



SUFFOLK COUNTY LEGISLATURE

*Review of the 2010-2011
Suffolk County Community College
Operating Budget*



**Proposed Science and Technology Center
Ammerman Campus**

Budget Review Office

June 15, 2010

SUFFOLK COUNTY LEGISLATURE



Gail Vizzini
Director

BUDGET REVIEW OFFICE

June 15, 2010

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 Suffolk County Community College Requested and County Executive Recommended 2010-2011 Operating Budget. The Community College operating budget process is codified in Suffolk County Code Section A4-3 G, which specifies that the Legislature shall approve an Operating Budget total and County Contribution for the Community College by August 15th. Since 2009-2010 this process differs from previous years in that the local sponsor no longer has the authority to make line item budget changes. Currently the County Contribution is in excess of \$38 million. In addition, the County is responsible for the \$6.3 million in annual debt service for College capital projects. Since the County makes a substantial fiscal commitment to the College, the Budget Review Office continues to provide an operating budget report to update the Legislature as to the College's expenditures and revenues, but makes no specific recommendations for line item changes, other than the County Contribution and budget total.

The Community College requested appropriations of \$189.3 million predicated on a four percent increase in the County Contribution. The College's revenue request reflected a \$200 annual increase for full-time tuition and the Governor's proposed reduction in State Aid per FTE for Community Colleges. The College is experiencing a growth in enrollment of 8.5% for 2009-2010 over last year and conservatively forecasts growth in enrollment of 2.0% for 2010-2011.

The Community College, the County Executive and the County Legislature met to concurrently discuss the College Operating Budget Request as required. The County Executive submitted the recommended Community College budget total of \$186.8

million and recommended the County Contribution remain flat. The difference between the Community College request and the Executive's recommended total budget is the County Contribution revenue of \$1.5 million.

The recession has had negative and positive impact on the College. Despite State cuts in aid per FTE, enrollment has increased considerably enabling the College to end the current fiscal year with a surplus in revenue and an estimated fund balance of \$12.5 million. In contrast, the County faces a \$231 million General Fund budget shortfall over the two years 2010-2011 as estimated by the Budget Review Office. The County Executive authorized across the board expenditure reductions in January and proposes to sell assets and transfer reserves in addition to a restricted hiring policy. The County's significant budget shortfall in the General Fund makes it ever more challenging for the Legislature to increase the General Fund transfer to the College for 2010-2011.

Pursuant to the Suffolk County Charter, the Legislature may change the County Contribution, change the budget total and or approve the County Executive's recommended budget. Any of these actions requires that the Community College balance their budget once the County Contribution and budget total are approved.

This review was expedited in the spirit of cooperation to address the College's concerns regarding the timeframes for adoption of the budget and billing for tuition. The Budget Review Office can not guarantee such an expedited schedule in future years unless the report is further abbreviated.

I wish to thank my staff for their diligent work in preparing this review while concurrently working on the review of the capital program as well as the ever present County operating budget shortfall. I also wish to thank the County Executive's Budget Office and the College Finance Office for their cooperation in assuring that updated information provided by the College was shared and made available on a timely basis to the Budget Review Office. The Budget Review Office is ready to assist the Legislature in adopting the Suffolk County Community College Operating Budget 2010-2011.

Very truly yours,

A handwritten signature in cursive script that reads "Gail Vizzini".

Gail Vizzini, Director

SUFFOLK COUNTY LEGISLATURE



William J. Lindsay, Presiding Officer
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SUFFOLK COUNTY LEGISLATURE



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Summary of Findings and Recommendations

The Community College requested appropriations of \$189,363,918 (including \$2.5 million in grants) and the County Executive has recommended a total budget of \$187,819,799. The difference of \$1,544,119 is attributable to the difference in the County Contribution.

The Executive has recommended the County Contribution remain flat at \$38,602,957. Each 1% increase in the County Contribution equates to \$380,030.

The County Contribution is referred to as Maintenance of Effort (MOE) and New York State Education Law requires the sponsor to provide at least the same amount as the previous academic year unless FTE's should go down.

The Community College request reflects tuition revenue based upon a conservative 2% increase in enrollment over the current year. The downturn in the economy contributed to an increase in enrollment for 2009-2010 of 8.5%.

The Community College request reflects a \$200 annual increase in tuition for full time students and \$9 per credit for part time students. Annual full time tuition will increase from \$3,576 to \$3,776. Annual full time tuition at Suffolk will be \$44 more than at Nassau for 2010-2011. Full time annual tuition at Nassau will be \$3,732 in 2010-2011.

The Community College request reflects the Governor's proposed reduction in the rate of State Aid per FTE from \$2,545 to \$2,250 per FTE. The \$2,545 was a mid year 2009-2010 reduction of \$130 per FTE from a rate of \$2,675.

The Community College is estimated to end the current 2009-2010 academic year with a fund balance of \$12.5 million. The College will use \$1.3 million from the reserve as one time revenue in 2010-2011.

The Budget Review Office report reviews expenditure and revenue. Excluding \$2.5 million in grants, the College requested \$186,862,868, which represents a 5% increase over the 2009-2010 Community College adopted budget. This is an increase of \$8,723,967, of which \$7,566,623 or 87% of the increase is for Personal Services.

Personal Services are requested to increase 7% and are adequately budgeted for contractual salary obligations for the Faculty and Guild as well as steps for AME. Personal Services represents 63% of all expenditures. Three new positions of Counselor are created. The Personal Services request does not address participation in an Early Retirement for 2010-2011.

The Community College requested Permanent Salaries be increased by 6.2% compared to the average increase of 5% over the past five years.

The Community College has requested \$150,000 for staffing and operating the Learning Resource Center to open on the Eastern Campus in 2011 and \$226,000 for the implementation of a new EMT training program. It is not clear what portion of this is for personnel versus other expenses.

The Community College requested amounts for Employee Benefits appear reasonable. This includes health insurance, retirement, benefit fund and social security

The Community College requested a minimal increase of \$36,529 in the aggregate for all other non personnel areas of expense including equipment, supplies, contracted services and utilities.

New York State Education Law requires Suffolk County to pay the sponsor's share of tuition for our County residents who opt to attend community college outside of Suffolk County. This mandated expense is budgeted and paid for from the County's General Fund and is referred to as Out of County Tuition (001-MS-2490-4780). This expenditure continues to trend upward and for 2010 is budgeted at \$10.5 million.

In 2008-2009, 3,789 Suffolk County residents attended community college outside of the County. Sixty-one percent attended Nassau Community College and 17% attended the Fashion Institute of Technology (FIT). As this expenditure trends upward the Legislature may wish to consider options to control this expense by: 1) charging back to the towns of origin of the students as permitted under New York State Law or 2) analyzing whether Suffolk is required to pay for students pursuing four year degrees at FIT.

Resolution Nos. 184-1996 and 663-2000 authorized an incentive payment of \$200 per student to the Community College when there is a reduction in the number of students attending other community colleges from the baseline established in 1994-1995. Despite the College's best efforts, they have seldom been able to earn the incentive. The baseline reflects a 15 year old standard and the incentive per student is also quite low. The incentive is not working and should be eliminated.

Resolution No. 785-1995 was an amendment to the Plan C agreement and established a methodology for the calculation of the Community College property tax levy. The County Contribution is comprised of the sum of the property tax levy and the Suffolk County Contribution.

The property tax levy for the Community College has remained flat since 2007-2008. This is not consistent with the prescribed methodology. The methodology for the College property tax levy mirrors the General fund property tax levy. The College property tax levy should be in the same proportion as the Stand Alone General Fund Levy (less fund balance) is to non aided revenue (all revenue excluding state and federal aid). Based upon this methodology the non mandated property tax levy for the Community College should be \$3,742,838 or \$662,377 less than included in the

recommended budget. The mandated property tax levy should be \$230,231 less than included in the recommended budget.

If the property tax number is reduced, the Suffolk County Contribution or transfer from the General Fund would have to increase by a total of \$892,608, of which \$662,377 is non-mandated and \$230,231 is mandated.

Pursuant to the Suffolk County Charter, the Legislature may change the County Contribution, the budget total or approve the recommended amounts.

The County faces a \$231 million budget shortfall over the 2010-2011 fiscal years as projected by the Budget Review Office in March 2010. The County is considering various budget shortfall mitigating alternatives that include but are not limited to expenditure reductions, sale of assets, transfer of reserves, revenue increases and even lay offs. The magnitude of the two-year budget shortfall makes it challenging for the County to increase the County Contribution to the College.

The Legislature would have the option to keep the County Contribution flat but increase the budget total. The Community College must balance its budget, just as it must balance the budget recommended by the County Executive.

Overview of Expenditures and Revenue

The College has implemented the Banner financial system which is completely independent from the County. As such, the Budget Review Office cannot independently verify estimated expenditures, revenue or personnel, and relies on the information as provided by the College.

Expenditures

An evaluation of overall actual expenditures, without grants, shows that annual expenditure increases have ranged from 4% to 8% over the past five years. This year's request, at \$186,862,868, represents a 5% increase from last year's adopted budget, and is in line with past trends. This is an \$8,723,967 increase, of which \$7,566,623, or 87% of the increase, is for Personal Services. Although the percentage increase is in line with past years, it should be noted that, due to this year's economy, budgets at many other organizations have remained steady or decreased. Also of note, the total SCCC 2009-2010 current year estimated expenditure (without grants) is \$259,612 less than the 2009-2010 total SCCC 2009-2010 adopted budget. It appears the College expects to spend nearly all of 2009-2010 adopted appropriations. The College has noted that 2009-2010 was budgeted for a 3% enrollment increase, but enrollment has surpassed that and is estimated at 8.5%. The College projects enrollment next year to increase by 2%. The following chart summarizes the College's requested budget (without grants), the percentage of the budget represented by each object, and the dollar change compared to the adopted 2009-2010 budget.

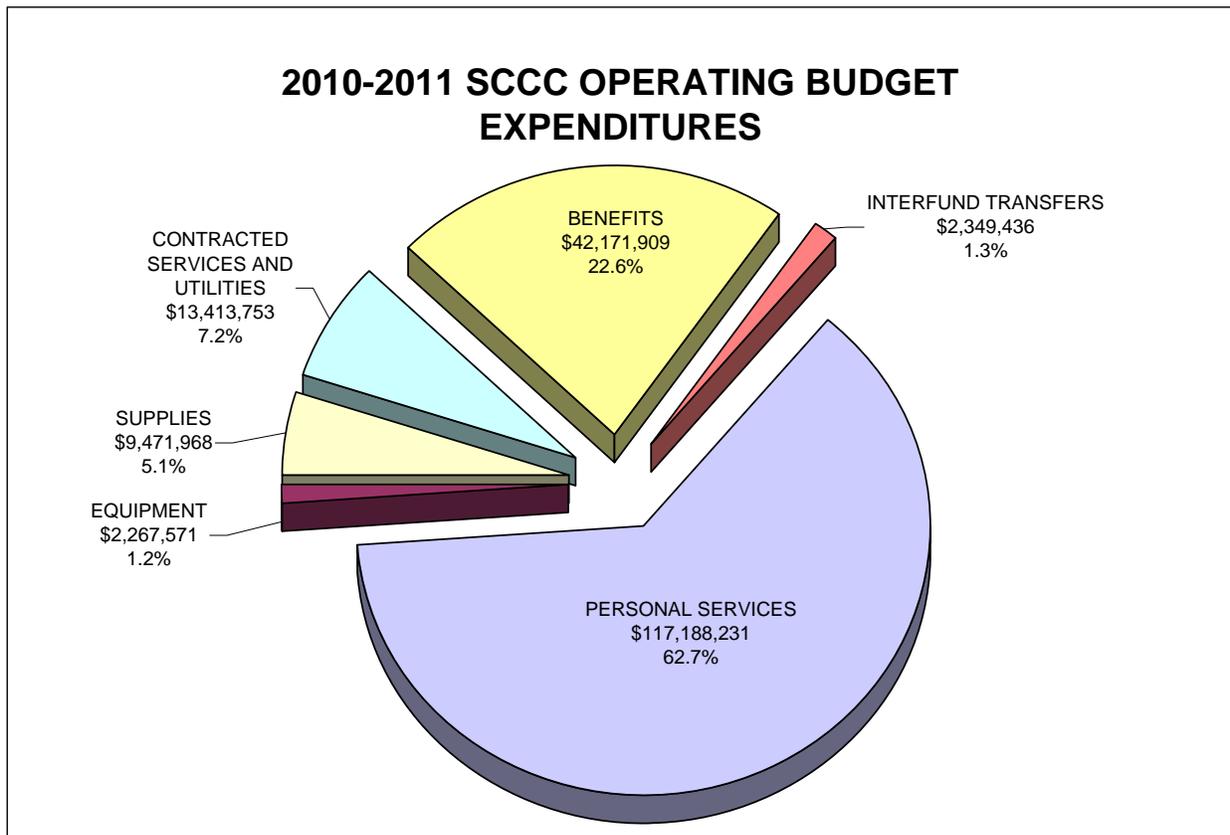
OBJECT DESCRIPTION	2010-2011 Request	Percentage of Total Request	Change from 2009-2010 Adopted
PERSONAL SERVICES	\$117,188,231	62.7%	\$7,566,623
EQUIPMENT	\$2,267,571	1.2%	(\$401,610)
SUPPLIES	\$9,471,968	5.1%	\$154,915
CONTRACTED SERVICES AND UTILITIES	\$13,413,753	7.2%	\$283,224
BENEFITS	\$42,171,909	22.6%	\$1,508,299
INTERFUND TRANSFERS	\$2,349,436	1.3%	(\$387,484)
TOTAL	\$186,862,868	100.0%	\$8,723,967

As shown in the following pie chart, Personal Services represents 63% of the total budget request and is by far the largest portion of the budget, which is consistent with past years. Since Personal Services represent such a large piece of the pie, the 7% increase in this category is the most significant factor in the budget. Employee Benefits are the next largest item, consisting of approximately 23% of the request. Health Insurance represents close to half of the Employee Benefit expenses, and is the only sub-object in this category that had a decrease (4%), for a savings of \$903,370, from the SCCC adopted 2009-2010 budget. All other sub-object requests in the Employee Benefits category were increased; the most significant increases were a \$974,323 increase (41%) for the Employees Retirement System and a \$464,265 increase (34%)

for the Teachers Retirement System. Personal Services and Employee Benefits together total over 85% of the total budget (without grants).

The next largest objects of expense in the budget are Contracted Services and Utilities, at 7%, and Supplies, at 5%. Modest (2%) increases were requested in each of these categories. The remaining objects, Equipment and Interfund Transfers, together amount to a much smaller percentage of the budget, but by making significant cuts, their requests came to \$789,094 less than in the 2009-2010 adopted budget.

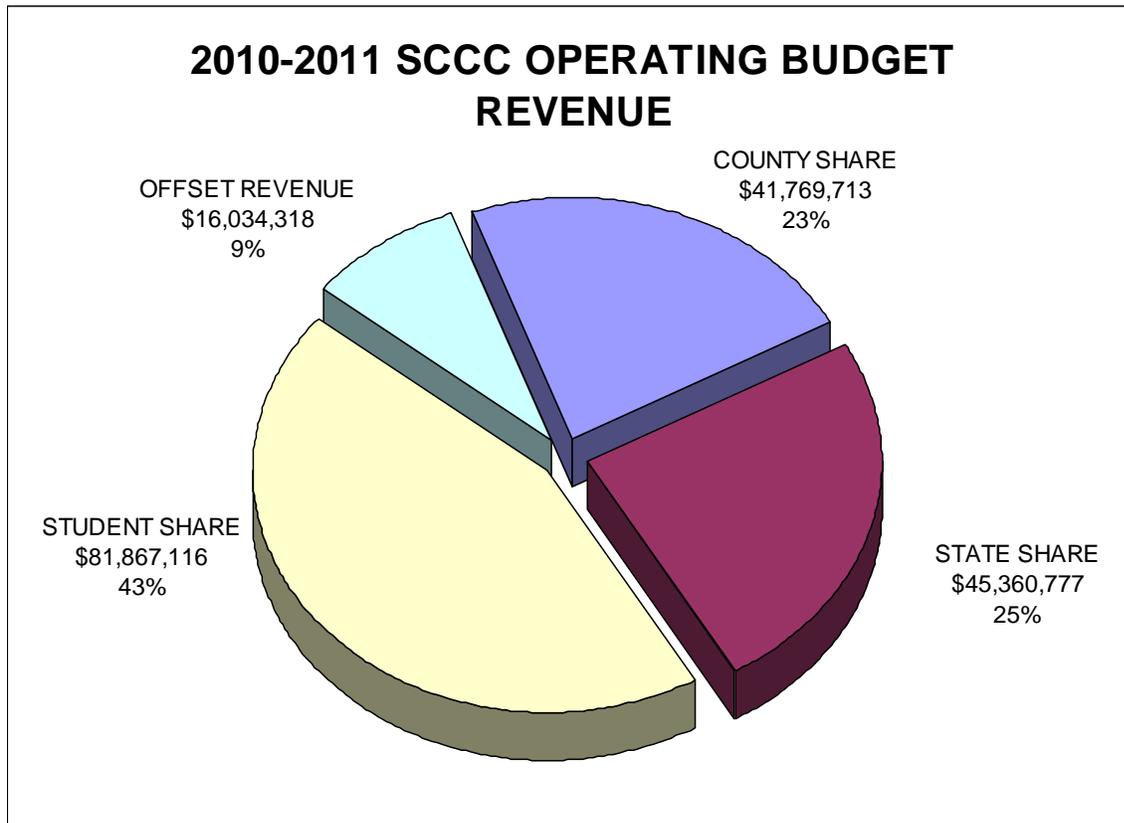
The following chart demonstrates the breakdown of the College's 2010-2011 Budget Expenditure Request by Object, without grants:



Revenue

The following chart demonstrates the sources of 2010-2011 SCCC Operating Budget Revenue, excluding grants or use of reserve funds. The Student Share accounts for 43% of the \$185,031,923 total. State and County shares are also important factors, together making up close to half of revenue. It is important to note that the County share includes the requested County contribution of \$40,147,075, as well as \$1,622,638 in other revenue. The County contribution consists of \$35,565,652 and \$4,581,424 in

Real Property Taxes. Grant revenue of \$2,605,440 is not included in this analysis, nor is the use of \$1,726,555 in reserve funds, which the College is requesting.



The 2010-2011 requested \$185,031,923 in total revenue (without grants or reserves) represents an \$8,688,462 (5%) increase from the 2009-2010 adopted amount of \$176,343,461. However, it represents only a 3% increase from the 2009-2010 estimate of \$179,360,879. The estimate is \$3,017,418 higher than was adopted due in large part to a \$3,438,180 increase in the Student Share compared to the 2009-2010 adopted.

The College experienced an estimated 8.5% increase in enrollment this year, an all time high, and expects additional growth next year. The trend for higher enrollment is typical for a downturn in the economy. As the economy improves, a decrease in enrollment may be seen, with a resultant decrease in revenue. An expected decrease in the State contribution next year, another significant source of College revenue, will result in an estimated \$3,739,171 decrease from the SCCC 2009-2010 adopted budget.

A review of actual revenue (without grants or reserves) during the past five years shows total revenue increases have ranged from 5% to 7% per year. The County contribution portion of revenue increased 4% from 2004-2005 through 2006-2007, increased 2% in 2007-2008, and remained flat at \$38,602,957 from 2007-2008 through the current year. The College requested a 4% increase to \$40,147,075 for 2010-2011.

Revenue Breakdown Summary

COUNTY SHARE	\$41,769,713
STATE SHARE	\$45,360,777
STUDENT SHARE	\$81,867,116
OFFSET REVENUE	\$16,034,318
TOTAL REVENUE without Grants or Reserve Funds	\$185,031,923

Grants	\$2,605,440
Total Revenue with Grants	\$187,637,363
Reserve Funds	\$1,726,555
Total Revenue with Grants and Reserves	\$189,363,918

Personal Services

Personal services account for 62.7% of the 2010-2011 operating budget request or \$117,188,231. This dollar amount is a 7.1 percent increase over the current year 2009-2010 estimated amount for personal services, an increase of \$7,745,416. The current 2009-2010 budget provides for 407 full-time faculty, 79 full-time professional assistants and 433 AME positions (not including positions provided by grants). The College has implemented a new payroll system that does not allow, at this time, the Budget Review Office to access certain information. Therefore, our analysis is based on information provided directly from the College. Factors impacting the personal services budget (excluding grants) are as follows:

- Contractual salary requirements for the Faculty and Guild Associations as well as AME. The Faculty and Guild will receive a 3% increase on September 1, 2010 following the 2.95% increase received on September 1, 2009. The AME contract expired December 31, 2008. All three bargaining units will also receive step increases where appropriate.
- This represents an increase of \$4.7 million in permanent salaries or 6.2%. It should be noted that the average increase over the past five years has been 5.0%, ranging from 4.2% to 5.8%. A 6.2% increase likely assumes a 5% increase along with fully implementing the initiatives outlined below. The budget request indicates that a projected five to seven separations will not be refilled and 40 vacant positions will remain unfilled.
- No assumption was included for a new AME contract. Only contractual step increases were included. AME accounts for approximately 17% of the total payroll or approximately \$20.5 million.
- An increase of \$1,784,260 in adjunct salaries for day, evening and summer instructors (Objects 1160, 1170 & 1180) compared to current year estimates.
- An increase of \$721,172 for overload salaries (Objects 1560 – 1590) compared to current year estimates.

- Partial year operations and staffing for the new Learning Resource Center on the Eastern Campus of \$150,000. It is not clear from the budget request how much of this is for personal services.
- The implementation of a new EMT program to provide education for first responders of \$226,000. Again, it is not clear from the budget request how much of this is for personnel services.
- The addition of three new counseling staff positions with one at each campus at a cost of \$182,046.
- A \$425,000 increase in terminal sick leave payments. 2008-2009 terminal sick leave payments were \$804,742 and the 2009-2010 estimate is \$1,000,000. The requested amount of \$1,425,000 appears to be overstated.
- If all of the new initiatives are not implemented, separations occur and vacant positions are not filled, the Budget Review Office estimates that permanent salaries are overstated by approximately \$525,000 and terminal sick leave is overstated by at least \$425,000.

Employee Benefits

Health Insurance

As of April 2010, the College provided healthcare to 1,652 employees and retirees. In excess of 99% of health insurance recipients were enrolled in the County's self insured Employee Medical Health Plan (EMHP) while the other .9% (15 enrollees) was enrolled in one of several alternative HMO options available. Approximately 38% of all College enrollees are retired. The College remits payment to the County on a monthly basis via interfund transfer to Fund 039-Employee Medical Health Plan to cover their health insurance liability. The EMHP portion of the monthly payment is based upon funding transfer rates, which are established and included within the County's adopted operating budget on a yearly basis. The funding rates adopted may differ from the actual cost per enrollee dependent on whether Fund 039 closed the prior year with a deficit or surplus, which is accounted for when determining the required funding rate. The Budget Review Office estimate for the 2010-2011 College year health insurance liability is approximately \$250,000 or 1.2% greater than requested by the College and assumes a 2.5% increase in staff at the College. The College's anticipated health insurance expenditures are reasonable.

Retirement

The College offers three different retirement plans for its employees; New York State Teachers' Retirement System (TRS), Teachers' Insurance Annuity Association-College Retirement Equities Fund (TIAA-CREF), and New York State Local Employees' Retirement System (ERS). Historically, most faculty and administrators participate in one of the two teacher retirement systems for which the school budgets based upon a percentage of salaries or projected costs provided by the State. Financial and enrollment data pertaining to the teacher retirement systems is no longer reported to the County since the College's implementation of their Banner System. The College's

request of \$3,348,288 for their ERS liability is within .3% of the BRO estimate and is reasonable.

Benefit Fund

The College contributes to both a Faculty/Guild Benefit Fund and AME Benefit Fund based upon contractual rates and eligible enrollees. The contributions consist of payments towards life insurance for Adjunct Professors and College Aids, contractual contributions for Faculty and Guild that increase \$50 to \$1,783 per eligible enrollee in the 2010-2011 school year, and contractual contributions for its AME employees which remain static at \$1,381 per eligible enrollee due to the fact that the AME contract expired and no settlement has been reached. BRO estimates the College's 2010-2011 school year benefit fund contributions at \$1,734,485, which is \$24,537 or 1.4 % greater than requested by the College. The College's request appears reasonable.

Social Security (FICA)

Social Security taxes consist of two components; Old Age Survivors and Disability Insurance (OASDI) and Medicare Hospital Insurance (HI). The OASDI tax rate for 2010 earned wages up to \$106,800 is 6.2% for both the employer and employee while the HI tax rate is 1.45% on all earnings for both the employer and employees. The BRO estimate was generated based upon an aggregate contribution rate of 7.23% on total personal services with grants and assumes personal services appropriations are budgeted properly and will be fully expended. Our estimate of \$8,589,436 is \$58,156 or .6% less than the College's request, which is reasonable.

Non-Personnel Expenditures

Equipment; Supplies; and Contracted Services and Utilities

The College's 2010-2011 budget request for Equipment; Supplies; and Contracted Services and Utilities show minimal increases or a decrease (as in Equipment), from the 2009-2010 adopted budget. In the aggregate, only a net \$36,529 increase (0.1%) from the current adopted budget was requested.

As seen in the following chart, there was a \$1,488,798 (126%) increase in Equipment from 2008-2009 compared to the current 2009-2010 adopted amount, which reflected a one-time need for certain computer related equipment for the Banner System. The 2010-2011 request is a decrease of 15%, compared to adopted.

Object Description	2008-2009 Actual	2009-2010 Adopted	% Change 2009-10 Adopted from 2008-09 Actual	2010-2011 Requested	Request Difference from 2009-2010 Adopted	% Change Request from 2009-10 Adopted
TOTAL EQUIPMENT	\$1,180,383	\$2,669,181	126%	\$2,267,571	(\$401,610)	-15%
TOTAL SUPPLIES	\$8,159,019	\$9,317,053	14%	\$9,471,968	\$154,915	2%
TOTAL CONTRACTED SERVICES and UTILITIES	\$11,248,767	\$13,130,529	17%	\$13,413,753	\$283,224	2%
TOTAL 2000, 3000, 4000	\$20,588,169	\$25,116,763	22%	\$25,153,292	\$36,529	0.10%

- **Equipment:** The estimate for equipment, as of April 30, 2010, is \$150,219 more than adopted with 76% of the estimate already obligated or spent. The Equipment request for next year of \$2,267,571 is \$551,829 less than the 2009-2010 estimate and is reasonable.
- **Supplies:** The estimate is \$54,381 less than adopted with 61% of the estimate obligated or spent.
- **Contracted Services and Utilities:** The estimate is \$256,214 less than adopted with 92% of the estimate obligated or spent.

Sub-Objects with Significant Decreases in Requested Expenditures

The following chart identifies the requested areas of expense with significant expenditure decreases compared to the adopted. The largest dollar decrease is in Technology Initiatives which decreased by \$654,000, to zero in the 2009-2010 estimate, and nothing was requested for next year in this category. In 2009-2010, this category of expense was for improvement and expansion of telecommunications and networking to keep pace with educational standards. These decreases helped cancel out the increases requested in other areas of Equipment. The overall request for Equipment was \$401,610 less than the 2009-2010 adopted.

OBJ	Object Description	2009-2010 Adopted	2009-2010 Estimated	2010-2011 Requested	Difference 2010-2011 Requested- 09-10 Adopted
2010	Furniture & Furnishings	\$210,530	\$231,325	\$124,419	(\$86,111)
2020	Office Machines	\$308,314	\$327,079	\$198,521	(\$109,793)
2550	Technology Initiatives	\$654,000	\$0	\$0	(\$654,000)
	SUBTOTAL, 2000's	\$1,172,844	\$558,404	\$322,940	(\$849,904)
3440	Technology Fee Supplies	\$160,000	\$0	\$0	(\$160,000)
3770	Advertising	\$584,884	\$587,393	\$519,735	(\$65,149)
	SUBTOTAL 3000's	\$744,884	\$587,393	\$519,735	(\$225,149)
4560	Fees for Services, Non Employees	\$1,055,887	\$1,155,887	\$770,876	(\$285,011)
	SUBTOTAL 4000's	\$1,055,887	\$1,155,887	\$770,876	(\$285,011)
	TOTAL significant expenditure decreases				(\$1,360,064)

Significant Increases in Requested Expenditures by Sub-Object

Areas of expenditure with significant estimated increases are Replacement Computers (+\$344,288) and Instructional Equipment (+\$389,180). Of note, the May year-to-date statement shows that \$1,226,309 has already been spent or obligated for Replacement Computers this year. This amount is \$286,193 more than estimated, and \$640,481 more than adopted. This spike in actual expenditures may be related to the one time computer related expenses that the College required this year, and may not be indicative of future needs. The request for next year is only \$105,572 more than adopted this year. Computer Services is the sub-object with the largest requested dollar increase.

OBJ	Object Description	2009-2010 Adopted	2009-2010 Estimated	2010-2011 Requested	Difference 2010-2011 Requested- 09-10 Adopted
2440	Instructional Equipment	\$568,679	\$957,859	\$804,895	\$236,216
2450	Replacement Computers	\$595,828	\$940,116	\$701,400	\$105,572
	SUBTOTAL 2000's	\$1,164,507	\$1,897,975	\$1,506,295	\$341,788
3010	Office Supplies	\$340,522	\$368,118	\$391,593	\$51,071
3100	Instructional Supplies	\$1,009,540	\$1,123,899	\$1,140,866	\$131,326
3160	Computer Software	\$258,327	\$364,541	\$313,727	\$55,400
3651	Maint. Contrib.: Build & Grounds	\$852,903	\$830,903	\$971,635	\$118,732
	SUBTOTAL 3000's	\$2,461,292	\$2,687,461	\$2,817,821	\$356,529
4020	Light, Power, Water	\$7,343,874	\$6,898,874	\$7,526,484	\$182,610
4210	Computer Services	\$593,000	\$645,101	\$936,770	\$343,770
4770	Special Services	\$489,571	\$589,571	\$546,977	\$57,406
	SUBTOTAL 4000's	\$8,426,445	\$8,133,546	\$9,010,231	\$583,786
	TOTAL significant expenditure increases				\$1,282,103

General Fund Expenditure for Out-of County Tuition

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

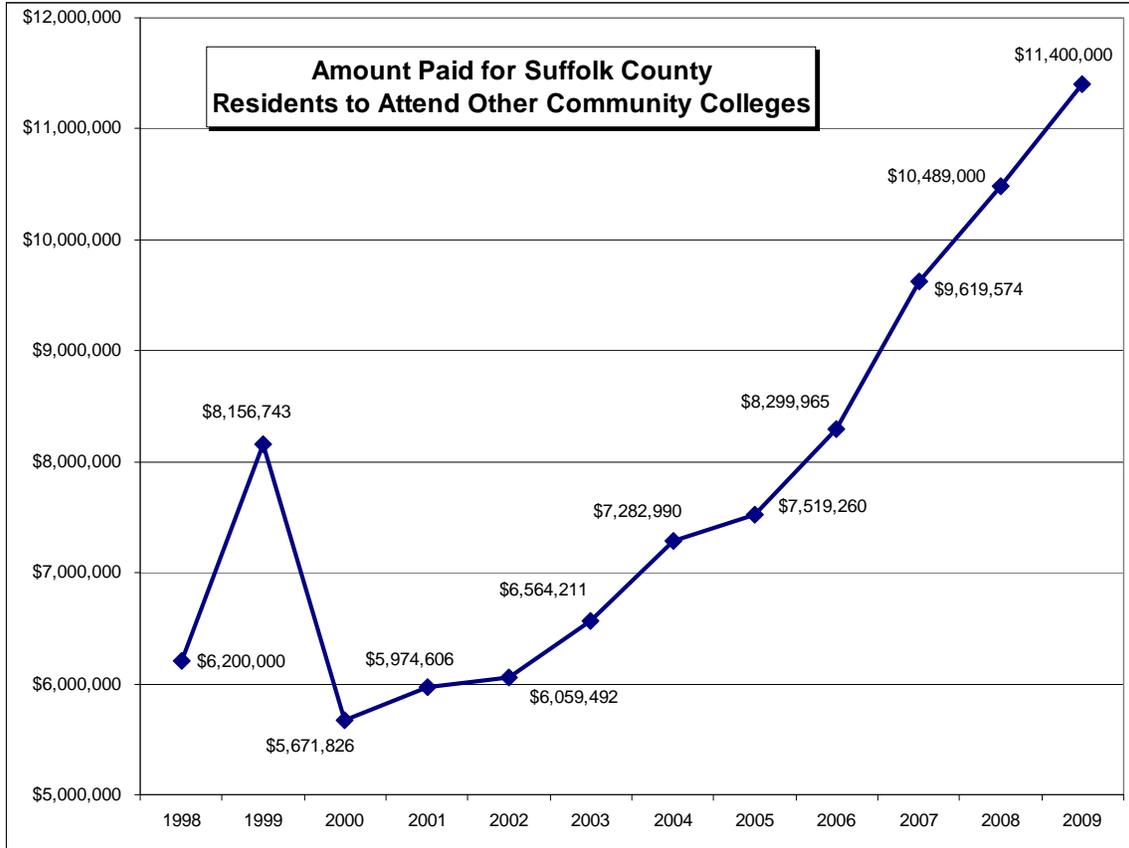
Since the 1994-1995 school year, when 3,230 Suffolk residents attended other community colleges, the number has generally been below this benchmark. However, that has not been the case for the last four budget years. Each year the Comptroller's Office issues a report detailing the number of Suffolk County students attending community colleges outside of Suffolk County. For 2008-2009, there were 3,789 residency certificates issued, a 15-year high and an increase of 17.3% over the base year. Since there are many factors (beyond the control of SCCC) that determine the number of Suffolk residents attending community colleges elsewhere in New York

State, the County may want to consider eliminating these incentive payments in future years.

**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	3,688	458	14.1%
2008 – 2009	3,789	241	17.3%

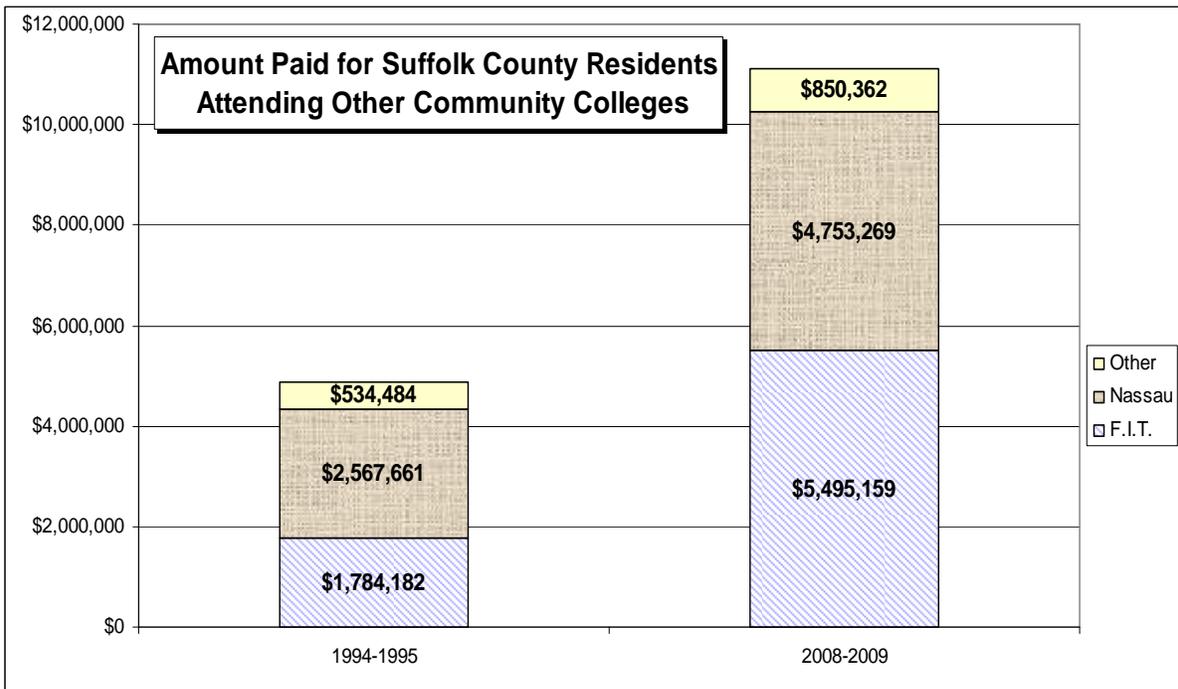
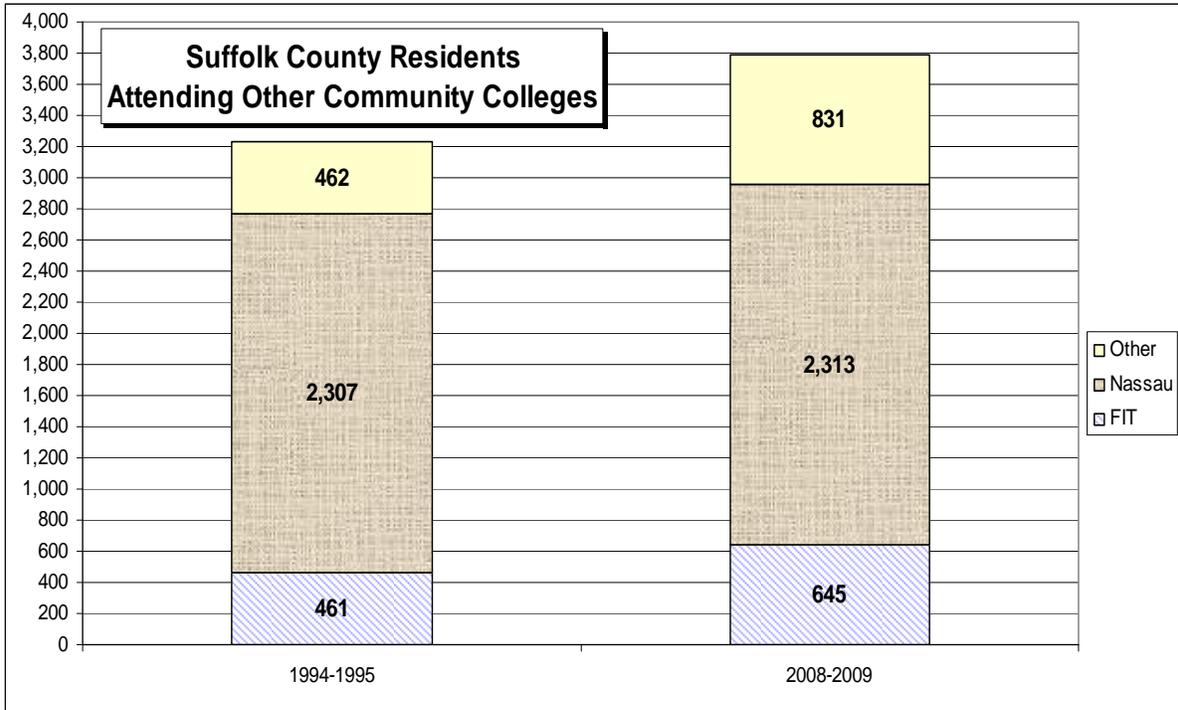
The County General Fund pays for Suffolk residents to attend other community colleges from the County's Operating Budget (001-MSC-2490-4780). Over the last 12 years, there has been an average expense to the General Fund of \$7,769,806. The following graph shows this General Fund expense since 1998.



Data shows that Suffolk County residents are consistently opting to attend Fashion Institute of Technology (FIT) and Nassau Community College. The unique program opportunities offered at FIT, the proximity of Nassau Community College to certain communities, and to some extent the cost of tuition are factors contributing to increased costs to the General Fund.

Since 1975 New York State Education Law authorized FIT to offer four year degrees and in 1979 Master degrees. This raises the questions as to whether the State requires Counties to pay for students attending FIT in pursuit of a four year degree or graduate degrees. Students make application to Audit and Control for Certificates of Residence related to the out-of-County Tuition. Based on our preliminary research, Audit & Control does not differentiate if students seeking the Certificates of Residence are pursuing two or four year degrees at FIT. Therefore, we would have to conclude that the County is paying out of county tuition for both two and four year degrees for Suffolk County students attending FIT. This is an area that should be explored.

Of the total amount of Suffolk County residents attending other community colleges during the 2008-2009 academic year, 78% went to one of these two institutions, representing 92.3% of the total Out-of-County Tuition expense. These statistics are depicted in the following graphs.



Conversely, Suffolk County Community College receives revenue from other New York State counties whose students attend SCCC, albeit, far less than what Suffolk pays out. While the expense of Suffolk students attending other community colleges is borne by the County operating budget, all monies paid to Suffolk by other counties whose

students attend SCCC are revenue to the College budget. The table below shows College revenues from non-Suffolk residents.

Rev Code	Description	2009-2010 Adopted	2009-2010 Estimate	2010-2011 Request
1395	Non-Resident	\$412,000	\$500,000	\$510,000
1397	Out-Of-State	\$360,500	\$696,115	\$710,038
2238	Operating Chargeback	\$515,000	\$300,000	\$306,000
Total		\$1,287,500	\$1,496,115	\$1,526,038

Revenues

The College's largest sources of revenue are the County's contribution, State aid, and the Student Share, which is comprised of tuition and fees. SCCC is a participant in the Full Opportunity Program of the State University of New York, and thereby guarantees open admission to all Suffolk County residents who graduated from high school or who were released from active duty with the Armed Forces during the past year. According to Article 126 Section 6304: Financing of Community Colleges, the breakdown of operating costs for a college "implementing a program of full opportunity" is one third student, two fifths state, and four fifteenths County, which equates to the following breakdown:

5/15	33% Student (1/3)
6/15	40% State (2/5)
<u>4/15</u>	<u>27%</u> County
15/15	100%

The College also receives offset revenue as well as State, Federal and private grants.

County Contribution

The County Contribution is also referred to as "Maintenance of Effort" (MOE). To comply with the MOE requirements, the County is required to provide a cash contribution equal to the prior year's contribution either in total dollars or dollars per resident Full-Time Equivalent (FTE)¹ student. The College contends that the County should be financing one third of its revenue. However according to NYS Education Law Article 126 Section 6304, the County's contribution should be four fifteenths not one third for Colleges implementing a program of full opportunity.

¹ A Full-Time Equivalent (FTE) student is a hypothetical student who has enrolled in a course load consisting of 30 semester credit hours or the equivalent of such credit hours in the case of noncredit course offerings, during the course of one college fiscal year.

The current County Contribution is \$38,602,957; it has remained flat since the 2007-2008 budget and constitutes 21.04% of non-grant revenue. The table below details the County's historical annual contributions to the College for the past 12 years.

**Suffolk County's Historical Annual Contribution to the College
for the Past 12 Years**

School Year	Amount	% Change From Prior Year
1998 – 1999	\$28,356,138	N/A
1999 – 2000	\$29,490,384	4.00%
2000 – 2001	\$30,669,999	4.00%
2001 – 2002	\$33,644,989	9.70%
2002 – 2003	\$33,644,989	0.00%
2003 – 2004	\$33,644,989	0.00%
2004 – 2005	\$34,990,788	4.00%
2005 – 2006	\$36,390,420	4.00%
2006 – 2007	\$37,846,036	4.00%
2007 – 2008	\$38,602,957	2.00%
2008 – 2009	\$38,602,957	0.00%
2009 – 2010	\$38,602,957	0.00%

For the 2010-2011 academic year, the College requested \$40,147,075, a 4% increase or \$1,544,118 more than last year. The County Executive proposed no increase in the County contribution. The County contribution is equal to the sum of the two numbers: 1) the College non-mandated tax levy, and 2) the Suffolk County contribution (appropriation 001-2495 in the General Fund operating budget).

The table below shows the nominal change in percentage of all revenue if the County contribution for 2010-2011 increases from 0% to 4%.

**College Revenue Allocations Given a 0% to 4% Increase in the County Contribution
and No Change to the College's Other Funding Sources**

% Increase in County Contrib.	County Contrib. (\$)	County Contr. (%)	County Share Less County Contrib. (\$1,622,638)	State Share (\$45,360,777)	Student Share (\$81,867,116)	Offset Revenue Less Grants (\$16,034,318)	Total Revenue
0%	\$38,602,957	21.04%	0.88%	24.72%	44.62%	8.74%	\$183,487,805
1%	\$38,988,987	21.20%	0.88%	24.67%	44.52%	8.72%	\$183,873,835
2%	\$39,375,016	21.37%	0.88%	24.62%	44.43%	8.70%	\$184,259,864
3%	\$39,761,046	21.53%	0.88%	24.57%	44.34%	8.68%	\$184,645,894
4%	\$40,147,075	21.70%	0.88%	24.52%	44.24%	8.67%	\$185,031,923

Note:

1. Student share includes a 2% increase in enrollment and an annual tuition increase of \$200 for FT and \$9 per credit PT.
2. State share includes a \$285 reduction in funding per FTE
3. County Contribution includes the Suffolk County Contribution and the College Fund property tax levy.
4. Offset Revenue does not include \$2,605,440 grant funds.
5. Total revenue does not include \$1,726,555 use of reserve.

The County Executive's narrative accurately indicates that if the College were to utilize \$1.3 million from its reserve funds in lieu of a portion of its request to increase the County's contribution by \$1.5 million, it would reduce its fund balance to \$9.4 million or 5% of gross operating expenses and still be within the Middle States guidelines for its reserve fund balance of between 5% to 10% of the gross operating budget.

Furthermore, as the County Executive states, the College may make adjustments in its expenditures to balance its budget if the County provides no increase in contribution.

State Aid

State aid 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 a rate per number of FTE 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) a 50%, 30%, 20% weighted average of FTE students for the three previous years when there is retrenchment.

Historical State aid per FTE reimbursement rates is detailed below:

State Aid FTE Reimbursement Rates

Budget Year	Per FTE Rate	Change
2001-2002	\$2,250	0.0%
2002-2003	\$2,300	2.2%
2003-2004	\$2,300	0.0%
2004-2005	\$2,235	-2.8%
2005-2006	\$2,350	5.1%
2006-2007	\$2,525	7.4%
2007-2008	\$2,675	5.9%
2008-2009	\$2,675	0.0%
2009-2010	Mid Year Cut \$2,675 to \$2,545	-4.9% Mid Year (\$130)
2010-2011 Proposed	\$2,260	-11.2% (\$285)

The College's estimated State aid for the 2009-2010 academic year includes \$47,166,468, of which \$46,395,478 is FTE reimbursement and \$770,990 is rental aid. The College's estimated budget is \$1.9 million less than adopted. This decrease is primarily due to the State Legislature approving, during the 2009-2010 fiscal year, a \$130 per FTE reduction in State aid from \$2,675 to \$2,545. The College reduced its budget mid-year by \$1.9 million to cover this reduction through efficiencies and expenditure reductions. This reduction in State aid revenue was offset by the estimated revenue from tuition and fees totaling \$5 million over the adopted budget due to the 8.5% increase in enrollment.

The College's budget request for the 2010-2011 academic year includes \$45,360,777 in State aid of which \$44,387,304 is FTE reimbursement and \$973,473 is rental aid. The College based its FTE reimbursement on 19,640.4 FTE's in 2009-2010, which is an 8.5% increase in FTE's from last year to the current year. This is \$3,739,171 less than the current year's adopted budget and \$1,805,691 less than the estimated budget. This is primarily due to Governor Paterson's 2010-2011 proposed Executive Budget for the State reducing the SUNY community college per FTE reimbursement rate by \$285, from \$2,545 to \$2,260 per FTE. As of this writing, the State Budget has not been adopted. If the State restores its reimbursement rate per FTE to \$2,545 and does not reduce it by \$285 per FTE then the College's State aid would increase by \$5,597,514 to \$49,984,818. However, appropriation levels would not be commensurate with the additional revenue.

Student Tuition

Revenue from student tuition 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. Student tuition is a function of both enrollment and tuition rates.

Enrollment

Enrollment is the paramount driver for various 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: According to an April 27, 2010 News Release by the U.S. Department of Labor Bureau of Labor Statistics, the college enrollment rate of recent high school graduates has been trending up; in October 2008, 68.6 % of recent high school graduates were enrolled in college. However, the New York State Education Department, Office of Research and Information Systems is projecting a 3,063 decrease in the number of NYS high school graduates from 194,885 in 2009 to 191,822 in 2010. Therefore, we can expect a reduced number of high school graduates but an increased number of them attending college.
- The state of the economy: Currently we are recovering from a national recession. Historically, a downturn in the economy has lead to an increase in enrollment for educational institutions.
- Competition from other regional schools: a table of “Annual Tuition Costs for Long Island Colleges” comparison is included in the next section, entitled “Tuition Rates”.
- College initiatives: The College exercises some influence over enrollment through its marketing program and course offerings.

As seen in the following table, the College is projecting an increase in enrollment of FTE students. For the current academic year 2009-2010, the number of FTE’s is estimated to increase by 8.49% over the previous year, and enrollment is projected to increase another 2% in the upcoming academic year, 2010-2011. The College’s enrollment projection for next year is reasonable and conservative.

Academic Year	Full Time Equivalent (FTE)	% Change from Prior Year
2008-2009	18,103	4.02%
2009-2010 Estimate	19,640	8.49%
2010-2011 Projected	20,256	2.00%

Tuition Rates

Tuition and fees charged students are fixed so as not to exceed in the aggregate more than one-third of the amount of operating costs of the community college unless the sponsor maintains effort and the enacted State Budget once again waives the statutory provision that limits the students’ share to one-third of net operating costs. To the extent authorized by law, the College can increase tuition and fees above one-third of the amount of operating costs provided the local sponsor's contribution either in the

aggregate or per FTE student is no less than the comparable actual rates for the previous community college fiscal year. Additionally, the State University trustees may, upon a sufficient showing of financial need, approve a tuition rate in excess of the limitations.

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. At the Board of Trustees meeting on April 15, 2010, the College requested and the Board approved, a \$200 per annum increase in tuition for full-time students and a \$9 per credit increase for part-time students. Full time annual tuition will increase from \$3,576 to \$3,776 and part-time tuition will increase from \$149 to \$158 per credit.

The part-time tuition rates for residents of the sponsorship area, and nonresidents of the sponsorship area presenting certificates of residence, can not be more than 1/24th the maximum full-time tuition rate per academic year for those colleges operating on a semester system, rounded up to the nearest whole dollar. The College's requested budget is in compliance with this tuition rate limitation; 1/24 of the full-time tuition rate of \$3,776 equates to 158 rounded up to the nearest whole dollar and represents \$9 per credit increase.

The College did not exercise the option of establishing lower part-time tuition rates for courses offered at off-campus locations, or during winter intersession and summer sessions, or during off-peak hours.

The following table details full and part-time tuition for the 2004-2005 through 2010-2011 academic years. The average increase over this five year period, for full-time tuition was \$157 per year and \$7 per credit.

Academic Year	Full Time (per year)	Change From Prior Year	Part Time (per credit)	Change From Prior Year
2005-2006	\$2,990	N/A	\$125	N/A
2006-2007	\$3,100	\$110	\$130	\$5
2007-2008	\$3,256	\$156	\$136	\$6
2008-2009	\$3,376	\$120	\$141	\$5
2009-2010	\$3,576	\$200	\$149	\$8
2010-2011	\$3,776	\$200	\$158	\$9
Five Year Average Change		\$157		\$7

The following table compares the 2010-2011 Suffolk County Community College full-time tuition to other local colleges including two and four year institutions. In particular, Nassau County Community College full time annual tuition will increase by \$110 to \$3,732 for the 2010-2011 academic year. Therefore, Suffolk County Community College full time annual tuition for the upcoming 2010-2011 academic year will be \$44 more for full-time students compared to Nassau County full-time students.

Annual Tuition Costs for Long Island Colleges		
Two Year Institutions	Full-Time Student Tuition Spring and Fall Semesters	Difference from SCCC (2010-2011)
CUNY Junior Colleges	\$3,150	(\$626)
SUNY Fashion Institute of Technology (Associates)	\$3,714	(\$62)
Suffolk Community College (2009-2010)	\$3,576	(\$200)
Suffolk Community College (2010-2011)	\$3,776	-
Nassau Community College (2009-2010)	\$3,622	(\$154)
Nassau Community College (2010-2011)	\$3,732	(\$44)
Four Year Institutions	Full Time Student Tuition Spring and Fall Semesters	Difference from SCCC (2010-2011)
CUNY Senior Colleges	\$4,600	\$824
SUNY Farmingdale	\$4,970	\$1,194
SUNY Stony Brook	\$4,970	\$1,194
SUNY Old Westbury	\$4,970	\$1,194
SUNY Fashion Institute of Technology (Bachelors)	\$5,168	\$1,392
St. Joseph's College	\$16,200	\$12,424
Five Towns College	\$17,400	\$13,624
Dowling College	\$20,860	\$17,084
Molloy College	\$21,170	\$17,394
NY Institute of Technology	\$24,670	\$20,894
Long Island University (Brooklyn)	\$25,620	\$21,844
Adelphi University	\$25,950	\$22,174
Long Island University (C.W. Post)	\$27,368	\$23,592
Long Island University (Brentwood)	\$27,368	\$23,592
Hofstra University	\$29,080	\$25,304
St. John's University	\$31,250	\$27,474
Note: Tuition is for a first year resident student and does not include any fees or other associated costs.		

Tuition Revenue

The College estimates that \$76,018,719 in student tuition revenue will be earned by the end of the 2009-2010 academic school year, a 14.4% increase over the \$66,453,749 in tuition collected for the 2008-2009 academic school year. This increase is due to greater than expected increases in student enrollment and higher tuition rates. Based on year-to-date revenue and projections for remaining revenue, the College's estimates are reasonable.

For the upcoming 2010-2011 academic year, the College is projecting tuition revenue to increase 7.7% over its estimated budget for the current year and has budgeted \$81,867,116. The College's requested tuition is reasonable given its conservative estimate in enrollment growth of 2% and tuition rate increases. Given the same tuition

rate increases, with a less conservative enrollment growth of 3% instead, the College's revenue from tuition would increase by \$802,619 for a total of \$82,669,735.

Offset Revenue

This classification of College revenues called "Offset Revenue" is an amalgamation of 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.

In the aggregate, offset revenues are estimated at \$19,305,061, which is \$2,239,964 more than adopted but reasonable given the greater than expected increase in enrollment and additional grant funding including a \$675,000 American Recovery and Reinvestment Act (ARRA) Green Innovation Grant Program (GIGP) award to implement progressive water conservation and energy saving strategies.

In the aggregate requested, offset revenues for 2010-2011 are reasonable as well. Offset revenue in the amount of \$18,639,758 is \$665,303 less than the estimated budget; however this is predominantly due to the \$675,000 ARRA grant award that the College will realize in the current academic year but not in the upcoming academic year. Of note, the projected grant funding is approximately \$1.2 million less than the College's average grant funding for the past five years. Collectively, 2010-2011 offset revenue represents approximately 8.5% of the College's total revenue, excluding grants and the use of carryover fund balance. This is historically consistent with the average over the past five years, approximately 8.6%.

In the upcoming academic year, the College is raising its vehicle registration fee from \$10 to \$15 per semester, and late payment fee from \$25 to \$30. Various English as a Second Language (ESL) fees will increase ranging from \$5 to \$75 per semester, depending on the particular ESL course. Furthermore, two new fees will be instituted, an applied music fee of \$450 per semester and a music performance lab fee of \$35 per course. As per the College, students in the music program are required to take private lessons that they have had to pay for on their own previously. Students will now take these lessons at the College, which the music department states will save the students money over the course of the semester.

Out-of-County Tuition Revenue

Out-of-county tuition revenue is collected from students that do not have residency in Suffolk County. A non-resident student is one who has resided in the State for a period of at least one year but has resided outside of the sponsorship area during a portion or all of the six months preceding the date of the application for a certificate of residence. For tuition purposes, out-of-state students are treated the same as nonresident students.

The College collects out-of-county tuition from the following three sources:

1. Non-Resident (revenue code 818-1395)

2. Out-of-State (revenue code 1397)
3. Charges to other counties (revenue code 2238)

Estimated out-of-county tuition in the amount of \$1,496,115 is \$208,615 more than adopted and is reasonable given unexpected increases in enrollment.

Projected out-of-county tuition for the 2010-2011 academic year in the amount of \$1,526,038 is reasonable given it represents a 2% increase in each out-of-county revenue source or \$29,923 more than the estimated budget and the College is estimating that enrollment will increase approximately 2%.

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.

The requested College budget includes no incentive payment for the current year or the upcoming 2010-2011 academic year, 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 (61%) or FIT (17%). In comparison to the 1994-1995 base year, six more Suffolk County residents, 2,313, chose Nassau County Community College in 2008-2009. The overall change from the base year (559 students) is primarily due to an increase in the number of Suffolk County residents attending Cayuga (82), FIT (184), Herkimer (89), Manhattan (42), and Queensboro (41).

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

Community Colleges	1994-1995 Number of Students	% of Total	2008-2009 Number of Students	% of Total	Difference in the # of Students	% of the Overall Change
Adirondack	11	0.3%	4	0.1%	(7)	-1.3%
Bronx	2	0.1%	2	0.1%	0	0.0%
Broome	20	0.6%	52	1.4%	32	5.7%
Cayuga	12	0.4%	94	2.5%	82	14.7%
Clinton	49	1.5%	15	0.4%	(34)	-6.1%
Columbia	5	0.2%	0	0.0%	(5)	-0.9%
Corning	2	0.1%	8	0.2%	6	1.1%
Dutchess	25	0.8%	13	0.3%	(12)	-2.1%
Erie	14	0.4%	26	0.7%	12	2.1%
FIT	461	14.3%	645	17.0%	184	32.9%
Finger Lakes	0	0.0%	21	0.6%	21	3.8%
Fulton-Montgomery	1	0.0%	8	0.2%	7	1.3%
Genesee	12	0.4%	11	0.3%	(1)	-0.2%
Herkimer	21	0.7%	110	2.9%	89	15.9%
Hostos	0	0.0%	0	0.0%	0	0.0%
Hudson Valley	29	0.9%	58	1.5%	29	5.2%
Jamestown	0	0.0%	3	0.1%	3	0.5%
Jefferson	4	0.1%	11	0.3%	7	1.3%
Kingsboro	11	0.3%	16	0.4%	5	0.9%
LaGuardia	15	0.5%	27	0.7%	12	2.1%
Manhattan	10	0.3%	52	1.4%	42	7.5%
Mohawk	30	0.9%	14	0.4%	(16)	-2.9%
Monroe	8	0.2%	45	1.2%	37	6.6%
Nassau	2,307	71.4%	2,313	61.0%	6	1.1%
Niagara	0	0.0%	3	0.1%	3	0.5%
North Country	14	0.4%	1	0.0%	(13)	-2.3%
Onondaga	7	0.2%	26	0.7%	19	3.4%
Orange	4	0.1%	6	0.2%	2	0.4%
Queensboro	26	0.8%	67	1.8%	41	7.3%
Rockland	21	0.7%	8	0.2%	(13)	-2.3%
Schenectady	2	0.1%	10	0.3%	8	1.4%
Sullivan	62	1.9%	15	0.4%	(47)	-8.4%
Tompkins-Cortland	15	0.5%	46	1.2%	31	5.5%
Ulster	17	0.5%	43	1.1%	26	4.7%
Westchester	13	0.4%	16	0.4%	3	0.5%
Total	3,230	100%	3,789	100.0%	559	100%

Even though Suffolk County has invested considerable 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. Since the criteria for incentive payment are unattainable then the Legislature may wish to consider rescinding the out-of-county incentive payment or amending the criterion.

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 Budget Review Office recommends rescinding Resolution No. 663-2000 as amended by Resolution No. 184-1996.

Property Tax and Other Sources of Local Support

County funding of College expenses includes the College property tax and two General Fund appropriations. As shown in Table 1:

- The College property tax is broken down into non-mandated and mandated shares. The 2010-2011 recommended College property tax is \$5,250,467 (row (12)), with \$4,405,215 attributed to non-mandated (row (7)) and \$845,252 to mandated (row (10)) taxes.
- The Suffolk County Contribution, row (8), represents appropriation 001-2495 in the General Fund budget. The 2010-2011 recommended budget includes \$34,197,742 in support from this funding source for the College. If the Legislature chooses to adopt this amount, it will become an expense in the 2011 General Fund operating budget.
 - ✓ The sum of the Suffolk County Contribution and the non-mandated College property tax equals the County Contribution, row (6). The County Contribution is also referred to as the "maintenance of effort" and is recommended at the same level as last year, \$38,602,957.
- The General Fund transfer to the College, row (11), represents appropriation 001-E818 in the General Fund budget. The 2010-2011 recommended College budget would require a 2011 General Fund transfer of \$5,497,966.

- ✓ The sum of the General Fund transfer to the College and the mandated College property tax represents the County's required payment for all College capital projects financed by debt, row (9). As seen in the table, 2010-2011 recommended College debt service costs that are paid by the General Fund totals \$6,343,218.

Next, we provide a brief discussion on how the College tax levy is calculated. A methodology was developed based on Resolution No. 785-95, paragraph 3.d. That legislation was an amendment to the Plan C agreement between the County and College. Although the Plan C agreement is no longer in effect, calculation of the College tax is still required. Since no updated legislation was ever proposed to change the method of calculation, by default the same procedure should be in place. That procedure is followed in Table 1 and requires:

- The formula that sets the College tax levy is designed to mirror the General Fund tax by scaling the College tax to the same ratio of property tax to non-aided (or local) revenue that exists in the General Fund. As seen in row (5), based on this methodology the College property tax should be 9.70% of College costs paid through the General Fund. In particular:
 - ✓ The mandated College levy should be 9.70% of College "debt service" and
 - ✓ The non-mandated College levy should be 9.70%, "County Contribution" to the community college.

The recommended budget does not calculate either the mandated or non-mandated College tax levy in accordance with this prescribed methodology. In particular, the College property tax has not changed since the 2007-2008 College budget. Although the County Contribution has not changed over the same period, the College property tax should change each year to mirror annual changes in the General Fund property tax as a fraction of non-aided revenue. As a result, the College property tax over the past few years has not been updated to reflect current conditions. Instead it is fixed to reflect County finances back in 2007-2008. Not only do we believe this to be a less accurate representation of the property tax, it would appear to have no basis in law.

As local sponsor, the County General Fund is required to provide maintenance of effort in the form of the "County Contribution" and to pay the 50% local share of "debt service" on College capital projects. In 1992 the County decided to first separate out a portion of these expenses into a College property tax. Two problems result from this decision. First, there is no difference between property owners that pay the General Fund property tax and the College property tax. As such, there is no necessity to have a separate College tax. Given that there are hundreds of services which are the responsibility of the General Fund, it is problematic to segregate select services or costs as separate taxing units. Plausible cases can be made for numerous services that may or may not be more compelling than the College. Second, there is a clear and straightforward method to determine the General Fund property tax. It is simply the difference between adopted expenditures and adopted non property tax revenue. However, there is no straightforward method to determine a College property tax. That

is why the methodology noted above was adopted. That approach is designed to mirror what transpires in the General Fund budget. However, it is only an approximation and would therefore be more appropriately rolled back into the General Fund. For these reasons the Budget Review Office recommends the Legislature revisit the necessity for a separate College property tax levy and consider eliminating it. In contrast, the County Executive's narrative accompanying the recommended 2010-2011 college budget, states "We should explore isolating the College contribution on the tax bill to provide greater transparency to the taxpayer."

Table 1
Calculation of 2010/11 College Property Tax

	2009/2010 Adopted	2010/2011 Recommended	Formula	2010/2011 BRO Correction	2010/11 BRO Correction <i>minus</i> Executive's Recommended
General Fund Total Revenue (2009 adopted)	\$1,848,762,894		(1)		
General Fund State & Federal Aid and Department Income (2009 adopted)	\$475,442,661		(2)		
General Fund State Aid	\$307,177,523				
General Fund Federal Aid	\$167,762,049				
001-R818-Transfer from Community College	\$503,089				
Nonaided Revenue	\$1,373,320,233		(3) = (1) - (2)		
General Fund Stand Alone Property Tax Levy	\$133,153,408		(4)		
General Fund Stand Alone Property Tax Levy as a % of Nonaided Revenue	9.70%		(5) = (4) / (3)		
County Contribution - Appropriations	\$38,602,957	\$38,602,957	(6)	\$38,602,957	\$0
NonMandated College Tax Levy	\$4,405,215	\$4,405,215	(7)=(5)*(6)	\$3,742,838	-\$662,377
Suffolk County Contribution (=001-2495)	\$34,197,742	\$34,197,742	(8) = (6) - (7)	\$34,860,119	\$662,377
County Contribution - Debt	\$6,345,159	\$6,343,218	(9)	\$6,343,218	\$0
Mandated College Tax Levy	\$845,252	\$845,252	(10)=(5)*(9)	\$615,021	-\$230,231
Trans from General Fd for Debt Service (=001-E818)	\$5,499,907	\$5,497,966	(11) = (9) - (10)	\$5,728,197	\$230,231
Total College Property Tax Levy	\$5,250,467	\$5,250,467	(12) = (7) + (10)	\$4,357,859	-\$892,608
NonMandated College Tax Levy	\$4,405,215	\$4,405,215	(7)	\$3,742,838	-\$662,377
Mandated College Tax Levy	\$845,252	\$845,252	(10)	\$615,021	-\$230,231

The above calculation to determine the fraction of College costs that are considered College property taxes is based on the language contained in Res. No. 785-95, paragraph 3.d., which was an amendment to the Plan C agreement between the County and College. Although the Plan C agreement is no longer in effect, calculation of the College tax is still required. Since no updated legislation was ever proposed to change the method of calculation, by default that the same procedure is in place.

Res. No. 785-95, paragraph 3.d., 2009/2010 Adopted for the General Fund is based on the 2009 adopted budget.

Expenditure Cap

Finally, we close with a note on the impact of the College budget on the County's expenditure cap. Resolution No. 716-1994 exempts the College budget from compliance with the expenditure cap (Local Law No. 21-1983). This accommodation was made because the College budget is adopted ahead of the County's operating budget. However, 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 14.

As seen in Table 2, recommended non-mandated College expenditures exceed the LL 21-1983 expenditure cap by \$54,293. When the 2011 operating budget is recommended, allowable four-percent growth in non-mandated expenditures across all County funds will have to be reduced by \$54,293 from the allowable rate of growth. Since last year's adopted College budget exceeded the expenditure cap by \$4,405,215, this represents a decrease of \$4,350,922 (\$54,293 – \$4,350,922) in the impact that the College budget has on the expenditure cap.

Table 2			
LL 21-83 Expenditure Cap			
Impact of the College Budget on the 2011 Operating Budget Expenditure Cap			

	2009-2010 Adopted	2010-2011 Recommended	2009-2010 Adopted to 2010-2011 Recommended change
Total Gross Operating Costs ¹	\$180,459,196	\$187,819,800	\$7,360,604
Grants ²	\$2,320,295	\$2,501,050	\$180,755
Non-mandated Appropriations	\$178,138,901	\$185,318,750	\$7,179,849
Amount the College Budget <u>Exceeds</u> the LL 21-83 Expenditure Cap (to be added to Non-mandated expenditures in the 2010 operating budget) ³	\$4,405,215	\$54,293	-\$4,350,922

1. "Total Gross Operating Costs" can be found on pp. 4 and 11 of the 2010/11 Recommended College Budget.

2. "Grants" can be found on p. 11 and pp. 37-52 of the 2010/11 Recommended College Budget.

3. Amount the College Budget Exceeds the LL 21-83 Expenditure Cap equals 4% growth in 2009/2010 Adopted "Non-mandated Appropriations" less 2010/2011 Recommended "Non-mandated Appropriations"