

BCC Budget/Finance Update

March - April 2015

➤ 15-16 \$100/FTE 4% State Aid Increase Approved

... proposed budget being finalized; approved state aid is still \$78 / student (\$400k) less than 7 years ago

Last week the four budget scenarios summarized below were shared with Board of Trustee members, with modeled state aid increases including the \$50 recommended by the NYS Assembly, the \$100 recommended by the Senate, a \$75 possible compromise state aid level, and a \$125 increase.

15-16 SUNY Broome operating budget scenarios at various levels of state aid

State aid increase per FTE	Tuition increase (full-time annual)		Fund balance use
	%	\$	
\$ 50	3.5%	142	\$ 203,908
75	2.9%	120	205,363
100	2.5%	104	187,870
125	2.0%	82	189,326

State aid has been approved to increase by \$100 per student full-time equivalent, and the proposed budget is being finalized at this level. At \$2,597 per student FTE, the approved state aid is \$78 less per student - \$400,000 less in total - than what would've been received 7 years ago in 2008-09 for this number of students.

The tentative proposed tuition rate is less than the rate of inflation and is anticipated to leave SUNY Broome in the lower half of NYS community college tuition.

This week the budget development process is being wrapped up. A final review of the continuing personnel budget has been completed, decisions have been made on which searches are most critical to undertake right away, and consideration has been given to proposed contractual expenses and miscellaneous revenue budgets.

Proposed budget scenario(s) will be discussed at the full Board meeting this month. This will be the final opportunity to discuss the developing budget before it is finalized and submitted to the County Executive later this month.

➤ SUNY Broome Fund Balance And Comparisons With Other NYS Community Colleges

An analysis of how SUNY Broome's fund balance compares with other NYSCC's as of August 31, 2014 is presented this month. Highlights follow:

At \$2.5 million, Broome's unreserved fund balance...

- = 5.7% of budget (as planned and forecast)
- Is at the bottom end of the 5% to 15% range recommended by SUNY
- Average NYSCC has an unreserved fund balance = 13.7%
- 5 of 30 NYSCC's have lower fund balance % than Broome
- 8 of 30 NYSCC's have lower \$\$\$ in their fund balance
- FIT has the greatest fund balance in terms of \$ and % budget (\$66 million and 39%)
- Ulster CC (a small school) has lowest fund balance in terms of \$ and % budget (\$256k and 1%)

- 5 colleges have reserved more than \$1 million of their fund balance; the purpose of the reserves not known
- We are currently forecasting closing out this fiscal year with fund balance at 8% - 9% of budget as result of this year's enrollment growth and strategic decision to move our fund balance towards 10% of budget then keep it there, the middle of the range recommended by SUNY.
- Our goal is to budget to use no fund balance (or as little as possible) until it is returned to at least 10% of budget

➤ **Summer and Fall Application and Enrollment Picture Favorable**

Summer enrollment full-time equivalents are currently 13% greater than last year at the same time – 2 months before classes start. The many steps taken to improve summer enrollment and recoup last summer's 15% enrollment decline appear to be bearing fruit.

The *fall* enrollment picture is also favorable at this time – applications are up 14% compared with last fall (more than half-way through the fall application process), acceptances are up by 4%, and course registrations after the first week of fall registration are up by 19% (headcount) and 24% (FTE).

➤ **Enrollment and High School Graduation Trends Explored**

With 75% of operating revenues linked directly to student enrollment, there is much interest in student enrollment as it relates to finances. The percentage of budget revenues linked to enrollment is rising to 90% in a few years as the amount we are allowed to charge other NYS counties for their students attending Broome is linked to the amount Broome County Government contributes per resident student as currently planned.

SUNY Broome enrollment and comparison with other NYSCCs (and link to revenues)

Last month SUNY Broome's anticipated 14-15 enrollment growth was discussed with the Board of Trustees. An analysis of NYS community college enrollments was distributed at the Board meeting. Additional enrollment analysis has been undertaken, and is being shared this month. Enrollment and related financial highlights follow.

- Enrollment is forecast to increase by 5.2% this year to 5,117 FTE (increased to 5,134 in recent weeks)
- Broome's enrollments compare favorably with our budgeted 2% enrollment increase
- The enrollment growth was strategically planned and resulted from 3 primary areas: student housing opening with most students from out-of-county, Binghamton Advantage Program growing by a good 100 students, nearly all from out-of-county, and increasing student retention efforts (to be shared by Executive VP & CAO Battisti this month)
- This 5.2% enrollment increase reverses a 4 year 11% decline (09-10 5,468 FTE to 13-14 4,863 FTE)
- While our enrollment is finally moving upward, it is still 6.4% less than our 09-10 5,468 FTE peak
- The *budget implications* of the enrollment changes are easily calculated: with each % enrollment = \$370k in student revenues, this year's 5.2% enrollment growth restored a bit less than half of the \$4.1 million in student revenues lost to our campus in the past 4 years; some of the restored revenue will come to the campus this year in the form of student tuition (and all but \$500k was budgeted), and the remainder – state aid - has been built into next year's tentative proposed operating budget

- Broome's enrollments compare favorably with all other NYS community colleges, none of whom are forecasting enrollment growth - ¾ are forecasting enrollment declines this year, with the average NYS community college is forecasting a 3.4% enrollment decline, following a national trend of enrollment decline.
- Enrollment by Broome County residents has declined by 5% this year and 9% in the past 4 years

Regional High School Graduation and Broome Enrollment Trends

Last month there was also discussion at the Board of Trustees meeting on declining local high school graduation rates, trends, and the percentage of students who attend SUNY Broome. An in-depth analysis on regional high school graduation rates, trends, and the % of students who attend SUNY Broome has been developed and is being shared with Board members this month. Highlights follow:

- # regional high school graduates has declined by 8% in the past 3 years since peaking
- # regional high school graduates attending SUNY Broome has declined by 15% in the past 3 years since peaking
- % of regional high school graduates attending SUNY Broome has declined from 39% 3 years ago to 36%

Broome County Residents Attending Other NYS Community Colleges

Last month there was discussion at the Board of Trustees meeting about Broome County resident enrollment trends, specifically concern about whether there has been an increase in the number of residents attending other NYS community colleges. The answer is 'yes'. An in-depth analysis of this has been developed, and is presented this month.

➤ Exploring How to Access SUNY- Wide Purchasing Contracts Bid Based Upon 'Best Value'

Recently we have recently learned that some SUNY-wide purchasing contracts were let based upon a new concept called 'best value purchasing' rather than traditional competitive bidding and RFPs for professional services. College counsel has advised that state law requires the adoption of legislation by Broome County Government before we can use a state contract awarded under this method.

The College is identifying which contracts were awarded this way, and is planning to propose Broome County Government legislation to allow us to use the SUNY-wide contracts, which are very competitive in light of the SUNY system's great economies of scale.

➤ Implementation of Online Retirement Coordinator System Underway

A multi-vendor online retirement coordinator system is being implemented which enables employees to enroll in and manage investments not only in the Optional Retirement Plans (ORP), but also in the 403(b) Voluntary Savings Program. This system will feature eligibility verification and will allow for easier, unified, and comprehensive management of ORP. Testing of files is underway with our payroll office working closely with TIAA-CREF and SICAS to produce Seed test files. TIAA-CREF is the common remitter for the ORP. The estimated go-live date is mid-July.

Developed by R. Losinger, VPAFA, and Jeanette Tillotson, Associate VP & Controller

2014-15 operating expenses
 Budget, YTD commitments, and forecast
 on March 18, 2015 (55% budget year)

	Current budget *	YTD commitments				Uncommitted	Annual cost forecast			Discussion	
		Paid	Encumbered	Total Committed <i>(paid & enc)</i>	% budget Committed		Total cost forecast	(More) or less than budget	% budget forecast		
PERSONNEL:											
Full-time	\$	\$19,952,000	\$10,646,000	8,896,000	\$19,542,000	97.9%	\$410,000	\$19,642,000	\$310,000	98.4%	FT forecast based upon known vacancies and estimates of fill dates and future vacancies
Temp help - Non Instructional		2,048,000	1,104,000	804,000	1,908,000	93.2%	140,000	1,934,000	114,000	94.4%	
Temp help - Instructional		6,289,000	4,232,000	1,490,000	5,722,000	91.0%	567,000	6,289,000	0	100.0%	
Student assistants		228,000	148,000	95,000	243,000	106.6%	(15,000)	228,000	0	100.0%	
Overtime		126,000	99,000	-	99,000	78.6%	27,000	126,000	0	100.0%	
Retirement and separation incentives, and 1x lump sums		230,000	-	-	-	0.0%	230,000	188,000	42,000	81.7%	
TOTAL PERSONNEL		\$28,873,000	\$16,229,000	11,285,000	\$27,514,000	95.3%	\$1,359,000	\$28,407,000	\$466,000	98.4%	
FRINGE BENEFITS:											
Health insurance - employees	\$	\$4,925,000	\$2,518,000		\$2,518,000	51.1%	2,407,000	\$4,680,000	\$245,000	95.0%	Health savings forecast due to no rate increase 2015 (5% budgeted)
Health insurance - retirees		3,287,000	1,035,000	2,008,000	3,043,000	92.6%	244,000	3,096,000	191,000	94.2%	
Retirement - ORP		1,450,000	679,000		679,000	46.8%	771,000	1,359,000	91,000	93.7%	Retirement and FICA forecast based on prior year expenses. ERS and TRS actuals will be known after end of fiscal year when 2016 bills are received
Retirement - NYS ERS		1,600,000	1,037,000		1,037,000	64.8%	563,000	1,544,000	56,000	96.5%	
Retirement - NYS TRS		1,050,000	625,000		625,000	59.5%	425,000	1,029,000	21,000	98.0%	
FICA and medicare		2,204,000	1,170,000		1,170,000	53.1%	1,034,000	2,049,000	155,000	93.0%	
Workers compensation		273,000	149,000		149,000	54.6%	124,000	273,000	-	100.0%	
Dental		144,000	96,000	48,000	144,000	100.0%	-	137,000	7,000	95.1%	
Tuition reimbursement		233,000	166,000		166,000	71.2%	67,000	195,000	38,000	83.7%	Tuition reimbursement cost forecast < budget due to fall use being less than last year
Life insurance		8,000	4,000		4,000	50.0%	4,000	8,000	-	100.0%	
Unemployment		38,000	0	38,000	38,000	100.0%	-	38,000	-	100.0%	
Disability		43,000	20,000		20,000	46.5%	23,000	38,000	5,000	88.4%	
Other compensation		8,000	8,000		8,000		-	8,000	-		
TOTAL FRINGE BENEFITS		\$15,263,000	\$7,507,000	2,094,000	\$9,601,000	62.9%	\$5,662,000	\$14,454,000	\$809,000	94.7%	
EQUIPMENT		310,000	54,000	15,000	69,000	22.3%	241,000	295,000	15,000	95.2%	Equipment cost forecast assumes 5% will not be spent ('typical')
CONTRACTUAL EXPENSES		8,081,000	3,760,000	2,149,000	5,909,000	73.1%	2,172,000	7,489,000	592,000	92.7%	Contractual Expense forecast assumes conservatively that 3% budget will not be spent, and \$350k of SAP will not be (based upon current spending)
TOTAL EXPENDITURES	\$	\$52,527,000	\$27,550,000	15,543,000	\$43,093,000	82.0%	\$9,434,000	\$50,645,000	\$1,882,000	96.4%	Favorable expense forecast bottom line - spending anticipated < budget

* reflects budget transfers and includes prior year-end encumbrances carried over

Discussions with BOT on fund balance goals and the use of these funds underway

2014-15 operating revenues

Budget, YTD actuals, and forecast

on March 18, 2015 (55% budget year)

	Budget 14-15	Actuals YTD		Annual forecast			
		\$	% budget achieved	\$	More or (less) than budget	% budget achieved	
STUDENT ENROLLMENT FTE	4,992	4,991	100.0%	5,134	142	102.8%	Fall enrollment 3.2% > last fall - better than 2% increase budgeted; Winterim 26% > last year; spring enrollment growth currently 6.6% > last yr; assumed prior year 15% enrollment decline recouped
REVENUES:							Tuition forecast reflects fall, winterim, and spring enrollment growth. Summer recoups 15% prior year decline
Student tuition	\$21,331,000	\$22,262,000	104.4%	\$21,637,000	\$306,000	101.4%	
Out-of-state tuition	1,662,000	1,702,000	102.4%	1,746,000	\$84,000	105.1%	Fall 14 OS Tuition forecast > budget based upon early fall enrollments and housing; will be updated early spring
State aid							Basic state aid will be slightly less than budget as result of decline in summer enrollments last year
Basic aid	12,416,000	6,225,000	50.1%	12,360,000	\$(56,000)	99.5%	
Rental of physical space	209,000	95,000	45.5%	209,000	-	100.0%	Assumed rental aid = budget (will be updated at end of spring)
Performance based (job linkage)	110,000	116,000		110,000	-		
Total state aid	\$12,735,000	\$6,436,000	50.5%	\$12,679,000	\$(56,000)	99.6%	
Broome county support	6,979,000	1,745,000	25.0%	6,979,000	0	100.0%	
Charges to other NY counties	4,226,000	4,158,000	98.4%	4,433,000	207,000	104.9%	
Miscellaneous revenues	5,025,000	3,703,000	73.7%	4,325,000	(700,000)	86.1%	miscellaneous revenue forecast reduced \$700k to reflect lower SAP and CE revenues (SAP is budget neutral - spending is reduced too)
Total revenues	\$51,958,000	\$40,006,000	77.0%	\$51,799,000	\$(159,000)	99.7%	
Encumbrance fund balance reserve	172,000			172,000			It is currently forecast that none of the budgeted \$397k fund balance will be used - instead, fund balance will increase intentionally pending discussion with BOT Current key assumptions: spring and summer enrollments meeting budget and set-aside funds and other positive budget developments going to fund balance
Fund balance appropriated	397,000	n/a		(1,326,000)			
Total revenues and fund balance	\$52,527,000	\$40,006,000		\$50,645,000			Discussions with BOT on fund balance goals and the use of these funds underway

Undesignated fund balance forecast (pending discussions and goal setting with BOT)

on March 18, 2015 (55% budget year)

Fund balance last year (8-31-14)	= 5.4 % of net operating budget	\$2,576,000
Reserve for encumbrances last year		172,000
+ forecast current year operating revenues		51,799,000
- forecast current year operating expenses and encumbrances		(50,645,000)
Forecast fund balance end of this budget year (8-31-15)	= 8.2 % of net operating budget ~	\$3,902,000
Less: Fund balance being planned for use next fiscal year (15/16)		\$0 goal

~ SUNY and GASB recommend that undesignated fund balance be maintained at a level = 5% to 15% of net operating budget

Fund balance forecast risks and opportunities

...things that will alter the forecast if they occur

What...	And what will happen...	\$ risk	\$ opportunity
Supplies and contractual expenses	If they vary from current 3% 'unused' forecast	(200,000)	200,000
Student write-offs	Impact of steps taken to improve student bad debt may take a year to be felt in allowance for bad debt and write-offs ... current assumption is that it will be the same as last year	(200,000)	200,000
Miscellaneous revenues	If they vary from current forecast	(100,000)	100,000
Out-of-state tuition	If New York State residents who have been billed for out-of-state charges do not present residency certificates by fiscal year end	-	100,000
Temporary instruction	The actual need for adjunct and overload will be known as year unfolds and will be updated at end of spring semester	(50,000)	-
Chargeback to other NYS county revenues		(50,000)	-
Tuition - summer	If 15% summer enrollment decline from last year is not recouped... each % = \$11k revenues risk estimated at - 15% and opportunity at +5%	(55,000)	55,000
Vacancy savings	If savings vary from current \$40k estimate	-	50,000
"The unknowns"	if they happen...	?	?
Total fund balance forecast risks and opportunities		\$(655,000)	\$705,000

August 31, 2014 NYS Community College unreserved fund balances

Sorted from highest to lowest % *Unreserved Fund Balance* : not reflecting the impact of GASB 45 (post-retirement benefits)

Community College	Unreserved Fund Balance	As % net operating costs	Student FTE	Unreserved fund balance/FTE	2013-14 Net Operating Costs
F-I-T	\$ 66,335,811	39.3%	9,089	\$ 7,299	\$ 168,702,127
Jamestown	9,193,497	28.4%	3,473	2,647	32,391,405
Corning	7,675,711	27.4%	3,091	2,483	28,064,755
North Country	3,227,392	26.9%	1,160	2,783	11,981,685
Niagara	11,992,947	26.4%	4,862	2,467	45,355,122
Schenectady	6,096,797	21.8%	3,826	1,593	28,025,155
Genesee	6,630,998	18.5%	4,291	1,545	35,881,047
Erie	18,228,086	18.2%	12,151	1,500	99,995,792
Herkimer	3,422,008	15.8%	2,563	1,335	21,681,207
Columbia-Greene	2,520,872	15.7%	1,404	1,795	16,017,006
Fulton-Montgomery	2,557,347	14.6%	2,122	1,205	17,527,871
Suffolk	25,309,148	14.3%	19,405	1,304	176,535,962
Mohawk Valley	6,260,673	14.2%	5,688	1,101	44,139,894
Finger Lakes	5,205,056	13.3%	4,638	1,122	39,265,473
Dutchess	7,202,517	12.8%	7,244	994	56,189,771
Monroe	12,124,769	10.5%	13,869	874	115,221,667
Jefferson	2,462,094	9.9%	2,830	870	24,804,009
Clinton	1,235,402	9.0%	1,303	948	13,689,084
Westchester	9,948,394	8.7%	13,112	759	114,044,951
Cayuga	2,322,312	8.0%	3,029	767	29,161,647
Adirondack	1,811,707	6.7%	3,092	586	26,844,530
Onondaga	4,045,489	5.7%	8,649	468	70,945,659
Broome	2,553,785	5.7%	4,863	525	45,147,029
Hudson Valley	4,382,150	5.1%	9,193	477	86,411,465
Nassau	10,044,562	4.9%	18,382	546	203,852,226
Orange County	2,630,556	4.8%	4,924	534	54,538,744
Rockland	2,666,052	4.2%	6,395	417	63,462,974
Tompkins - Cortland	1,376,298	3.7%	3,758	366	36,808,146
Sullivan	272,416	1.7%	1,234	221	15,637,833
Ulster	255,719	1.1%	2,269	113	23,244,271
Total	\$ 239,990,565	13.7%	181,907	1,319	\$ 1,745,568,507
Average	7,999,686	13.2%			

August 31, 2014 NYS Community College reserved fund balances

Sorted from highest to lowest \$ Reserved Fund Balance : not reflecting the impact of GASB 45 (post-retirement benefits)

Community College	Reserved Fund Balance	As % net operating costs	Student FTE	Reserved fund balance/FTE	2013-14 Net Operating Costs
Nassau	\$ 7,581,647	3.7%	18,382	\$ 412	\$ 203,852,226
Dutchess	5,631,773	10.0%	7,244	777	56,189,771
Herkimer	4,855,921	22.4%	2,563	1,894	21,681,207
Erie	1,802,746	1.8%	12,151	148	99,995,792
Monroe	1,637,850	1.4%	13,869	118	115,221,667
Finger Lakes	735,496	1.9%	4,638	159	39,265,473
Columbia-Greene	581,340	3.6%	1,404	414	16,017,006
Mohawk Valley	392,698	0.9%	5,688	69	44,139,894
Adirondack	360,000	1.3%	3,092	116	26,844,530
Broome	221,522	0.5%	4,863	46	45,147,029
Genesee	152,574	0.4%	4,291	36	35,881,047
Fulton-Montgomery	130,913	0.7%	2,122	62	17,527,871
Suffolk	29,380	0.0%	19,405	2	176,535,962
Corning	25,377	0.1%	3,091	8	28,064,755
Jefferson	15,989	0.1%	2,830	6	24,804,009
Cayuga	0	0.0%	3,029	0	29,161,647
Clinton	0	0.0%	1,303	0	13,689,084
F-I-T	0	0.0%	9,089	0	168,702,127
Jamestown	0	0.0%	3,473	0	32,391,405
Niagara	0	0.0%	4,862	0	45,355,122
North Country	0	0.0%	1,160	0	11,981,685
Onondaga	0	0.0%	8,649	0	70,945,659
Orange County	0	0.0%	4,924	0	54,538,744
Rockland	0	0.0%	6,395	0	63,462,974
Schenectady	0	0.0%	3,826	0	28,025,155
Sullivan	0	0.0%	1,234	0	15,637,833
Tompkins - Cortland	0	0.0%	3,758	0	36,808,146
Ulster	0	0.0%	2,269	0	23,244,271
Westchester	0	0.0%	13,112	0	114,044,951
Hudson Valley	(4,171,377)	-4.8%	9,193	(454)	86,411,465
Total	\$ 19,983,849	1.1%	181,907	110	\$ 1,745,568,507
Average	666,128	1.5%			