



NASSAU COUNTY LEGISLATURE

1550 FRANKLIN AVENUE, ROOM 126

MINEOLA, NEW YORK 11501

(516) 571-6292

Inter-Departmental Memo

To: Hon. John Ciotti, Chairman
All members of the Budget Review Committee

SA
From: Steve Antonio
Office of Legislative Budget Review

Date: March 22, 2011

Re: Nassau Community College -- Mid-Year Report

Please find attached a report by the Office of Legislative Budget Review on the fiscal status of Nassau Community College (NCC) through the first half of FY 2010-11. Based on their current projections, the College expects revenues to be on budget and a \$2.2 million deficit in expenses, if no further actions are taken.

Expenses

The College has recently completed the first six months of the school year which coincides with its fiscal year. Expenses for the first half of FY 2010 -11 are projected to exceed the adopted budget by about \$2.2 million. Although it is anticipated that \$4.3 million savings in salary and fringe benefits will be realized due to the recent early retirement incentives offered by the College, County and State in 2010, costs associated with the incentive will outweigh savings by approximately \$4.2 million in FY 11. While the cost associated with the incentive will be incurred in the current fiscal year, the benefits will continue in the out years. Those costs include termination expense and the cost to backfill positions at 50%. The College is projecting personal services to surpass the budget by approximately \$2.5 million reflecting the retirees' incentive related expense of \$8.5 million which is offset by the projected salary and fringe benefit savings of \$4.3 million. A total of 78 employees including 26 classroom faculty, 6 non-classroom faculty, 9 ordinance and 37 Civil Service Employee Association (CSEA) members were part of the early retirement incentives. As of February 24, 2011 there were 30 vacant full time

positions. Fringe benefits are also projected to surpass the budget by \$643,478 due to the increase in pension costs from the early retirement incentive. All OTPS expenses are projected to be in line with the budget with a slight savings of about \$300,000 expected in equipment and general expenses. As a result of the greater than anticipated costs associated with the early retirement incentives, the College is trying to reduce expenditures in order to preserve fund balance.

Revenues

On the revenue side, the College is projecting that it will be on budget. The 2010 – 2011 budget assumed a 2% increase in enrollment. The fall 2010 actual is at 5.13% compared to last year and the year-end growth is projected to be 3.25% which is the main driver of the projected surplus of \$1.0 million in student revenues. Impacting the budget negatively is the State Aid reduction of \$285 per full time equivalent (FTE), as the budget only anticipated a reduction of \$185/FTE and the additional cut of \$100/FTE will reduce revenues by approximately \$1.7 million. The “revenue offset to expense” category is currently reflecting a \$7.3 million surplus because of the classification of \$8.6 million of Federal Stimulus Money, which the State used to supplant their State Aid. It is important to note that this is a dollar for dollar swap between categories and that no additional funds are expected. For better presentation and analysis this should be reclassified to a sub-classification of State Aid Revenue, rather than Revenue Offset to Expense and the College is seeking the Comptroller’s approval for the reclassification.

cc: Hon. George Maragos, Nassau County Comptroller
Frank Moroney, Nassau County Chief Deputy Comptroller
Jeff Nogid, Director, OMB
Evan Cohen, Executive Director, NIFA
David Gugerty, Policy Director
Dan McCloy, Director of Law, Finance & Operations
Tim Sullivan, Deputy County Executive
Gregory May, Director of Legislative Affairs
William Muller, Clerk of the Legislature
Edgar Campbell, Minority Chief of Staff

Nassau Community College
FY 2010 - 11 Expenses
Mid Year

Object Class		Adopted Budget	Modified Budget	Feb 28 -11 Actual	Variance		\$'s Obligated Feb 28-10	% Obligated FY09/FY10	2009-2010 Actual
					To Actual	% Obligated			
AA	Wages, Salaries & Fees	\$129,410,450	\$129,410,450	\$61,426,689	\$67,983,761	47.5%	\$55,811,620	43.5%	128,220,561
AB	Employee Fringe Benefits	46,931,622	46,931,622	21,152,794	25,778,828	45.1%	19,128,813	43.2%	44,243,489
AC	Workers' Comp *	549,999	549,999	0	549,999	0.0%	0	0.0%	0
Subtotal PS		176,892,071	176,892,071	82,579,483	94,312,588	46.7%	74,940,433	43.5%	172,464,050
BB	Equipment	1,600,000	2,100,597	768,510	831,490	48.0%	559,591	32.7%	1,711,023
DD	General Expenses	8,775,000	8,912,612	4,532,555	4,242,445	51.7%	4,845,025	80.2%	6,040,857
DE	Contractual Services	6,650,000	6,161,791	4,666,201	1,983,799	70.2%	4,987,164	147.7%	3,375,547
DF	Utility Costs	5,775,156	5,775,156	2,556,280	3,218,876	44.3%	2,052,954	44.4%	4,627,192
HH	Interfund Charges	3,200,000	3,050,000	1,029,774	2,170,226	32.2%	1,012,419	32.8%	3,089,325
08	County Scholarships	55,000	55,000	24,800	30,200	45.1%	24,800	45.1%	55,000
Subtotal OTPS		26,055,156	26,055,156	13,578,120	12,477,036	52.1%	13,481,953	71.3%	18,898,944
Grand Total		<u>\$202,947,227</u>	<u>\$202,947,227</u>	<u>\$96,157,603</u>	<u>\$106,789,624</u>	<u>47.4%</u>	<u>\$88,422,386</u>	<u>46.2%</u>	<u>\$191,362,994</u>

* February 28, 2010 Obligated and 2009/2010 Actuals for Workers' Comp were included in Employee Fringe Benefits

Nassau Community College
FY 2010 - 11 Revenue
Mid Year

Codes	Revenue Source	Adopted Budget	Modified Budget	Feb 28 -11 Actual	Variance To Actual	% Recognized	\$'s Recognized Feb 28-10	% Recognized FY09/FY10
AA	Fund Balance - BOY	\$2,188,000	\$2,188,000	\$0	(\$2,188,000)	0.0%	\$0	*****
BE	Investment Income	200,000	200,000	49,101	(150,899)	24.6%	100,909	53.3%
BF	Rents and Recovery	950,000	950,000	33,836	(916,164)	3.6%	65,763	11.4%
BG	Revenue Offset	4,000,000	4,000,000	11,347,136	7,347,136	283.7%	2,176,915	51.9%
BK	Service Fees	5,324,000	5,324,000	4,382,666	(941,334)	82.3%	2,154,498	36.6%
BL	Student Revenues	77,826,901	77,826,901	73,192,330	(4,634,571)	94.0%	27,760,169	38.1%
BM	Revenue Lieu Sponsor	14,133,758	14,133,758	8,448,546	(5,685,212)	59.8%	5,137,410	38.7%
FA	Federal Aid	250,000	250,000	2,108	(247,892)	0.8%	309,116	100.0%
SA	State Aid	45,867,685	45,867,685	35,645,259	(10,222,426)	77.7%	50,325,018	104.9%
TL	Property Taxes	52,206,883	52,206,883	0	(52,206,883)	0.0%	0	0.0%
Total Revenues		<u>\$202,947,227</u>	<u>\$202,947,227</u>	<u>\$133,100,982</u>	<u>(\$69,846,245)</u>	<u>65.6%</u>	<u>\$88,029,798</u>	<u>44.6%</u>