

**JOINT
EDUCATION AND ECONOMIC DEVELOPMENT COMMITTEE
AND WAYS AND MEANS COMMITTEE
MINUTES**

**TUESDAY, JULY 31, 2018
2:00 P.M.**

PRESENT: Paul Ruszkiewicz, Chairman (Education and Economic Development)
Leigh J. Benton, Barry J. Cheney, Thomas Faggione, Kevindaryan Lujan
Joseph J. Minuta, James D. O'Donnell, Rob Sassi, Laurie Tautel

Leigh J. Benton, Chairman (Ways and Means)
Mike Anagnostakis, Katie Bonelli, Kevin W. Hines, James M. Kulisek,
Joseph J. Minuta, James D. O'Donnell, Michael D. Paduch, Janet Sutherland

ALSO

PRESENT: L. Stephen Brescia, Chairman
Kathy A. Stegenga, Legislator
Peter Tuohy, Legislator
John S. Vero, Legislator
Antoinette Reed, Legislative Counsel
Langdon Chapman, County Attorney
Matthew Nothnagle, Chief Asst. County Attorney
Karin Hablow, Commissioner, Finance
Deborah Slesinski, Budget Analyst
Dr. Kristine Young, President, Orange County Community College
Linda Dauer, Vice President of Administration and Finance, Orange County
Community College
Agnes Wagner, SUNY Orange Comptroller
Helen Ullrich, Orange County Community College Board of Trustees
Nicholas DeSantis, Partner, O'Connor Davies LLP
Chris Kopf, Partner, O'Connor Davies LLP
Scott Oling, Partner, O'Connor Davies LLP

Chairman Benton and Ruszkiewicz opened the committee meeting at 2:04 p.m. by asking everyone to stand for the Pledge of Allegiance. All committee members were present.

Mr. Kopf addressed the committees with a review of proposed Orange County Community College budget for 2018-2019. He presented a power point presentation and stated that there is a \$300,000 increase in appropriations. Tuition is down about \$131,000 and state aid is up by \$187,000. He mentioned that the state increased it's per FTE rate. The other revenues are the fees that are charged, the chargebacks to the county which are all driven by the FTE and they are down about \$294,000. The Legislature might need to discuss increasing the county contribution by \$538,000 to keep the budget balanced.

Mr. Kopf noted that historically they talked about how it used to be 1/3, 1/3, 1/3 shared responsibility between the sponsored county, the state and the students. This budget being submitted reflects tuition and fees at about 48%, the county share at 30%, and the state share at

21%. The state lags on their share. He reviewed the comparison of tuition rates with the surrounding counties and for the year 2018 to 2019 the rates for Orange County Community College are the highest. He compared the enrollment from 2011 to present and noted that the present enrollment is on the decline. Back in 2011 to 2012, there was an incline, but they attributed that to the responsibility for students to stay on their parent's health insurance. You used to have to be enrolled in school to be on your parents' health insurance which drove up the part-time and full-time enrollment. The recession was bad at that time so that made community college more attractive. There is an impact on the tuition of the enrollment. He reviewed the county contributions over the years and noted that it was flat for a few years but now it is up again. The state aid has been rising per the FTE reimbursement from the school. The state uses a formula when they calculate how much they will be reimbursed by state aid. You can use the current enrollment, or the three-year average and the college uses the three-year average because with the declining enrollment that would allow more state aid.

Mr. Kopf reviewed the projections from the 2017-2018 adopted budget which was a balanced budget. Reviewing the consultant's projections, the actual provides an unfavorable \$1,712,935 in the revenue so they believe that for 2017-2018 they will come up short by \$1.7 million which was also agreed upon with the college. The college received a few grants which generated additional revenue. The county contribution remains flat and on the other revenue there is a \$255,000 shortfall due to the drop in enrollment fees not being realized in the budget. Overall, they are projecting about a \$2 million deficit in the revenues. On the expenditure side, under personnel they are projecting a \$425,000 deficit due to the early retirement incentive the college did this year. They are projecting a slight overage in benefits and an overall \$2.35 million deficit for 2017-2018. Mr. Kopf continued to review the Summary of 2017-2018 Projected Revenues and Expenses on page 39 (see original minutes).

Mr. DeSantis added that the contracts expired on August 31, 2017 and they did not make any provisions for potential increased labor costs in their projections.

Mr. Kopf stated that if their projections are correct, they will have \$2.6 million left in the fund balance and if the college's projection is correct then they will have \$2.1 million in the fund balance. They project a shortfall on employee benefits in the amount of \$488,000 mostly due to health insurance. We do not know the health insurance rates at this point but NYSHIP put out three different estimates and they use the best of the three. The rate they used created a shortage of about \$300,000 in health insurance.

Dr. Young commented that the college and the auditors have a difference in opinion. She mentioned the signs given by the graduating high schools which is on the downward trend. The enrollment patterns for the upcoming year and as of July 15th they are up 2.5% over the previous year. They reset the enrollment to what they felt was realistic and they projected 1% increase over the projected number. They received some reports back recently that show their retention rate is going up. They also implemented last year a prompt payment policy so when the student registers for courses they need to pay right away and not let the students go into debt. She believed they lost students because of that since they had a back debt owed so they could not make up what they owed and pay for fall 2017. There was a boost in Spring and now have a higher enrollment for Spring of 2018 than they did in Spring 2017.

Mr. Sassi asked if the state kept up their end of the bargain then the college would be in a better position.

Mr. Kopf responded that he was correct.

Mr. Anagnostakis asked if the college thought they would ever get back to the higher numbers like they had in the past. He noted that Orange County Community College has the highest tuition rates than the surrounding counties. He asked how some of the other counties had a decrease or had a zero increase in tuition.

Mr. DeSantis explained that they audited Westchester County, but he did not recall any specific issue. He would need to get back to him on that. He mentioned that maybe the college shares a data base with other local colleges and they would have the answer.

Dr. Young responded they would look into it.

Chairman Ruskiewicz commented that if they want to compare tuition rates they need to look at all the college's entire budgets because there are many factors that go into it.

Mr. Benton noted that he has been a Legislator for 21 years and he did not think that the state ever lived up to their end of the bargain.

Mr. Hines commented on the individuals who took the early incentive and asked if the five that plan to come back and the classes they plan to teach, will they be profitable or budget neutral.

Dr. Young stated that you cannot do it on a course by course basis. Overall, between the incentive and the hiring freeze they implemented, compared to last September to this September with 14 less individuals were about \$1 million less. They only re-staffed the places where there were students concerned. There were four faculty in English who took the incentive and she believed only two of them were replaced.

Mr. Hines reviewed with Legislators page 3 of The Review of the 2018-2019 Proposed Budget of Orange County Community College and read aloud the section referring to the tuition charged by a community college and translated that what it meant was since they were giving the college \$538,000 this year they can never take it back because they are still not at the 1/3. This can never go down and he wished it could be lower.

Mr. Minuta stated that if they are going to continue a downward trend and have a loss out of the budget that is not helpful. He believed everyone was doing their job, the state, who is supposed to be our partner, is not doing their job and they should be sitting down at the table. This should not be on Orange County taxpayers. He asked why they were not profitable on the nursing program since it is so popular.

Dr. Young commented that there were a variety of reasons; nursing students have an 8-1 teaching ratio, so they need that much more faculty to attend to that many students. The cost of the lab equipment is very expensive. She added that it is more of a capital investment and they could recoup some of the cost. There is a health profession fee that applies to some students. Dr. Young gave an example of uniforms for certain professions are a cost to the student. Some are a cost to the student as a private person and there are some fees that the college is responsible for.

Mr. Minuta stated that he went to Orange County Community College and the materials for the architecture program are extremely expensive. The college did not pay for that. Why are students paying for their own materials for certain programs? It did not seem fair.

Dr. Young mentioned that she did not know program for program what costs what. She believed they were obliged to offer capital equipment such as hospital beds, oxygen tank mock ups.

Mr. Minuta added that the state needs to come up to snuff and be their partner.

Mr. Kulisek asked if the enrollment from 2012 to 2018 had a specific demographic group that they lost.

Dr. Young was not able to address that far back specifically but the overall portion of citizens decreased. She added that in recent years there has been an increase in adult students and in Hispanic students.

Mr. Kulisek asked if there was a survey done of the wants and needs and Dr. Young responded they do that continuously and there are plans with the Newburgh Campus that will address the current needs.

Mr. Kulisek further asked if there were any programs where there is a well-tenured instructor or professor that teaches a small group.

Dr. Young responded that the early retirement incentive reduced some of the longstanding staff.

Mr. Paduch inquired about the cost of healthcare and pointed out that the Legislators pay for their insurance as of 2012 and it is a big impact on budgets. He suggested that while they are doing their negotiations to encourage them to pay 10% towards healthcare.

There was further discussion on negotiations and who is present during the negotiations.

Mr. Benton asked if there was still a waiting list for the nursing program.

Dr. Young replied, yes there is.

Mr. Benton asked how many were on the waiting list.

Dr. Young responded that she did not know the exact number of students on the list but overall there are hundreds of students who come to the college each year with the intent to apply to health professions.

Mr. Benton mentioned that was why they built the Newburgh Campus and he was shocked that there was a waiting list.

Ms. Tautel stated that they should not be using tax payers' money to pay for student's supplies while the cost for other programs is solely on the student.

Dr. Young thought it was fair to do an assessment and report back. One of the community college's philosophy has an idea of not going too far out of bounds. The law permits fees to some extent.

Mr. O'Donnell stated that it appeared that we overestimate the enrollment and asked if there was an advantage to that.

Ms. Dauer responded that the state pays on actual enrollment so there was not any advantage.

Mr. O'Donnell asked what the fund balance will be on August 31st and Mr. Kopf replied it will be \$2.6 million.

Mr. O'Donnell noted that the college was predicting \$2.1 million. How much of the fund balance will be needed to fill this year's budget on August 31st?

Ms. Dauer responded that \$1 million of it went towards the voluntary retirement incentive which they knew would happen.

Mr. O'Donnell stated that going forward using their projections then next year the fund balance would be about \$600,000.

Ms. Dauer pointed out that this year was a major re-set. They re-set the budget, they reduced the enrollment, so they needed to reduce their expenditures.

Mr. O'Donnell mentioned that their accreditation is affected by their fund balance and asked what will happen when they are down to \$600,000.

Ms. Dauer responded that they have until 2020 and they will get there to bring up the fund balance.

Mr. O'Donnell stated that the Legislature can put together a resolution stating the impact on their accreditation. They probably have the best reputation in the state for community colleges but if they start to lose the accreditation because of the fund balance went down then it is the county's obligation to put some pressure on the state. He did not think that they ever sent a letter to the state about their lack of support and contribution but now they could prove that it is affecting the students and the reputation is going down because of their lack of funding. He added that if the college wanted to draft a letter to the state from the Legislature and send it over for them to review, they can do that.

Mr. O'Donnell commented on the names of the individuals who took the early incentive and requested the paperwork be sent over because he now heard people say it was 12 people who signed up.

Discussion ensued on the amount of people who participated in the early incentive offered by the college and Mr. DeSantis pointed out that it was 11 faculty members and 1 staff member.

Ms. Dauer corrected them by stating it was 11 and she will have the list sent over.

Ms. Stegenga commented that there is a trend of over-budgeting and not meeting the numbers. What they are showing for 2018 and 2019, it appears they are over-budgeting again which would put the fund balance at \$583,000 as Mr. O'Donnell mentioned.

Dr. Young noted the difference in opinion and re-set in a lot of ways and worked very hard and believes in the balanced budget that the Board of Trustees approved.

Ms. Dauer mentioned that in 2017 there was a gap between the budget and the actual. They may not have met the budgeted enrollment, they reset their expenses to almost break even. This year the FTE was too great, but they understand next year they need make sure it is a positive bottom line.

Ms. Stegenga asked what the difference was for an instate student tuition and out of state student and Dr. Young replied it was double the amount.

Ms. Stegenga questioned if there was something offered to those who are on the boarder by Port Jervis near New Jersey and Pennsylvania and Dr. Young responded no. She added that Education Law requires that they charge at least double which is what they do.

Mr. Anagnostakis commented on the high school graduates decline and was troubled to hear that the largest school district in Orange County, the Newburgh Enlarged School is projecting a 10% decrease in enrollment and it was true across the board in Orange County. Knowing the anticipated projections, from a business perspective, they need to increase the sale rate of the product or decrease the cost of the company. He commented on Mr. Hines' remarks about the profitable programs and maybe downsize in areas that are not necessary. These things need to be thought about now, not five years from now.

Mr. Minuta commented that the decrease in enrollment is based on aging population and younger people having children later in life.

Dr. Young stated that they are aware of this and they talk about it at conferences and the literature that they read also acknowledges that this is happening. They are doing things to address it.

Mr. Lujan stated that the state was not paying their fair share. He liked the idea Mr. O'Donnell had to send a letter to the state but he thought that maybe they can go even further than that. It is a vicious cycle because if the county is not getting money then they cut staff, if they do not cut staff then the county does not get money and students will then pay more. This is one of the poorest populations in the county and the tuition is the highest in the Hudson Valley. He talked to students who attend Orange County Community College and many of them who cannot afford it end up going to New Paltz. They drive all the way to New Paltz instead of attending college in their own hometown. They are losing so many people. Why is Ulster County and Dutchess County getting our students and we are not getting their students.

Dr. Young commented that they import many students from Sullivan and Ulster but tend to lose students to Rockland and Dutchess County Community College.

Chairman Ruszkiewicz stated that they are all aware of the issue with the state and SUNY has been lobbying the state to change their funding mechanism

Mr. Benton commented on Mr. Lujan's remarks regarding the tuition at SUNY New Paltz and pointed out that in 2016 and 2017, an in-state student tuition is \$6,470 so it was higher than Orange County Community College.

Mr. Faggione asked if the Excelsior Scholarship has negatively impacted them.

Dr. Young stated that she could not comment on how well the first year went because the students have fall, spring and summer to get to 30 credit hours. There are about 130 students who received the Excelsior Scholarship and they will not know the results until the summer semester is complete before they will see if there is money owed to the college for services received and they will need to figure out who is going to pay that.

Mr. Faggione further stated that he would like to see additional data to see the contrast between the net gain of students who are using the Excelsior Scholarship to get to Orange County Community College as compared to the net loss of students who took the Excelsior Scholarship and went on to a four-year school. The roulette game that the Governor likes to play with the idea of free tuition really is not free at all. In the end, the county will end up holding the bag, a big bag.

Chairman Ruszkiewicz thanked O'Connor Davies and thought there was good discussion today. Hopefully everyone has a better understanding of the OCCC Budget.

Last on the agenda was to vote on the proposed Orange County Community College Budget for the year 2018-2019.

Mr. Sassi moved to vote on the proposed Orange County Community College Budget for 2018-2019, seconded by Mr. Lujan.
(Education and Economic Development)

Mr. Hines moved to vote on the proposed Orange County Community College Budget for 2018-2019, seconded by Ms. Bonelli.
(Ways and Means)

Chairman Ruszkiewicz summarized the process and stated that they vote today to send this to the full legislative session on Thursday, August 2, 2018. Prior to the legislative session, there will be a public hearing on the OCCC Budget and then they vote on it. Assuming it passes, it then is submitted to the state. He recently learned by Dr. Young, if they did not approve the budget, it would go into a negotiation with a representative from the county, a representative from the Board of Trustees and a representative from SUNY to come up with a budget.

Mr. Paduch noted that there was outstanding information that they still do not know. He did not understand how they can vote on it so he planned to abstain.

Motion carried. All in favor. (Education and Economic Development)

Motion carried. All in favor with the exception of Mr. Paduch who abstained. (Ways and Means)

The meeting adjourned at 3:36 p.m.

