

**WARREN COUNTY BOARD OF SUPERVISORS**

**COMMITTEE: COMMUNITY COLLEGE (JOINT MEETING WITH WASHINGTON COUNTY)**

**DATE: MARCH 6, 2008**

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**COMMITTEE MEMBERS PRESENT: OTHERS PRESENT:**

SUPERVISORS CHAMPAGNE  
STEC  
TAYLOR

REPRESENTING ADIRONDACK COMMUNITY COLLEGE:  
DR. RONALD C. HEACOCK, PRESIDENT  
WILLIAM LONG, VICE PRESIDENT FOR ADMINISTRATIVE  
SERVICES

**COMMITTEE MEMBERS ABSENT:**

SUPERVISORS TESSIER  
SIMMES

BETSY RABIDA, DIRECTOR OF FINANCIAL SERVICES  
PAUL MAZUR, VICE PRESIDENT OF ACADEMIC &  
STUDENT AFFAIRS  
JOSEPH A. CUTSHALL-KING, EXECUTIVE  
DIRECTOR/SECRETARY, ACC FOUNDATION  
FREDERICK H. MONROE, CHAIRMAN  
HAL PAYNE, COMMISSIONER OF ADMINISTRATIVE & FISCAL  
SERVICES  
JOANN MCKINSTRY, DEPUTY COMMISSIONER OF  
ADMINISTRATIVE & FISCAL SERVICES  
JOAN SADY, CLERK, BOARD OF SUPERVISORS  
KEVIN HAYES, WASHINGTON COUNTY ADMINISTRATOR  
PHYLLIS COOPER, WASHINGTON COUNTY TREASURER  
GAYLE HALL, WASHINGTON COUNTY BUDGET OFFICER  
MEMBERS OF THE WASHINGTON COUNTY BOARD OF  
SUPERVISORS  
DEBRA L. SCHREIBER, SR. LEGISLATIVE OFFICE SPECIALIST

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Mr. Champagne called the Community College Committee meeting to order at 1:00 p.m.

Privilege of the floor was extended to Dr. Ronald C. Heacock, President of Adirondack Community College (ACC), who distributed copies of the ACC Proposed 2008-2009 Operating Budget to the Committee members, *a copy of same is on file with the minutes.*

Dr. Heacock apprised that since this was his first joint ACC Committee Meeting with Washington and Warren Counties, he asked all parties in attendance to introduce themselves.

Dr. Heacock advised that on December 20, 2007 he had met with the ACC Board of Trustees and the following parameters were established for their 2008-2009 Operating Budget:

- 1) **Spend at least 3.5% of the budget on equipment and software;**  
He stated the College had not expended the necessary funds to keep their computer equipment up-to-date, and the ACC Board of Trustees requested that they appropriate the necessary funds to improve their technology.

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- 2) **Personnel costs are not to exceed 75% of the budget;**  
Dr. Heacock stated that personnel costs were the primary expenses of the ACC budget and given the mandatory increases required by union contracts, he said, he was unsure whether they would be able to meet the expectations of that guideline.
  - 3) **Discretionary spending costs are to hold at 3.5%;**  
He said holding the discretionary spending costs to 3.5% would be the absolute maximum given the outlook of the current ACC Budget.
  - 4) **Fund balance is to be approximately 10% of the entire budget; and**  
Dr. Heacock apprised that he agreed with the ACC Board of Trustees to limit the fund balance to 10% of the entire College Operating Budget.
  - 5) **Hold student tuition to current level.**

Dr. Heacock stated that personnel costs comprised a majority of the ACC Budget and while there were tendencies within higher education institutions to reach the 80-85 percent range, he said, every position at the College would be reviewed. In response to an inquiry by Kevin Hayes, Washington County Administrator, Dr. Heacock defined "personnel costs" as salary *and* benefits. Betsy Rabida, Director of Financial Services, reported that 77% of the total ACC Budget was attributable to personnel costs, while the cost for health care benefits continued to grow at an alarming rate compared to the other College benefits. When he compared ACC personnel to their peer institutions, such as Jefferson and Herkimer Community Colleges, he noted, the College staff was considerably larger but paid much less, had union representation, and still expended the same amount of funds. He indicated there was a tremendous turnover of their senior faculty resulting in a number of vacant positions and an overall reduction in wage costs. Mr. Hayes asked whether administrative and service employees were considered "personnel" and whether there was a breakdown of the administrative, maintenance and academic staff. In a recent salary study, Dr. Heacock stated the College provided a very competitive and prevailing wage rate for its employees, noting approximately 55% of the ACC Budget was expended on both direct and indirect academic support; and the smaller the college, he said, the harder it was to maintain that percentage due to the variable fixed costs.

In response to an inquiry by Mr. Hayes, Dr. Heacock replied the 2008-2009 ACC Budget figures had not been completed and, therefore, he was unsure about their revenue projections. Mrs. Rabida stated the 2007-2008 ACC Budget totaled \$22,081,649. In response to a query by Mr. Champagne, Mrs. Rabida indicated there was a 2.7% and 4% decrease in the Fall 2007 and Spring 2008 enrollment figures, respectively. Traditionally, ACC benefitted from those students graduating from high school; however, he said, the baby boom had now shifted in the other direction. Mr. Taylor asked whether the four year programs being offered at ACC had any impact on the total college enrollment. Dr. Heacock answered they were hopeful that by offering SUNY (State University of New York) Plattsburgh and Paul Smith's College courses it would increase student enrollment at ACC by selecting their college over another institution. He said he established a Strategic Enrollment Management Committee to 1) review the various reasons students create

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barriers to avoid getting a higher education; and 2) learn how to entice individuals to attend their College by focusing on those high school graduates that did not wish to go to college, as well as the older, non-traditional students.

Based on his review and experience, Dr. Heacock explained it was approximately \$300 cheaper to attend Hudson Valley Community College (HVCC) than ACC; therefore, he said, he would like to maintain their tuition costs for as long as he possibly could. Based upon his review of documents, he stated, ACC had not requested funds from their neighboring Counties when they should have and, therefore, built their budget on the back of their students by charging each student \$131 per credit hour. Dr. Heacock further explained that it was his belief that many people had already been priced out of the College market and it had become increasingly difficult for part-time students to receive State Aid from NYS, which also had dramatically reduced their student enrollment. If they continued in this same direction, he said, the chargeback payments to HVCC and other community colleges would increase leaving students no choice but to attend the college they could afford and ultimately make ACC less competitive.

After meeting with the ACC Board of Trustees, Dr. Heacock explained they (ACC) would request an increase in revenue from the Counties and seek alternative ways to boost student enrollment. He said this year the New York State (NYS) Commission on Higher Education gave ACC an unfunded mandate *and* cut their budget, so he understood that the State of New York had not lived up to its promises.

In discussions with their accrediting agencies, Dr. Heacock stated an average college fund balance ranged from five to twenty percent and it was the desire of the ACC Board of Trustees to hold their fund balance to ten percent of the College budget or approximately \$2 million. He explained that ACC was now self-insured and it was important that their fund balance have the necessary appropriated funds to cover their deductible costs should a crisis or emergency situation arise in order to maintain operations. He further stated the funds in this account would be drawn upon in difficult times or to make specific one-time expenditures. When he met with the ACC Board of Trustees and some of the County Supervisors, Dr. Heacock said there was a concern about how excess revenues and potential savings were managed. In previous years, he said, the College had no plan for their surplus in enrollment and it made no sense to run an institution that had needs without a course of action to expend those funds. Dr. Heacock said if a Department did not spend their appropriated funds in the current budget year, their subsequent budget would be reduced to those monies they expended the previous year.

Mr. Hayes asked what mechanism did the Counties have politically to live up to their obligation when New York State continually failed to meet their responsibilities and Dr. Heacock replied that NYS had expressed that same view towards the Counties. He stated the Commission on Higher Education recently released a report that suggested the State create an endowment that would increase funding for higher education institutions. Given the budget shortfalls, he said, the State decreased their funding for FTE's (full-time enrollment) by \$50; reduced small college grants; and offered them an unfunded retirement mandate. Since NYS decided to make an employees contribution to a NYS retirement plan the responsibility of the employer rather than the State, he said, ACC

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incurred an additional \$100,000 expense over three years. Dr. Heacock explained that the Commission on Higher Education further reported that they promised to appropriate forty percent of their funding assistance to community colleges and invoice each institution their respective share of the funding. If an institution failed to pay their funding percentage, he stated, the Commission on Higher Education would attempt to collect the monies owed for later disbursement, although, he said, he was unsure how that would be accomplished. This report also suggested reducing the number of trustees a college could appoint, thereby making them governmental appointments, commented Dr. Heacock.

Dr. Heacock indicated the report from the Commission on Higher Education did not provide the relief they had hoped for and he was unsure about the proposed endowment option; however, he said, he anticipated receiving the second draft of the report within the next couple of months. He further stated he did not see how the \$400 million that had been appropriated by NYS would meet the demands of both two and four-year institutions. The cost of tuition to a four-year college or university was controlled by the State of New York and this year they (four year colleges) were advised they could not increase their tuition rates; therefore, Dr. Heacock said, the educational institutions became creative with their fees, which were now being reviewed by the Legislature. According to the report from the Commission on Higher Education, he said, the cost to attend a four-year university in the State of New York was less expensive than their peers, while the tuition costs for a student attending a two year community college were considerably more. Dr. Heacock commented that he was aware of the challenges that ACC faced and at the same time, he respectfully understood the Counties were facing some of these same obstacles.

In response to a query by Mr. Champagne, Dr. Heacock explained after attending a SUNY conference, he learned the ramifications of not meeting the current service levels would be disastrous to the College. When he asked SUNY who owned the fund balance, he said, he was advised that it was made up of excess dollars from the State, County and student tuition and, therefore, the College owned the fund balance. When he questioned an employee in the Finance Office of the College, he said, he was told the local government owned the fund balance, so he was unsure who owned it or what the percentages were.

A short discussion ensued.

Mr. Champagne asked that the Supervisors again be allowed to review the 2008-2009 ACC Budget prior to it being released to the media. Dr. Heacock replied they were currently putting their preliminary budget together, determining the amount that could be withdrawn from the fund balance and what funding requests would be submitted to the Counties. Based on preliminary figures, Mr. Monroe commented the County fund balance was currently less than one percent and a Warren County taxpayer would pay a twelve percent increase in their taxes, which they were attempting to reduce to three percent. He said it would be difficult to sell the County Budget with a fund balance of less than one percent when ACC was requesting a fund balance of ten percent. Dr. Heacock apprised that their accreditation would be re-evaluated in April. He said he was advised by his colleagues at Erie County Community College that they were assessed

some stiff penalties for not having adequate reserves in their fund balance. If the College lost their accreditation, he stated, they would not be eligible for federal funding nor would their courses be transferrable to any four-year institution. Along with some anticipated contractual and utility increases, Dr. Heacock said he expected to utilize some of the fund balance to pay for ongoing operations. Mr. Champagne asked if the tuition costs to attend one of their competitor institutions was comparable to the expense to attend ACC and Dr. Heacock replied he expected HVCC to increase their costs. If student enrollments remained constant, he said, he anticipated some of the local governments providing additional funding assistance. For example, he stated, that Jefferson County Community College received an additional \$500,000 from their County.

With the anticipated arrival of AMD (Advanced Micro Devices, Inc.), Dr. Heacock suggested the Board of Trustees consider increasing the College investment by:

- offering engineering programs and additional computer science classes;
- establishing scholarship programs;
- constructing some College dormitories; and
- offering additional adventure sports programs as their current class was filled to capacity.

Since he began his employment with ACC, Dr. Heacock stated a strategic planning process was being developed that offers various options the College should consider to increase enrollment and maintain tuition costs. Based on the criteria they had selected and the current and future ACC budgets, Mr. Hayes asked whether Dr. Heacock had forecast the outlook of the College. Dr. Heacock replied the College would soon release their five-year strategic plan to the Counties and other members of the community for general feedback. In addition, he said, each Department was requested to submit a three-year plan outlining their goals and objectives, the necessary funds to be spent, and the courses to be offered. He stated they had commenced a student enrollment management plan that would analyze where a majority of their students reside. In response to an inquiry by Mr. Hayes about the realty of Governor Spitzer's proposal to reduce FTE's by \$50, Dr. Heacock responded he anticipated the College being successful in getting those funds reimbursed. Although the College did not receive all the appropriations they had requested, he said, the College was fortunate that they made out as well as they did especially when he considered what the Governor had done to other State agencies. Dr. Heacock apprised that a new program entitled Institutional Advancement had been established in their efforts to raise additional funds through scholarships and apply for any grants they became aware of. In response to a query by Mr. Monroe, Joseph Cutshall-King, Executive Director/Secretary of the ACC Foundation, replied that he could not give them specific figures on the amount raised by the Foundation for the Higher Education Center; however, he said, the campaign was doing really well. Dr. Heacock added their partner negotiations had progressed and he expected the revenue stream that had been generated would help with the operating costs, as well as monies for the upkeep of the building.

Mr. Stec exited the meeting at 3:05 p.m.

Dr. Heacock apprised that New York State had appropriated \$469 million for community colleges over the next five years on a first come, first serve basis; however, he said, he

would only request funds for those projects for which Warren and Washington Counties would provide the match. After reviewing the ACC project "wish list", he stated, he submitted their request to NYS for \$60 million to construct new academic buildings and to renovate their older, existing buildings as many classrooms were either in a state of disrepair or already filled to capacity. Mr. Champagne indicated that it was his belief that everyone would agree the time had come that something needed to be done; however, he said, he was unsure whether they would all agree as to the amount. He further added that in the past William Long, Vice President for Administrative Services, would review the College priority project list with the Supervisors. Dr. Heacock replied a renovation list had been compiled, although it did not provide any details for the newer expanded structures. He further noted the Adirondack Regional Business Incubator (ARBI) was not included in their list of projects; however, he said, they did request an economic development center, as well as space for ACC training for businesses and industry. Mr. Hayes asked whether a time frame had been established for these requests to NYS. Mr. Long explained in prior years requests had to be submitted by November and this year they were considered on a first come first serve basis, so he anticipated compiling the necessary information in conjunction with the preparation of the ACC Budget. He stated his major concern was the larger and wealthier schools being awarded these funds, which had doubled since the past five year plan. Mr. Champagne suggested combining the prior year plans with their current year requests into one line entitled Capital Plan and Dr. Heacock concurred with that idea. He stated that any capital investment made by the College must be put on the capital side or they would be 100 percent responsible for the cost. In response to an inquiry by Mr. Champagne about whether the College 2008-2009 Budget included capital expenditures, Dr. Heacock responded yes, as a capital budget request and not operating budget request. Hal Payne, Warren County Commissioner of Administrative & Fiscal Services, asked when the College anticipated receiving a response from the State on their appropriated request of \$60 million and Mr. Long answered when the NYS Budget passed. Once the 2008 State Budget had been adopted, Dr. Heacock said the \$469 million of appropriated funds would be disbursed on a first come, first serve basis until the funds were fully expended. He further explained that unlike previous years, NYS required each College to have a County commitment prior to the funds being disbursed.

Phyllis Cooper, Washington County Treasurer, distributed copies of the combined balance sheets for the ACC open capital projects, *a copy of which is on file with the minutes*. Since their last meeting, she noted, there were three active capital projects while the rest had been closed and each project had its own balance sheet that reflected the expenses and chargebacks for tracking purposes.

Mr. Long asked Ms. Cooper whether the \$28,502.43 reflected under the "Technology Project" were available funds. Ms. Cooper replied Washington County funded the capital projects in advance while Warren County and the State of New York paid their share on a reimbursement basis.

Referring to the first page of the ACC Capital Project notes, Ms. Cooper requested the fund balance in the ACC Chargebacks ( IAA #01) account of \$358,58804 be applied to other ACC capital projects. She stated there were committed funds for Eisenhart Hall Renovations, rest rooms and renovations, totaling \$6,579.03, leaving a total uncommitted

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chargeback fund balance of \$352,009.01, as of March 6, 2008.

Ms. Cooper updated the Committee on the following capital projects:

- the ACC Master Plan (IAB#02) was closed, as discussed at the previous committee meeting (page 2 of 15);
- the Rest Room Access and Safety project (IAH#77) was ongoing and had an unexpended budget balance of \$6,740.93 (page 5 of 15);
- the Eisenhart Hall Renovation - Design (IAL#87) was closed in 2007 (page 6 of 15);
- the Eisenhart Hall Renovation (IAM#87) had an unexpended budget balance of \$23,670.58. She noted this budget was amended pursuant to the new percentages assigned to each County. Ms. Cooper went on to explain there was a cash balance/fund balance in that project of \$4,734.11, which was Washington County's unspent portion of the budget; Warren County owed \$3,208.56, NYS owed \$3,892.63 and the chargeback monies totaled \$11,835.28 (page 6/7 of 15).

In response to inquiries by Mr. Long, Ms. Cooper suggested he review the attached balance sheet for the Eisenhart Hall Renovations that reflected all expenditures to date. Mr. Payne said he thought this project had been completed as Warren County had received monies back. Ms. Cooper explained Warren and Washington County agreed to cash flow the project for future chargebacks; thereafter, she said, it was decided there were sufficient funds in the chargeback account to refund to the two counties and those were the monies Warren County received. She further stated they were no longer cash flowing future chargebacks. According to his list, Mr. Long commented he thought this project had less than a \$10,000 balance.

Continuing on with the list of ACC capital projects, Ms. Cooper explained:

- the Technology Project (IAN#88) had an unexpended budget balance of \$142,703.66. She said they recently met with Paul Dusek, County Attorney for Warren County, who acknowledged that Warren County owed \$10,892, less a NYS overpayment of \$4,144.08, leaving a balance of \$28,502.43 owed by Washington County (page 8 of 15).
- the Update Master Plan project (IAO#89) was closed (page 9 of 15);
- the Higher Education Center - Design Phase (IAP#90) and Higher Education Center - Construction Phase (IAO#91) totaled \$7 million; however, she said, they were treated as two separate projects. She noted the ACC Foundation contributed \$1.5 million and there was no budget balance remaining. The \$216.51 in interest would be transferred to the construction phase of the project. She suggested that this capital project be closed.
- Higher Education Center - ACC Construction Phase. Ms. Cooper noted that there was a current cash balance of \$688,995.52, a State Aid receivable of \$280,936.67, leaving a sub total of \$969,932.19. After subtracting the project liabilities, she said, she estimated a balance of \$617,741.69. In summation, Ms. Cooper stated there was a cash needs of \$4,620,787, less unearned revenues of \$4,634,134, leaving a variance of \$13,347. As of March 3, 2008, she said, there was an unexpended budget balance of

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\$1,118,363.77.

In discussions with Mr. Hayes, Ms. Cooper stated they anticipated going out to bond this project in April 2008; however, she said, the costs associated with the bonding had not been determined. Mr. Hayes explained there was the possibility Washington County would seek alternative ways to cash flow the \$2.5 million the State was required to pay.

A brief discussion.

Relative to the last item on the agenda, Mr. Long briefly updated the ACC Committee on the progress of the Regional Higher Education Center. He said they were reasonably certain the project would be completed by the September 2008 deadline. Dr. Heacock stated he did not believe they would be able to transition the offices and classes this summer; therefore, he said, he would prefer the Grand Opening be held in January 2009. In response to some inquiries by Committee members, Dr. Heacock apprised a mistake was made by the surveyor resulting in the building being moved thirty-four feet. They were fortunate the error was discovered early on; however, he said, there would be some additional costs as a result of the mistake. He further noted that trees would have had to be removed had the building not been relocated.

There being no further business to come before the Committee, on motion by Mr. Taylor and seconded by Mr. Monroe, Mr. Champagne adjourned the meeting at 3:52 p.m.

Respectfully submitted,

Debra L. Schreiber  
Sr. Legislative Office Specialist