

**SUNY BROOME COMMUNITY COLLEGE
Board of Trustees
Finance and Facilities Committee Minutes
December 13, 2016**

COMMITTEE MEMBERS PRESENT:

Chairperson Newman, Anthony Paniccia, Nicholas Serafini

TRUSTEES PRESENT:

James Orband

SUNY BROOME ADMINISTRATION PRESENT:

Dr. Drumm, Dr. Battisti, Debra Morello, Michael J. Sullivan, Lynn Fedorchak, Jeanette Tillotson, Phil Testa

Chairperson Newman called the meeting to order at 8:00 a.m.

1. ACTION ITEMS

1.1 RECOMMEND APPROVAL OF PAYROLL CERTIFICATION

Trustee Paniccia moved that the Finance and Facilities Committee approves the filing of the College payroll for months of September, October and November 2016. Trustee Serafini seconded the motion, and it was unanimously approved.

1.2 RECOMMEND APPROVAL OF PETTY CASH

Trustee Paniccia moved that the Finance and Facilities Committee approves expenditures from petty cash accounts for October and November 2016 and reimburse the funds in the amounts designated. Trustee Serafini seconded the motion, and it was unanimously approved.

1.3 RECOMMEND APPROVAL OF EDUCATIONAL SERVICES TO LORENZO DE MEDICI S.R.L. FOR STUDY ABROAD PROGRAMS

Trustee Serafini moved that the Finance and Facilities Committee recommends that the Board of Trustees approves Educational Services from Lorenzo de Medici S.R.L. for Study Abroad Programs in an amount not to exceed \$175,000. Trustee Paniccia seconded the motion, and it was unanimously approved.

1.4 RECOMMEND APPROVAL OF RESOLUTION TO NEW YORK STATE ELECTRIC AND GAS FOR AN EASEMENT FOR AN ELECTRICAL LINE AND A GRANT FOR A WOODEN POLE FOR THE AGENCY BUILDING

Trustee Orband moved that the Finance and Facilities Committee recommends that the Board of Trustees approves the resolution granting to New York State Electric and Gas an easement for the installation of an electric line and a grant for a forty-five (45') foot wooden pole for The Agency building. NYSEG will also guarantee perpetual care and maintenance of the electric line and wooden pole, contingent upon NYSEG meeting County, College, and any regulatory agency and required State University of New York approval. Trustee Paniccia seconded the motion, and it was unanimously approved.

1.5 RECOMMEND APPROVAL OF RESOLUTION FOR UNPAID LEAVE OF ABSENCE FOR GINA CHASE

Trustee Orband moved that the Finance and Facilities recommends that the Board of Trustees grant an unpaid (FMLA eligible) child rearing leave of absence to Gina Chase, Staff Associate, in the Fast Forward Program from November 28, 2016 to December 2, 2016 and from December 5, 2016 to December 23, 2016 at fifty percent (50%) time. Trustee Paniccia seconded the motion, and it was unanimously approved.

1.6 RECOMMEND APPROVAL OF RESOLUTION FOR UNPAID LEAVE OF ABSENCE FOR KENNETH C. MANSFIELD, JR.

Trustee Orband moved that the Finance and Facilities Committee recommends that the Board of Trustees grant an unpaid leave of absence to Kenneth C. Mansfield, Jr., Professor, in the Computer Science Department from January 16, 2017 to January 15, 2018 to serve in a promotional appointment as Interim Associate Vice President & Dean of STEM. Trustee Paniccia seconded the motion, and it was unanimously approved.

1.7 RECOMMEND APPROVAL OF RESOLUTION FOR UNPAID LEAVE OF ABSENCE FOR COURTNEY O'HAGEN

Trustee Orband moved that the Finance and Facilities Committee recommends that the Board of Trustees grant an unpaid (FMLA eligible) child rearing leave of absence to Courtney O'Hagen, Associate Professor, in the Psychology & Human Services Department from January 23, 2017 to May 25, 2017. Trustee Paniccia seconded the motion, and it was unanimously approved.

1.8 RECOMMEND APPROVAL OF RESOLUTION FOR UNPAID LEAVE OF ABSENCE FOR JASON W. BORING

Trustee Orband moved that the Finance and Facilities Committee recommends that the Board of Trustees approves an unpaid (military) leave of absence to Jason W. Boring, Director of Student Activities from February 6, 2017 to May 19, 2017. Trustee Paniccia seconded the motion, and it was unanimously approved.

1.9 RECOMMEND APPROVAL TO CONTRACT WITH LECHASE CONSTRUCTION SERVICES, LLC FOR CONSTRUCTION MANAGEMENT SERVICES FOR THE MECHANICAL BUILDING FOR THE CORE BUILDINGS REHABILITATION PHASE I PROJECT

Trustee Orband moved that the Finance and Facilities Committee recommends that the Board of Trustees approves allowing the college to enter into an agreement with LeChase Construction Services, LLC for construction management services for the Mechanical Building for the Core Buildings Rehabilitation Phase I Project for a cost not to exceed \$503,300. Trustee Paniccia seconded the motion, and it was unanimously approved.

2. INFORMATION ITEMS

2.1 President's Report

Dr. Drumm gave his report to the committee.

There is not much going on at SUNY right now with the Chancellor's departure. The budget was submitted by the SUNY board and if it gets adopted by the Governor and the legislature, it would be a good budget for community colleges. The SUNY presidents are meeting Wednesday and Thursday in NYC and he may learn more at that time.

Thanks to those who made it to our reception Thursday night as it was a great time. I think another record turnout, each year we are having a better turnout as more faculty and staff are coming. We have been slowly building our numbers of current faculty and staff who attend, and it is very nice to see. 'Tis the season!

We officially launched the search for Debbie's successor; our chief student development officer and our chief diversity officer combined. The ads have been out for a couple of weeks now. We are very much on the normal timeline for the search, and we will see how it goes. The committee just met for the first time to go over the process, to meet each other and to talk about the position.

As you know we continue working on the budget. We are pretty well there with a plan on paper for a balanced budget for this year not using the fund balance that is budgeted. He wanted to thank Michael for weeks of under the hood kind of work and all the leadership teams that put that together. We got everybody paid now for this year and last year; now the challenge is to find pockets to continue moving the college forward with operations and programs. Michael will talk a little bit more in detail. He will have a more updates on Thursday night.

2.2 SUNY Broome Budget and Financial Developments

Michael gave his report to the committee.

We submitted the annual report to SUNY at the end of October and as reflected in the report the fund balance is a little over \$3.4 million which is about 6% of the operating budget for last year. As Dr. Drumm mentioned, we are making a priority to start increasing the fund balance number towards the targeted mid-range of about 10%. We are taking actions related to a revised budget this year to mitigate the need to use the \$380,000 of fund balance that is budgeted this year, which would take the balance down to a little over 5%.

We have pretty much completed the field work with the external auditors, Bonadio Group. There are some estimates that are pending from the NYS Retirement System that affects all community colleges as well as the 4-year schools. Bonadio has requested that we not estimate that amount as they want a definitive number. Subsequent to receiving that information, we expect to have Bonadio present the 2015-16 financial statements at the February, 2017 board meeting.

Michael reviewed with the committee the enrollment graphs and table for the last five years. Once you have a pretty good idea of Fall enrollment, when you look at the five-year trend, Fall enrollment is 50% of the total enrollment for the year. Once you know Fall you can pretty much double that number and that is your total. If you take a look at the relationship between spring and fall, it typically is in the range of 11- to 13% lower because you lose some students from the fall to spring semesters. Based on five years of historical data, Fall ends up being 50% of the total, Spring becomes 44% of the total and then winter/summer is 6% of the total. Based on these analytics, the prediction is enrollment will be about 4,922 FTEs for 2016-17.

The forecast for 2016-17 is based on 4,922, which then we can predict student tuition. The budget had a 4% decline and based on this forecast, we expect the decline to be about 2.5%. Every 1% is worth about \$270K; 1.5% would be about \$400K. That is the prediction against the budget of \$22.3M. We round all the forecast numbers to the nearest 100K, because we do not want to represent that we are that precise in our predictions.

As the narrative represents, in reviewing out-of-state, charges to counties and miscellaneous revenue, to the extent that enrollment is a couple of percent below the budget, now having the benefit of reviewing the 2015-16 actual revenue amounts, the 2016-17 budget forecast mirrors last year's actual revenues. There is nothing to suggest that it is going to change very much. Any additional increase in fees is mitigated by the fact that enrollment is down a couple percent. Sponsor share is forecasted to be the same amount as budget. The big reduction in miscellaneous revenues for both last years' actual and forecasted for this year is the Study Abroad Program. There is an offsetting amount of forecasted reduction on the contractual expense side. If enrollment is down, then the contracted costs are down almost dollar-for-dollar. When the 2016-17 budget was developed in April 2016, the overstated miscellaneous revenues in 2015-16 were also structurally in this year's 2016-17 budget.

Based on our updated revenue estimates, the total is about \$53.8 million, which compared to 2015-16 actual revenues is about \$1 million higher. In reviewing revenues over the last four (4) years, the average annual increase in total revenues is about \$1 million dollars.

During the last four (4) years, expenses have increased on average approximately \$2 million per year; not sustainable for the college. Part of the buffer has been the use of fund balance. Fund balance in our opinion should be used for emergency situations and one-time investments, rather than needing to depend on it as part of the overall operation for recurring expenses.

On the expense side, for personnel costs, based on a number of cost containment initiatives that we are currently implementing, the forecast is we will be about \$300K over the budget of \$31.3 million. We are forecasting about \$31.6 million. Dr. Drumm previously had provided an update to the board, with the initial forecast that payroll was going to be in excess of \$1.2 million based on year-to-date payroll costs, if no corrective action was taken. However, currently we are reviewing all positions that become vacant (currently filled) to determine whether they are critical and necessary. Also, in light of the fact that over the last several years' enrollment has declined by 3-4%, we are making adjustments to instructional staffing related to enrollment declines. We are continuing to review and optimize student enrollment in each class, and implementing adjustments to the number of sections per course. We are also adjusting the portfolio of programs with low enrollment that are being offered, especially during the winter and summer sessions. Many of these actions have been previously done by the college, however further refinements are necessary to ensure that our staffing and associated payroll and benefit costs (which are 85% of total college expenses) are in alignment with recurring operating revenue. The fringe benefit forecast is 47.24% of our labor costs; a significant number.

The key area that gives us a hedge around the payroll forecast is within the contracted services area. There were a number of new initiatives that were approved by the board in this year's 2016-17 budget that we are going to defer until later into the fiscal year, once we evaluate the progress made relative to managing the personnel costs, as well as ensuring that the forecast around spring enrollment and revenues is accurate. We will have a pretty solid number around Spring enrollment and revenues within the first couple of weeks of February.

This 2016-17 first quarter forecast reflects a balanced budget with no appropriation for fund balance. We will provide later this week to the college administration, directors and Deans revised 2016-17 budgets which reflect last year's actual amounts of funding. Last year isn't much different from this year, and the challenge to the leadership group is to spend in 2016-17 at last year's levels. We are also identifying a number of other cost containment initiatives and other revenue enhancement strategies for review and implementation during the next several months. Two to three percent (2-3%) reduction in spending is not time to panic; it is really a time to be deliberative in trying to right-size the staffing of the organization related to moderate decline on the enrollment and revenue side. Michael expressed his confidence that we will be able to achieve a balanced budget.

Trustee Serafini expressed that our labor costs in past years were approximately 80-81% of our budget and now you are saying it is 84-85%, is that correct? Michael responded yes that is correct. Trustee Serafini said that the bottom line to simplify the whole thing is that if the revenue is not there; we need to have less staff. Michael stated that was correct. The primary driver of this forecast and 2016-17 budget sustainability plan is during the course of the remainder of this fiscal year and probably next year, is to reduce payroll costs at the level of last year's actuals. Based on current staffing patterns, the objective is to drive approximately \$1.2 million of costs out of the system and correspondingly the 47% fringe benefit costs. The objective is to reduce payroll costs through staff turnover and right sizing staff related to the declining enrollment trends by respective departments and divisions. That is the target over the course of this year and next year. Michael stated this right-sizing of staffing and payroll plan will take the better part of 12 months to implement. It will probably require the deferral of some of the one-time initiatives budgeted in the contracted services expense line in order to transition to a balanced budget in a prudent, deliberative manner. He concurs with Trustee Serafini that labor costs are related to enrollment, and that is really the area we need to focus attention on every day, both planning for what we deliver at the college in terms of courses, classes and sections. Also, in the non-instructional area, to take advantage of the opportunities when turnovers occur to reevaluate every position that is being requested.

Trustee Newman asked when did we have our last tuition hike? Michael responded during the last budget cycle in August. Trustee Newman asked how much did we raise it again. Michael responded 3.9%.

This report was submitted to the committee for information.

2.3 Reports for Board Information

2.3.1 SUNY Broome Facilities Update

Phil Testa wanted to let the committee know that Culinary Arts Design ran into a little snag with what the expectations are going to be from the National Park Service on what the building must look like inside. They are requiring that we keep at least one of the mezzanines and the staircase as part of the character of the building. Passero redesigned the 1st and 2nd floors to accommodate keeping the mezzanine, even though it is not going to meet current city codes for the ceiling height.

Phil and Passero are going to meet with Rey Wojdat and Beth Mollen on Thursday to review the design changes. If the design changes are acceptable, Passero will resubmit to SHPO. The design changes would facilitate a rating of "highly likely" from SHPO to the National Park Service, which doesn't necessarily guarantee that they approve it, but it gives us the highest recommendation from SHPO that they can submit to National Park Service.

Trustee Paniccia asked if they then have to get a variance from the City. Phil responded that from what he understands, the City will not issue variances on safety code. If that is the case, and we have not talked to the City codes person yet because he wants to get through the process first, then he anticipates requesting SHPO to accompany us to the State codes office to approve a variance which will negate the City's code requirements.

Trustee Serafini asked if CAUD approved this. Phil responded CAUD does not have anything to do with the interior; just the exterior.

Trustee Newman asked if this is something Passero should have identified to us. Phil responded no, basically what SHPO said is you are trying to take a building where mezzanines and staircases are the most important part of the character of the building; even though the character of the building is very subjective. Our historical, expert architect didn't have the mezzanines as part of an issue. SHPO is leading us through a minefield. They have lost so many appeals that they are not issuing denials to applications; they are telling you we are going to give you a conditional approval and thereby leaves you no way to start the appeals process

because they have not denied your project. You have to go to your local Congressman to request the National Parks Services to deny your application so you can start the appeals process. If we have to do that, we are looking at 7 months of delay. Our goal and SHPO's goal is to work together to make sure we do not have a delay. We have redesigned it in a way where we think it will work. We are hoping Rey and Beth feel the same way on Thursday and if that is the case we will send it off to SHPO on Monday.

Trustee Serafini asked how much this raised the cost. Phil responded that it doesn't raise the cost at all, it is just a redesign of space and the keeping of a staircase and a partial part of the mezzanine. SHPO even went so far as to say you don't have to keep the whole mezzanine because you cannot see the whole mezzanine from the first floor. Anything behind the fireplace – if you are familiar with the building- we are going to let you take that out because you cannot see it. The redesign will be moving some bathrooms upstairs and changing some kitchen space around.

The President said he had always hoped we would keep the mezzanine but was surprised that it was required. With his historical experience in the past, they are not usually that sticky about the interior.

- 2.3.2 Personnel Report
- 2.3.3 Budget Transfers
- 2.3.4 Grant Approvals
- 2.3.5 Investment Report

These reports were submitted to the committee for information.

Trustee Paniccia made a motion to adjourn the meeting, and Trustee Orband seconded the motion which was unanimously approved. The meeting adjourned at 8:33 a.m.

***The next Finance and Facilities Committee Meeting is scheduled for
Tuesday, January 17, 2017 in the Wales 107 Conference Room***

12/15/16 – Approved by the Board of Trustees