

# SUFFOLK COUNTY LEGISLATURE



Robert Lipp  
Director

## BUDGET REVIEW OFFICE

June 10, 2016

To: DuWayne Gregory, Presiding Officer and  
All Suffolk County Legislators

From: Robert Lipp, Director *Robert Lipp*  
Budget Review Office

Subject: **Review of the Suffolk County Community College 2016-2017 Requested  
and Recommended Operating Budget**

The Community College operating budget process is codified in Suffolk County Code Section A4-3 F, which specifies that the Legislature shall hold at least two public hearings on the Community College's operating budget request prior to approving an operating budget total and County Contribution by August 15th<sup>1</sup>. Since the County makes a substantial fiscal commitment to the College, the Budget Review Office continues to provide information to the Legislature as to the College's expenditures and revenues. No specific recommendations for line item changes are made since the Legislature does not have the authority to make such changes.

### **Overview**

The Board of Trustees for the Suffolk County Community College requested a 2016-2017 operating budget of \$220 million (including grants), which is an increase of \$5.2 million or 2.4% more than the adopted 2015-2016 budget and \$8.8 million or 4.2% more than what the College estimates for the 2015-2016 fiscal year. The request includes a 2.5% increase in County Contribution and a 4.4% increase in tuition. The County Executive included the requested increase in the County Contribution, which equates to an additional \$1,019,219.

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<sup>1</sup> If the Legislature does not adopt an operating budget total and County contribution by August 15, the budget total and County contribution recommended by the County Executive shall be deemed adopted as submitted. If the County Executive disapproves the operating budget total and County Contribution, he or she shall return the disapproved resolution to the County Legislature no later than 10 days after such resolution was submitted by the Legislature to the Office of the County Executive. The County Legislature may override the County Executive's disapproval by an affirmative vote of 2/3 of the total membership within 15 days after it was returned to it, but in no event later than August 31.

In order to offset increased expenditures and diminished revenue as a result of declining enrollment, the College included several revenue enhancements in its requested budget. The following table shows the projected value of each of the major increases.

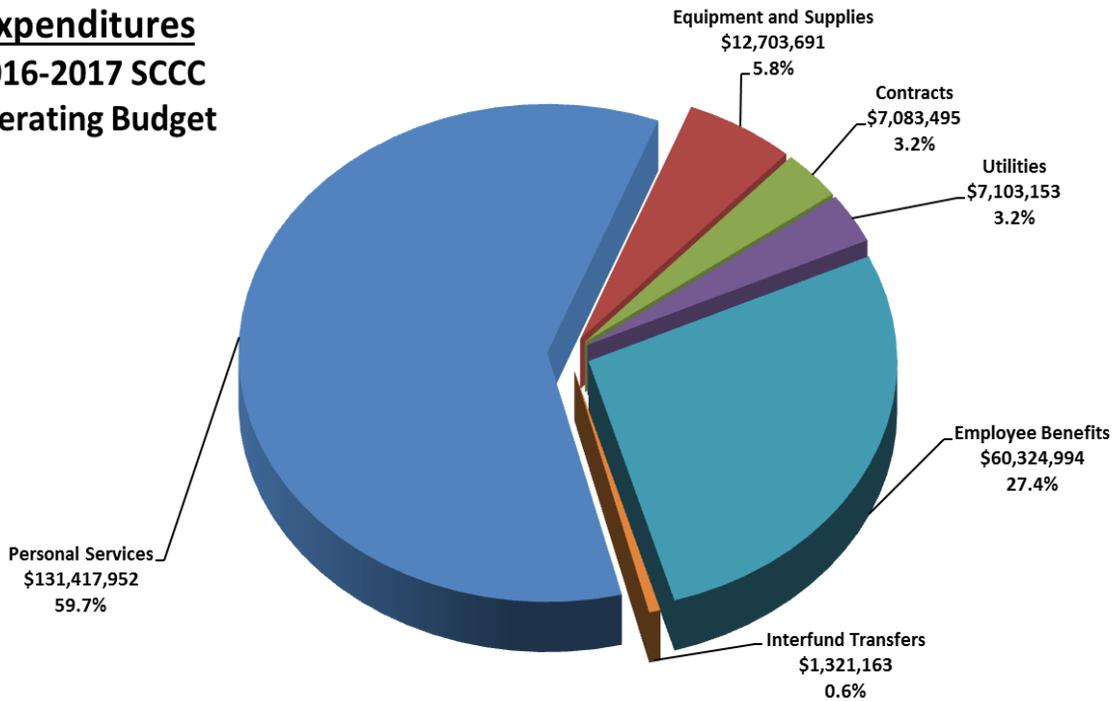
<b>Major Revenue Enhancements in the Requested 2016-2017 SCCC Budget</b>		
<b>Revenue</b>	<b>Description</b>	<b>Increase</b>
Use of Reserves	Transfer from SCCC Fund Balance Reserve Fund	\$3,926,134
Tuition	Increased by \$200 annually to \$4,770	\$3,080,069
State Aid	\$100 increase per FTE	\$1,973,322
Technology Fee	Increased from \$80 to \$125 per semester	\$1,756,700
County Contribution	Increase of 2.5%	\$1,019,219

In addition to increased revenue, the College requested reduced appropriations for certain expenditures compared to the 2015-2016 estimate. Equipment (2000s) is requested at a decrease of \$303,604 and interfund transfers (9000s) are requested at a decrease of \$83,492. The next chart shows the total SCCC expenditures budget with and without grants from 2011-2012 to the 2016-2017 request.

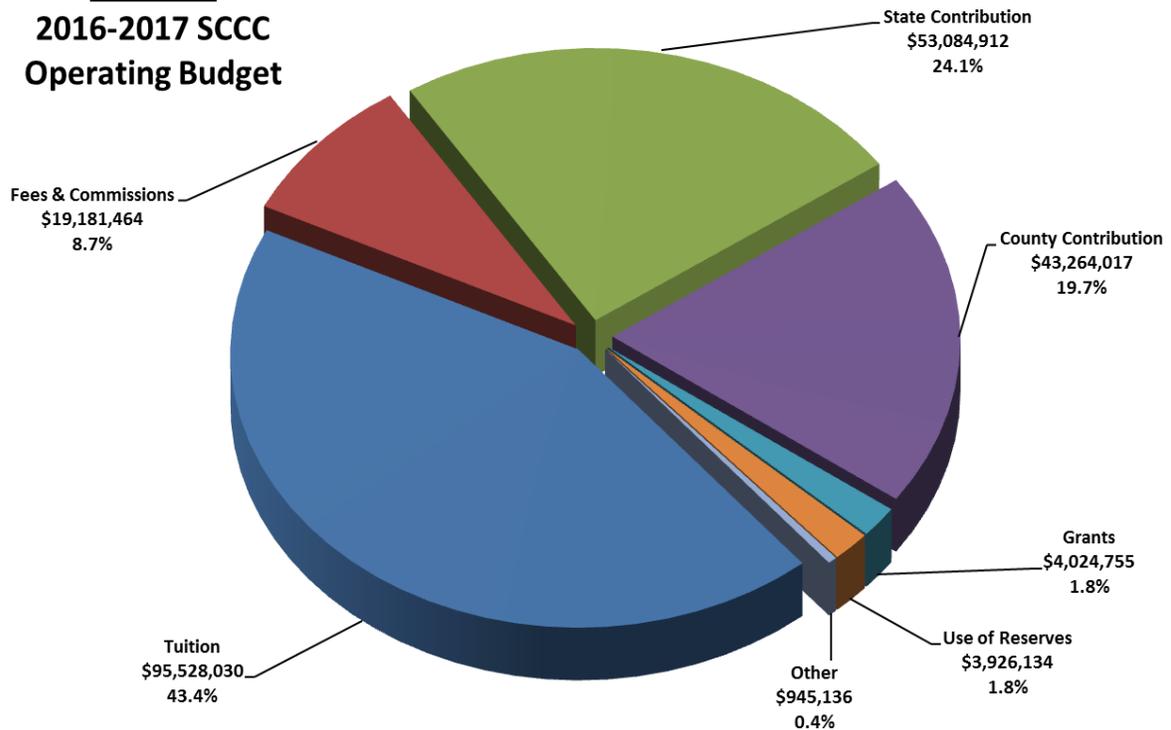
<b>Suffolk County Community College Operating Budget</b>						
	<b>2011/2012</b>	<b>2012/2013</b>	<b>2013/2014</b>	<b>2014/2015</b>	<b>2015/2016</b>	<b>2016/2017</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimated</b>	<b>Requested</b>
Without Grants	\$186,350,591	\$187,015,533	\$191,318,660	\$200,903,259	\$207,391,950	\$216,068,117
Grants	\$4,410,740	\$3,574,333	\$3,193,816	\$3,302,524	\$3,745,209	\$3,886,331
<b>Total</b>	<b>\$190,761,331</b>	<b>\$190,589,866</b>	<b>\$194,512,476</b>	<b>\$204,205,783</b>	<b>\$211,137,159</b>	<b>\$219,954,448</b>

The following charts detail the allocation of the College's requested expenditures and revenues for the 2016-2017; salaries and benefits account for over 87% of all requested expenditures. On the revenue side, tuition and fees make up over 52% of requested revenues.

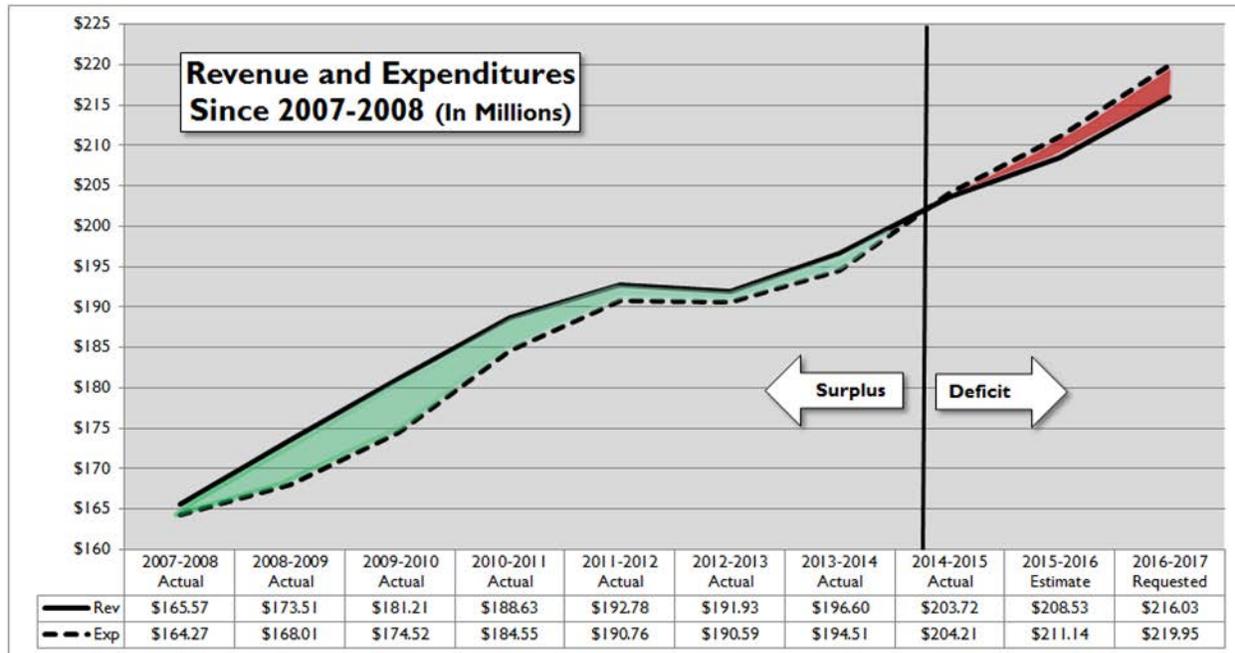
**Expenditures**  
**2016-2017 SCCC**  
**Operating Budget**



**Revenue**  
**2016-2017 SCCC**  
**Operating Budget**



The next chart shows the annual relationship of expenditures to revenues from 2007-2008 through the 2016-2017 request.



The following table shows the allocation of SCCC revenue as defined by SUNY methodology, which differs somewhat from the categories shown in the College’s operating budget. For the purposes of calculating county, state, and student shares, SUNY excludes grants and offset revenue (certain fees, commissions, and miscellaneous items). SCCC is a full opportunity college, meaning it accepts all eligible applicants. Accordingly, the local sponsor share should be 26.7% instead of 33.33% as is required for local sponsors of community colleges that are not full opportunity. The requested/recommended budget for 2016-2017 includes a county share of 23.5%.

	2014-2015		2015-2016		2015-2016		2016-2017	
Revenue	Actual	%	Adopted	%	Estimated	%	Requested	%
County	\$41,585,264	22.4%	\$44,885,203	22.9%	\$44,758,590	23.4%	\$47,115,151	23.5%
State	\$49,259,584	26.6%	\$51,483,189	26.3%	\$51,111,590	26.7%	\$53,084,912	26.5%
Student	\$94,552,173	51.0%	\$99,363,220	50.8%	\$95,627,974	49.9%	\$100,464,743	50.1%
<b>Total</b>	<b>\$185,397,021</b>	<b>100%</b>	<b>\$195,731,612</b>	<b>100%</b>	<b>\$191,498,154</b>	<b>100%</b>	<b>\$200,664,806</b>	<b>100%</b>

Under the SUNY formula, the use of the SCCC Fund Balance Reserve Fund is part of the County Share. The amount that the County would have to increase the County Contribution in order to meet the 26.7% threshold would be an additional \$6.5 million if the College reduced tuition by that amount and still accessed \$3.9 million from the reserve fund. However, it makes fiscal sense for the College to use any additional revenue to first reduce the usage of reserves and then offset tuition. Accordingly, the first \$3.9 million increase in County Contribution would not change the County Share as increasing the County Contribution and reducing the use of reserves simply reallocates funding within the County Share. However, increases in the County Contribution affect the County’s General Fund operating budget, while reserve fund usage does not. All things being equal,

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the County would need to increase the County Contribution by an additional \$10.4 million (\$6.5 million + \$3.9 million) to reach the 26.7% threshold.

### **Expenditures**

The College requested an increase in 2016-2017 compared to its estimated expenditures in 2015-2016 for every major budget category except for equipment (2000s) and interfund transfers (9000s). Salaries and benefits are responsible for \$7.2 million or 82% of the requested \$8.8 million increase. Equipment and supplies (2000s & 3000s) represent 8% of the requested increase; contracts, utilities, and interfund transfers (4000s & 9000s) are responsible for the remaining 10%. The following chart summarizes the College budget request by major category.

<b>Suffolk County Community College Expenditures by Object (With Grants)</b>						
<b>Objects</b>	<b>2014/2015</b>	<b>2015/2016</b>	<b>2015/2016</b>	<b>Change from</b>	<b>2016/2017</b>	<b>Change from</b>
	<b>Actual</b>	<b>Adopted</b>	<b>Estimated</b>	<b>Actual to Estimated</b>	<b>Requested</b>	<b>Estimated to Requested</b>
Personal Services (1000)	\$122,666,239	\$128,258,304	\$127,176,265	3.7%	\$131,417,952	3.3%
Equipment (2000)	\$4,092,554	\$2,408,087	\$3,023,004	-26.1%	\$2,719,400	-10.0%
Supplies and Materials (3000)	\$8,218,988	\$10,037,312	\$8,951,304	8.9%	\$9,984,291	11.5%
Contracts and Utilities (4000)	\$12,156,003	\$13,733,450	\$13,238,569	8.9%	\$14,186,648	7.2%
Employee Benefits (8000)	\$56,024,890	\$59,212,025	\$57,343,362	2.4%	\$60,324,994	5.2%
Interfund Transfers (9000)	\$1,047,108	\$1,110,589	\$1,404,655	34.1%	\$1,321,163	-5.9%
<b>Total</b>	<b>\$204,205,783</b>	<b>\$214,759,767</b>	<b>\$211,137,159</b>	<b>3.4%</b>	<b>\$219,954,448</b>	<b>4.2%</b>

Increases in personnel expenses are attributable to an increase in permanent salaries for employee step increases as well as contractual salary increases for the Faculty Association and anticipated settlements with the other college bargaining units. In contrast to the requested 2015-2016 budget, which included \$607,383 for 11 new positions; the requested 2016-2017 budget abolishes five vacant positions, which the College estimates mitigates the increase in salaries by \$472,861. As shown in the following chart, increases in personal services other than permanent salaries are relatively modest.

<b>Personal Services (1000s)</b>					
<b>Category</b>	<b>2014-2015</b>	<b>2015-2016</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>Change from</b>
	<b>Actual</b>	<b>Adopted</b>	<b>Estimate</b>	<b>Requested</b>	<b>Est to Req</b>
Permanent Salaries	\$83,533,598	\$87,983,071	\$86,548,287	\$90,464,269	\$3,915,982
Terminal Pay	\$1,855,079	\$1,735,000	\$1,606,247	\$1,735,000	\$128,753
Temp & PT Salaries	\$27,347,728	\$28,388,895	\$28,880,615	\$29,002,301	\$121,686
Other	\$9,031,496	\$9,229,054	\$9,219,089	\$9,294,098	\$75,009
Overtime	\$898,339	\$922,284	\$922,027	\$922,284	\$257
<b>Total</b>	<b>\$122,666,239</b>	<b>\$128,258,304</b>	<b>\$127,176,265</b>	<b>\$131,417,952</b>	<b>\$4,241,687</b>

Equipment is requested at a net decrease compared to the 2015-2016 estimate. Funding for automobiles and motorized equipment as well as other miscellaneous equipment is reduced by approximately \$1 million. Instructional equipment and computer equipment is requested at an

increase of \$734,126. According to the College, the increase in computer equipment is associated with an increase in the Technology Fee, which students are charged each semester; however, the increase in revenue is expected to more than offset the increased expenditures (See the Student Revenue section of this report). The following table shows that total equipment funding is requested at a net decrease of approximately \$300,000.

<b>Equipment (2000s)</b>					
<b>Category</b>	<b>2014-2015 Actual</b>	<b>2015-2016 Adopted</b>	<b>2015-2016 Estimate</b>	<b>2016-2017 Requested</b>	<b>Change from Est to Req</b>
Instructional Equipment	\$978,429	\$1,040,229	\$896,573	\$1,267,705	\$371,132
Computer Equipment	\$1,726,120	\$926,168	\$871,882	\$1,234,876	\$362,994
Other	\$364,660	\$144,676	\$236,758	\$131,060	-\$105,698
Motor Vehicles & Equip.	\$1,023,345	\$297,014	\$1,017,791	\$85,759	-\$932,032
<b>Total</b>	<b>\$4,092,554</b>	<b>\$2,408,087</b>	<b>\$3,023,004</b>	<b>\$2,719,400</b>	<b>-\$303,604</b>

Supplies and materials are requested at an increase of approximately \$1 million. The largest increase is \$399,641 for repairs and maintenance of facilities and equipment. The “Other” category in the table below includes office supplies, rental of office equipment, and other miscellaneous supplies, and is the second largest increase at \$273,679. The following table shows the total requested increase for supplies and materials.

<b>Supplies and Materials (3000s)</b>					
<b>Category</b>	<b>2014-2015 Actual</b>	<b>2015-2016 Adopted</b>	<b>2015-2016 Estimate</b>	<b>2016-2017 Requested</b>	<b>Change from Est to Req</b>
Repairs & Maintenance	\$2,175,710	\$2,945,657	\$2,488,815	\$2,888,456	\$399,641
Other	\$3,942,201	\$4,349,966	\$4,064,455	\$4,338,134	\$273,679
Instructional Supplies	\$1,578,503	\$2,046,376	\$1,963,518	\$2,084,853	\$121,335
Heating Fuel	\$247,671	\$398,081	\$178,081	\$298,081	\$120,000
Rental Supplies & Equip.	\$274,903	\$297,232	\$256,435	\$374,767	\$118,332
<b>Total</b>	<b>\$8,218,988</b>	<b>\$10,037,312</b>	<b>\$8,951,304</b>	<b>\$9,984,291</b>	<b>\$1,032,987</b>

Utility costs are expected to increase modestly next year despite the fact that the College expects to open the Learning Resource Center at the Grant Campus sometime in 2017. Increases in energy costs have been mitigated by the College’s energy efficiency program with Cenergistic as well as the replacement of old electrical and mechanical equipment through Capital Project No. 2149, Infrastructure-College wide. The largest increase in the “Utilities & Contractual Costs” category is for contractual expenses. According to the College, there has been a significant increase in the demand for special services to accommodate students who do not speak English or have special needs. The College is also planning to contract out for various building system upgrades that require specialized expertise. The following chart shows that 64% of the total requested increase for utilities and contracts is attributable to contractual services.

<b>Utilities and Contractual Costs (4000s)</b>					
<b>Category</b>	<b>2014-2015 Actual</b>	<b>2015-2016 Adopted</b>	<b>2015-2016 Estimate</b>	<b>2016-2017 Requested</b>	<b>Change from Est to Req</b>
Contractual Expenses	\$2,168,807	\$2,020,729	\$2,210,925	\$2,818,010	\$607,085
Other	\$2,651,412	\$3,462,366	\$3,348,742	\$3,504,766	\$156,024
Travel & Training	\$441,559	\$668,452	\$625,201	\$760,719	\$135,518
Utilities	\$6,894,226	\$7,581,903	\$7,053,701	\$7,103,153	\$49,452
<b>Total</b>	<b>\$12,156,003</b>	<b>\$13,733,450</b>	<b>\$13,238,569</b>	<b>\$14,186,648</b>	<b>\$948,079</b>

After personal services (1000s), the next largest increase in expenditures is for employee benefits (8000s). Employee benefits are requested at an increase of \$2.98 million; approximately 83% of the total increase is due to projected increased costs for the Employee Medical Health Program (EMHP), which is the same plan as the County offers its employees. The next largest increases are for retirement and Social Security, both of which are determined as a percentage of salaries. The following table shows employee benefit costs by category.

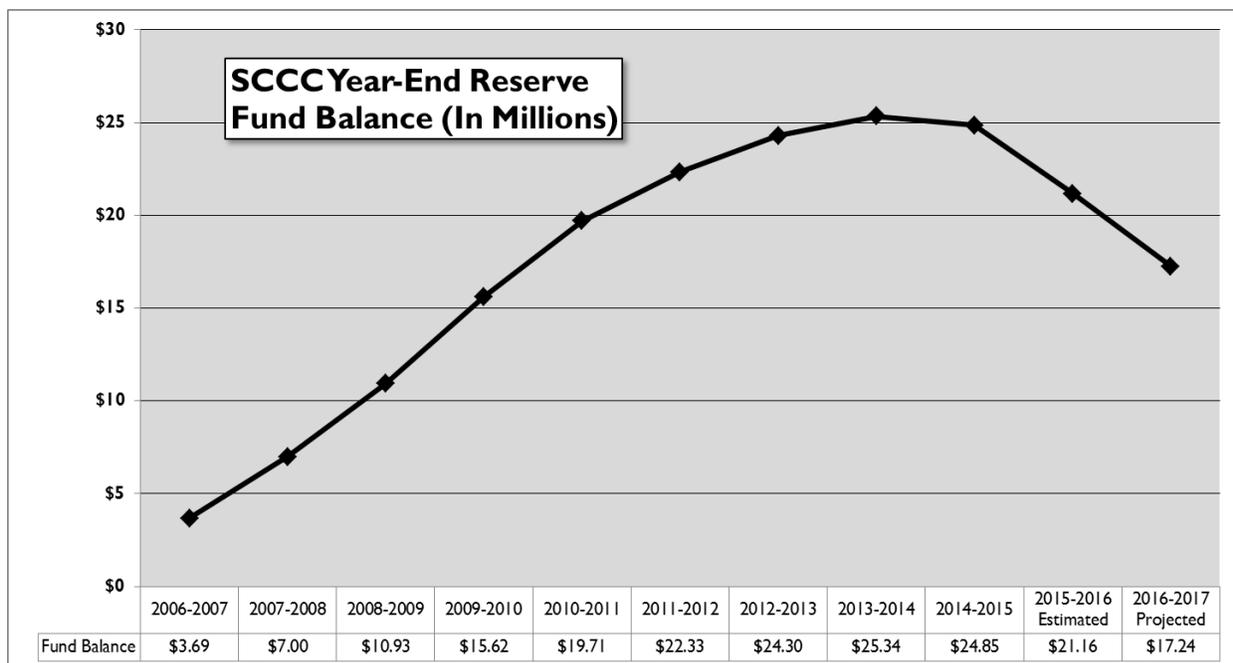
<b>Employee Benefits (8000s)</b>					
<b>Category</b>	<b>2014-2015 Actual</b>	<b>2015-2016 Adopted</b>	<b>2015-2016 Estimate</b>	<b>2016-2017 Requested</b>	<b>Change from Est to Req</b>
Health Insurance	\$26,947,015	\$30,570,949	\$29,538,469	\$32,013,630	\$2,475,161
Retirement	\$16,065,132	\$15,320,170	\$14,560,416	\$14,871,139	\$310,723
Social Security	\$8,948,508	\$9,064,682	\$9,332,558	\$9,430,461	\$97,903
Benefit Fd. Contribution	\$1,805,339	\$1,952,359	\$1,903,731	\$1,954,810	\$51,079
MTA Payroll Tax	\$414,577	\$450,935	\$429,087	\$459,954	\$30,867
Other	\$1,844,319	\$1,852,930	\$1,579,101	\$1,595,000	\$15,899
<b>Total</b>	<b>\$56,024,890</b>	<b>\$59,212,025</b>	<b>\$57,343,362</b>	<b>\$60,324,994</b>	<b>\$2,981,632</b>

All interfund transfers are projected by the College to be less in 2016-2017 compared to the 2015-2016 estimate; however, the interfund transfer to the Self-Insurance Fund is still substantial compared to the 2014-2015 actual transfer. The next table shows requested interfund transfers.

<b>Interfund transfers (9000s)</b>					
<b>Category</b>	<b>2014-2015 Actual</b>	<b>2015-2016 Adopted</b>	<b>2015-2016 Estimate</b>	<b>2016-2017 Requested</b>	<b>Change from Est to Req</b>
Self Insurance Fd (038)	\$467,985	\$566,101	\$860,167	\$785,167	-\$75,000
Other	\$513,641	\$516,158	\$516,158	\$510,996	-\$5,162
Interdept. Oper. Fd (016)	\$65,482	\$28,330	\$28,330	\$25,000	-\$3,330
<b>Total</b>	<b>\$1,047,108</b>	<b>\$1,110,589</b>	<b>\$1,404,655</b>	<b>\$1,321,163</b>	<b>-\$83,492</b>

## **Fund Balance**

The reserve fund grew from a starting balance of \$3.69 million in 2006-2007 to a starting balance of \$25.3 million in 2014-2015. During many of these years, higher than anticipated enrollment resulted in tuition revenue that exceeded budgeted expenditures. Despite authorizations to utilize reserves several times over those years, the reserve fund balance grew. The 2015-2016 starting reserve fund balance decreased by \$484,560 from 2014-2015 as a result of using reserve funds to balance the 2014-2015 budget. The Board of Trustees authorized the use of \$2,793,412 in 2015-2016. The College estimates that \$2,606,244 will be required to balance the 2015-2016 budget and that audit adjustments will total -\$1,082,747, resulting in a total fund balance reduction of \$3,688,991. Accordingly, the starting fund balance for 2016-2017 is estimated to be \$21.2 million. The requested and recommended budgets include \$3.9 million in revenue from the reserve fund to balance the 2016-2017 budget; if the full amount is used in 2016-2017, the year-end fund balance would be \$17.2 million. The following chart shows the year-end fund balance since 2006-2007.



The College's accrediting agency, Middle States, recommends that the College maintain a reserve balance equal to 10-15% of its annual operating budget. Accordingly, 10% of the College's requested 2016-2017 budget (excluding grants) would be approximately \$21.6 million and 15% would be approximately \$32.4 million. The College projects that by the end of the 2016-2017 academic year, its reserves will be at eight percent or \$4.4 million below the 10% threshold. However, the College typically estimates and projects expenditures conservatively. Actual expenditures have been less than adopted and less than estimated every year since 2008-2009. On average actual expenditures have been \$4 million less than adopted and \$3 million less than estimated. If this trend continues, the College will access only a fraction of what it estimates for 2015-2016 and projects for 2016-2017. Nevertheless, the use of any amount of reserves is concerning. While it is projected that the College will still have a significant reserve fund balance at the end of 2016-2017, the continued use of reserves to balance operating budgets is an unsustainable practice. Absent increases in enrollment and/or tuition, increases in state aid, or increases in the County Contribution, the

College will be forced to make significant expenditure cuts in order to avoid a prolonged structural budget problem.

**State Aid**

Each year the Governor proposes and the State Legislature adopts a funding rate per full-time equivalent (FTE) student. To arrive at the amount of basic aid to be paid to each school, this rate is applied to the number of FTE students from the immediately preceding year when there is growth and to a weighted average of FTE students for the three previous years when there is retrenchment.

The Community College request reflects a \$100 increase in the rate of state aid per FTE from \$2,597 to \$2,697. The College anticipates \$53.1 million in state aid for the 2016-2017 academic year; \$2 million more than the \$51.1 million estimated by the College for 2015-2016.

**Student Revenue**

The College continues to face the challenge of mitigating a budget gap resulting from growth in expenditures that outpace growth in revenue due, in large part, to the leveling off of enrollment. The adopted 2015-2016 budget assumed enrollment growth of 0.1%; the College estimates that enrollment this year will be down by 2.59% from 2014-2015. Accordingly, estimated tuition revenue is \$3.7 million less than adopted. The College projects that enrollment will decline by another 3.17% in 2016-2017. According to the College, the decline in enrollment is mainly attributable to trends in demographics. In addition, the College has been enrolling a greater percentage of part-time students, which puts downward pressure on the FTE rate (total credits taken divided by total number of students). Even though growth has slowed, Suffolk County Community College is expected to remain the largest community college in New York State. The following chart shows enrollment since 2010-2011.

<b>Academic Year</b>	<b>Full Time Equivalents (FTE)</b>	<b>Change from Previous Year</b>
2010-2011	20,229	NA
2011-2012	19,770	-2.27%
2012-2013	19,240	-2.68%
2013-2014	19,405	0.86%
2014-2015	19,309	-0.49%
2015-2016 Estimated	18,809	-2.59%
2016-2017 Projected	18,213	-3.17%

The College’s tuition rate for full-time and part-time students is determined based on the recommendation of the College President and the approval of the College’s Board of Trustees. If the County Legislature disagrees with the Board’s decision, it can request, but cannot mandate a change in tuition rates.

Current tuition for Suffolk County residents is \$2,285 per semester or \$4,570 annually for full-time students and \$191 per credit for part-time students. The College is planning to increase tuition by

\$100 per semester to \$2,385 or \$200 annually to \$4,770. Part-time students will pay an additional eight dollars per credit; \$199. The next table shows Suffolk County Community College’s tuition history for full-time and part-time students since the 2012-2013 academic year.

<b>Suffolk County Community College Tuition History</b>						
<b>Academic Year</b>	<b>Full Time (per year)</b>	<b>Change From Prior Year</b>	<b>%</b>	<b>Part Time (per credit)</b>	<b>Change From Prior Year</b>	<b>%</b>
2012-2013	\$3,990	\$0	0%	\$167	\$0	0%
2013-2014	\$4,140	\$150	3.8%	\$173	\$6	3.6%
2014-2015	\$4,390	\$250	6.0%	\$183	\$10	5.8%
2015-2016	\$4,570	\$180	4.1%	\$191	\$8	4.4%
2016-2017 Req.	\$4,770	\$200	4.4%	\$199	\$8	4.2%

Tuition at Suffolk County Community College has increased by an average of \$145 or 3.5% annually from 2011-2012 to 2015-2016, which is higher than the statewide average of \$125 or 3.2%. In 2015-2016, tuition at Suffolk County Community College was the fourth highest of the 30 community colleges in New York. Sullivan County had the highest tuition at \$4,674 and Dutchess County had the lowest at \$3,360. Tuition rates for other New York community colleges are not yet available for 2016-2017. Assuming all other community colleges increase tuition by the state average annual percentage since 2011-2012, the 2016-2017 tuition requested by Suffolk County Community College would be the third highest. The following chart shows Suffolk County Community College tuition in context to other community colleges in New York State.

Tuition Rates from 2011-2012 to 2015-2016 for NYS Community Colleges							
Community College	2011-12	2012-13	2013-14	2014-15	2015-16	Average	Average Annual
						Annual Dollar	Percentage
						Increase	Increase
Adirondack	\$3,556	\$3,664	\$3,774	\$3,870	\$3,984	\$107	2.9%
Broome	\$3,694	\$3,820	\$3,954	\$4,108	\$4,212	\$130	3.3%
Cayuga County	\$3,820	\$3,950	\$4,090	\$4,200	\$4,326	\$127	3.2%
Clinton	\$3,620	\$3,820	\$3,960	\$4,060	\$4,200	\$145	3.8%
Columbia-Greene	\$3,648	\$3,792	\$3,960	\$4,080	\$4,100	\$113	3.0%
Corning	\$3,870	\$3,950	\$4,070	\$4,150	\$4,230	\$90	2.2%
Dutchess	\$2,900	\$3,100	\$3,200	\$3,200	\$3,360	\$115	3.8%
Erie	\$3,600	\$3,900	\$3,995	\$4,295	\$4,595	\$249	6.3%
Fashion Institute	\$3,974	\$4,200	\$4,425	\$4,500	\$4,500	\$132	3.2%
Finger Lakes	\$3,484	\$3,654	\$3,834	\$4,022	\$4,180	\$174	4.7%
Fulton-Montgomery	\$3,394	\$3,444	\$3,598	\$3,648	\$3,900	\$127	3.6%
Genesee	\$3,400	\$3,550	\$3,700	\$3,850	\$3,900	\$125	3.5%
Herkimer County	\$3,540	\$3,640	\$3,740	\$3,840	\$3,940	\$100	2.7%
Hudson Valley	\$3,700	\$3,900	\$3,980	\$3,980	\$4,100	\$100	2.6%
Jamestown	\$3,900	\$4,050	\$4,220	\$4,220	\$4,520	\$155	3.8%
Jefferson	\$3,648	\$3,744	\$3,864	\$3,984	\$4,176	\$132	3.4%
Mohawk Valley	\$3,480	\$3,580	\$3,710	\$3,810	\$3,960	\$120	3.3%
Monroe	\$3,060	\$3,140	\$3,240	\$3,416	\$3,800	\$185	5.6%
Nassau	\$3,990	\$3,990	\$4,088	\$4,234	\$4,534	\$136	3.3%
Niagara County	\$3,624	\$3,696	\$3,792	\$3,888	\$3,960	\$84	2.2%
North Country	\$3,900	\$3,900	\$4,050	\$4,250	\$4,426	\$132	3.2%
Onondaga	\$3,930	\$4,050	\$4,172	\$4,300	\$4,430	\$125	3.0%
Orange County	\$3,900	\$4,100	\$4,400	\$4,400	\$4,486	\$147	3.6%
Rockland	\$3,815	\$4,025	\$4,175	\$4,300	\$4,300	\$121	3.1%
Schenectady County	\$3,384	\$3,384	\$3,384	\$3,456	\$3,528	\$36	1.1%
<b>Suffolk County</b>	<b>\$3,990</b>	<b>\$3,990</b>	<b>\$4,140</b>	<b>\$4,390</b>	<b>\$4,570</b>	<b>\$145</b>	<b>3.5%</b>
Sullivan County	\$4,180	\$4,474	\$4,474	\$4,474	\$4,674	\$124	2.9%
Tompkins-Cortland	\$3,950	\$4,150	\$4,300	\$4,500	\$4,650	\$175	4.2%
Ulster County	\$3,990	\$4,130	\$4,230	\$4,230	\$4,230	\$60	1.5%
Westchester	\$4,150	\$4,280	\$4,280	\$4,280	\$4,280	\$33	0.8%
<b>Average Tuition Rates</b>	<b>\$3,703</b>	<b>\$3,836</b>	<b>\$3,960</b>	<b>\$4,065</b>	<b>\$4,202</b>	<b>\$125</b>	<b>3.2%</b>

In addition to increases in tuition, the College is increasing Transcript Fees by \$5 from \$10 to \$15 and increasing Technology Fees by \$90 per year from \$80 per semester to \$125 per semester. The College estimates that the fee increases will generate an additional \$1.75 million in 2016-2017.

## **County Contribution**

The County Contribution 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. A reduction could jeopardize the maintenance of effort and would be inconsistent with the State Legislature’s conditions for aid to local community colleges.

Resolution No. 920-2015 established a Community College Budget Committee comprised of legislative, executive, and college appointees to develop a five-year non-binding budget plan with the goal of strengthening the College’s financial position, maintaining educational standards, and stabilizing tuition costs for students. The Committee has met several times, but has not yet issued a report. From the College’s perspective, a key component of fiscal sustainability and tuition affordability involves ongoing predictable increases in the County Contribution. While county representatives recognize this fact, the level of support that can be provided is limited by the County’s own fiscal position.

The County Contribution was increased only once from 2008-2009 to 2013-2014 (one percent in 2011-2012). In an effort to be sensitive to the County’s fiscal challenges, the College requested no increase in contribution for 2012-2013 or 2013-2014. Due to the leveling off of enrollment, growth in expenditures has outpaced growth in revenues over the past few years. Consequently, the College requested and the County adopted a two percent increase in the County Contribution for the 2014-2015 academic year. For 2015-2016, the College requested a five percent increase or \$1,988,438. The recommended budget included a 2.51% increase or \$1 million. The adopted 2015-2016 college budget made up the difference between the requested and recommended County contribution through the combination of a reduction in expenditures and increased authorization for the use of the reserve fund. The 2016-2017 recommended budget includes a 2.5% increase as requested by the College. The following table shows the County’s annual contribution to the Community College since 1998-1999.

<b>Historical Annual County Contribution to the Community College</b>		
<b>Academic Year</b>	<b>County Contribution</b>	<b>% Change From Previous Year</b>
1998 – 1999	\$28,356,138	N/A
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%
2008 – 2009	\$38,602,957	0.0%
2009 – 2010	\$38,602,957	0.0%
2010 – 2011	\$38,602,957	0.0%
2011 – 2012	\$38,988,987	1.0%
2012 – 2013	\$38,988,987	0.0%
2013 – 2014	\$38,988,987	0.0%
2014 – 2015	\$39,768,766	2.0%
2015 – 2016	\$40,768,766	2.5%
2016 – 2017 Req	\$41,787,985	2.5%
2016 – 2017 Rec	\$41,787,985	2.5%

It should be noted that instead of paying this expense directly, the County has the option of passing legislation to charge back the County Contribution to the towns, pursuant to New York State Education Law Article 126 Section 6304 Financing of Community Colleges. The charge back would be in proportion to the number of students from each town attending the College. The Legislature may wish to consider this as a policy option.

In addition to the County Contribution, the County also has College related expenses for:

- I. College debt service: to pay for the local share of the College's capital projects. The Recommended 2016-2017 Operating Budget for the College includes \$8,729,168 for this purpose, which is \$1.2 million more than the 2015-2016 estimate. Based on the amount of existing pipeline debt for college projects, we project that the County's debt service costs will continue to rise, reaching \$10.9 million by 2019. The County's debt service costs for the College can be found in the budget as the sum of the General Fund transfer to the College and the mandated portion of the college property tax.

2. **Out-of-County tuition:** Suffolk County is required to pay the sponsor's share of tuition for County residents who opt to attend community colleges outside of Suffolk County. This mandated expense is budgeted and paid for in the County's General Fund. The Adopted 2016 Operating Budget included \$14.2 million for this expense. Additional details regarding Out-of-County tuition can be found in the next section.

**Out-of-County Tuition**

New York State Education Law requires Suffolk County to pay the sponsor's share of tuition for Suffolk residents who opt to attend other New York State community colleges outside of Suffolk County. This mandated expense is budgeted and paid for from the County's General Fund (001- MSC-2490-Comm. Coll. Non Cnty Tuition-4780-Out of County Tuition). It should be noted that New York State's Education law requires New York State to reimburse the local sponsor for 50% of this cost, but the State has not included appropriations in its budget for this statutory commitment since 2001.

In 2014-2015, 4,124 Suffolk County residents attended a New York community college outside of Suffolk County. The majority of out-of-county tuition costs to Suffolk County are typically for students attending Nassau Community College and the Fashion Institute of Technology (FIT). These two institutions accounted for 76% of all Suffolk residents attending community colleges outside the County and 94% of the total out-of-county tuition cost in 2014-2015. The following charts show the allocation of out-of-county tuition expenditures for 2014-2015.

<b>Out-of-County Tuition Paid by Suffolk County for Academic Year 2014-2015</b>			
<b>Community College</b>	<b>No. Students</b>	<b>Amount Paid</b>	<b>Cost per Student</b>
FIT	768	\$7,936,781	\$10,334
Nassau	2,379	\$5,354,486	\$2,251
Other	977	\$850,973	\$871
<b>Total</b>	<b>4,124</b>	<b>\$14,142,240</b>	<b>\$3,429</b>

<b>Nassau Community College and FIT as a Percentage of Total 2014-2015 Out-of-County Tuition</b>		
<b>Community College</b>	<b>No. Students</b>	<b>Amount Paid</b>
FIT	18.6%	56.1%
Nassau	57.7%	37.9%
Other	23.7%	6.0%

As is the case with the County Contribution, instead of paying this expense directly, the County has the option to charge back out-of-county tuition to the towns. The County exercised this option for one year in 1994 and each year since 2012 in order to provide General Fund relief. The authorized

chargebacks are for the allocable portions of the operating costs and capital costs of the other New York State Community Colleges for Suffolk County residents attending each such college as non-residents. The next table shows out-of-county tuition costs from the 2007-2008 academic year through the 2014-2015 academic year.

<b>Out-of-County Tuition Payments from 2007-2008 to 2014-2015</b>				
<b>Academic Year</b>	<b>No. Students</b>	<b>Change from Previous Yr.</b>	<b>Amount Paid</b>	<b>Change from Previous Yr.</b>
2007-2008	3,668	NA	\$9,955,502	NA
2008-2009	3,789	3.3%	\$11,098,790	11.5%
2009-2010	4,090	7.9%	\$12,169,198	9.6%
2010-2011	4,163	1.8%	\$13,099,610	7.6%
2011-2012	4,180	0.4%	\$12,872,139	-1.7%
2012-2013	4,121	-1.4%	\$13,030,590	1.2%
2013-2014	4,012	-2.6%	\$13,569,325	4.1%
2014-2015	4,124	2.8%	\$14,142,240	4.2%

The number of Suffolk residents attending other New York community colleges declined from 2011-2012 to 2012-2013 and from 2012-2013 to 2013-2014; however, out-of-county tuition expenses increased both years due to the fact that most community colleges had annual tuition increases and because the number of students that elected to go to FIT and Nassau Community College increased. These two institutions have tuition costs that are higher than most other community colleges. From 2013-2014 to 2014-2015, the number of students attending other community colleges increased by 2.8% and out-of-county tuition expenses increased by 4.2%.

### **College Property Tax**

As seen in the following table, the 2016-2017 recommended College property tax of \$5,250,467 is the same as the 2015-2016 adopted tax. The College property tax is further broken down into mandated and discretionary amounts.

- Of the \$8,729,168 in recommended mandated college debt service, \$845,252 is paid from the property tax and the remaining \$7,883,916 is paid by General Fund transfer to the College.
- On the discretionary side of the budget, payment of the recommended \$41,787,985 County Contribution is split up into \$4,405,215 from the non-mandated college property tax and \$37,382,770 from county General Fund appropriations.

	2015-2016 Adopted	2016-2017 Recommended
<b>Total College Property Tax Levy</b>	\$5,250,467	\$5,250,467
Mandated College Tax Levy	\$845,252	\$845,252
NonMandated College Tax Levy	\$4,405,215	\$4,405,215
<b>County Contribution - Debt</b>	\$7,501,205	\$8,729,168
Mandated College Tax Levy	\$845,252	\$845,252
Trans from General Fd for Debt Service (001-E818)	\$6,655,953	\$7,883,916
<b>County Contribution - Appropriations</b>	\$40,768,766	\$41,787,985
NonMandated College Tax Levy	\$4,405,215	\$4,405,215
Contribution to Community College (001-2495)	\$36,363,551	\$37,382,770

The 2016-2017 recommended college budget is the eighth consecutive year in which the college property tax does not follow the previously prescribed methodology. That methodology was based on Resolution No. 785-1995, paragraph 3.d. and the new Type C agreement, dated February 9, 1996 and the Laws of Suffolk County §C4-6(B). Although the Type C agreement is no longer in effect, the County's Memorandum of Understanding with the College is silent on this issue. Short of an agreed upon alternative methodology, the calculation of the College property tax should follow the prescribed methodology.

### **Closing Remarks**

Pursuant to the Suffolk County Charter, the Legislature may (1) approve or disapprove the budget total, (2) change the County Contribution, or (3) approve the recommended amounts for both. Any of these actions requires that the Community College balance their budget once the County Contribution and budget total are approved. The facts before the Legislature in its deliberations are as follows:

- The requested and recommended 2.5% increase in County Contribution will result in an additional \$1,019,219 impact to the General Fund in the County's 2017 operating budget.
- Should the Legislature increase the County Contribution above the recommended level, only the College Board of Trustees can determine what impact this may have on tuition or any other line item in the College budget. Each 1% increase in the County Contribution would equate to approximately \$420,000.