

Jack Quinn
President

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August 29, 2012

The Honorable Lynn Marinelli
Erie County Legislator - District 3
1701 Hertel Avenue
Buffalo, New York 14216

RE: Full time faculty

Dear Legislator  Lynn Marinelli:

At the public hearing on our 2012-2013 ECC budget, on June 18, 2012, in the Legislature, there was much discussion regarding the lack of adequate full time faculty. The ECC Trustees and Administration listened carefully to the discussion.

Today, at our monthly Trustees Meeting, the Board took very affirmative action in response to the request to hire more full time faculty. The Trustees have approved action to hire nine full time faculty and one Librarian to begin the school year next Tuesday, September 4, 2012.

As you recall in our approved budget, the Trustees cut 42 full time positions which were funded, but not filled. At the same time \$460,000 was earmarked for a contingency account for faculty hiring for the full school year. In taking action today the Trustees opted to use all that funding now, plus \$57,000 (late retirement) to approve this personal action, for this semester.

We deeply appreciate the support and cooperation the college receives from your office and the Legislature. This partnership will pay dividends as we continue to support the efforts of affordable, quality education and stimulate work force development.

Please contact President Quinn, if you have questions or concerns.

Thank you for your strong support and assistance for the college.

Respectfully,



Patricia Mertz
Chairman of Board




Jack Quinn
President

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William D. Reuter
Chief Administrative & Financial Officer
851-1700, 851-1703 (Fax)

MEMORANDUM

TO: BOT Subcommittee – Budget, Finance & Contracts

FROM:  William D. Reuter, Chief Administrative & Financial Officer

DATE: August 14, 2012

RE: Fiscal Year 2011-12 Revenues & Expenditures - Key Item Report –
July 31, 2012

Provided below is a revenue and expenditure report which discusses the major revenue and expenditure accounts as of July 31, 2012, the eleventh 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 July 31, 2012 total revenues (\$100,285,005) exceed actual expenditures (\$88,112,222) by \$12,172,783. This excess is due mainly to timing, as almost all of the student tuition and state aid for the year has been collected and recorded, but only the expense (salaries & fringe benefits) for eleven months has been expended.

| <u>Revenue Category</u> | <u>11-12 Budget</u> | <u>7/31/12 Actual</u> | <u>Budget Variance</u> |
|-----------------------------|-------------------------|---------------------------|----------------------------|
| Student Tuition | \$44,897,766 | \$42,756,174 | (\$2,141,592) |

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 the year, there is an approximate \$2.1 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 | 5,406.4 | (451.0) | 5,816.3 |
| Winter 11 | 77.7 | 67.8 | (9.9) | 77.3 |
| Spring 12 | 5,443.8 | 5,186.8 | (257.0) | 5,425.9 |
| Summer 1 & 2 | <u>795.0</u> | <u>605.5</u> | <u>(489.5)</u> | <u>766.4</u> |
| Total (credit only) | 12,173.9 | 11,266.5 | (907.4) | 12,085.9 |

Credit enrollment for the year is 7.5% below budget. There will be some minor adjustments to these numbers as files are reviewed and submitted to SUNY. It should be noted, this activity represents only credit course

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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, with 462.2 non-credit FTE's recorded as of this date. A total of 1,575.3 FTE's was generated for 2010-11.

| <u>Revenue Category</u> | <u>11-12 Budget</u> | <u>7/31/12 Actual</u> | <u>Budget Variance</u> |
|-------------------------|---------------------|-----------------------|------------------------|
| State Aid | \$29,174,648 | \$29,170,914 | (\$3,734) |

The four 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.

| <u>Revenue Category</u> | <u>11-12 Budget</u> | <u>7/31/12 Actual</u> | <u>Budget Variance</u> |
|--------------------------|---------------------|-----------------------|------------------------|
| Erie County Contribution | \$17,429,317 | \$15,629,317 | (\$1,800,000) |

Pursuant to the Local Law, the College received 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 remaining \$1,800,000 is received after the close of the College's fiscal year upon submission of a detailed equipment expenditure report. 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>7/31/12 Actual</u> | <u>Budget Variance</u> |
|-------------------------|---------------------|-----------------------|------------------------|
| Other Revenues | \$10,118,475 | \$ 10,233,083 | \$ 114,608 |
| Non-Credit Fees | \$ 852,500 | \$ 672,530 | (\$ 179,970) |
| Out-of-County Charges | \$ 1,745,000 | \$ 1,822,987 | \$ 77,987 |
| 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 \$3,219,370), lab fees (budget \$1,853,775, actual \$1,810,340), distance learning fees (budget \$900,000 actual \$977,140) and transportation fees (budget \$1,640,000, actual \$1,519,289). The amount reflected for "fund balance used" represents the anticipated budget deficit for the 2011-12 budget year.

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.

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| <u>Expense Category</u> | <u>11-12 Budget</u> | <u>7/31/12 Actual</u> | <u>Budget Variance</u> |
|-------------------------|---------------------|-----------------------|------------------------|
| Personal Services | \$60,742,387 | \$51,999,395 | \$8,742,992 |

Personal services represent payments for all salaries and wages (full and part-time) for pay periods applicable to the current fiscal year. As was the case in the previous years a strict vacancy control has been maintained to ensure this account generates a positive budget variance. Expenses recorded to date are \$1,425,772 less than the previous year while the budget increased by \$690,000. There are however, three pay dates during the month of August. At this point there are approximately 50 funded full-time vacancies.

| <u>Expense Category</u> | <u>11-12 Budget</u> | <u>7/31/12 Actual</u> | <u>Budget Variance</u> |
|-------------------------|---------------------|-----------------------|------------------------|
| Fringe Benefits | \$26,402,016 | \$23,154,248 | \$3,247,768 |

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 July 31, 2012 are (\$796,608) 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>7/31/12 Actual</u> | <u>Budget Variance</u> |
|-------------------------|---------------------|-----------------------|------------------------|
| Other Expenses | \$16,706,126 | \$11,760,319 | \$4,945,807 |

“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>7/31/12 Actual</u> | <u>Budget Variance</u> |
|-------------------------|---------------------|-----------------------|------------------------|
| Equipment | \$1,800,000 | \$1,198,260 | \$601,740 |

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

E COMMUNITY COLLEGE**1 - 2012 Actual Revenue Versus Budget (Estimated Revenue)****Period Ending July 31, 2012**

| Operating Revenues | 2011-2012 Budget | Revenue 7/31/2012 | 2010-2011 Budget | Revenue 7/31/2011 | Difference | Remaining 2011-12 to be realized | % Budget Remaining |
|--------------------------------------|-----------------------------|------------------------------|-----------------------------|------------------------------|---------------------------|---|-------------------------------|
| Student Tuition | \$44,897,786 | \$42,756,174 | \$41,943,862 | \$41,701,858 | \$1,054,315 | (\$2,141,592) | 4.8% |
| State Aid | \$29,174,648 | \$29,170,914 | \$30,211,680 | \$30,029,859 | (\$858,945) | (\$3,734) | 0.0% |
| San Diego County Contribution | <u>\$17,429,317</u> | <u>\$15,629,317</u> | <u>\$17,429,317</u> | <u>\$15,420,778</u> | <u>\$208,539</u> | <u>(\$1,800,000)</u> | <u>10.3%</u> |
| Sub-total | <u>\$91,501,731</u> | <u>\$87,556,405</u> | <u>\$89,584,849</u> | <u>\$87,152,495</u> | <u>\$403,809</u> | <u>(\$3,945,326)</u> | <u>4.3%</u> |
| Other Revenues | \$10,118,475 | \$10,233,083 | \$8,292,900 | \$9,197,731 | \$1,035,353 | \$114,608 | -1.1% |
| Non-Credit Fees | \$852,500 | \$672,530 | \$848,500 | \$604,926 | \$67,604 | (\$179,970) | 21.1% |
| Out-of-County Charges | \$1,745,000 | \$1,822,987 | \$1,995,000 | \$1,792,813 | \$30,174 | \$77,987 | -4.5% |
| End 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>\$12,728,600</u> | <u>\$11,136,400</u> | <u>\$11,595,469</u> | <u>\$1,133,131</u> | <u>(\$1,420,198)</u> | <u>10.0%</u> |
| Total Operating Revenues | \$105,650,629 | \$100,285,005 | \$100,721,249 | \$98,747,965 | \$1,537,040 | (\$5,365,524) | 5.1% |

IE COMMUNITY COLLEGE
I1 - 2012 Expenses Versus Budget (Appropriations)
Period Ending July 31, 2012

| Operating Expenses | 2011-2012 Budget | Expenses 7/31/2012 | 2010-2011 Budget | Expenses 7/31/2011 | Difference | Remaining Budget | % Budget Remaining |
|---------------------------|-----------------------------|-------------------------------|-----------------------------|-------------------------------|--------------------|-----------------------------|-------------------------------|
| Personal Services | \$60,742,387 | \$51,999,395 | \$60,052,312 | \$53,425,167 | \$1,425,772 | \$8,742,992 | 14.4% |
| Range Benefits | <u>\$26,402,016</u> | <u>\$23,154,248</u> | <u>\$23,216,770</u> | <u>\$22,357,639</u> | <u>(\$796,608)</u> | <u>\$3,247,768</u> | <u>12.3%</u> |
| Sub-total | <u>\$87,144,403</u> | <u>\$75,153,643</u> | <u>\$83,269,082</u> | <u>\$75,782,807</u> | <u>\$629,164</u> | <u>\$11,990,760</u> | <u>13.6%</u> |
| Other Expenses | \$16,706,126 | \$11,760,319 | \$15,643,167 | \$12,099,950 | \$339,631 | \$4,945,807 | 29.6% |
| Equipment | <u>\$1,800,000</u> | <u>\$1,198,260</u> | <u>\$1,800,000</u> | <u>\$2,316,239</u> | <u>\$1,117,979</u> | <u>\$601,740</u> | <u>33.4%</u> |
| Sub-total | <u>\$18,506,126</u> | <u>\$12,958,579</u> | <u>\$17,443,167</u> | <u>\$14,416,189</u> | <u>\$1,457,610</u> | <u>\$5,547,547</u> | <u>30.0%</u> |
| Total Operating Expenses | \$105,650,529 | \$88,112,222 | \$100,712,249 | \$90,198,996 | \$2,086,774 | \$17,538,307 | 16.6% |