

MEMORANDUM

TO: BOT Subcommittee - Budget, Finance & Contracts
 FROM: ^{WDR} William D. Reuter, Chief Administrative & Financial Officer
 DATE: February 17, 2012
 RE: Fiscal Year 2011-12 Revenues & Expenditures - Key Item Report -
 January 31, 2012

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Provided below is a revenue and expenditure report which discusses the major revenue and expenditure accounts as of January 31, 2012, the fifth 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 January 31, 2012 total revenues (\$66,337,928) exceed actual expenditures (\$40,988,977) by \$25,348,951. This excess is due mainly to timing, as all of the student tuition for the Fall and Winter semesters has been collected and recorded along with most of the Spring semester, but only the expense (salaries & fringe benefits) connected with the Fall and Winter semesters has been expended.

<u>Revenue Category</u>	<u>11-12 Budget</u>	<u>1/31/12 Actual</u>	<u>Budget Variance</u>
Student Tuition	\$44,897,766	\$40,687,332	(\$4,210,434)

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. At this point, based upon declining enrollment for Fall, Winter and Spring there will be an approximate \$1.0 million shortfall in student tuition. 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 11	5,857.4	5,381.0	(476.4)	5,816.3
Winter 11	77.7	70.3	(7.4)	77.3
Spring 12	5,443.8	5,184.6	(241.2)	5,425.9
Summer 1 & 2	795.0	0	(795.0)	766.4
Total (credit only)	12,173.9	10,635.9	(1,538.0)	12,085.9

Credit enrollment for Fall 2011, Winter and Spring 2012 is 6.4% below budget. There will be some minor adjustments to these numbers, but at this point this will result in a \$1.5 million loss in state aid for 2012-2013. It should be noted, this activity represents only credit course enrollment. Credit enrollment

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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>1/31/12 Actual</u>	<u>Budget Variance</u>
State Aid	\$29,174,648	\$14,826,836	(\$14,347,812)

The first two quarterly state aid payments have been received. 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 13,521.2 FTE's. There will be an approximate \$96,000 shortfall in this account for the current year.

<u>Revenue Category</u>	<u>11-12 Budget</u>	<u>1/31/12 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 adjusted 2012 budget includes the College's subsidy at \$17,429,317.

<u>Revenue Category</u>	<u>11-12 Budget</u>	<u>1/31/12 Actual</u>	<u>Budget Variance</u>
Other Revenues	\$10,118,475	\$ 9,003,077	(\$1,115,398)
Non-Credit Fees	\$ 852,500	\$ 289,111	(\$ 563,389)
Out-of-County Charges	\$ 1,745,000	\$ 1,531,572	(\$ 213,428)
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 \$2,983,531), lab fees (budget \$1,853,775, actual \$1,746,080), distance learning fees (budget \$900,000 actual \$853,460) and transportation fees (budget \$1,640,000, actual \$1,487,367). 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. There are significant budget variances in Corporate Training, Driver Programs and Community Education.

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. Out-of-county billings have been sent for all semesters except for Summer 12.

<u>Expense Category</u>	<u>11-12 Budget</u>	<u>1/31/12 Actual</u>	<u>Budget Variance</u>
Personal Services	\$60,742,387	\$23,680,280	\$37,062,107

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. Expenses recorded to date are \$421,302 less than the previous year. At this point there are approximately 40 funded full-time vacancies.

<u>Expense Category</u>	<u>11-12 Budget</u>	<u>1/31/12 Actual</u>	<u>Budget Variance</u>
Fringe Benefits	\$26,402,016	\$10,682,179	\$15,719,837

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. Although expenses recorded as of January 31, 2012 are \$600,298 higher than the previous year, the budget for fringe benefits increased in excess of \$3.0 million.

<u>Expense Category</u>	<u>11-12 Budget</u>	<u>1/31/12 Actual</u>	<u>Budget Variance</u>
Other Expenses	\$16,706,126	\$5,869,409	\$10,836,717

“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. At this point in time, a significant portion of the current surplus is due to contractual services involving payments to the College’s Pathways partners that are not disbursed until the latter part of the fiscal year.

<u>Expense Category</u>	<u>11-12 Budget</u>	<u>1/31/12 Actual</u>	<u>Budget Variance</u>
Equipment	\$1,800,000	\$757,109	\$1,042,891

For the past several years the County has funded the \$1,800,000 budgeted for equipment by utilizing capital funds. If ECC doesn’t spend at least \$1.8 million on equipment the amount of subsidy received would be decreased.

WDR/jw
Attachment

cc: ✓ Hon. Lynn M. Marinelli, Chair, Erie County Legislature Community Enrichment Committee

ERIE COMMUNITY COLLEGE
2011 - 2012 Actual Revenue Versus Budget (Estimated Revenue)
Period Ending January 31, 2012

Operating Revenues	2011-2012 Budget	Revenue 1/31/2012	2010-2011 Budget	Revenue 1/31/2011	Difference	Remaining 2011-12 to be realized	% Budget Remaining
Student Tuition	\$44,897,766	\$40,687,332	\$41,943,852	\$39,048,710	\$1,638,622	(\$4,210,434)	9.4%
State Aid	\$29,174,648	\$14,826,836	\$30,211,680	\$14,618,425	\$208,411	(\$14,347,812)	49.2%
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>\$55,514,168</u>	<u>\$89,584,849</u>	<u>\$53,667,135</u>	<u>\$1,847,033</u>	<u>(\$35,987,563)</u>	<u>39.3%</u>
Other Revenues	\$10,118,475	\$9,003,077	\$8,292,900	\$7,822,898	\$1,180,180	(\$1,115,398)	11.0%
Non-Credit Fees	\$852,500	\$289,111	\$848,500	\$259,038	\$30,073	(\$563,389)	66.1%
Out-of-County Charges	\$1,745,000	\$1,531,572	\$1,995,000	\$1,189,978	\$341,593	(\$213,428)	12.2%
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>	<u>100.0%</u>
Sub-total	<u>\$14,148,798</u>	<u>\$10,823,760</u>	<u>\$11,136,400</u>	<u>\$9,271,914</u>	<u>\$1,551,846</u>	<u>(\$3,325,038)</u>	<u>23.5%</u>
Total Operating Revenues	\$105,650,529	\$66,337,928	\$100,721,249	\$62,939,049	\$3,398,879	(\$39,312,601)	37.2%

ERIE COMMUNITY COLLEGE
 2011 - 2012 Expenses Versus Budget (Appropriations)
 Period Ending January 31, 2012

Operating Expenses	2011-2012 Budget	Expenses 1/31/2012	2010-2011 Budget	Expenses 1/31/2011	Difference	Remaining Budget	% Budget Remaining
Personal Services	\$60,742,387	\$23,680,280	\$60,052,312	\$24,101,582	\$421,302	\$37,062,107	61.0%
Fringe Benefits	<u>\$26,402,016</u>	<u>\$10,682,179</u>	<u>\$23,216,770</u>	<u>\$10,081,901</u>	<u>(\$600,278)</u>	<u>\$15,719,837</u>	<u>59.5%</u>
Sub-total	<u>\$87,144,403</u>	<u>\$34,362,459</u>	<u>\$83,269,082</u>	<u>\$34,183,483</u>	<u>(\$178,976)</u>	<u>\$52,781,944</u>	<u>60.6%</u>
Other Expenses	\$16,706,126	\$5,869,409	\$15,643,167	\$5,170,476	(\$698,933)	\$10,836,717	64.9%
Equipment	<u>\$1,800,000</u>	<u>\$757,109</u>	<u>\$1,800,000</u>	<u>\$972,582</u>	<u>\$215,472</u>	<u>\$1,042,891</u>	<u>57.9%</u>
Sub-total	<u>\$18,506,126</u>	<u>\$6,626,518</u>	<u>\$17,443,167</u>	<u>\$6,143,058</u>	<u>(\$483,460)</u>	<u>\$11,879,608</u>	<u>64.2%</u>
Total Operating Expenses	\$105,650,529	\$40,988,977	\$100,712,249	\$40,326,541	(\$662,436)	\$64,661,552	61.2%