

SUFFOLK COUNTY LEGISLATURE



Robert Lipp
Director

BUDGET REVIEW OFFICE

June 8, 2017

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

From: Robert Lipp, Director
Budget Review Office

Subject: **Review of the Suffolk County Community College 2017-2018 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 15th¹. 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

Suffolk County Community College requested a 2017-2018 operating budget of \$220.9 million (including grants), which is an increase of \$927,588 or 0.42% more than the adopted 2016-2017 budget and \$3.97 million or 1.8% more than what the College estimates for the 2016-2017 fiscal year. The request includes a 2.5% increase in County Contribution and a \$100 annual increase in tuition. The County Executive recommended a 1.5% increase in the County Contribution, which is \$417,880 less than requested; however, the recommended budget includes the requested level of expenditures. In the past, when the Executive recommended a smaller County Contribution than

¹ 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.

requested, the recommended expenditure total was reduced by a commensurate amount. This budget assumes that the deficit will be made up from the reserve fund.

In order to offset increased expenditures and diminished revenue because 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.

| Major Revenue Enhancements in the Requested 2017-2018 SCCC Budget | | |
|--|--|-----------------|
| Revenue | Description | Increase |
| Use of Reserves | Transfer from SCCC Fund Balance Reserve Fund | \$6,286,043 |
| Tuition | Increased by \$100 annually to \$4,870 | \$2,000,000 |
| State Aid | \$50 increase per FTE | \$950,000 |
| County Contribution | Increase of 2.5% | \$1,044,700 |

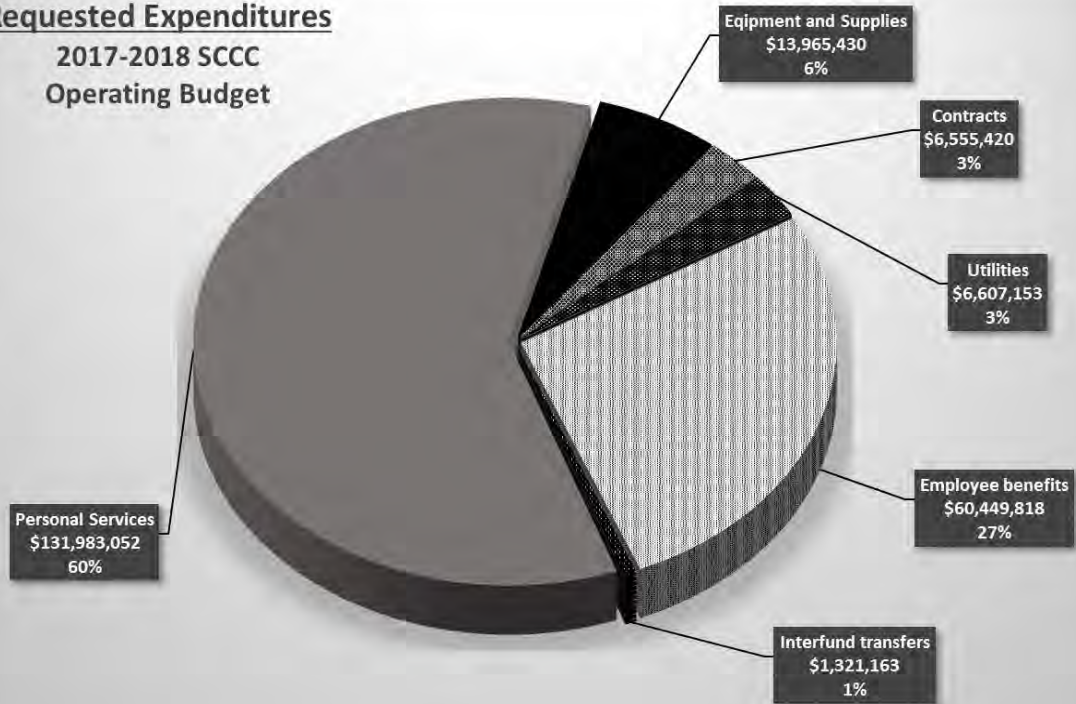
The next table shows the total SCCC expenditure budget with and without grants from 2011-2012 to the 2017-2018 request.

| Suffolk County Community College Operating Budget | | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2011/2012 | 2012/2013 | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 | 2017/2018 |
| | Actual | Actual | Actual | Actual | Actual | Estimated | Requested |
| Without Grants | \$186,350,591 | \$187,015,533 | \$191,318,660 | \$200,903,259 | \$202,161,531 | \$213,006,727 | \$217,523,458 |
| Grants | \$4,410,740 | \$3,574,333 | \$3,193,816 | \$3,302,524 | \$3,390,189 | \$3,909,548 | \$3,358,578 |
| Total | \$190,761,331 | \$190,589,866 | \$194,512,476 | \$204,205,783 | \$205,551,720 | \$216,916,275 | \$220,882,036 |

The following charts detail the allocation of the College's requested expenditures and revenues for 2017-2018; salaries and benefits account for over 87% of all requested expenditures. On the revenue side, tuition and fees make up over 51% of requested revenues.

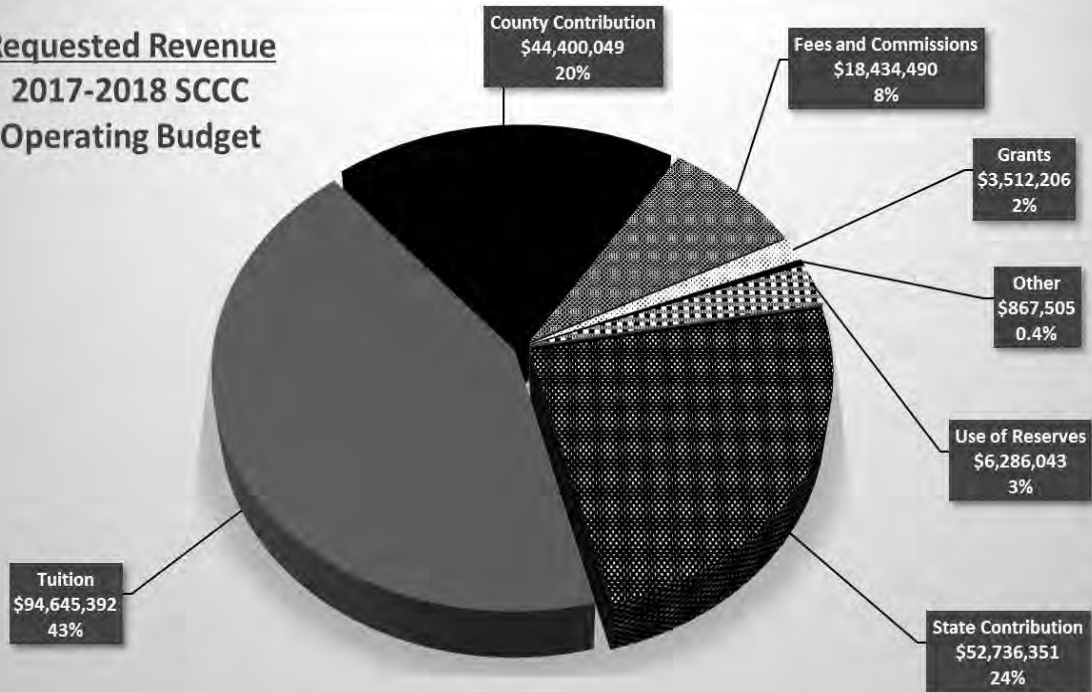
Requested Expenditures

2017-2018 SCCC
Operating Budget

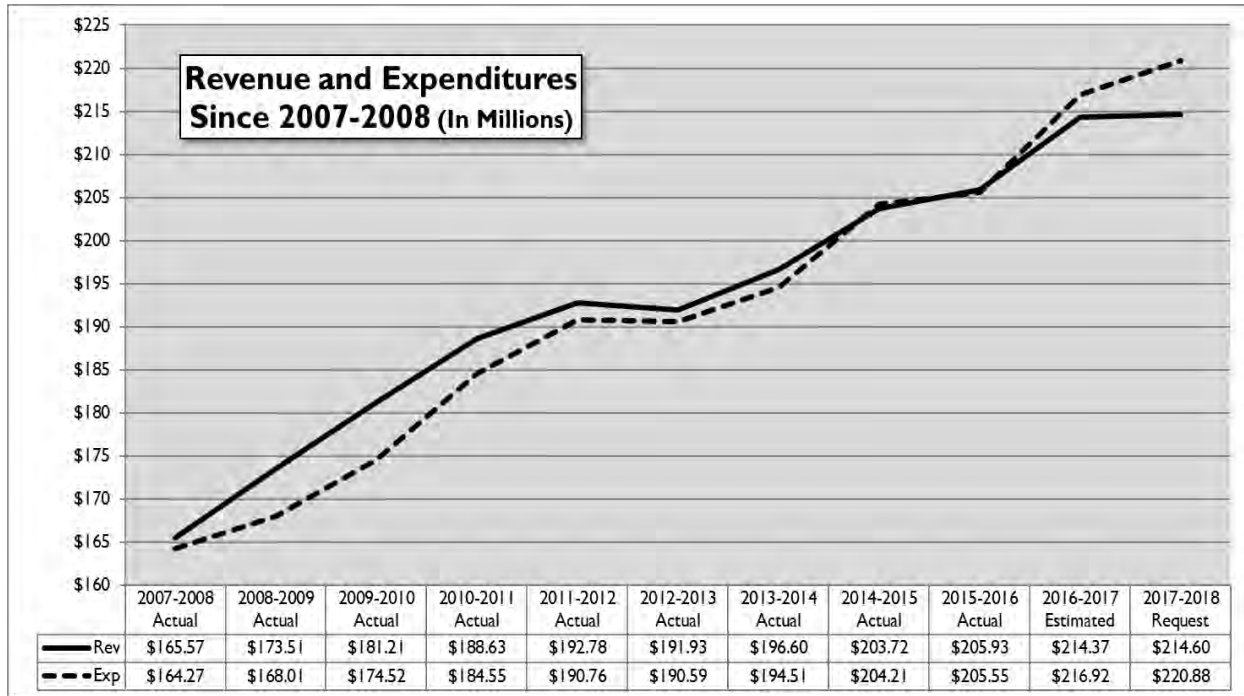


Requested Revenue

2017-2018 SCCC
Operating Budget



The next chart shows the annual relationship of expenditures to revenues from 2007-2008 through the 2017-2018 request. The College has experienced a deficit only once since 2007-2008, \$484,560 in 2014-2015. However, the College projects a \$2.5 million deficit in 2016-2017 and a \$6.3 million deficit in 2017-2018.



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 2017-2018 includes a county share of 25%.

| Revenue Shares per SUNY Formula | | | | | | | | |
|---------------------------------|----------------------|-------------|----------------------|-------------|----------------------|-------------|----------------------|-------------|
| | 2015-2016 | | 2016-2017 | | 2016-2017 | | 2017-2018 | |
| Revenue | Actual | % | Adopted | % | Estimated | % | Requested | % |
| County | \$42,108,659 | 22.4% | \$47,115,151 | 23.5% | \$43,510,705 | 22.2% | \$50,621,092 | 25.0% |
| State | \$51,172,359 | 27.2% | \$53,084,912 | 26.5% | \$52,831,721 | 27.0% | \$52,736,351 | 26.0% |
| Student | \$94,930,996 | 50.4% | \$100,464,743 | 50.1% | \$99,451,837 | 50.8% | \$99,409,183 | 49.0% |
| Total | \$188,212,014 | 100% | \$200,664,806 | 100% | \$195,794,263 | 100% | \$202,766,626 | 100% |

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 \$3.5 million above what was requested by the College if the College reduced tuition by that amount and still accessed \$6.3 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 \$6.3 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. All things being equal, the County would need to increase the County Contribution by an additional \$9.8 million (\$6.3 million + \$3.5 million) to reach the 26.7% threshold.

Community College Budget Committee

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 issued a report on April 19, 2017, which recommended a 1.5% increase in the County Contribution in each of the next five years, which considered both the College's desire for additional predictable revenue from the County and the County's ability to pay.

To assist the Committee in its deliberations, the Suffolk Community College Department of Business and Financial Affairs and Legislative Office of Budget Review worked concurrently, with input from the County Executive's Budget Office, to develop a five-year budget model capable of adapting to a variety of revenue and expenditure assumptions. The base scenario assumed an average annual increase in expenditures of 3.2% through 2020-2021. On the revenue side, it assumed an annual increase in state aid per FTE of \$100, an annual increase in tuition of \$200, and an annual increase in the County Contribution of 1.5%.

Excluding grants, the model projected expenditures of \$217.5 million and revenue of \$214.6 million in 2017-2018 with the \$2.9 million difference being made up from the reserve fund. The College requested \$217.5 million in 2017-2018 for expenditures as projected by the model; however, requested revenues are only \$211.1 million, requiring the use of \$6.3 million in reserves. The revenue shortfall is due to the following:

- The model projected enrollment growth of 0.1% in 2017-2018, the requested budget assumes a decrease of 1.9%
- Based on historical trends, the model assumed a \$100 increase in aid per FTE, New York State approved only an additional \$50 in 2017-2018
- Based on the average annual increase in tuition from 2013-2014 to 2016-2017, the model assumed an increase in tuition of \$200 in 2017-2018; the Board of Trustees authorized a \$100 increase.

In addition to the increase in use of reserves, the College requested an additional one percent increase in the County Contribution to mitigate the shortfall. The recommended budget assumes the entire difference will be made up by the reserve fund.

Expenditures

The College requested an increase in 2017-2018 compared to its estimated expenditures in 2016-2017 for every major budget category except for interfund transfers (9000s). Salaries and benefits are responsible for \$2.8 million or 71% of the requested \$3.97 million increase. Equipment and supplies (2000s & 3000s) represent 23% of the requested increase; and contracts and utilities

(4000s) are responsible for the remaining 6%. Interfund transfers are requested to be flat. The following table summarizes the College budget request by major category.

| Suffolk County Community College Expenditures by Object (With Grants) | | | | | | |
|--|-----------------------------|------------------------------|--------------------------------|--------------------------------|---|-----------|
| Category | 2015/2016 Actual | 2016/2017 Adopted | 2016/2017 Estimated | Change from | | |
| | | | | Actual to Estimated | 2017/2018 Requested Estimated to Requested | |
| Personal Services (1000s) | \$125,317,206 | \$131,417,952 | \$130,086,546 | 4% | \$131,983,052 | 1% |
| Equipment and Supplies (2000s & 3000s) | \$11,078,902 | \$12,703,691 | \$13,069,374 | 18% | \$13,965,430 | 7% |
| Contracts (4000s) | \$5,135,140 | \$7,083,495 | \$6,493,286 | 26% | \$6,555,420 | 1% |
| Utilities (4010,4020,4040) | \$6,057,570 | \$7,103,153 | \$6,412,104 | 6% | \$6,607,153 | 3% |
| Employee benefits (8000s) | \$56,558,248 | \$60,324,994 | \$59,533,802 | 5% | \$60,449,818 | 2% |
| Interfund transfers (9000s) | \$1,404,654 | \$1,321,163 | \$1,321,163 | -6% | \$1,321,163 | 0% |
| Total | \$205,551,720 | \$219,954,448 | \$216,916,275 | 6% | \$220,882,036 | 2% |

Increases in personnel expenses are attributable to an increase in permanent salaries for employee step increases as well as contractual salary increases. However, salary expenses are expected to increase more modestly than in recent years. Due to declining enrollment, hiring will be limited and separating employees will not be immediately replaced unless critically necessary. Growth in salary expenditures in 2017-2018 is also mitigated by \$1 million due to negotiated deferrals with the Guild of Administrative Officers. As shown in the following table, personal services other than permanent salaries and temporary/part-time salaries are expected to decrease modestly.

| Personal Services (1000s) | | | | | |
|----------------------------------|-----------------------------|------------------------------|-------------------------------|--------------------------------|--------------------|
| Category | 2015-2016 Actual | 2016-2017 Adopted | 2016-2017 Estimate | 2017-2018 Requested | Change from |
| | | | | | Est to Req |
| Permanent Salaries | \$85,530,803 | \$90,464,269 | \$88,952,349 | \$90,838,648 | 2% |
| Terminal Pay | \$1,085,259 | \$1,735,000 | \$1,845,768 | \$1,735,000 | -6% |
| Temp & PT Salaries | \$28,516,228 | \$29,002,301 | \$28,948,043 | \$29,155,868 | 1% |
| Other | \$1,655,496 | \$1,596,579 | \$1,611,835 | \$1,596,679 | -1% |
| Overtime and Overload | \$8,529,420 | \$8,619,803 | \$8,728,551 | \$8,656,857 | -1% |
| Total | \$125,317,206 | \$131,417,952 | \$130,086,546 | \$131,983,052 | 1% |

Equipment and Supplies are requested at a net increase of \$896,056 compared to the 2016-2017 estimate. The largest increase is \$826,367 for instructional equipment and software to address replacement purchases that have been deferred in recent years, and to outfit new facilities such as the Learning Resource Center on the Grant Campus, which will open in the fall of 2017. The "Other" category in the table below includes office supplies, rental of equipment, fuel, and other miscellaneous supplies, and is the second largest increase at \$267,261. Computer replacement was a high priority in 2016-2017. Consequently, the Computers and Office Machines category is requested at a decrease in 2017-2018 (-\$570,669). The following table shows the total requested increase for equipment and supplies.

| Equipment and Supplies (2000s and 3000s) | | | | | |
|---|-----------------------------|------------------------------|-------------------------------|--------------------------------|-----------------------------------|
| Category | 2015-2016 Actual | 2016-2017 Adopted | 2016-2017 Estimate | 2017-2018 Requested | Change from Est to Req |
| Advertising | \$765,384 | \$813,835 | \$806,703 | \$815,835 | 1% |
| Bank Service Charges | \$597,540 | \$604,400 | \$607,540 | \$630,000 | 4% |
| Computers & Office Machines | \$150,324 | \$537,282 | \$1,298,321 | \$727,652 | -44% |
| Instructional Supplies, Equip & Software | \$2,620,498 | \$3,352,558 | \$2,889,798 | \$3,716,165 | 29% |
| Maintenance Contracts | \$1,137,421 | \$1,179,423 | \$1,212,891 | \$1,299,759 | 7% |
| Outside Printing | \$359,193 | \$515,628 | \$397,654 | \$511,024 | 29% |
| Postage | \$481,394 | \$482,040 | \$482,040 | \$482,040 | 0% |
| Repairs & Bldg Materials | \$1,139,959 | \$1,471,393 | \$1,477,558 | \$1,618,825 | 10% |
| Other | \$3,827,189 | \$3,747,132 | \$3,896,869 | \$4,164,130 | 7% |
| Total | \$11,078,902 | \$12,703,691 | \$13,069,374 | \$13,965,430 | 7% |

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 percentage increase in the "Utilities & Contractual Costs" category is for travel, meals, and training expenses for college employees. The following table shows utility and contract costs.

| Utilities and Contractual Costs (4000s) | | | | | |
|--|-----------------------------|------------------------------|-------------------------------|--------------------------------|-----------------------------------|
| Category | 2015-2016 Actual | 2016-2017 Adopted | 2016-2017 Estimate | 2017-2018 Requested | Change from Est to Req |
| Computer Services | \$1,016,130 | \$1,030,900 | \$1,030,900 | \$1,027,300 | -0.3% |
| Rent: Office Buildings | \$1,604,985 | \$2,364,966 | \$2,139,966 | \$2,114,966 | -1% |
| Other Contracts | \$1,975,886 | \$2,926,910 | \$2,627,770 | \$2,600,792 | -1% |
| Travel, Training, and Meals | \$538,139 | \$760,719 | \$694,650 | \$812,362 | 17% |
| Utilities | \$6,057,570 | \$7,103,153 | \$6,412,104 | \$6,607,153 | 3% |
| Total | \$11,192,710 | \$14,186,648 | \$12,905,390 | \$13,162,573 | 2% |

Employee benefits are requested at an increase of \$916,016; approximately 92% of the total net 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. Health insurance costs are requested at a three percent increase, which is likely understated based on the fact that the County experienced 7.8% growth from 2015 to 2016 and budgeted a 5.2% increase from 2016 to 2017. Additionally, the increase estimated by the College from 2015-2016 to 2016-2017 is approximately 4.5 times greater than the requested increase from 2016-2017 to 2017-2018.

The next largest increase is for Social Security, which is determined as a percentage of salaries. While retirement costs for the Employee Retirement System (ERS) and TIAA/CREF are increasing, the contribution rate for the Teachers Retirement System (TRS) is expected to decrease, resulting in a net decrease in retirement expenditures of approximately \$179,000.

Savings is anticipated from the recently settled agreement with the Association of Municipal Employees (AME), which suspended contributions to the employee Benefit Fund for a twelve-month period, to be paid back over twelve years. The College estimates total savings in the near term of \$640,000, half of which is recognized in the 2016-2017 budget and half of which is accounted for in 2017-2018. This explains the difference between the adopted 2016-2017 funding and the 2016-2017 estimate and 2017-2018 request. The following table shows employee benefit costs by category.

| Employee Benefits (8000s) | | | | | |
|----------------------------------|-----------------------------|------------------------------|-------------------------------|--------------------------------|-----------------------------------|
| Category | 2015-2016 Actual | 2016-2017 Adopted | 2016-2017 Estimate | 2017-2018 Requested | Change from Est to Req |
| Health Insurance | \$28,218,756 | \$32,013,630 | \$32,038,861 | \$32,878,733 | 3% |
| Retirement | \$15,450,443 | \$14,871,139 | \$14,416,029 | \$14,236,798 | -1% |
| Social Security | \$9,105,139 | \$9,430,461 | \$9,451,387 | \$9,640,933 | 2% |
| Benefit Fd. Contribution | \$1,848,773 | \$1,954,810 | \$1,638,417 | \$1,638,400 | 0% |
| MTA Payroll Tax | \$424,108 | \$459,954 | \$444,108 | \$459,954 | 4% |
| Other | \$1,511,029 | \$1,595,000 | \$1,545,000 | \$1,595,000 | 3% |
| Total | \$56,558,248 | \$60,324,994 | \$59,533,802 | \$60,449,818 | 2% |

All interfund transfers are projected by the College to be the same in 2017-2018 as adopted and estimated in 2016-2017, which are slightly less than in 2015-2016.

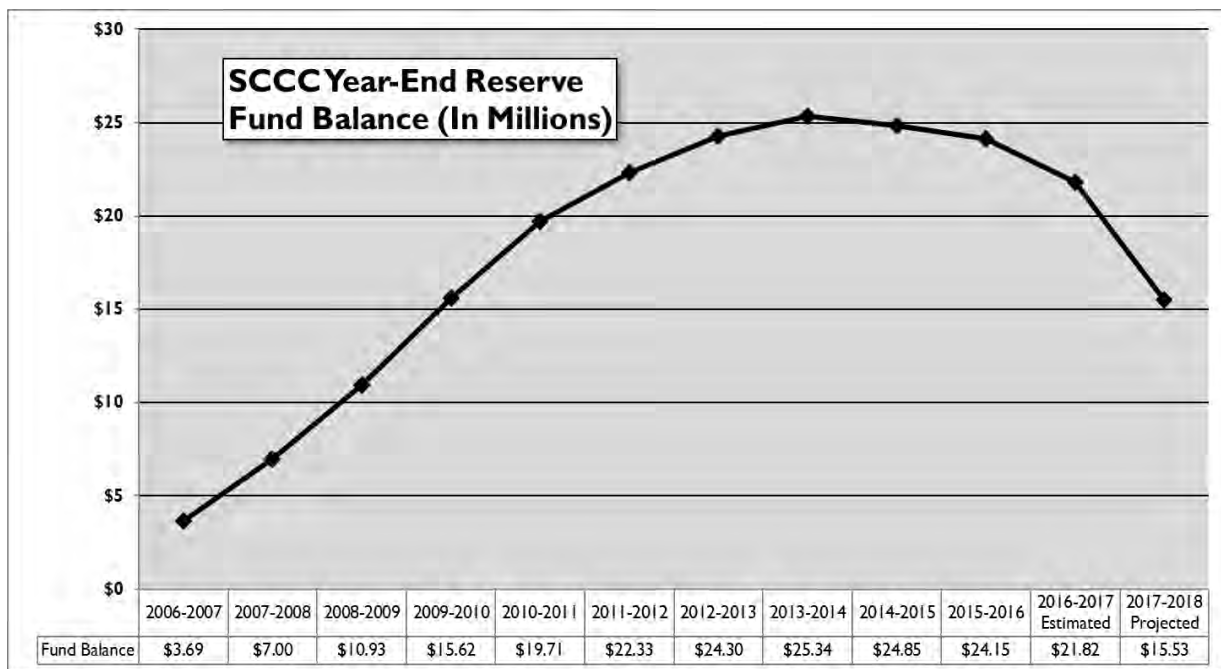
| Interfund transfers (9000s) | | | | | |
|------------------------------------|-----------------------------|------------------------------|-------------------------------|--------------------------------|-----------------------------------|
| Category | 2015-2016 Actual | 2016-2017 Adopted | 2016-2017 Estimate | 2017-2018 Requested | Change from Est to Req |
| Self Insurance Fd (038) | \$860,166 | \$785,167 | \$785,167 | \$785,167 | 0% |
| Other | \$516,158 | \$510,996 | \$510,996 | \$510,996 | 0% |
| Interdept. Oper. Fd (016) | \$28,330 | \$25,000 | \$25,000 | \$25,000 | 0% |
| Total | \$1,404,654 | \$1,321,163 | \$1,321,163 | \$1,321,163 | 0% |

Fund Balance

The reserve fund grew from a year-end balance of \$3.69 million in 2006-2007 to a year-end balance of \$25.3 million in 2013-2014. 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 starting fund balance in 2015-2016 was \$24.85 million. Last year, the College estimated that it would use \$2.6 million of its reserves to balance 2015-2016 expenditures and would need an additional \$1,082,747 for a negative audit adjustment, resulting in a total fund balance reduction of \$3.69 million. There was actually an operating surplus of \$382,264 in 2015-2016, which offset the negative audit adjustment resulting in an actual change in fund balance of only -\$700,483.

Accordingly, the starting fund balance for 2016-2017 was \$24.15 million. The Board of Trustees authorized the use of \$3.9 million to balance the 2016-2017 budget. The College estimates that it will use \$2,541,368, offset by a positive audit adjustment of \$204,843, for an estimated \$2.34 million net decrease in fund balance. The Board of Trustees authorized the use of \$6.3 million to balance the 2017-2018 college budget. Assuming the College uses the estimated amount in 2016-2017 and the full authorized amount in 2017-2018, the reserve fund balance would decline from \$21.82 million on September 1, 2017 to \$15.53 million on August 31, 2018 (\$15.11 million if the \$417,880 less than requested in the County Contribution is made up from the reserve fund as recommended by the Executive). 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 2017-2018 budget (excluding grants) would be approximately \$21.75 million and 15% would be approximately \$32.63 million. Estimated 2016-2017 year-end reserves as a percentage of estimated 2016-2017 expenditures are 10.24%. The College projects that by the end of the 2017-2018 academic year, its reserves will be at 7.14% or \$6.2 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 \$4.7 million less than adopted and \$3.3 million less than estimated. If this trend continues, the College will access only a fraction of what it estimates for 2016-2017 and

projects for 2017-2018. Nevertheless, the use of any amount of reserves is concerning because it is indicative of a structural deficit.

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 \$50 increase in the rate of state aid per FTE from \$2,697 to \$2,747. The College estimates that the increase will provide an additional \$950,000; however, the \$52.7 million in state aid requested for the 2017-2018 academic year is approximately \$100,000 less than the \$52.8 million estimated for 2016-2017 because of declining enrollment. The increase in state aid per FTE is the smallest since 2011-2012 when there was a decrease of \$138. The following table shows the annual change in state aid since 2010-2011.

| Annual Change in State Aid per FTE and Total State Revenue Since 2010-2011 | | | | |
|---|---------------------|--|----------------------|---|
| Year | Rate per FTE | Change in Rate from Previous Year | Total Revenue | Change in Total Revenue from Previous Year |
| 2010-2011 | \$2,260 | NA | \$45,184,969 | NA |
| 2011-2012 | \$2,122 | -\$138 | \$44,463,290 | -\$721,679 |
| 2012-2013 | \$2,272 | \$150 | \$46,139,162 | \$1,675,872 |
| 2013-2014 | \$2,422 | \$150 | \$48,324,386 | \$2,185,224 |
| 2014-2015 | \$2,497 | \$75 | \$49,259,584 | \$935,198 |
| 2015-2016 | \$2,597 | \$100 | \$51,172,359 | \$1,912,775 |
| 2016-2017 Estimated | \$2,697 | \$100 | \$52,831,721 | \$1,659,362 |
| 2017-2018 Requested | \$2,747 | \$50 | \$52,736,351 | -\$95,370 |

Student Revenue

The College continues to face the challenge of mitigating a budget gap resulting from growth in expenditures that outpaces growth in revenue due, in large part, to declining enrollment. 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).

In order to counteract declining enrollment, the College has been increasing tuition and fees. From 2010-2011 to 2016-2017, annual tuition increased by \$994 while fees have increased periodically, including a \$90 increase in the Technology Fee last year. The following table shows a decline in enrollment of 9.69% from 2010-2011 to 2017-2018 while tuition and fee revenue is estimated at a 15.95% increase over the same period.

| Annual Change in Enrollment and Annual Change in Tuition & Fee Revenue Since 2010-2011 | | | | | | |
|---|------------------------------------|----------------------------------|------------------------|--------------------|-------------------------|----------------------------------|
| Academic Year | Full Time Equivalents (FTE) | Change from Previous Year | Tuition Revenue | Fee Revenue | Tuition and Fees | Change from Previous Year |
| 2010-2011 | 20,229 | NA | \$82,661,813 | \$12,176,285 | \$94,838,098 | NA |
| 2011-2012 | 19,770 | -2.27% | \$84,866,760 | \$14,201,487 | \$99,068,247 | 4.46% |
| 2012-2013 | 19,240 | -2.68% | \$83,956,982 | \$13,870,469 | \$97,827,451 | -1.25% |
| 2013-2014 | 19,405 | 0.86% | \$86,571,176 | \$13,950,230 | \$100,521,406 | 2.75% |
| 2014-2015 | 19,309 | -0.49% | \$91,307,262 | \$13,820,427 | \$105,127,689 | 4.58% |
| 2015-2016 | 18,832 | -2.47% | \$91,774,106 | \$13,767,975 | \$105,542,081 | 0.39% |
| 2016-2017 Estimated | 18,623 | -1.11% | \$94,590,826 | \$15,518,136 | \$110,108,962 | 4.33% |
| 2017-2018 Projected | 18,269 | -1.90% | \$94,645,392 | \$15,320,091 | \$109,965,483 | -0.13% |
| Change from 2010-2011 to 2017-2018 | -1,960 | -9.69% | \$11,983,579 | \$3,143,806 | \$15,127,385 | 15.95% |

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 \$2,385 per semester or \$4,770 annually for full-time students and \$199 per credit for part-time students. The College is planning to increase tuition by \$50 per semester to \$2,435 or \$100 annually to \$4,870. Part-time students will pay an additional four dollars per credit; \$203. The next table shows Suffolk County Community College's tuition history for full-time and part-time students since the 2011-2012 academic year.

| Suffolk County Community College Tuition History | | | | | | |
|---|-----------------------------|-------------------------------|----------|-------------------------------|-------------------------------|----------|
| Academic Year | Full Time (per year) | Change From Prior Year | % | Part Time (per credit) | Change From Prior Year | % |
| 2011-2012 | \$3,990 | \$214 | 5.7% | \$165 | \$9 | 5.8% |
| 2012-2013 | \$3,990 | \$0 | 0.0% | \$165 | \$0 | 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 | \$4,770 | \$200 | 4.4% | \$199 | \$8 | 4.2% |
| 2017-2018 | \$4,870 | \$100 | 2.1% | \$203 | \$4 | 2.0% |

Tuition at Suffolk County Community College has increased by an average of \$156 or 3.7% annually from 2011-2012 to 2016-2017, which is higher than the statewide average of \$133 or 3.4%. In 2016-2017, tuition at Suffolk County Community College was the third highest of the 30 community colleges in New York. Nassau County had the highest tuition at \$4,868 and Dutchess

County had the lowest at \$3,528. Tuition rates for other New York community colleges are not yet available for 2017-2018. Assuming all other community colleges increase tuition by the state average annual percentage since 2011-2012, the 2017-2018 tuition requested by Suffolk County Community College would be the fourth 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 2016-2017 for NYS Community Colleges | | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|---------------|----------------|
| Community College | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | Average | Average Annual |
| | | | | | | | Annual Dollar | Percentage |
| | | | | | | | Increase | Increase |
| Adirondack | \$3,556 | \$3,664 | \$3,774 | \$3,870 | \$3,984 | \$4,176 | \$124 | 3.3% |
| Broome | \$3,694 | \$3,820 | \$3,954 | \$4,108 | \$4,212 | \$4,418 | \$145 | 3.6% |
| Cayuga County | \$3,820 | \$3,950 | \$4,090 | \$4,200 | \$4,326 | \$4,499 | \$136 | 3.3% |
| Clinton | \$3,620 | \$3,820 | \$3,960 | \$4,060 | \$4,200 | \$4,300 | \$136 | 3.5% |
| Columbia-Greene | \$3,648 | \$3,792 | \$3,960 | \$4,080 | \$4,100 | \$4,392 | \$149 | 3.8% |
| Corning | \$3,870 | \$3,950 | \$4,070 | \$4,150 | \$4,230 | \$4,314 | \$89 | 2.2% |
| Dutchess | \$2,900 | \$3,100 | \$3,200 | \$3,200 | \$3,360 | \$3,528 | \$126 | 4.0% |
| Erie | \$3,600 | \$3,900 | \$3,995 | \$4,295 | \$4,595 | \$4,733 | \$227 | 5.7% |
| Fashion Institute | \$3,974 | \$4,200 | \$4,425 | \$4,500 | \$4,500 | \$4,590 | \$123 | 2.9% |
| Finger Lakes | \$3,484 | \$3,654 | \$3,834 | \$4,022 | \$4,180 | \$4,368 | \$177 | 4.6% |
| Fulton-Montgomery | \$3,394 | \$3,444 | \$3,598 | \$3,648 | \$3,900 | \$4,200 | \$161 | 4.4% |
| Genesee | \$3,400 | \$3,550 | \$3,700 | \$3,850 | \$3,900 | \$3,950 | \$110 | 3.1% |
| Herkimer County | \$3,540 | \$3,640 | \$3,740 | \$3,840 | \$3,940 | \$4,270 | \$146 | 3.8% |
| Hudson Valley | \$3,700 | \$3,900 | \$3,980 | \$3,980 | \$4,100 | \$4,300 | \$120 | 3.1% |
| Jamestown | \$3,900 | \$4,050 | \$4,220 | \$4,220 | \$4,520 | \$4,630 | \$146 | 3.5% |
| Jefferson | \$3,648 | \$3,744 | \$3,864 | \$3,984 | \$4,176 | \$4,392 | \$149 | 3.8% |
| Mohawk Valley | \$3,480 | \$3,580 | \$3,710 | \$3,810 | \$3,960 | \$4,084 | \$121 | 3.3% |
| Monroe | \$3,060 | \$3,140 | \$3,240 | \$3,416 | \$3,800 | \$4,100 | \$208 | 6.1% |
| Nassau | \$3,990 | \$3,990 | \$4,088 | \$4,234 | \$4,534 | \$4,868 | \$176 | 4.1% |
| Niagara County | \$3,624 | \$3,696 | \$3,792 | \$3,888 | \$3,960 | \$4,080 | \$91 | 2.4% |
| North Country | \$3,900 | \$3,900 | \$4,050 | \$4,250 | \$4,426 | \$4,600 | \$140 | 3.4% |
| Onondaga | \$3,930 | \$4,050 | \$4,172 | \$4,300 | \$4,430 | \$4,570 | \$128 | 3.1% |
| Orange County | \$3,900 | \$4,100 | \$4,400 | \$4,400 | \$4,486 | \$4,636 | \$147 | 3.5% |
| Rockland | \$3,815 | \$4,025 | \$4,175 | \$4,300 | \$4,300 | \$4,429 | \$123 | 3.0% |
| Schenectady County | \$3,384 | \$3,384 | \$3,384 | \$3,456 | \$3,528 | \$3,720 | \$67 | 1.9% |
| Suffolk County | \$3,990 | \$3,990 | \$4,140 | \$4,390 | \$4,570 | \$4,770 | \$156 | 3.7% |
| Sullivan County | \$4,180 | \$4,474 | \$4,474 | \$4,474 | \$4,674 | \$4,674 | \$99 | 2.3% |
| Tompkins-Cortland | \$3,950 | \$4,150 | \$4,300 | \$4,500 | \$4,650 | \$4,790 | \$168 | 3.9% |
| Ulster County | \$3,990 | \$4,130 | \$4,230 | \$4,230 | \$4,230 | \$4,330 | \$68 | 1.7% |
| Westchester | \$4,150 | \$4,280 | \$4,280 | \$4,280 | \$4,280 | \$4,280 | \$26 | 0.6% |
| Average Tuition Rates | \$3,703 | \$3,836 | \$3,960 | \$4,065 | \$4,202 | \$4,366 | \$133 | 3.4% |

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.

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 declining 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. A 2.5% increase was adopted in each of 2015-2016 and 2016-2017, which is what was requested by the College in 2017-2018.

Based on the recommendations by the Community College Budget Committee and the ongoing fiscal challenges facing the County, the recommended budget includes a 1.5% increase in 2017-2018. The requested increase would result in an additional cost to the County of \$1,044,700. The recommended increase provides an additional \$626,820, which is a difference of \$417,880. The following table shows the County’s annual contribution to the Community College since 1998-1999.

| Historical Annual County Contribution to the Community College | | |
|---|----------------------------|------------------------------------|
| Academic Year | County Contribution | % Change From Previous Year |
| 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 | \$41,787,985 | 2.5% |
| 2017 – 2018 Req | \$42,832,685 | 2.5% |
| 2017 – 2018 Rec | \$42,414,805 | 1.5% |

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 2017-2018 Operating Budget for the College includes \$8,632,106 for this purpose, which is \$257,651 more than the 2016-2017 estimate. Based on the amount of existing pipeline debt for college projects, we project that the County's debt service costs will continue to increase. 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 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). The Adopted 2017 Operating Budget included \$13.8 million for this expense. It should be noted that New York State's Education law requires New York State to reimburse the local sponsor for 50% of out-of-county tuition costs, but the State has not included appropriations in its budget for this statutory commitment since 2001. Additional details regarding Out-of-County tuition can be found in the next section.

Out-of-County Tuition

In 2015-2016, 3,955 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 75% of all Suffolk residents attending community colleges outside the County and 92% of the total out-of-county tuition cost in 2015-2016. The following table shows the allocation of out-of-county tuition expenditures for 2015-2016 compared to the previous year. The overall number of students and total cost both decreased from 2014-2015, mostly from a reduction in the number of students attending Nassau Community College.

| | Out-of-County Tuition for Academic Year 2014-2015 | | | Out-of-County Tuition for Academic Year 2015-2016 | | | Change from 2014-2015 to 2015-2016 | | |
|-------------------|---|---------------------|------------------|---|---------------------|------------------|------------------------------------|-------------------|------------------|
| Community College | No. Students | Amount Paid | Cost per Student | No. Students | Amount Paid | Cost per Student | No. Students | Amount Paid | Cost per Student |
| FIT | 768 | \$7,936,781 | \$10,334 | 725 | \$7,967,969 | \$10,990 | -43 | \$31,188 | \$656 |
| Nassau | 2,379 | \$5,354,486 | \$2,251 | 2,243 | \$4,799,630 | \$2,140 | -136 | -\$554,857 | -\$111 |
| Other | 977 | \$850,973 | \$871 | 987 | \$1,040,221 | \$1,054 | 10 | \$189,248 | \$183 |
| Total | 4,124 | \$14,142,240 | \$3,429 | 3,955 | \$13,807,819 | \$3,491 | -169 | -\$334,421 | \$62 |
| Community College | No. Students | Amount Paid | No. Students | Amount Paid | No. Students | Amount Paid | | | |
| FIT | 18.6% | 56.1% | 18.3% | 57.7% | -0.3% | 1.6% | | | |
| Nassau | 57.7% | 37.9% | 56.7% | 34.8% | -1.0% | -3.1% | | | |
| Other | 23.7% | 6.0% | 25.0% | 7.5% | 1.3% | 1.5% | | | |

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 2015-2016 academic year.

| Out-of-County Tuition Payments from 2007-2008 to 2015-2016 | | | | |
|---|---------------------|---------------------------------|--------------------|---------------------------------|
| Academic Year | No. Students | Change from Previous Yr. | Amount Paid | Change from Previous Yr. |
| 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% |
| 2015-2016 | 3,955 | -4.1% | \$13,807,819 | -2.4% |

College Property Tax

As seen in the following table, the 2017-2018 recommended College property tax of \$5,250,467 is the same as the 2016-2017 adopted tax. The College property tax is further broken down into mandated and discretionary amounts.

- Of the \$8,632,106 in recommended mandated college debt service, \$845,252 is paid from the property tax and the remaining \$7,786,854 is paid by General Fund transfer to the College.
- On the discretionary side of the budget, payment of the recommended \$42,414,805 County Contribution is split up into \$4,405,215 from the non-mandated college property tax and \$38,009,590 from county General Fund appropriations.

| | 2016-2017 Adopted | 2017-2018 Recommended |
|---|------------------------------|----------------------------------|
| Total College Property Tax Levy | \$5,250,467 | \$5,250,467 |
| Mandated College Tax Levy | \$845,252 | \$845,252 |
| NonMandated College Tax Levy | \$4,405,215 | \$4,405,215 |
| | | |
| County Contribution - Debt | \$8,729,168 | \$8,632,106 |
| Mandated College Tax Levy | \$845,252 | \$845,252 |
| Trans from General Fd for Debt Service (001-E818) | \$7,883,916 | \$7,786,854 |
| | | |
| County Contribution - Appropriations | \$41,787,985 | \$42,414,805 |
| NonMandated College Tax Levy | \$4,405,215 | \$4,405,215 |
| Contribution to Community College (001-2495) | \$37,382,770 | \$38,009,590 |

The 2017-2018 recommended college budget is the ninth 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 2.5% increase in County Contribution would result in an additional \$1,044,700 impact to the General Fund in the County's 2018 operating budget.
- The recommended 1.5% increase in County Contribution would result in an additional \$626,820 impact to the General Fund in the County's 2018 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.
- The recommended budget assumes that the College will access its reserves to offset the difference in the County Contribution. It is unclear if the County has the authority to make this change. If the Legislature agrees with the recommended County Contribution, it should consider reducing the College's total expenditure budget by \$417,880, which is clearly permissible.