

**WARREN COUNTY BOARD OF SUPERVISORS**

**COMMITTEE: COMMUNITY COLLEGE**

**DATE: JUNE 16, 2009**

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**COMMITTEE MEMBERS PRESENT:**

SUPERVISORS CHAMPAGNE  
STEC  
TAYLOR  
PITKIN

**COMMITTEE MEMBER ABSENT:**

SUPERVISOR SIMMES

**OTHERS PRESENT:**

REPRESENTING ADIRONDACK COMMUNITY COLLEGE:

DR. RONALD HEACOCK, PRESIDENT  
WILLIAM LONG, VICE PRESIDENT FOR ADMINISTRATIVE SERVICES  
JOSEPH CUTSHALL-KING, VICE PRESIDENT, ACC FOUNDATION  
KEVIN RIELLY, CHIEF FINANCIAL OFFICER  
ANN MARIE SOMMA, DIRECTOR OF BUSINESS AFFAIRS  
KAREN MOSHER, ADMINISTRATIVE ASSISTANT

FREDERICK MONROE, CHAIRMAN

HAL PAYNE, COMMISSIONER OF ADMINISTRATIVE & FISCAL SERVICES

JOANN MCKINSTRY, DEPUTY COMMISSIONER OF ADMINISTRATIVE &  
FISCAL SERVICES

JOAN SADY, CLERK, BOARD OF SUPERVISORS

REPRESENTING WASHINGTON COUNTY:

KEVIN HAYES, ADMINISTRATOR  
DEBRA PREHODA, CLERK OF THE BOARD  
PHYLLIS COOPER, TREASURER  
MEMBERS OF THE BOARD OF SUPERVISORS

JOANNE COLLINS, LEGISLATIVE OFFICE SPECIALIST

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The joint meeting of Warren and Washington Counties Community College Committees was called to order at 10:00 a.m. in the Regional Higher Education Center at Adirondack Community College.

Agendas were distributed to all Committee members, which included the Proposed 2009-2010 Operating Budget, a copy of which is on file with the minutes.

Commencing the agenda review, Dr. Ronald Heacock, Adirondack Community College (ACC) President, stated that he would review the Budget via a Power Point presentation. He apprised that the Budget had been presented to the ACC Board of Trustees, and the Audit & Finance Committee who gave their tentative approval. The next step was a presentation and response from the Counties followed by approval from the ACC Board at their next meeting scheduled for June 26, 2009.

Presenting the highlights of the 2009-2010 Budget, Dr. Heacock noted the total operating budget for 2008-2009 was \$22,753,500 and \$23,436,105 (3% increase) for 2009-2010. Regarding Full Time Enrollments (FTE), he noted the proposed and estimated actual figures of 2,375 and 2,494, respectively for 2008-2009, and 2,493 proposed for 2009-2010. Dr. Heacock stated the reason for the miscalculation of the original estimated figure for FTE's was due to the fact that the new computer database system had not included Plattsburg enrollment figures and he said an adjustment had been made. He noted the anticipation of approximately \$100,000 in additional revenues as a result of the increased enrollment, for which the final figures would be available after August 31, 2009. He reminded the Committee that an excess of \$700,000 had been borrowed from the Fund Balance last year, for which the ACC Board would determine the parameters with which to replace said funds as well as an expenditure plan for the remainder of 2008-2009. Regarding tuition, Dr. Heacock reiterated the 4% tuition increase for this year which was reasonable in light of the zero increase last year, and he noted the resultant additional cost for one FTE was \$126 per year. He pointed out that within the State University of New York (SUNY) system, tuition increases ranged

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from zero to 9% with a notable increase among SUNY schools overall for this year. He added that SUNY regulated tuition in relation to the Higher Education Price Index (HEPI). He pointed out that the percentage of ACC's budget or net cost associated with tuition was 43.9%. Dr. Heacock assessed that although tuition at Hudson Valley Community College (HVCC) was lower than ACC, their other fees were significantly higher.

Pertaining to New York State Aid (reimbursement per FTE), Dr. Heacock stated that it would remain flat at \$2,675, with an initial proposed reduction of 6-10% and it had been determined that Federal Stimulus Funds would be used to hold that figure flat. With this, he stated, all expenditures must be reported and he informed that three individuals from the State Division of Budget met with ACC to discuss the impact of their budget decisions on small Colleges, and to review ACC's use of the stimulus money. Dr. Heacock also reported that Categorical Aid from the State was received for items such as rent and childcare and ACC had to comply with several unfunded State mandates such as retirement program funding.

Dr. Heacock apprised that the ACC Budget assumed a 3% increase from the sponsoring Counties; however, he stated, the shift in enrollment resulted in contrasting figures between Warren and Washington Counties for which the base aid was split relative to enrollment. This year, he said, ACC faced a dramatic change whereby Warren County increased by approximately 4% and Washington County decreased by 4%. He stated that if both Counties agreed to a 3% increase, it would result in a \$172,000 increase for Warren County and an \$83,000 decrease for Washington County for which the fund balance of \$78,545 would be applied. Dr. Heacock cited that in the absence of the requested 3% increase from the Counties, the total overall increase would be \$90,000 to be split between the Counties accordingly. The reason for the dramatic change, he said, was due to significant changes in enrollment for both Counties this year. He noted that an enrollment shift of this magnitude was unprecedented and unexpected. Dr. Heacock stated that he had planned to conduct more research with regard to the shift. He stated that he reviewed ACC enrollment relative to local high school graduates and noted that fluctuations were typical.

Dr. Heacock reported that the non-sponsor's contribution for the Chargeback Rate had increased by \$180 at \$1,990, and 947.0 FTE's was used in the Chargeback calculation. Noting the zero tuition increase last year and the increased use of the fund balance, Dr. Heacock explained that it was due to a particularly large return to the fund balance a couple of years ago. The chargeback rate, he stated, which was based on the local contribution and spent on the Budget, had decreased significantly. He raised the issue of shifting the allocation of revenue sources, thereby charging Saratoga County a higher amount (exclusive of a higher enrollment) and he noted that Saratoga County provided the vast majority of FTE's for ACC.

Addressing ACC's effort to contain the Budget, Dr. Heacock stated that in terms of Personnel, two vacated full-time faculty positions would be filled with adjunct (part-time) faculty and held vacant until the (optional) retirement incentive was paid for using the cost differential between the full and part-time positions. He stated that although adjunct faculty did not currently qualify for benefits, a recent development ensued whereby adjunct faculty would be admitted to the faculty union. Continuing, he stated that one Dean's Level Administrative position was eliminated, consolidation of services in the Information Technology area thereby eliminating the Audio/Visual Department, and the addition of a special adjunct (part-time) faculty member were all evidence of cost containment efforts.

In terms of grant funded programming, Dr. Heacock apprised that the Workforce Development Institute Vocational program had grown from one to three Counselors. Further, he noted, an additional instructor of Nursing had been added through the High Needs Nursing Grant and he noted that nurses were in short supply.

Dr. Heacock apprised that following two years of declining costs, the 2009-2010 Budget reflected increases of \$194,900 in Employee Health & Dental Insurance benefits, and \$39,330 for FICA contributions and retirement.

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William Long, Vice President of Administrative Services, noted that the above figure for Health & Dental insurance included the State mandated increase.

A discussion ensued and Mr. Long stated that ACC worked closely with Lawrence Paltrowicz, Attorney at Law, regarding employee benefits which included the Medicare Advantage Program.

Relative to equipment and software, Dr. Heacock noted that the Banner initiative was the highest expense and he reviewed the other items which included state-of-the-art technology such as smart boards. Dr. Heacock noted the change to a \$5 per credit hour technology fee for all students which replaced the former \$50 flat fee for full-time students and \$7 per credit hour fee for part-time students. The main purpose of the change, he said, was to achieve a more equitable technology fee across the student body, and he said, it could result in an increase in revenue.

Reviewing the final line item, Dr. Heacock noted several areas in which expenses had decreased such as the Banner Project, Liability Insurance and Utilities along with others which had increased which included Assessment (Student Learning Outcomes), Auditing services which included more risk analysis, Middle States related items necessary for accreditation, Professional Services which included a capacity study for student housing - an enrollment growth opportunity for the college especially with declining high school populations in our Counties, and lastly educational support. Chairman Monroe added that a recent study had indicated the area of New York State with the most significant decline in school enrollment was the Adirondack region.

Expounding on the housing capacity study, Dr. Heacock stated that he would request funding from the Foundation; however, he said, the Foundation revenues for the Annual Fund had not been received. As a result, he stated that the Endowment Fund had provided the necessary funding for student scholarships, and therefore the funding for the housing study would be taken from the General Operating Budget. Further, he said, it was necessary to contract with a certified vendor to borrow funding for student housing. He said that SUNY had given their permission, and offered no funding for Community Colleges to build student housing. Dr. Heacock noted that a task force would be set up by Mr. Long to research the viability of the project. The first step, he said, was the completion of the housing study. He noted that ACC was one of the few Community Colleges without student housing and the addition of same would result in increased enrollment both locally and from more distant locations. Dr. Heacock reported that the total number of high school graduates in Warren and Washington Counties was expected to decrease by 20% in the next ten years with the same to decrease in Saratoga County by a projected 6%. Dr. Heacock asserted the importance of avoiding a drop in enrollment of a magnitude that would be prohibitive to the successful operation of the College.

According to Dr. Heacock, another important factor with regard to the notion of growth through student housing was a recent informational meeting requested by the HVCC President. He stated that it was conveyed that the HVCC Board had made a decision to expend a large monetary donation (between \$13-20 million) donated by former Senator Bruno, to build a green (clean rooms, geothermal & solar capacity) training facility in Malta for the foundry; however, he said, due to the fact that an additional \$2 million per year would be required from HVCC, it was decided instead to create another campus of HVCC in Malta, to offer all of their programs and for which HVCC would seek separate Middle States Accreditation. The new campus slated to open next January, he said, could significantly impact ACC's Saratoga enrollment which comprised over one third of ACC's total enrollment. This development, he asserted, would likely place tremendous pressure on ACC to respond in terms of programming. Currently HVCC and ACC had 1,600 and 1,000 students per year from Saratoga County, respectively. Chairman Monroe inquired about the tuition schedule at the new campus and Dr. Heacock stated that tuition at the main campus of HVCC was lower than ACC's; however, their fees were much higher. He added that tuition at the new campus could be different than that of the main campus. Responding to a question from Mr. Champagne, Dr. Heacock stated that HVCC currently had apartments available to students which were not college owned and in

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close proximity to the campus, which also served as a campus housing model.

Mr. Champagne asked if the State would contribute to campus housing facilities and Dr. Heacock stated that the State would not contribute and noted that most housing projects required funding (501C3) from the College Foundation. He summarized that the first step was a feasibility study, followed by the selection of a model (building and operational), and a plan for funding which excluded the Counties from any fiscal responsibility. He asserted that the process could require several years to complete and he recommended that planning begin as soon as possible. Dr. Heacock acknowledged the challenges to be expected with such an expansion and the impact, both positive and negative, on the local community.

Pertaining to the aforementioned expansion by HVCC, Dr. Heacock stated that there was nothing to preclude HVCC from offering classes in Saratoga that ACC had not offered. Additionally, he said, Saratoga Hospital was in need of nursing students from all Counties. He noted that HVCC's model was based on teaching classes to students from out of the County, thereby sustaining funding through Chargebacks. Mr. Champagne noted that HVCC offered more trade related course work than ACC, which, he stated attracted a entirely different type of student. Dr. Heacock noted that the cost of running many of those programs was exorbitant, specifically the green energy program with expenses between \$1.5 and \$2 million dollars for equipment only. Dr. Heacock explained that technology/medical programs did not generate revenue and were run with a financial loss and the instructor to student ratio was typically 4:1 with HVCC's Dental Hygienist program being the most costly.

Dr. Heacock stated that his mission was to gather the necessary information to position ACC in the best possible way, with a goal to maintain ACC's size and affordability. Mr. Pitkin raised the issue of joint programming with other Community Colleges and Dr. Heacock stated that he had participated in discussions with other Colleges and joint programming was dependent upon the availability in specific courses. He said that ACC would market their general education programs.

With regard to the high demand for nurses, Dr. Heacock clarified that Saratoga Hospital had invited HVCC nursing students to complete the clinical course work of the program and seek future employment there. He stated that the issue of establishing space for clinical nursing courses in hospitals had been an ongoing issue for ACC and he noted that 75% of the nurses at the Glens Falls Hospital were ACC Nursing program graduates. Mr. Champagne asserted that Warren County had encouraged ACC nursing students to utilize the Westmount Health Facility for the clinical portions, and Dr. Heacock noted that hospitals and private nursing homes paid higher wages to nurses and offered better career opportunities.

The final item, Dr. Heacock stated, was educational support and he asserted the important benefit to make educational opportunities available to employees who wished to continue or enhance their education.

Next, addressing Budget Expenditures, Dr. Heacock stated that Personnel expenses should not exceed 75% of the total Budget and were currently close to 70%. He reviewed benefits, and other items, revealing total operating expenditures which included a 3% increase. Mr. Champagne stated that unfortunately, it was unlikely that Warren County could agree to a 3% increase at this time. Dr. Heacock said that some items had been reduced or eliminated, and other necessary items which had been deferred for many years must be brought forward in the budget at this time. Hal Payne, Commissioner of Administrative & Fiscal Services, pointed out that the 2008-2009 budget was \$230,000 over budget. Dr. Heacock confirmed the figure for estimated actual expenses. Kevin Rielly, Chief Financial Officer (CFO), also confirmed that was the expected amount and included the purchase of equipment. Dr. Heacock said that the funds were derived from personnel vacancies and denied or deferred purchases. He said that some additional revenues were received for which the list of deferred items was addressed for purchases, as directed by the Board. He noted that some projects were actually capital projects; however, he stated, with no

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capital funds available, operating funds were used (such as new seats for the ACC Theater and fiber for computer fiberoptic technology for inter-building networking).

Saratoga County had initially requested that ACC spend within \$100,000 of total revenues. Mr. Reilly noted that ACC expected to have \$300,000 in student revenues which was more than the budgeted amount. Dr. Heacock asserted that there were no Chargeback funds from which to draw.

A discussion ensued.

Mr. Champagne pointed out that when additional revenue was realized, such as from enrollment, the Counties had no voice regarding the use of those excess funds. Dr. Heacock apprised of the fiscally responsible caution applied in terms of ACC spending. He reminded the Committee that \$700,000 was taken out of the fund balance last year to balance the budget, therefore, he said, ACC did not purchase necessary equipment and many items were deferred. Mrs. Cooper pointed out that the Counties did not approve the capital projects and therefore it was necessary for the College to proceed accordingly. Mrs. Hall pointed out that the estimated actual expenses for 2008-2009 were \$22,576,970 which was below the budgeted amount of \$22,753,500, and included the purchase of necessary items. Dr. Heacock noted the ACC Board requested that a minimum of 5% of the Budget be spent on equipment and he noted that computer software was added to meet the goal. Dr. Heacock stated that the purchase of a computerized parking system and replacement of the current ID system had been considered.

Dr. Heacock reviewed Expenditures by Object & Functional area and he stated that the figures were fairly consistent relative to past years.

JoAnn McKinstry, Deputy Commissioner of Administrative & Fiscal Services, asked where bonding and interest were reflected in the Budget and Dr. Heacock stated that they were included with the Banner Project under General Institutional.

Reviewing the Budget Revenues, Dr. Heacock noted that Federal and Other Income was 8.58% of the Budget, State Revenues were 28.96% and the Student Tuition had increased by 10.6% and comprised 40.18% of the total Budget which was compliant with State guidelines. He noted that the recently approved 3% wage increase for support staff was not reflected in this report and a faculty contract was under negotiation. He asserted that ACC employees paid 30% of healthcare costs as compared to other public employees which must be addressed.

Pertaining to the Fund Balance, Dr. Heacock reported the proposed Budget assumed that they expended \$650,000 out of the fund balance this year (originally much higher at approximately \$746,000), as per the Board's request and spend within \$100,00 of the allocated budget. He said the fund balance for 2009-2010 was \$1,800,000 which was approximately 7.8% of the total budget, a conservative amount when compared to previous years.

Addressing the Summary of Charges to Sponsors, Dr. Heacock noted the report reflected the figures through 2010 which evidenced changes in distribution based on enrollments.

The final page of the Agenda, according to Dr. Heacock, included Headcount, FTE's, Chargeback, State Aid and Tuition Rates. He asserted that State Aid should be 40% of the Budget and stands at 28% with the burden of increases in the cost of education falling on the students.

Dr. Heacock referred the Committee to the revised report reflecting Sponsor's Cash 2009-2010, a copy of which is on file with the minutes. He stated that State law required that the cash contribution (not to include money from the fund balance) remain constant (or increase) from year to year and could not be reduced.

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Mr. Stec asserted that he understood the College's position and the need for the request for a 3% increase from the Counties; however, he stated, it would not be possible for Warren County to contribute any amount exceeding the \$118,845, which did not include the 3% increase. Mr. Stec expressed his understanding for Dr. Heacock's interest and responsibility to advocate for the College.

A discussion ensued.

Mr. Rielly pointed out that estimated figures had been presented in the Budget and after the close of the academic year on August 31st, he could begin to calculate actual enrollment for both Counties. Further, he stated, expenses were distributed based on the actual expenses and the fund balance was adjusted accordingly. The main purpose, according to Mr. Rielly, was to determine the cash amount, or those amounts which exceeded the budgeted amount.

Dr. Heacock stated that the Budget presented today would go before the ACC Board of Trustees and would include language in the resolution which stated that if a zero percent increase in the sponsors share was ratified by the Counties, ACC would deduct the remaining amount for both Counties from the fund balance.

Motion was made by Mr. Stec, seconded by Mr. Taylor and carried unanimously to approve a zero percent budget increase for ACC, and to refer same to the Finance Committee.

Mrs. Cooper distributed agenda packets to the Committee, a copy of which is on file with the minutes. She reviewed the Regional Higher Education Center (Capital) Project Report with the Committee. She stated that \$750,000 in principle was paid on the RHEC Capital Project in May 2009. She apprised that of the \$750,000 from the Foundation, \$500,000 was paid on the Bond Anticipation Note (BAN) which totaled \$2,500,000; the Foundation paid \$750,000 on the principle; and Washington County paid \$500,000 of the project which was used for cash flow to reduce the BAN to \$1,250,000. Mrs. Cooper reviewed the remainder of the report.

In reference to the Uncommitted Chargeback Fund Balance of \$798,997.85 to be used for capital projects, Dr. Heacock asked if \$600,000 had already been committed to the State for capital projects such as the fire alarm system and elevators. Mr. Rielly noted that he expected to receive notification of the approval of those projects at the Business Officers Conference to be held next week.

Mrs. Cooper referred the Committee to the reports distributed to the Committee members, a copy of which are on file with the minutes. She reviewed the reports which included the Combined Balance Sheet for Capital Projects, which, she said, was summarized in the memo, and the Budget for the RHEC Design Capital Project which was currently closed, the Budget for the Construction Phase for the RHEC, followed by the Combined Expenses. She noted a \$319,000 unexpended budget balance for the RHEC. Mr. Cutshall-King expounded that with regard to the expenditure of money reported by Washington County, there was \$250,000 that was not reflected, which resulted from in-kind services given by SUNY Plattsburg for furniture. He summarized that in terms of total budget expenditures for the project, a difference of \$69,000 resulted.

Mr. Champagne asked if the \$319,000 balance from the RHEC could be used toward debt payments and Mr. Hayes stated that half of that amount was State revenue therefore they would not realize that portion. Dr. Heacock underscored the importance of both maximizing State revenue and insuring receipt of the remainder of the Kresge Foundation award. Mr. Cutshall-King confirmed that when the goal of \$2,500,000 was reached, the RHEC Capital Campaign would receive \$350,000 in additional cash from the Kresge Foundation.

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Mrs. Cooper reviewed the Contract Report and stated that \$10,700 remained in open contracts for two contractors who had not been paid. Mr. Long stated that several minor items remained unfinished and payment would be expedited upon completion of the projects.

Concluding the Washington County Agenda review, Mrs. Cooper referred the Committee to the worksheet which reflected the cash projection figures based on current contractual obligations as of June 1, 2009.

Mr. Champaign queried as to the maintenance expenses for the RHEC. Mr. Long stated that rent for the RHEC provided revenue for maintenance. Dr. Heacock stated that over \$100,000 in rent was generated by the RHEC building, along with other fees for items such as technology, library, and ID cards. He asserted that it was in the best interest of the College to raise the full amount which would warrant matching funds. The matching funds, he said, could be placed in a restricted account to be used for maintenance and upkeep of the RHEC building.

As there was no further business to come before the Community College Committee, on motion by Mr. Taylor, seconded by Mr. Stec, Mr. Champagne adjourned the meeting at 12:10 p.m.

Respectfully submitted,

Joanne Collins, Legislative Office Specialist