

MEMORANDUM

TO: BOT Subcommittee – Budget, Finance & Contracts
FROM: William D. Reuter, Chief Administrative & Financial Officer
DATE: December 6, 2011
RE: Fiscal Year 2010-11 Revenues & Expenditures - Key Item Report – August 31, 2011 updated from November 7, 2011

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Provided below is a revenue and expenditure report which discusses the major revenue and expenditure accounts as of August 31, 2011, the end of ECC's 2010-2011 fiscal year. The amounts reflected are in the process of being audited by the College's certified public accounting firm. 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 August 31, 2011 total revenues (\$101,405,025) are less than actual expenditures (\$102,287,218) by (\$882,193) pending the completion of the annual audit. While this amount still reflects an operating loss, the amount of the loss is less than was anticipated as during the adoption of the budget on May 4, 2010 it was projected that ECC could have a \$3.0 million shortfall if state aid was not restored. State aid was never restored.

<u>Revenue Category</u>	<u>10-11 Budget</u>	<u>8/31/11 Actual</u>	<u>Budget Variance</u>
Student Tuition	\$41,943,852	\$41,589,893	(\$353,959)

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 noted above is net of a \$2,165,692 bad debts expense. Student enrollment for credit courses for fiscal year 2010-11 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	5,826.3	5,816.3	(10.0)	5,656.6
Winter 11	65.2	77.3	12.1	65.2
Spring 11	5,481.5	5,425.9	(55.6)	5,321.8
Summer 1 & 2	<u>737.8</u>	<u>766.4</u>	<u>28.6</u>	<u>795.0</u>
Total (credit only)	12,110.8	12,085.9	(24.9)	11,838.6

There may be some minor adjustments to the actual credit enrollment figures noted above, but at this point credit enrollment was .2% less than budget and 2.1% greater than the previous year. It should be noted, this activity represents only credit course enrollment. Credit enrollment generates tuition and fees that are budgeted for in the current year as well as state aid in the next fiscal year. Non-credit activities

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do not pay tuition but do generate state-aid through non-credit FTE reimbursement. The College has budgeted 1,587.4 non-credit FTE's for 2010-2011. Final non-credit amounts for 2010-11 is still being reviewed with some potential adjustment, but at this point enrollment is close to its projections.

<u>Revenue Category</u>	<u>10-11 Budget</u>	<u>8/31/11 Actual</u>	<u>Budget Variance</u>
State Aid	\$30,211,680	\$30,472,177	\$260,497

A final reconciliation of state aid was prepared and there should be an approximate \$442,000 surplus in this account at year end. The remaining amount should be received in September or October.

<u>Revenue Category</u>	<u>10-11 Budget</u>	<u>8/31/11 Actual</u>	<u>Budget Variance</u>
Erie County Contribution	\$17,429,317	\$ 17,429,317	-0-

Pursuant to the Local Law, the College is to 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. The College received the \$208,539 due from the 2009-2010 fiscal year on December 6, 2010. On April 15, 2011, Erie County transferred \$15,420,778 to ECC representing the amount budgeted less the equipment component (\$1,800,000) and the \$208,539. An invoice for the \$1,800,000 was sent to Erie County. Payment is expected shortly. The remaining \$208,539 was recorded as revenue and as a receivable from Erie County. Based upon recent discussions with County Budget and Legislative officials it is expected that this issue will be resolved for not only the current year, but for future years.

<u>Revenue Category</u>	<u>10-11 Budget</u>	<u>8/31/11 Actual</u>	<u>Budget Variance</u>
Other Revenues	\$8,292,900	\$ 9,387,940	\$1 ,095,040
Non-Credit Fees	\$ 848,500	\$ 797,578	(\$ 50,922)
Out-of-County Charges	\$1,995,000	\$ 1,728,120	(\$ 266,880)

The major revenues categorized as "other revenues" are: technology fees (budget \$2,700,000, actual \$3,425,832), lab fees (budget \$1,750,000, actual \$1,882,154), and distance learning fees (budget \$790,000 actual \$999,480).

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.).

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 2010-11 chargeback rate is \$870, which is a decrease of \$430 from the previous year. 2011-12 chargeback rates were provided by SUNY and a separate report discussing chargebacks is provided.

<u>Expense Category</u>	<u>10-11 Budget</u>	<u>8/31/11 Actual</u>	<u>Budget Variance</u>
Personal Services	\$60,052,312	\$58,613,001	\$1,439,311

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 is being maintained to ensure this account generates a positive budget variance at year end. The amount recorded includes 16 early retirement incentives paid out as of August 31, 2011 which totaled \$386,670.

<u>Expense Category</u>	<u>10-11 Budget</u>	<u>8/31/11 Actual</u>	<u>Budget Variance</u>
Fringe Benefits	\$23,225,700	\$23,269,357	(\$52,587)

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. The retirement systems have informed the College of significant increases in rates. Effective April 1, 2011 rates paid to the Employees Retirement System (ERS) will increase on average 40% and the Teachers Retirement System (TRS) effective July 1, 2011 will increase rates by 33.41%. At this point there is a \$1,214,556 shortfall in the amounts budgeted for ERS and TRS retirement for the current year. By maintaining a strict vacancy control the corresponding fringe benefit savings will partially offset the retirement cost increases.

<u>Expense Category</u>	<u>10-11 Budget</u>	<u>8/31/11 Actual</u>	<u>Budget Variance</u>
Other Expenses	\$15,643,167	\$17,669,208	(\$2,026,041)

“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. The two major accounts which were exceeded were miscellaneous expense and the capital improvements account. As to the miscellaneous expense account \$254,621 was an unanticipated charge paid to the Department of Education as a repayment for a financial aid audit completed. Almost \$2.4 million has been expended in connection with improvements to classrooms and labs during the course of the year.

<u>Expense Category</u>	<u>10-11 Budget</u>	<u>8/31/11 Actual</u>	<u>Budget Variance</u>
Equipment	\$1,800,000	\$2,735,652	\$ (934,652)

The County funds the \$1,800,000 budgeted for equipment by utilizing tobacco settlement/capital funds. Some unexpected technology related equipment was purchased at year end to address data storage shortfalls.

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Attachment

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

ERIE COMMUNITY COLLEGE
2010 - 2011 Actual Revenue Versus Budget (Estimated Revenue)
Period Ending August 31, 2011

Operating Revenues	2010-2011 Budget	Revenue 8/31/2011	2009-2010 Budget	Revenue 8/31/2010	Difference	Remaining 2010-11 to be realized	% Budget Remaining
Student Tuition	\$41,943,852	\$41,589,893	\$36,940,228	\$40,715,369	\$874,524	(\$353,959)	0.8%
State Aid	\$30,211,680	\$30,472,177	\$32,901,232	\$33,084,106	(\$2,611,929)	\$260,497	-0.9%
Erie County Contribution	<u>\$17,429,317</u>	<u>\$17,429,317</u>	<u>\$17,429,317</u>	<u>\$17,429,317</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0%</u>
Sub-total	<u>\$89,584,849</u>	<u>\$89,491,387</u>	<u>\$87,270,777</u>	<u>\$91,228,792</u>	<u>(\$1,737,405)</u>	<u>(\$93,462)</u>	<u>0.1%</u>
Other Revenues	\$8,292,900	\$9,387,940	\$7,056,000	\$7,974,997	\$1,412,943	\$1,095,040	-13.2%
Non-Credit Fees	\$848,500	\$797,578	\$833,000	\$940,841	(\$143,263)	(\$50,922)	6.0%
Out-of-County Charges	\$1,995,000	\$1,728,120	\$1,668,000	\$1,842,505	(\$114,385)	(\$266,880)	13.4%
Fund Balance Used	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	#DIV/0!
Sub-total	<u>\$11,136,400</u>	<u>\$11,913,637</u>	<u>\$9,557,000</u>	<u>\$10,758,342</u>	<u>\$1,155,295</u>	<u>\$777,237</u>	<u>-7.0%</u>
Total Operating Revenues	\$100,721,249	\$101,405,025	\$96,827,777	\$101,987,134	(\$582,109)	\$683,776	-0.7%

ERIE COMMUNITY COLLEGE
 2010 - 2011 Expenses Versus Budget (Appropriations)
 Period Ending August 31, 2011

Operating Expenses	2010-2011 Budget	Expenses 8/31/2011	2009-2010 Budget	Expenses 8/31/2010	Difference	Remaining Budget	% Budget Remaining
Personal Services	\$60,052,312	\$58,613,001	\$58,171,947	\$57,453,697	(\$1,159,303)	\$1,439,311	2.4%
Fringe Benefits	<u>\$23,216,770</u>	<u>\$23,269,357</u>	<u>\$22,054,085</u>	<u>\$21,937,990</u>	<u>(\$1,331,367)</u>	<u>(\$52,587)</u>	<u>-0.2%</u>
Sub-total	<u>\$83,269,082</u>	<u>\$81,882,358</u>	<u>\$80,226,032</u>	<u>\$79,391,687</u>	<u>(\$2,490,671)</u>	<u>\$1,386,724</u>	<u>1.7%</u>
Other Expenses	\$15,643,167	\$17,669,208	\$14,801,745	\$15,217,487	(\$2,451,721)	(\$2,026,041)	-13.0%
Equipment	<u>\$1,800,000</u>	<u>\$2,735,652</u>	<u>\$1,800,000</u>	<u>\$1,933,265</u>	<u>(\$802,387)</u>	<u>(\$935,652)</u>	<u>-52.0%</u>
Sub-total	<u>\$17,443,167</u>	<u>\$20,404,859</u>	<u>\$16,601,745</u>	<u>\$17,150,752</u>	<u>(\$3,254,108)</u>	<u>(\$2,961,692)</u>	<u>-17.0%</u>
Total Operating Expenses	\$100,712,249	\$102,287,218	\$96,827,777	\$96,542,439	(\$5,744,779)	(\$1,574,969)	-1.6%