FINANCE COMMITTEE
BOARD OF TRUSTEES
MINUTES

Meeting of November 14, 2017

Finance & Capital Committee members 2017-2018:
Linda Green, Chair
John DeGrace
Wanda Jackson
Edward Powers

The meeting of the Finance Section of the Finance and Capital Committee of the Board of Trustees was called to order by Chair Gardyn on the eleventh floor of the Administrative Tower at approximately 5 p.m.

Finance & Capital Committee members Present:	John DeGrace Linda Green, Chair Edward Powers
Trustees also in attendance:	Jorge Gardyn, Ex-Officio Therese Russell, Student Trustee, appointed ad hoc to Finance & Capital Committee Donna Tuman, appointed ad hoc to the Finance & Capital Committee
Also in attendance:	President Keen VPs Collins, Conzatti, Murray, Muscarella, Reznik Comptroller Izquierdo

*Chair Gardyn appointed Trustee DeGrace as Chair of the Finance & Capital Committee for the November 14, 2017 meeting. Chair Gardyn appointed Trustees Russell and Tuman ad hoc to the Finance & Capital Committee for the November 14, 2017 meeting.

AGENDA ITEMS

1. Minutes of the Finance Section of the Finance & Capital Committee meeting of October 10, 2017 were presented for approval. Trustee Russell made a motion, seconded by Trustee Powers. The minutes were approved.

2. Pending College Procurement Agreement—There were no Pending College Procurement Agreements to be presented at the November 14, 2017 Finance & Capital Committee meeting.

3. Comptroller's Report—September, 2017. Comptroller Izquierdo advised that the audit of OTPS disbursements and Personal Service Contracts for September 2017 were reviewed with no findings. At the October 12, 2017 meeting, it was suggested that the Accounts Receivable report include a total revenue by year column based on collections. The report presented includes standard Accounts Receivable report with an added Revenue and Collections section at the bottom.

4. Discussion: Educational Opportunity Program—SUNY.
President Keen led the discussion. He distributed a PowerPoint presentation about the program. The EOP Program enrolls a population of students that might otherwise have no opportunity for higher education and serves students who meet financial need and low academic performance records. EOP was created in 1967 by the NY State Legislature and current programs exist on 44 SUNY campuses including 17 community colleges. The enrollment for this program at community colleges ranges from 39 to 438 students on one campus. There are

many advantages for these students including: personal counseling, academic advisement, tutoring, skill development workshops, supplemental instruction, and mentoring, all of which goes beyond what a typical student receives. One of the most important aspects is the summer pre-college workshop which goes 3 to 4 weeks and enables these students to enter credit classes instead of remedial classes. Students in the program most likely would already have the maximum financial need covered by Pell Grant and State tuition assistance. The financial advantages of this program include the following: waiver of college application fees, coverage of non-tuition expenses (books, supplies, laboratory and course related fees), enrollment in four-year EOP programs at SUNY colleges, CUNY programs (SEEK), or private institutions (HEOP).

SUNY finances some of the expenses of this program. NCC will absorb the cost of director salary and fringes, office expenses, office space, equipment, and tutorial labs. Student eligibility requires Nassau County residency; students will have to meet certain academic standards and be economically disadvantaged. NCC proposes a program enrollment of about 200 students. In future years, approximately 200-300 students will be enrolled in EOP.

Total EOP cost will be approximately $540,000 for the first year—$300,000 of which is covered by SUNY, $240,000 by NCC. The anticipated outcomes of this program are: higher retention and a higher graduation rate than comparable groups. EOP on other SUNY campuses demonstrate outstanding results for these students within this program.

Since 2008, NCC maintains a similar program, which is privately funded by the Sillcox Foundation and is available for Hempstead High School seniors: "Sillcox Scholars Program." The percentage of these students who graduate far exceeds the traditional graduation rate from NCC. Sillcox scholars are offered a debt free pathway to a Bachelor's Degree. There are usually 30 Sillcox scholars a year at NCC, and the scholarship supports them until they graduate from NCC. These students are selected, interviewed, and evaluated in terms of the capability of the student to succeed. These students can transfer to senior public institutions. The Sillcox Scholars Program provides advisement for the full four years, along with a number of services, including a full-time paid counselor, coaching—not just academic, and legal requirements for immigration purposes. NCC has confidence that the EOP program can provide the same results as the Sillcox Scholars Program.

Normal graduation rate from NCC is 6% in 2 years, 22% in 3 years, and 30% in 4 years; however, many students transfer before earning degree. Sillcox graduation rate is 25% in 2 years, 64% in 3 years and 76% in 4 years. Hempstead students without the support graduate at 2%, 17%, and 28% rate in 2, 3, and 4 years, respectively.

Sillcox Scholarship students are not selected for their high academic performance; 56% of Sillcox scholars require no remediation; 51% of students in all other programs require remedial classes.

Short discussion followed.

5. <u>Discussion</u>: <u>FY 2017 Annual Report</u>.

VP Reznik led the discussion with an overview of the F/Y 2017Annual Report. NCC is required to provide this document to both the State and SUNY Comptroller's offices. This report is different from the audited financial statements as it is done on a modified accrual basis; it does not include equipment, capital projects, non-current liabilities and OPEB. It's prepared on a modified accrual basis of accounting.

VP Reznik will present an analysis of budget to actual for FY 2017 and Comptroller Izquierdo will do a presentation of year-to-year unreserved comparison of actual results.

Fund Balance has increased over $4 million from FY 2016 to FY 2017. A budgeted $2 million was used to balance the FY 2018 budget. If NCC remains close to budget projection, NCC Fund Balance at 8/31/2018 of approximately $14 million will comply with the Fund Balance policy requirement.

In FY 2017, revenues were down by $3.4 million as a result of low enrollment, enrollment decline was higher than projected in the budget. However, expenses also decreased across different areas. The most significant category was salary expense. Adjunct salaries decreased since class schedules were carefully reviewed and condensed due to enrollment decrease.

There was also conservative spending in other payroll categories. For example, CSEA total salary decreased compared to budget. There was careful review of position replacements across the board. Administrative salary produced a favorable variance of $500,000 – due to positions vacated and not replaced in fiscal 2017. Some NCCFT positions also were not replaced and contributed in savings of approximately $500,000 compared to the budget.

The actual rate of fringe benefits—pensions and health insurance—decreased as compared to estimates used in the budget. The cost of health insurance decreased – savings of about $1 million.

The pension plan contribution was also based on estimates, and there was a $2 million reduction. OTPS decreased by $2 million. The greatest reduction was $1 million in fuel expense decrease due to lower consumption and mild weather in both summer and winter. These factors contributed to an increase in Fund Balance of over $4 million, net of revenue decreases.

Comptroller Izquierdo reviewed revenues and expenses – actual to actual. He referred to a one-page handout.

Tuition and fees year-to-year went up 1.3%. Even though there was a tuition increase, it was offset by the enrollment decrease. Therefore, tuition and fees were almost flat. Appropriations decreased although we had a $100 increase per FTE by the State which was offset by enrollment decrease leading to $360,000. Lower enrollment from students from other counties (chargeback rate) also decreased. There was one line item decrease in other sources in FY 2016 - a refund from TIACREF. This is the main discrepancy, as we do not have this in FY2017. The instruction line has an increase of contractual obligations; however, there is an overall decrease because of attrition of full-time faculty. Under public service, the decrease was due to reshuffling of radio station personnel. Academic support (same as instruction) had an increase in obligations but a decrease in personnel. There was a decrease in CSEA personnel due to a County incentive in FY 2016. In institutional support--this is not an audited number and has not been reviewed by the outside auditors. The operation of plant number is flat year-to-year. Scholarships and Fellowships represent NCC's share of federal work study. The increase is due to higher amount of awards to work study students.

Short discussion followed regarding FTEs and State Aid.

The meeting adjourned at 5:35 p.m.

Respectfully submitted,

Inna Reznik
Vice President Finance