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NASSAU COUNTY LEGISLATURE  
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### Inter-Departmental Memo

To: Hon. Howard Kopel, Budget Review Committee Chairman  
All Members of the Budget Review Committee

From: Maurice Chalmers, Director  
Office of Legislative Budget Review

A handwritten signature in blue ink, appearing to be "MC", written over a circular scribble.

Date: April 18, 2016

Re: Nassau Community College – Mid-Year Report

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Please find attached the updated projections for Nassau Community College (NCC) through the first half of FY 2015-16. The College expects a shortfall in revenues of about \$2.0 million which will be partially offset by a surplus of \$1.2 million in expenses. If the projections hold true it will result in a net use of fund balance for the fiscal year.

#### Expenses

Expenses for the first half of FY 2015-16 are projected to come under budget by about \$1.2 million. A surplus in salaries and fringe benefits is reduced by a deficit in other than personal services (OTPS). The salary surplus is due to salary savings from the Civil Service Employee Association (CSEA) Voluntary Separation Incentive Program (VSIP) and the Nassau Community College Federation of Teachers (NCCFT) VSIP. Also, the College assumes no additional backfilling of adjunct professors due to the size of spring courses. In addition, NIFA has approved bonding for the short term for termination costs generated by the previously mentioned VSIPs.

Offsetting the surplus in salary and fringe benefits is a small projected deficit in OTPS. Historically, the College has adjusted spending for OTPS on an as-needed basis. Sometimes the OTPS budget shifts during the fiscal year due to surpluses in other areas of the budget to fund needed expenses. The overall bottom line traditionally remains the same. The attached expense chart illustrates how expenses become more aligned with actuals when comparing projections to

the adopted and modified budgets. The FY 2015-2016 Adopted OTPS Budget has been adjusted to meet needs in equipment, general expenses and debt service. The \$160,000 deficit in County scholarships is related to the SAFER (Staffing for Adequate Fire and Emergency Response) grant. The College assumed this obligation when it was learned that federal grant funding would not be made available to the County. The SAFER grant is designed to encourage individuals to become participants in Nassau County's volunteer fire departments and as fire department emergency medical service (EMS) providers while they attend NCC. In exchange for tuition reimbursement, student/volunteers must maintain volunteer activity and training levels and certain academic objectives during their course of study and must commit to post-education service obligation of one year for each scholarship they receive.

As mentioned earlier, the College's modified budget accommodates budgetary developments in general expenses, equipment and a debt service expense of \$260,000 to pay down termination bonding costs.

### **Revenue**

Compared to both the Adopted and Modified Budgets, the College projects a \$2.0 million revenue shortfall in FY 2015-16. Entering this year, the College anticipated a 2.0% decline in student enrollment. At the midpoint, annual enrollment is down 4.8% compared to FY 2014-2015. Revenue lines sensitive to enrollment will be negatively affected by this unexpected downturn. Student revenue (tuition) and service fees are projected to each be off target by \$2.2 million and \$0.3 million, respectively. The underperformance in revenue sensitive to enrollment is partly offset by a \$0.4 million positive variance in rents & recoveries. An unforeseen \$0.3 million reimbursement from TIAA-Cref accounts for the bulk of this variance. A slight deficit in revenue in lieu of sponsor share proceeds is more than offset by a small but positive variance in state aid.

The College is projecting financial results that will be a net use of fund balance of approximately \$0.8 million. The resulting fund balance would be below 4.0% of the prior year's budget, the threshold set by the College's Board of Trustees.

cc: Inna Reznik, Vice-President of Finance  
Kate Murray, Director of Special Programs  
Eric Naughton, Deputy County Executive  
Roseann D'Alleva, Budget Director, OMB  
William Biamonte, Minority Chief of Staff  
Michele Darcy, Minority Finance  
Dan McCloy, Director of Law, Finance & Operations  
Gregory May, Director of Legislative Affairs  
Michael Pulitzer, Clerk of the Legislature

**FY 2015 - 16 Expenses  
Mid Year**

<b>Object</b>	<b>Adopted Budget</b>	<b>Modified Budget</b>	<b>2015-16 Projected</b>	<b>Modified To Projected</b>	<b>Adopted To Projected</b>
AA Wages, Salaries & Fees	\$128,935,989	\$128,675,989	\$127,336,624	1,339,365	1,599,365
AB Employee Fringe Benefits	58,805,000	58,805,000	58,740,847	64,153	64,153
				0	
<b>Subtotal PS</b>	<b>187,740,989</b>	<b>187,480,989</b>	<b>186,077,471</b>	<b>1,403,518</b>	<b>1,663,518</b>
				0	
BB Equipment	2,177,303	2,180,643	2,180,643	0	(3,340)
DD General Expenses	7,632,251	7,737,912	7,737,912	0	(105,661)
DE Contractual Services	8,047,420	7,938,519	7,938,519	0	108,901
DF Utility Costs	4,744,500	4,744,500	4,744,500	0	0
DS Debt Service		260,000	260,000	0	(260,000)
HH Interfund Charges	3,281,100	3,281,100	3,281,100	0	0
08 County Scholarships	55,000	55,000	215,000	(160,000)	(160,000)
				0	0
<b>Subtotal OTPS</b>	<b>25,937,574</b>	<b>26,197,674</b>	<b>26,357,674</b>	<b>(160,000)</b>	<b>(420,100)</b>
<b>Grand Total</b>	<b><u>\$213,678,563</u></b>	<b><u>\$213,678,663</u></b>	<b><u>\$212,435,145</u></b>	<b><u>\$1,243,518</u></b>	<b><u>\$1,243,418</u></b>

**FY 2015 - 16 Revenue  
Mid Year**

<b>Object</b>	<b>Adopted Budget</b>	<b>Modified Budget</b>	<b>2015-16 Projected</b>	<b>Modified To Projected</b>	<b>Adopted To Projected</b>
AA Fund Balance	\$0	\$0	\$0	\$0	\$0
BE Investment Income	65,000	65,000	65,000	0	0
BF Rents and Recovery	600,000	600,000	1,016,463	416,463	416,463
BG Revenue Offset	4,642,364	4,642,364	4,642,364	0	0
BK Service Fees	6,887,285	6,887,285	6,589,413	(297,872)	(297,872)
BL Student Revenues	86,528,479	86,528,479	84,371,456	(2,157,023)	(2,157,023)
BM Revenue Lieu Sponsor	14,825,357	14,825,357	14,816,401	(8,956)	(8,956)
SA State Aid	47,923,295	47,923,295	47,983,467	60,172	60,172
TL Property Taxes	52,206,883	52,206,883	52,206,883	0	0
<b>Total Revenues</b>	<b><u>\$213,678,663</u></b>	<b><u>\$213,678,663</u></b>	<b><u>\$211,691,447</u></b>	<b><u>(\$1,987,216)</u></b>	<b><u>(\$1,987,216)</u></b>