




COMMUNITY COLLEGE FUNDING: 101

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PRESIDENT, NYS COMMUNITY COLLEGE BUSINESS OFFICERS ASSOCIATION

AGENDA

- Community College Regulations
 - Brief Overview of NYS Community College Financing
 - Operating Revenue Sources and Distribution of Funds
 - Chargebacks
 - Financing a Capital Project
 - Budget Timelines
 - 2022-23 State Budget
 - From a Finance Professional's Perspective....
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Community College Regulations

- Responsibilities & duties of Trustees – prepare, approve & implement budgets; establish tuition & fees; upon recommendation of president appoint personnel; determine & implement salary & employee benefits schedules...
- Trustees shall establish policies & delegate to the president or designee responsibility for implementation of personnel appointments; conditions of employment; care, custody, control & management of the facilities, equipment & supplies; prepare an operating & capital budget...
- Responsibilities & duties of the president – formulate & present to the college trustees, for their action, recommendations on budgets; salary & employee benefits schedules; personnel appointments; planning & management of facilities; administration of collective bargaining agreements; submit an annual report on the operation of the college to the college trustees...

Brief Overview of NYS Community College Financing

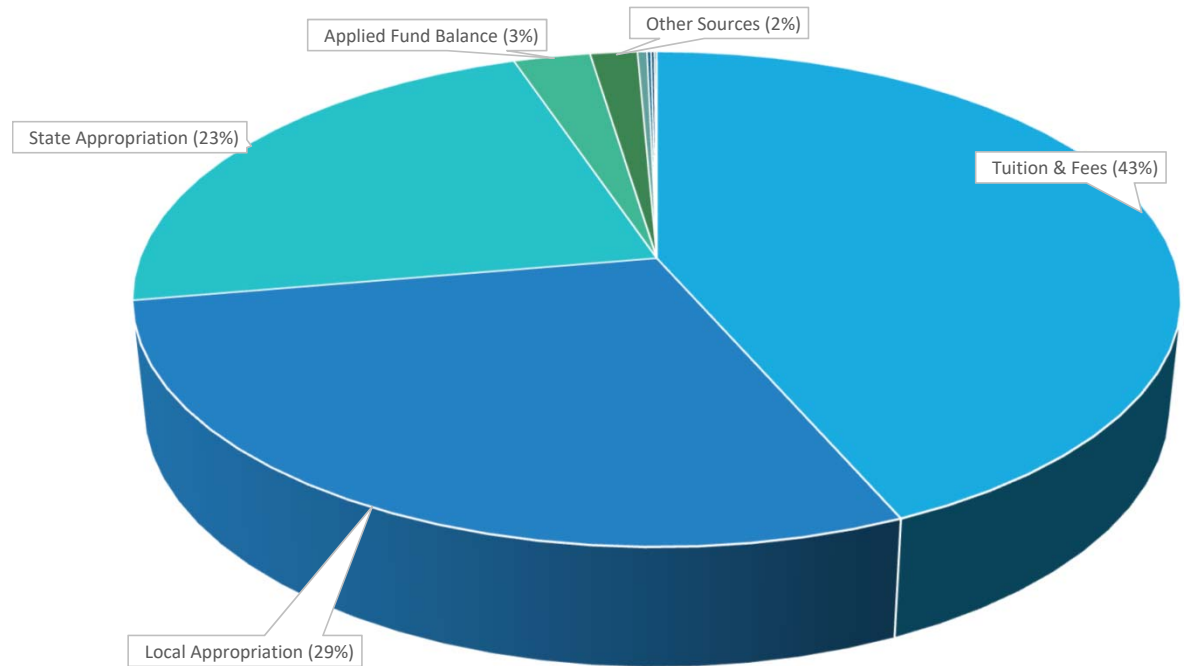
State Education Law regulates our operating and capital revenue streams as well as our operating expenditures

- **Sources of Operating Revenues:**
 - ✓ State Revenues
 - State Aid - rate per FTE; flat dollar amount; some hybrid
 - Rental Aid - amount per square foot
 - ✓ Student Revenues
 - Tuition
 - Fees
 - ✓ Local Share
 - Sponsor Contribution
 - County sponsor cash (Maintenance of Effort)
 - Applied fund balance
 - Non-Sponsors' Contribution
 - Chargebacks
 - Non-Residents
 - ✓ Other Income
 - ✓ Grants
- **Sources of Capital Revenues:**
 - ✓ Local Share
 - Capital Chargebacks (\$300/FTE/year from non-sponsor residents)
 - Sponsor Contribution
 - Other (gifts, non-state grants, etc)
 - ✓ State Appropriation
 - 50% Match

Operating Revenue Sources

Note: No funding for workforce development, no aid for non-credit students

Source of Funds 20-21



- Tuition & Fees (43%)
- Local Appropriation (29%)
- State Appropriation (23%)
- Applied Fund Balance (3%)
- Other Sources (2%)
- Federal Grants & Contracts (<1%)
- Private Gifts, Grants, & Contracts (<1%)
- Sales & Services-Auxiliaries (<1%)
- Local Gifts, Grants, & Contracts (<1%)
- State Grants & Contracts (<1%)

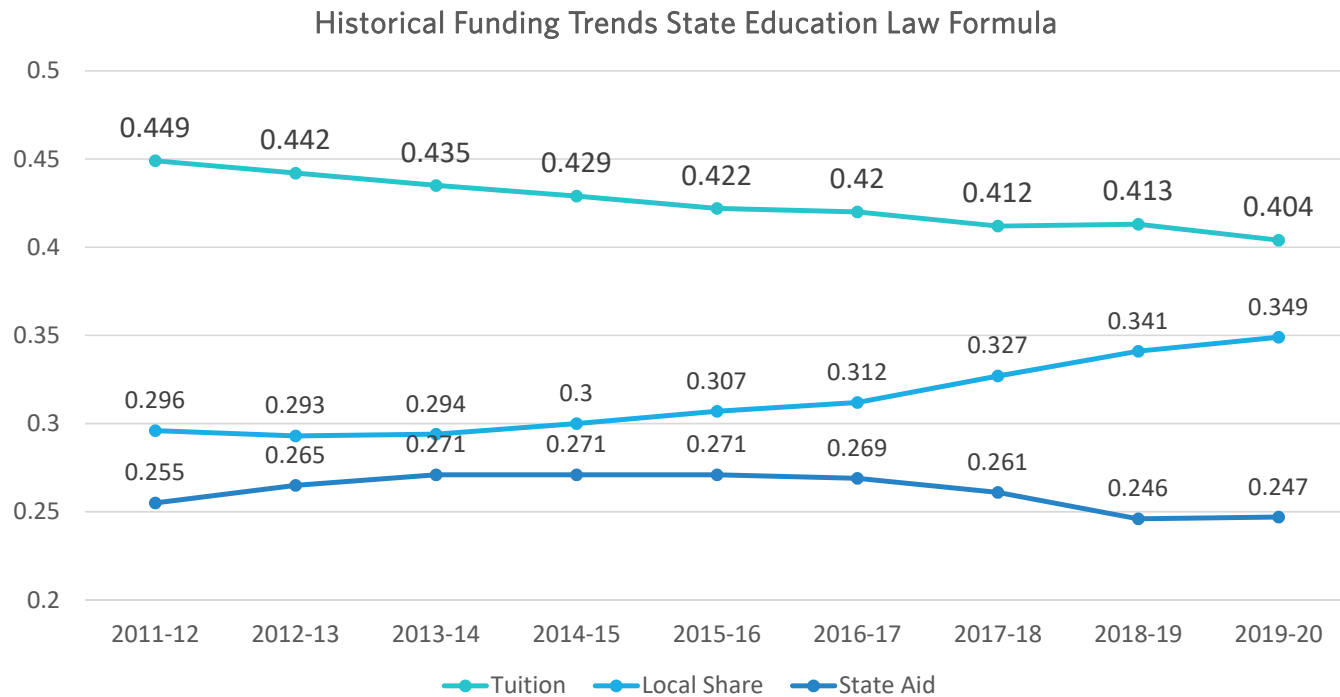
Operating Revenue Sources, Cont.

State Education Law funding formula:

Tuition - 33.3%

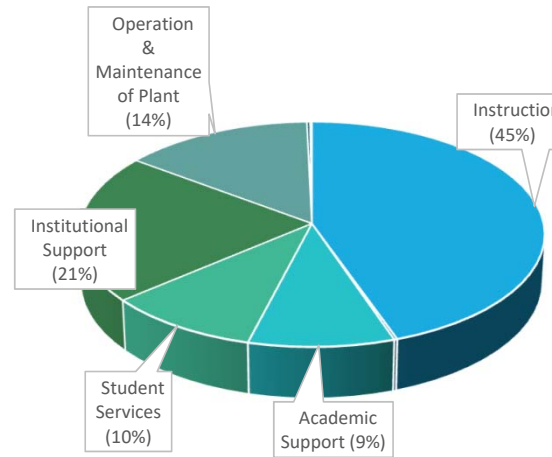
Local share - 26.7%

State aid - 40.0%



Distribution of Operating Funds

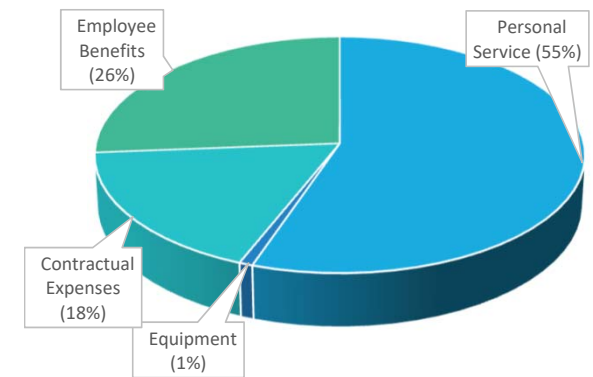
Expense by Function



- Instruction (45%)
- Public Service (<1%)
- Academic Support (9%)
- Student Services (10%)
- Institutional Support (21%)
- Operation & Maintenance of Plant (14%)

➤ Instruction, Academic Support and Student Services = ~65%

Expense by Object



- Personal Service (55%)
- Equipment (1%)
- Contractual Expenses (18%)
- Employee Benefits (26%)

➤ Personnel and Benefits = ~80%

➤ State Operated Campuses don't have benefits expense = ~26%

Chargebacks

Operating:

- Intended to “charge back” to non-sponsor counties and equal share for their residents attending your community college...

(Sponsors Contribution + Fund balance Used / Sponsor FTE)

- Formula is complicated and involves multi-year averages
- Represent ~28% of state wide local share

Capital:

- Intended to “charge back” to non-sponsor counties and equal share for their residents attending your community college...

(\$300/FTE/Year)

- Not all sponsors provide an annual capital contribution
- The \$300 formula hasn't changed in over a decade...maybe longer
- Can't be used for operating

Financing a Capital Project

- Per NYS Education law, capital expenditures are to be funded 50% by the state and 50% by “local share”
- “Local Share” consists of:
 - sponsor contributions to capital
 - capital chargebacks received from other counties (\$300/FTE/year; ~\$300k/year at ADK)
 - other private sources (including grants), and
 - Fundraising
- To be eligible for the State Match, a capital project must be included in your Facilities Master Plan
- The state match is a reimbursement
- Can not spend capital dollars on operating
- NYS’s community colleges are faced with aging infrastructure and significant deferred maintenance

Note: NYS funds 100% of capital costs for state operated campuses.

Budget Timelines at SUNY Adirondack

Operating:

December - Draft budget preparation begins

April - BOTs approved Tuition and Fee Schedule

May - BOTs approved Budget

June - County public hearing on Budget

July - County Board of Supervisors vote on Budget

August - Approved budget due to State

Capital:

- BOTs approves request in August

- County Board of Supervisors vote in September

- Due to SUNY in September

- State Budget Approval in April

- Receive a project number ~ June

2022/23 State Budget

CC's received \$35M

100% of the FY22 "floor" vs FTE model

13.4% less than FY14/15 funding

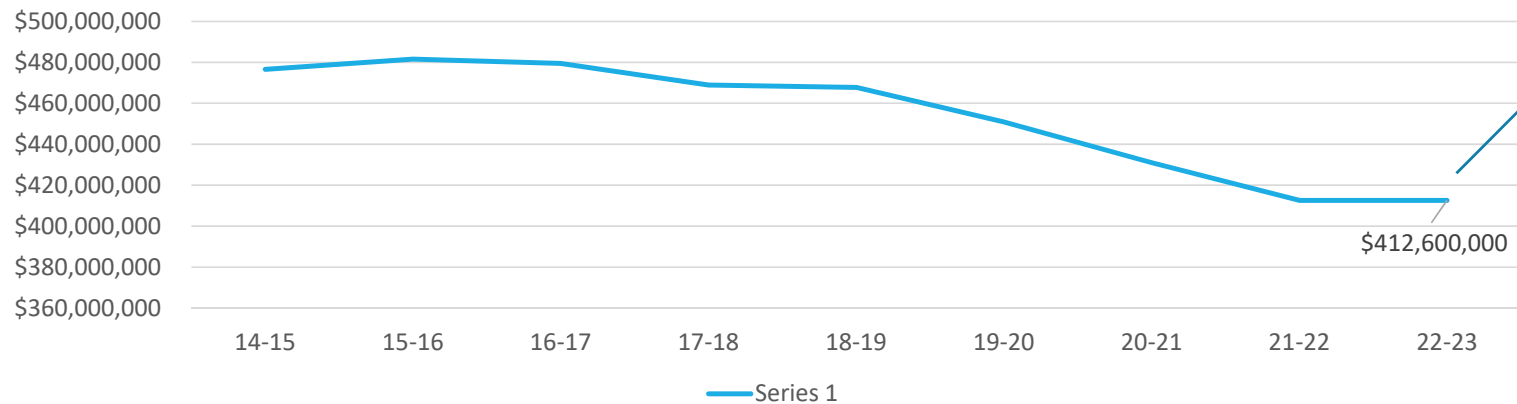
Cumulative loss of \$64M to NYS CC's

Eligible to access \$60M SUNY fund

Assembly & Senate proposed more

Excelsior tuition rate reset (vs. 2016)

Historical State Aid



22/23 vs 14/15
-\$64M
-13.4%

From a Finance Professionals Perspective

Trustees should be concerned about.....

- **Enrollment.** NYSCC's have transitioned from State supported to state assisted; tuition dependent; highly impacted by enrollment fluctuations; NYS future high school graduation projections indicate a steady decline; COVID-19 impact; drives 80% of the budget.
- **State Aid.** The existing legislative formula is volume based and antiquated in its relevance. An FTE is no longer one student....future high school graduation projections are poor for the state...doesn't provide for fixed vs variable costs. Made progress in 2019, reverted back to the FTE model in 2020, made progress again in 2021 but still resulted in a reduction of funding, 2022 was flat. NYS has reduced funding to it's community colleges by \$64M since 14/15. The current appropriation is the lowest in 10 years. **We do not receive state funding for all of the non-credit students we teach/support and no financial aid is available to those students.**
- **Personnel & Benefits** - These costs make up 80% of your annual operating budget; Your CC funds its own benefits, unlike the state operated institutions which are funded by the state. Labor negotiations are key as they drive these costs and limit our ability to control them on a short term basis.
- **Facilities, Capital and Deferred Maintenance** - Must address increasing deferred maintenance and aging facilities. The state fully funds these expenses for state-operated campuses.
- **Other Revenue** - Increasing other revenue, possibly from auxiliaries such as the Foundation and/or FSA.
- **Federal Stimulus Funds** - One time, highly restricted funds