this committee will enable its members to determine if Resolution No. 184-1996, as amended by Resolution No. 663-2000, should be further amended.

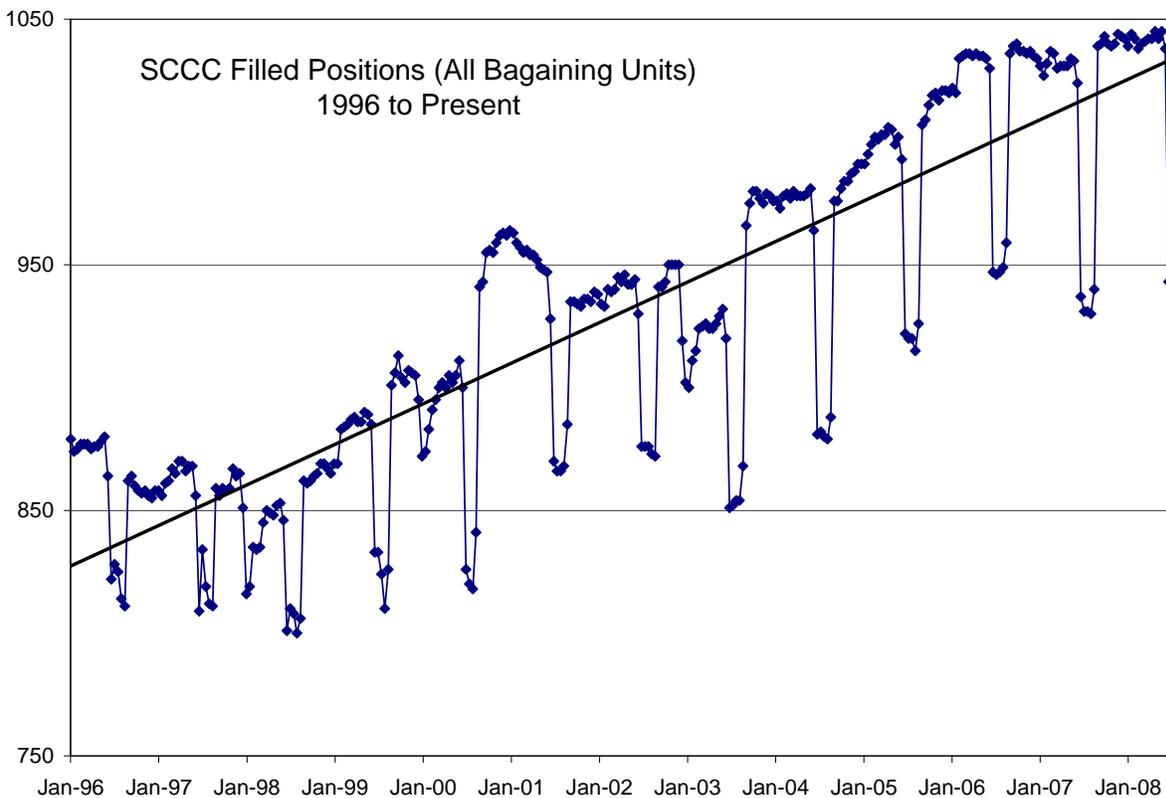
Personal Services & Staffing

Personal Services include all expenditures related to full and part time salaries, overtime, terminal leave and other types of pay. For 2007-2008, adopted personal services totaled \$99,995,079, comprising 62% of the adopted budget for the College. The Budget Review Office estimates that these costs will be slightly lower in permanent salaries but will be offset with increases in overtime and part-time instructor salaries.

Currently, including grants, there are 412 full-time faculty and 86 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 63/37%. It is doubtful that the recommended budget can improve this ratio or achieve the 70/30% standard. No new positions were requested by the college nor included in the

recommended budget. There is not sufficient funding for additional faculty positions unless it is transferred from other line items.

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.



Since the beginning of 1996 there has been a growth of 159 positions in the College's staff which coincides with increased services. 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's recommended budget includes \$104.65 million for personal services (excluding grants) in 2008-2009, an increase of \$4.7 million or 4.7% over the adopted amount which is the same as the College's requested amount.

The recommended permanent salary budget reflects a cost-to-continue amount for 2008-2009 that provides sufficient appropriations for:

- All currently filled positions;

- Negotiated salary increases for all current collective bargaining agreements;
- The ability to fill approximately 14 vacant positions as follows:

App	Unit	No. Vac	Average Salary*	Available Balance**	No. of vacancaies that can be filled
2210	Instruction	18	\$ 46,949	\$ 26,384	0.6
2220	Academic Support	5	\$ 41,401	\$ -	0.0
2240	Library	5	\$ 42,539	\$ 81,493	1.9
2250	Student Services	3	\$ 47,278	\$ 81,493	1.7
2260	Plant O&M	17	\$ 34,621	\$ 63,970	1.8
2270	General Admin	5	\$ 52,860	\$ 150,450	2.8
2280	General Instit. Support	9	\$ 50,552	\$ 213,219	4.2
TOTAL		62	\$ 43,781	\$ 617,009	14.1

* Average salary of vacant positions

** Available Balance = BRO Projection of permanent salaries less turnover savings

Instruction (2210) will have a limited ability to fill any vacancies. The Library (2240), Student Services (2250) and Plant O&M (2260) will be able to fill two vacancies each during the school year. General Administration (2270) will be able to fill three vacancies during the school year and General Institutional Support (2280) will be able to fill four vacancies.

Non-Personal Services Expenditures:

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

Overview

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

The County Executive's Recommended Budget for Non-Personal Services totals \$24,016,207, a 1.88% **increase** (\$443,045) over the College's Requested Budget of \$23,573,162. According to the County Executive's Budget Office, the additional funding is included to cover unexpected increases in energy and utility costs, building repairs, and for furniture and equipment to support the College's five-year replacement plan recommended by Middle States Commission on Higher Education. The County Executive included an additional \$100,000 in authorized tuition (3790) for the "Credits for Caring" Program mentioned in his 2008 State of the County Address. The program initiative is designed to encourage volunteerism in non-profit agencies, in exchange for paid tuition at the College.

Both the SCCC Requested Budget and the Recommend Budget continue funding for the Legislature’s Energy Curriculum initiative, in the amount of \$30,000.

The following table illustrates the differences between the requested and recommended budgets by major sub-object.

Executive's Recommended and SCCC's Requested 2008-2009 Budgets for Equipment, Supplies and Contractual Expenses

	Equipment (2000)	Supplies (3000)	Contractual Expenses (4000)	Total
Executive's Recommended	\$2,619,465	\$9,664,137	\$11,732,605	\$24,016,207
SCCC's Requested	\$2,487,673	\$9,352,884	\$11,732,605	\$23,573,162
Difference	\$131,792	\$311,253	\$0	\$443,045

The Budget Review Office recommends increasing fuel for heating \$62,878 in response to rising fuel costs.

Equipment (2000):

The Executive’s Recommended Budget for equipment is \$2,619,465, an increase of \$131,792 over the Requested Budget of \$2,487,673. This increase is due to an increase of \$65,894 in Furniture and Furnishings (2010), and an increase of \$65,898 in Instructional Equipment (2440).

As of June 18, 2008, the College expended \$1,899,879 or 66.9% of the adopted budget for equipment, leaving an unexpended balance of \$422,026. In the prior academic year, as of June 18, 2007, the College encumbered or expended \$1,577,836 or 77% of the adopted budget for equipment. The College’s projection for total equipment expenditures in 2007-2008 is \$2,859,687 and the Executive’s estimate is \$2,939,472. Based on the College’s year-to-date expenditures, and the College’s estimate, the Executive’s estimated equipment budget is reasonable.

As illustrated in the following table, Suffolk County Community College’s equipment expenditures were considerably less per FTE student than both the state average and the average of comparably sized community colleges during the 2005-2006 and 2006-2007 academic years.

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

Community College	2005-2006				2006-2007			
	Expense for Equip.	% Change	% of Gross Exp.	\$ Per FTE Student	Expense for Equip.	% Change	% of Gross Exp.	\$ Per FTE Student
Suffolk	\$1,561,307	(24.9%)	1.1%	\$95	\$1,774,930	13.7%	1.2%	\$105
Erie	\$2,344,869	5.9%	2.8%	\$206	\$4,394,809	87.4%	5.0%	\$381
Monroe	\$1,301,726	37.0%	1.3%	\$93	\$746,052	-42.7%	0.7%	\$74
Nassau	\$1,904,163	6.2%	1.1%	\$108	\$2,040,620	7.2%	1.1%	\$147
Westchester	\$814,010	(5.9%)	1.0%	\$79	\$851,678	4.6%	1.0%	\$80
SUNY Community Colleges	\$20,467,455	1.7%	1.5%	\$127	\$22,836,199	12%	1.6%	\$140
Average of comparable colleges			1.5%	\$130			1.8%	\$157

Source: 2006-2007 Annual Report Summary of SUNY Community Colleges

However, expenditures during the current academic year will exceed the previous year's average, and the equipment expenditures per FTE in the 2008-2009 Recommended Budget will be more like those of other colleges of similar size, as shown in the following table.

Annual Expenditures For Equipment Per FTE Student

Academic Year	Expense for Equipment	% of Gross Expenditure	\$ Per FTE Student
2002-03	\$2,497,181	2.1% of \$116,717,939	\$160
2003-04	\$2,517,189	2.0% of \$125,834,563	\$157
2004-05	\$2,003,160	1.5% of \$136,105,589	\$128
2005-06	\$1,561,307	1.1% of \$142,017,511	\$95
2006-07	\$1,774,930	1.2% of \$151,715,963	\$105
2007-08 Estimated	\$2,939,472	1.8% of \$167,023,185	\$169
2008/09 Request	\$2,487,673	1.5% of \$170,972,657	\$139
2008/09 Recommended	\$2,619,465	1.5% of \$171,551,904	\$146

** FTE figures based on estimated 0.7% increase in 2007-08 and a projected 2.7% increase in 2008-09

Furniture & Furnishings (2010)

The 2008-2009 academic year is the second year of the College's five-year furniture

and equipment replacement plan developed in response to the Middle States Accreditation Review to update and replace equipment and furniture throughout its three campuses. Due to the change in the state aid formula for the 2008-2009 academic year that reduces aid, SCCC scaled down the second year of the plan. The College requested \$154,727 for the replacement of furniture and furnishings; the County Executive recommended \$220,621, a 42.6% increase in funding from the requested budget. This additional funding allows the College to meet its modified 2nd year goals with respect to the Middle Schools Commission Five-Year replacement plan.

Instructional Equipment (2440)

SCCC requested \$439,120 for the 2008-2009 academic year; the County Executive increased funding by 15%, to \$505,018 for the second year of the College's five-year plan for equipment replacement. There is sufficient funding for equipment to allow the college to meet its objectives for furniture and equipment replacement in the second year of their modified five-year plan.

Supplies (3000):

The 2008-2009 Recommended Budget for supplies is \$9,664,137, which is \$311,253, or 3.3% more than requested. This increase is contained within four lines: Fuel for Heating (3050), Gasoline and Motor Oil (3150), Repairs: Buildings (3650), and Authorized Tuition (3790). According to the Recommended Budget narrative, these increases are due to the Executive's desire to "provide adequate funding for light, heat, and power; building repairs to maintain the infrastructure of the College", and to fund the Executive's "Credits for Caring" Program.

The 2007-2008 estimated budget for supplies is \$9,606,352, which is \$278,409 more than adopted. Based on the College's expenditures of \$7,321,454 (77% of the 2007-2008 Adopted Budget) as of June 18, 2008 the estimate is reasonable.

Fuel for Heating (3050)

The Executive's Recommended Budget of \$475,773 is 22% higher than the College's Requested Budget of \$390,000.

Budget Review recommends an increase of \$62,878 to \$538,651. Although the College is considering a KeySpan proposal to change natural gas rates that would make fuel oil consumption less likely at certain facilities, those facilities rarely use fuel oil and the entire eastern campus is completely reliant on fuel oil for HVAC. Current year-over-year price comparisons indicate a 2008 price level at approximately 72% above prices during the same period in 2007. Retail prices continue to rise dramatically during the non-heating season, which has happened during the past four years, and winter season prices should be expected to be even higher.

Gasoline and Motor Oil (3150)

The Recommended Budget includes an additional \$25,000, increasing funding from \$98,559, to \$123,559, which is 25.4% more than requested and a 41.2% increase over the 2007-2008 estimated expenditures. Budget Review concurs with the recommended increase.

Repairs: Buildings (3650)

The Recommended Budget includes an additional \$100,480, increasing funding from \$865,497, to \$965,977, which is 11.6% more than requested. Budget Review concurs with the recommended increase.

Authorized Tuition (3790)

The Recommended Budget provides an additional \$100,000, increasing funding from \$130,000 to \$230,000, or 76.9% for the County Executive's "Credits for Caring" Program.

The "Credits for Caring" Program was proposed by the County Executive in the 2008 State of the County Address. The intent of the program is to offer a semester's worth of free SCCC tuition for up to 57 full time students (or over 245 part time students) if they volunteer 10 hours per week with an organization helping the homeless or feeding the hungry.

Although funding for the program is mentioned in the State of the County Address and in the press release that accompanied the dissemination of the Recommended Budget, and is included in the Executive's Recommended Budget, the County Executive has yet to coordinate with SCCC for implementation and administration of this initiative, has not provided a proposed start date for the program, and has provided no mechanism to verify or account for the hours worked by potential participants.

Contractual Expenses (4000):

The Executive's Recommended Budget for Contractual Expenses (4000) is \$11,732,605, as requested by the College.

As of June 18, 2008, the College had expended \$8,244,061 or 72.5% of the adopted budget for Contractual Expenses in the 2007-2008 academic year. The College's projection for total contractual expenses in 2007-2008 is \$11,048,658; the Executive's estimate is \$11,055,437. Based on the College's year-to-date expenditures, and the College's estimate, the Executive's estimated budget is reasonable.

Welfare-to-Work Mentoring Education Program

The Legislature appropriated \$29,500 in the 2007 Omnibus for the Welfare-to-Work Commission to pilot test a Welfare-to-Work Mentoring Education Program in the summer of 2007 for the purpose of reducing the education and training dropout rate of welfare recipients. The pilot used two case managers/mentors to assist public assistance clients to complete education and training courses. The goals of the pilot were to:

- Improve the initial client assessment process;
- Design and implement a direct intervention from recruitment through the beginning of training to increase the success of public assistance clients who choose and/or are assigned to education and training programs; and
- Provide ongoing intensive case management and support to clients in vocational training (Microsoft Office skills).

The pilot was considered successful with the following outcomes:

- 44 clients were referred during the summer 2007 pilot;
- Of these, 27 enrolled in the training programs at Suffolk County Community College and Eastern Suffolk BOCES;
- 92.6% of these clients completed the training; and
- 32% of these clients secured employment.

The Recommended Budget does not fund this program in the 2008-2009 academic year. For summer 2008, the College plans to serve 30 clients in this program using a continuous enrollment model with case management responsibility from the time of referral through post-employment, as requested by the Suffolk County Department of Labor. These enhancements are expected to:

- Increase the percentage of clients who enroll in the program;
- Maintain and/or increase the percentage of those who complete the program; and
- Increase the number who secure and retain employment.

The Budget Review Office recommends including \$25,000 in 818-SCC-2210-1160-Part-Time Instructors, Day; \$2,000 for supplies 818-SCC-2210-3100 and \$2,500 in 818-SCC-2210-8330-Social Security to continue this program.

Employee Benefits

Health Plan

Nearly 99% of the College's 1,635 employees and retirees are enrolled in the self-insured Employee Medical Health Plan (EMHP) and the remaining 1.03% (17 enrollees) is enrolled in one of several HMO health plans. Over one third of the College's health insurance enrollees are retirees; 607 (37.1%). 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 2008 annual interfund EMHP rate is \$6,369.48 for individual coverage and \$13,585.08 for family coverage.

The 2007-2008 estimated budget includes \$18,211,902 for health insurance (excluding grants), which is \$200,000 less than the adopted budget of \$18,411,902. Based upon expenditures through June 2008, the estimated health insurance expenditure is overstated by \$150,000.

The 2008-2009 recommended budget includes \$19.8 million for health insurance, an increase of \$1.6 million (9.0%) over the estimated 2007-2008 budget. The recommended health insurance budget assumes a 10% increase in the health insurance interfund transfer commencing January 2009, which is consistent with the Lockton Companies draft Annual Health Benefits Report dated June 28, 2007. The College's 2008-2009 recommended health insurance assumes that the Health Insurance Fund (039) will end 2008 with neither a surplus nor a deficit. Based upon our projections the recommended health insurance budget is overstated by \$100,000.

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 2007-2008 budget includes \$2,429,040 for ERS, which is \$165,000 less than the adopted budget. The adopted budget is based upon a composite employer contribution rate of 9.3% 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 2007 ERS payment is apportioned to the current academic year. In December 2007, the College paid \$2,299,214 for ERS retirement, which includes \$240,215, the final debt service payment for the 2002 early retirement incentive

program (ERIP). Resolution No. 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 2008 College ERS payment of \$2,345,898 is also apportioned to the current academic year. Using the updated composite employer contribution rate, 8.3% of salaries, our analysis concludes that the estimated ERS retirement of \$2.42 million is overstated by \$88,000, including grant programs.

The 2008-2009 recommended budget includes \$2,206,855 for ERS, which is the same as the College requested. Our analysis projects ERS to be \$2,228,902 based upon the updated composite employer contribution rate of 8.3% of salaries, which is \$13,000 greater than the recommended budget, including grant programs. The recommended budget assumes that the College will continue to pay its ERS obligation by December 15, 2008 as allowed by Chapter 260, New York State Laws in order to obtain an 8 percent per annum discount for prepayment prior to February 1, 2009. The College will save approximately \$13,600 by paying its retirement bill by December 15, 2008. Our projection assumes the College will make their ERS payment in December 2008.

Over the two academic years, the difference between our ERS projections and the Executive's ERS projections is \$75,000 (1.6%). The estimated and recommended ERS projections are reasonable.

Teachers Retirement System (TRS)

The estimated 2007-2008 budget includes \$1,780,894 for TRS (including grants), which is \$130,000 less than the adopted budget. The estimated amount is based on an employer contribution rate of 8.73% of salaries totaling \$20.4 million. The estimated TRS retirement appropriation is reasonable.

The recommended budget includes \$1,569,814 for TRS (including grants) as requested by the College. This appropriation level is based upon the TRS estimated employer contribution rate of 7.63% of salaries, which total \$20.6 million. Our analysis projects the 2008-2009 TRS to be \$1.74 million based upon salaries of \$22.8 million. The recommended TRS appropriation is understated by \$170,000.

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

The 2007-2008 estimated employer contribution to TIAA-CREF is \$4,219,805, which is \$116,855 more than the adopted budget. Based upon expenditures of \$3,226,377 as of June 24, 2008, the Executive's estimate is reasonable.

The recommended 2008-2009 budget includes \$4,492,068 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 \$1,331 in 2007 to \$1,381 in 2008 for the 404 AME members and the 20 exempt employees. The College request does not include any AME Benefit Fund increase for 2009 as the AME contract expires on December 31, 2008 and the contribution rate will remain at the 2008 level until a new contract is formalized. 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 \$1,633 per enrollee to \$1,683 effective September 1, 2008 for the 482 Faculty Association members and 132 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 \$1,590,488 for benefit fund contributions (including grants), which is \$5,000 greater than the adopted budget. As of July 6, 2008 expenditures total \$1,510,361, which excludes approximately \$3,600 for the spring semester life insurance premium for the College aides, and \$99,545 for the AME July/August benefit fund payment. The estimated benefit fund appropriation is understated by \$58,000.

The recommended budget includes \$1,619,001 for the employer contribution (including grants) for the two benefit funds, as requested by the College. Based upon 1,038 active AME employees on the June 15, 2008 payroll, approximately 350 college aides and 1,000 adjunct professors, and the contractual employer contribution rates, the recommended Benefit Fund appropriation is understated by \$18,000. If the AME contract is renegotiated and the Benefit Fund contribution continues to increase by \$50 per year in 2009, the Benefit Fund appropriation is understated by an additional \$14,000.

Social Security (FICA)

Social Security taxes are comprised of two components—Old Age Survivors and Disability Insurance (OASDI) and Medicare Tax. The 2007 employer's contribution for OASDI is 6.2% of an individual's earned wages up to \$97,500 and the Medicare rate is 1.45% for all earned wages. The 2008 OASDI wage base is \$102,000. Based upon the average annual increase in the OASDI wage base during the past ten years, 4.31%, the Budget Review Office is projecting the 2009 wage base to increase by \$4,600 to \$106,400.

The estimated budget includes \$7,276,631 for FICA, which is \$100,000 more than the adopted budget. The estimated FICA is 7.28% of the estimated total personnel costs of \$99.8 million. The estimated FICA is consistent with historical levels of 7.23% of wages and is reasonable.

The recommended 2008-2009 budget includes \$7,623,427 for FICA, which is \$87,964 greater than the College requested and represents 7.28% of total personnel costs of \$104.6 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 2007-2008 appropriation of \$1,472,506 is the same amount as the adopted budget. The recommended 2008-2009 budget includes \$1,369,701 for workers' compensation which is a 7.0% decrease over the previous year and is reasonable.

Employee Benefits Summary

In total over the two-year period, employee benefits are overstated by \$79,000. The following chart summarizes the Budget Review Office's recommended changes to appropriations in the area of employee benefits:

Obj	Obj. Description	2007-2008 Estimated Budget	2008-2009 Recommended Budget	Two-Year Impact
8360	Health Insurance	(\$150,000)	(\$100,000)	(\$250,000)
8280	State Retirement	(\$88,000)	\$13,000	(\$75,000)
8100	State Teachers' Retirement	\$0	\$170,000	\$170,000
8380	Benefit Fund Contribution	\$58,000	\$18,000	\$76,000
	Total	(\$180,000)	\$101,000	(\$79,000)

Audit Adjustment to the College Fund Balance Surplus

This section reviews the significant audit adjustment that was made in the recommended College budget. The narrative in the Executive's budget refers to "a \$2.3 million dollar audit adjustment that was identified by the County's auditors but not included in the College's budget request". This audit adjustment increases the funds available to the College and is the sum of two actions listed at the bottom of the following table.

The first action is listed in the following table as “Audit Adjustment #1”. The recommended College budget document does not explicitly show this audit adjustment. Instead, it is implicit in the beginning Fund Balance (September 1, 2006), which is shown in the first column of the accompanying table as \$3,390,746. This amount should be broken up into two parts:

- The actual beginning Fund Balance (September 1, 2006) of \$777,912 that is shown in the 2007-2008 adopted College budget
- Plus Adjustment #1 that adds \$2,612,834 in order to reconcile the College budget document with the \$6,002,330 fund balance that the College reported to the State.

It should be noted that the College has long recognized this as additional surplus funds belonging to the College, and has requested in recent years that the Executive include the funds in the College budget.

The second action is listed in the table following as “Audit Adjustment #2”. This \$297,623 reduction to fund balance represents the difference between what the College reported as their fund balance to the State and what their trial balance indicated to the County's Independent Auditor (Ernst & Young). Subtracting this amount from “Audit Adjustment #1” yields the \$2.3 million net audit adjustment referred to in the Executive’s narrative.

In order to clarify the significant increase in adjustments to fund balance surplus, the Budget Review Office recommends that the accompanying table be included in the Adopted 2008-2009 College budget document. This table summarizes the operating fund balance and reconciles it to the College’s official financial statement reported to the State.

The recommended budget use of this \$2,315,211 in surplus funds is as follows:

- \$598,182 reduction in the College requested tuition increase.
- \$1 million transfer to the College reserve fund.
- \$717,079 in funding for a combination of (1) light, heat, and power, (2) building repairs, and (3) furniture and equipment.

	2006-2007 Actual			
	College Discretionary Operating Budget		College Reserve Fund (p. 11)	Combined College Operating & Reserve Budgets
	2006-07 Actual (Executive's recommended budget, p. 9)	2006-07 Actual (BRO Revised Presentation)		
		(1)	(2)	(3)=(1)+(2)
Fund Balance Sept. 1, 2006	\$3,390,746	\$777,912	\$2,912,460	\$3,690,372
<i>Plus</i> Audit Adjustment #1		\$2,612,834		\$2,612,834
<i>Equals</i> Adjusted Fund Balance Sept. 1, 2006		\$3,390,746		\$6,303,206
<i>Plus</i> Revenue	\$138,442,465	\$138,442,465		\$138,442,465
<i>Plus</i> Audit Adjustment #2	-\$297,623	-\$297,623		-\$297,623
<i>Equals</i> Total Funds Available	\$141,535,588	\$141,535,588	\$2,912,460	\$144,448,048
<i>Less</i> Expenditures	\$138,743,341	\$138,743,341		\$138,743,341
<i>Equals</i> Fund Balance, Aug. 31, 2007	\$2,792,247	\$2,792,247	\$2,912,460	\$5,704,707

Note on Audit Adjustment #1:	
College fund balance reported to the State	\$6,002,330
<i>Equals</i> Balance Sept. 1, 2006 (as shown in the 2007-2008 adopted College budget)	\$777,912
<i>Plus</i> Audit Adjustment #1	\$2,612,834

Note on Audit Adjustment #2:	
Audit Adjustment #2	\$297,623
<i>Equals</i> Increase in the reserve for uncollectible student receivables	\$412,799
<i>Less</i> Difference between what the College reported as their fund balance on the State report and what their trial balance indicated to the County's Independent Auditor (Ernst & Young)	\$115,176

Net Audit Adjustment (as noted in the narrative on the recommended College budget)	\$2,315,211
<i>Equals</i> Audit Adjustment #1	\$2,612,834
<i>Less</i> Audit Adjustment #2	\$297,623