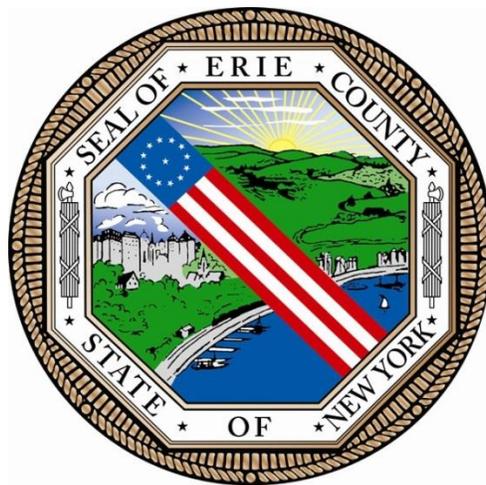


September 2020

**A Report on Erie County Chargeback Fees
For Community College Tuition**



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September 9, 2020

Erie County Legislature
92 Franklin Street 4th Floor
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Dear Honorable Members:

The Erie County Comptroller's Office has completed a report on the cost of chargeback fees to Erie County taxpayers over the past five years. For the purpose of this report, the office looked at the overall expense of chargebacks, and an itemized breakdown of money due to community colleges throughout New York State.

Our objectives were to:

- Ascertain the cost of community college chargebacks in each of the past five years
- Ascertain the total amount of Erie County tax dollars spent in other communities
- Review potential causes of Erie County students seeking educational opportunities outside of Erie County

To accomplish these objectives, we reviewed SAP to see all payments associated with chargebacks, for 2015 through 2019.

As a result of our examination, we have provided information that may be helpful in a discussion regarding how best to proceed with handing community college funding both within and outside of Erie County.

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Background

Community colleges are a vital part of the secondary education framework. They grant all people of our community the opportunity for continued education and training to allow them personal and professional success. Whether the students are recent high school graduates, non-traditional, second career individuals, continuing education, students from other schools supplementing their studies or people just looking for a new challenge, these institutions provide a valuable service.

The many courses and programs offered allow students to graduate with myriad associate's degrees, certificates, skilled trades, as well as acting as a stepping stone for students who wish to pursue a four-year bachelor's degree at another institution.

While community colleges are important and they are accounted for in the county budget, there is a large financial burden which is widely unknown to taxpayers: chargeback fees. These fees are incurred by Erie County every time a county resident chooses to attend a community college outside Erie County. Erie County must pay a fee to the other New York State county for the right of the Erie County resident to attend classes.

This means that while Erie County taxes are funding Erie Community College (SUNY Erie) to allow county residents to receive an education, they are taxed again when a resident decides they would rather attend, for example, Niagara County Community College (NCCC). Erie County taxpayers have already paid their taxes to help fund SUNY Erie, but now additional money is needed to pay a chargeback to NCCC.

Students attending community colleges outside of Erie County, like all college students, are required to take general studies courses which are also offered at SUNY Erie, and as such Erie County taxpayers are being charged twice. The student who chooses NCCC could have attended SUNY Erie to take those courses without the additional chargeback fee to Erie County. Their decision to attend NCCC added an additional tax burden to Erie County taxpayers.

A large part of the problem seems to be attracting and retaining students to attend SUNY ERIE over other community colleges, and thus reducing or eliminating the need for Erie County to pay chargebacks to other counties.

Five Year Cost of Chargeback Fees to Erie County

While compiling information, the Comptroller's Office pulled the total cost of chargeback fees to Erie County in 2015 through 2019:

Erie County Chargeback Fees				
2015	2016	2017	2018	2019
\$6,864,202.01	\$6,928,238.39	\$6,928,178.04	\$7,124,894.84	\$7,381,087.39

Starting in 2015, the cost to Erie County was \$6,864,202.01, and it has grown to \$7,381,087.39 in five years. On average, the amount in chargeback cost to Erie County has increased by approximately 2% per year, with it being 1% from '15 to '16, 0% from '16 to '17, and then 3% each year from '17 to '18 and '18 to '19. This seems to be a steady trend of growth, and should be concerning as these are community college costs which are in addition to the Erie County Legislature's approved budgeted amount for SUNY Erie operations.

During the five-year look back period for this report, Erie County has spent \$35,226,600.67 on chargebacks to other communities.

2019 Breakdown of Chargeback Fees

In 2019, Erie County paid 27 community colleges chargeback fees. Leading the list are NCCC with \$4,606,312.26 covering 28,602 course hours; Genesee Community College (GCC) with \$1,036,028.08 covering 6,474 course hours; and Fashion Institute of Technology (FIT) with \$964,802.08 covering 1,744.5 course hours.

The table below is a comprehensive list of all schools and the number of course hours Erie County was charged:

2019 RPT School Chargeback by School		
College	Sum of CR hours	Sum of Total
Adirondack	30.00	\$3,120.00
Broome	404.00	\$48,843.33
Cayuga	363.00	\$52,349.68
Clinton	13.00	\$2,222.33
Corning	87.00	\$9,619.85
Dutchess	42.00	\$5,851.99
Fashion Institute	1,744.50	\$964,802.08
Finger Lakes	889.00	\$117,514.40
Fulton-Montgomery	15.00	\$1,740.00
Genesee	6,474.00	\$1,036,028.08
Herkimer	481.00	\$66,932.29

Hudson Valley	179.00	\$23,451.84
Jamestown	1,500.00	\$153,091.23
Jefferson	40.00	\$4,088.67
Manhattan	28.00	\$4,302.00
Mohawk Valley	136.00	\$16,309.67
Monroe	1,973.50	\$192,006.51
Niagara	28,602.00	\$4,606,312.26
North Country	62.00	\$7,384.67
Onondaga	254.00	\$22,452.17
Orange	24.00	\$4,226.01
Rockland	18.00	\$1,890.00
Schenectady	49.00	\$3,700.67
Sullivan	15.00	\$3,410.00
Tompkins	163.00	\$19,680.68
Ulster	70.00	\$9,128.98
Westchester	6.00	\$628.00
Grand Total	43,662.00	\$7,381,087.39

The Comptroller's Office also looked at which municipalities in Erie County the students attending community colleges resided in. We have broken down the cost by the municipality that students reside in and number of course hours. Amherst had the most with \$1,216,536.86 in fees and 7,152 course hours; the City of Buffalo is second with \$1,022,184.40 in fees and 5,841.50 course hours; and third is Cheektowaga with \$869,872.22 in fees and 5,475 course hours.

It should be noted that both the Town of Amherst and the City of Buffalo, which are larger in population, do house SUNY Erie campuses, North Campus and City Campus, respectfully. The Town of Orchard Park, which houses South Campus, had \$135,255.56 in fees and 538.5 course hours. In total, the three municipalities housing the three SUNY Erie campuses cost Erie County \$2,374,076.82 in fees for 13,532 course hours for students who choose to travel outside Erie County rather than attend colleges located nearby.

Breakdown of the 2019 cost by municipality:

2019 RPT School Chargeback by Municipality		
Row Labels	Sum of CR hours	Sum of Total
Alden	1,388.50	\$217,402.97
Amherst	7,152.00	\$1,216,536.86
Aurora	651.50	\$119,677.62
Boston	73.00	\$10,863.20
Brant	177.00	\$19,937.35
Buffalo	5,841.50	\$1,022,184.40
Cheektowaga	5,475.00	\$869,872.22

Clarence	1,059.00	\$216,390.79
Colden	62.00	\$21,468.01
Collins	601.00	\$68,403.19
Concord	487.00	\$68,829.59
Eden	220.00	\$32,725.75
Elma	301.00	\$58,346.34
Evans	610.00	\$97,269.89
Grand Island	3,923.50	\$640,560.34
Hamburg	2,219.50	\$426,560.07
Holland	238.00	\$34,312.40
Lackawanna	348.00	\$52,751.24
Lancaster	1,388.00	\$263,135.33
Marilla	113.00	\$17,884.00
Newstead	1,376.00	\$219,042.20
North Collins	93.00	\$12,467.33
Orchard Park	538.50	\$135,355.56
Sardinia	271.00	\$40,792.90
Tonawanda City	2,289.00	\$367,264.48
Tonawanda Town	5,618.50	\$943,367.46
Wales	199.00	\$29,914.37
West Seneca	948.50	\$157,771.53
Grand Total	43,662.00	\$7,381,087.39

SUNY Erie Impact

On June 18, 2020 the Comptroller's office issued a report stating that the student population for SUNY Erie has decreased by 33.5% over the past nine (9) years. State funding for SUNY Erie has declined by nearly \$300,000 during that same span, while the Erie County Legislature has increased funding by more than \$1,000,000. Tuition over that span increased 49.5%, making the SUNY Erie's tuition higher than the average community college in New York State.

*The Comptroller's report can be viewed here: <https://www2.erie.gov/comptroller/index.php?q=press/comptroller-myhajliw-warns-drops-ecc-enrollment-and-fiscal-concerns>

SUNY Erie estimates in 2020-21 it will lose as much as \$31 million, over one-third of its overall operating revenue due to COVID-19 and declining enrollment. To address this, on June 25th, Erie Community College's board of trustees unanimously approved a revised budget, which was reduced to \$83.9 million budget, down \$22 million from the original approved operating budget of \$105.9 million for the 2020-2021 school year. In this budget the board included another 3% increase in tuition.

Due to the effects of COVID-19 and an uncertain future with regards to state funding, student retention, and distance learning in the new environment, SUNY Erie is in the process of a restructuring and reducing its staff, reducing costs through cutting of programs and classes offered to students.

Conclusions

Erie County's chargeback fees for community colleges have grown during the past 5 years at an average rate of 2% per year. Concurrently, enrollment has declined and tuition has increased. Erie County taxpayers provide operational and capital support to SUNY Erie, as well as pay a portion of the tuition for Erie County students who attend community college in another county.

Increasing student enrollment, particularly among students who seek to attend community college in other counties, would tend to reduce the per student subsidy expended to SUNY Erie, as well as reduce the cost of chargebacks to Erie County taxpayers. Of course, this simple and obvious solution is far easier to state than to implement. Given the inability to increase enrollment and reduce student flight, it may be advisable to pursue other strategies to make community college education more affordable for Erie County taxpayers.

Recommendation

WE RECOMMEND that the Board of Directors of SUNY Erie convene a panel of stakeholders, including business leaders, students, taxpayers, and Legislators, to evaluate the services that SUNY Erie provides and re-envision the services that it will provide in the future.

Further, WE RECOMMEND that consideration be given to the appropriate program offerings for the Western New York community; the most efficient use of physical space and number of campuses; the method of teaching (on-campus, online, hybrid, etc.); partnerships with other educational institutions; the administrative structure of providing these services; and any other steps that will provide educational resources to students, meeting the needs of the community, while at the same time respecting taxpayers of the community.