

MEMORANDUM

TO: BOT Subcommittee – Budget, Finance & Contracts
FROM: William D. Reuter, Chief Administrative & Financial Officer
DATE: December 9, 2011
RE: Fiscal Year 2011-12 Revenues & Expenditures - Key Item Report – November 30, 2011

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Provided below is a revenue and expenditure report which discusses the major revenue and expenditure accounts as of November 30, 2011, the third month of ECC's 2011-2012 fiscal year. Positive variances reflect either revenue earned exceeding the full-year budget or expenses less than budgeted appropriations. Negative variances reflect revenues not yet realized or expenses exceeding budget. In addition, a report is attached which provides comparisons to budget and the previous year actuals.

Summary

At November 30, 2011 total revenues (\$43,333,933) exceed actual expenditures (\$23,072,490) by \$20,261,443. This excess is due mainly to timing, as most of the student tuition for the Fall semester has been collected and recorded but only approximately 75% of the expense (salaries & fringe benefits) connected with the Fall semester has been expended.

<u>Revenue Category</u>	<u>11-12 Budget</u>	<u>11/30/11 Actual</u>	<u>Budget Variance</u>
Student Tuition	\$44,897,766	\$28,418,791	(\$16,478,975)

For each 30 credit hours taken, one FTE (full-time equivalent) is generated. Student tuition is a function of current year student enrollment for credit courses. The tuition recorded is on a gross basis before the bad debts calculation which historically has averaged approximately 3% of tuition recorded. Student enrollment for credit courses for fiscal year 2011-12 is as follows:

<u>Semester</u>	<u>Credit FTE's Budget</u>	<u>Credit FTE's Actual</u>	<u>Credit FTE Variance</u>	<u>Prior Year FTE's</u>
Fall 10	5,857.4	5,415.4	(442.0)	5,816.3
Winter 11	77.7	61.4	(16.3)	77.3
Spring 11	5,443.8	3,172.6	(2,271.2)	5,425.9
Summer 1 & 2	<u>795.0</u>	<u>0</u>	<u>(795.0)</u>	<u>766.4</u>
Total (credit only)	12,173.9	8,649.4	(3,524.5)	12,085.9

The Fall FTE's identified above represent credit enrollment as October 28, 2011. Several additional updates will be made before Fall enrollment is official and reported to SUNY. FTE enrollment at this point is approximately 7.5% lower than budget projections. This percentage decrease is significant and staff are diligently working on ways to address the enrollment shortfall. Winter enrollment continues and won't be finalized until mid-January 2011. Advanced registration for Spring 2012 began on November 28, 2011. At this point trends are slightly higher than the previous year in large part due to the extra attention being paid to enrollment concerns. It should be noted, this activity represents only credit courses.

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enrollment. Credit enrollment generates tuition and fees that are budgeted for in the current year as well as state aid in the next fiscal Non-credit activities do not pay tuition but do generate state-aid through non-credit FTE reimbursement. The College has budgeted 1,600.0 non-credit FTE's for 2011-2012, no non-credit amounts have been recorded as of yet.

<u>Revenue Category</u>	<u>11-12 Budget</u>	<u>11/30/11 Actual</u>	<u>Budget Variance</u>
State Aid	\$29,174,648	\$7,513,010	(\$21,661,638)

ECC's budget was approved by the SUNY Board and the first quarterly state aid payment was received on October 26th. The amount budgeted is based upon the current state aid reimbursement rate of \$2,122 per FTE for a projected final 2010-2011 enrollment of 13,661.2 FTE's. Final enrollment is still under review and potential adjustment.

<u>Revenue Category</u>	<u>11-12 Budget</u>	<u>11/30/11 Actual</u>	<u>Budget Variance</u>
Erie County Contribution	\$17,429,317	\$ - 0 -	(\$17,429,317)

Pursuant to the Local Law, the College will receive a one-time subsidy payment on or before April 15th. There was no increase in the level of sponsor support from the previous year. Erie County's preliminary 2012 budget includes the College's subsidy at \$17,220,778 a difference of \$208,539. College staff have developed a compromise that we are hopeful will be addressed in the County's 2012 budget to resolve this lingering issue.

<u>Revenue Category</u>	<u>11-12 Budget</u>	<u>11/30/11 Actual</u>	<u>Budget Variance</u>
Other Revenues	\$10,118,475	\$ 6,060,297	(\$4,058,178)
Non-Credit Fees	\$ 852,500	\$ 185,279	(\$ 667,221)
Out-of-County Charges	\$ 1,745,000	\$ 1,156,557	(\$ 588,443)
Fund Balance Used	\$ 1,432,823	\$ -0-	(\$1,432,823)

The major revenues categorized as "other revenues" are: technology fees (budget \$3,175,000, actual \$2,058,080), lab fees (budget \$1,853,775, actual \$1,298,150), distance learning fees (budget \$900,000 actual \$564,240) and transportation fees (budget \$1,640,000, actual \$1,051,634). The amount reflected for "fund balance used" represents the anticipated budget deficit for the 2011-12 budget year. As not only tuition, but student fees are enrollment sensitive the significant enrollment decline will cause shortfalls in the "other revenues" category.

Non-credit fees represent amounts charged for non-credit activities and initiatives in workforce development, community education, corporate training and the various driving programs. Not all non-credit activities generate a fee (tutorial, counseling, etc.). Historically, there is little activity in these accounts during the first few months of the fiscal year as much of the revenues received in September and October are accrued for at the end of the previous year.

Out-of-county charges represent tuition charges and charge-backs to students attending ECC from outside Erie County (other counties, states and international students). A student from another county, within New York State, pays the same tuition as an Erie County resident, although the county from which that student is a resident of is billed a charge-back based upon a formula developed by the state. ECC's 2011-12 chargeback rate is \$990, which is an increase of \$120 from the previous year. Preliminary out-of-county billings have been sent.

<u>Expense Category</u>	<u>11-12 Budget</u>	<u>11/30/11 Actual</u>	<u>Budget Variance</u>
Personal Services	\$60,742,387	\$13,562,250	\$47,180,137

Personal services represent payments for all salaries and wages (full and part-time) for pay periods applicable to the current fiscal year. A portion of the first pay period had been accrued and charged against last year. As was the case in the previous years a strict vacancy control will be maintained to ensure this account generates a positive budget variance.

<u>Expense Category</u>	<u>11-12 Budget</u>	<u>11/30/11 Actual</u>	<u>Budget Variance</u>
Fringe Benefits	\$26,402,016	\$6,006,920	\$20,395,096

Within this category, the following expenses are recorded – New York State Employees & Teachers retirement, TIAA/CREF, FICA, workers compensation, unemployment, health insurance and employee tuition.

<u>Expense Category</u>	<u>11-12 Budget</u>	<u>11/30/11 Actual</u>	<u>Budget Variance</u>
Other Expenses	\$16,706,126	\$ 3,024,717	\$13,681,409

“Other Expenses” are comprised of 41 different accounts from the miscellaneous expenses to funds budgeted for utilities and insurance. Most of the accounts budgeted for are fixed in nature due to contractual requirements and/or are based upon third party charges for consumption (utilities). Those accounts which the college does have some control over the expenditure pattern (supplies, travel) are supervised very closely helping to ensure a positive, year-end budget variance will be generated. Much of the cash disbursements during September represent an accrued expense and/or an encumbrance at August 31, 2011.

<u>Expense Category</u>	<u>11-12 Budget</u>	<u>11/30/11 Actual</u>	<u>Budget Variance</u>
Equipment	\$1,800,000	\$478,603	\$1,321,397

The County has historically funded the \$1,800,000 budgeted for equipment by utilizing tobacco settlement/capital funds.

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Attachment

cc: Hon. Thomas A. Loughran, Chair, Erie County Legislature Community Enrichment Committee

ERIE COMMUNITY COLLEGE
2011 - 2012 Actual Revenue Versus Budget (Estimated Revenue)
Period Ending November 30, 2011

Operating Revenues	2011-2012 Budget	Revenue 11/30/2011	2010-2011 Budget	Revenue 11/30/2010	Difference	Remaining 2011-12 to be realized	% Budget Remaining
Student Tuition	\$44,897,766	\$28,418,791	\$41,943,852	\$25,706,668	\$2,712,122	(\$16,478,975)	36.7%
State Aid	\$29,174,648	\$7,513,010	\$30,211,680	\$1,364,894	\$6,148,116	(\$21,661,638)	74.2%
Erie County Contribution	<u>\$17,429,317</u>	<u>\$0</u>	<u>\$17,429,317</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$17,429,317)</u>	<u>100.0%</u>
Sub-total	<u>\$91,501,731</u>	<u>\$35,931,801</u>	<u>\$89,584,849</u>	<u>\$27,071,562</u>	<u>\$8,860,238</u>	<u>(\$55,569,930)</u>	<u>60.7%</u>
Other Revenues	\$10,118,475	\$6,060,297	\$8,292,900	\$5,074,507	\$985,790	(\$4,058,178)	40.1%
Non-Credit Fees	\$852,500	\$185,279	\$848,500	\$162,047	\$23,232	(\$667,221)	78.3%
Out-of-County Charges	\$1,745,000	\$1,156,557	\$1,995,000	\$778,949	\$377,609	(\$588,443)	33.7%
Fund Balance Used	<u>\$1,432,823</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$1,432,823)</u>	100.0%
Sub-total	<u>\$14,148,798</u>	<u>\$7,402,133</u>	<u>\$11,136,400</u>	<u>\$6,015,502</u>	<u>\$1,386,630</u>	<u>(\$6,746,665)</u>	<u>47.7%</u>
Total Operating Revenues	\$105,650,529	\$43,333,933	\$100,721,249	\$33,087,065	\$10,246,869	(\$62,316,596)	59.0%

ERIE COMMUNITY COLLEGE
 2011 - 2012 Expenses Versus Budget (Appropriations)
 Period Ending November 30, 2011

Operating Expenses	2011-2012 Budget	Expenses 11/30/2011	2010-2011 Budget	Expenses 11/30/2010	Difference	Remaining Budget	% Budget Remaining
Personal Services	\$60,742,387	\$13,562,250	\$60,052,312	\$13,900,632	\$338,382	\$47,180,137	77.7%
Fringe Benefits	<u>\$26,402,016</u>	<u>\$6,006,920</u>	<u>\$23,216,770</u>	<u>\$5,709,522</u>	<u>(\$297,398)</u>	<u>\$20,395,096</u>	<u>77.2%</u>
Sub-total	<u>\$87,144,403</u>	<u>\$19,569,170</u>	<u>\$83,269,082</u>	<u>\$19,610,153</u>	<u>\$40,983</u>	<u>\$67,575,233</u>	<u>77.5%</u>
Other Expenses	\$16,706,126	\$3,024,717	\$15,643,167	\$3,093,156	\$68,440	\$13,681,409	81.9%
Equipment	<u>\$1,800,000</u>	<u>\$478,603</u>	<u>\$1,800,000</u>	<u>\$673,352</u>	<u>\$194,748</u>	<u>\$1,321,397</u>	<u>73.4%</u>
Sub-total	<u>\$18,506,126</u>	<u>\$3,503,320</u>	<u>\$17,443,167</u>	<u>\$3,766,508</u>	<u>\$263,188</u>	<u>\$15,002,806</u>	<u>81.1%</u>
Total Operating Expenses	\$105,650,529	\$23,072,490	\$100,712,249	\$23,376,661	\$304,171	\$82,578,039	78.2%