

**WARREN COUNTY BOARD OF SUPERVISORS**

**COMMITTEE:           COMMUNITY COLLEGE**

**DATE:                   JUNE 13, 2008**

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**COMMITTEE MEMBERS PRESENT:**

SUPERVISORS   CHAMPAGNE  
                  TESSIER  
                  SIMMES  
                  TAYLOR

**COMMITTEE MEMBER ABSENT:**

SUPERVISOR    STEC

**OTHERS PRESENT:**

REPRESENTING ADIRONDACK COMMUNITY COLLEGE:  
                  DR. RONALD C. HEACOCK, PRESIDENT  
                  WILLIAM LONG, VICE PRESIDENT FOR  
                  ADMINISTRATIVE SERVICES  
                  BETSY RABIDA, DIRECTOR OF FINANCIAL SERVICES  
                  HAL PAYNE, COMMISSIONER OF ADMINISTRATIVE &  
                  FISCAL SERVICES  
                  JOANN MCKINSTRY, DEPUTY COMMISSIONER OF  
                  ADMINISTRATIVE & FISCAL SERVICES  
                  JOAN SADY, CLERK, BOARD OF SUPERVISORS  
                  KEVIN GERAGHTY, BUDGET OFFICER  
                  ROB LYNCH, DEPUTY TREASURER  
                  RICK MURPHY, DEPUTY COMMISSIONER OF FISCAL  
                  SERVICES  
                  CHARLENE DiRESTA, LEGISLATIVE OFFICE SPECIALIST

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Mr. Champagne called the meeting of the Community College Committee to order at 9:05 a.m.

Motion was made by Mr. Tessier, seconded by Mr. Taylor and carried unanimously to approve the minutes of the previous Committee meeting, subject to correction by the Clerk of the Board.

Privilege of the floor was extended to Dr. Ronald Heacock, President of Adirondack Community College (ACC), who distributed copies of handouts to the Committee members; *copies of the handouts are on file with the minutes.*

Dr. Heacock noted that the handouts were the same information that had been presented at the May 28, 2008 joint Warren/Washington County Community College meeting. He apprised that in recent years ACC had increased the tuition dramatically; however, he added, for 2008-2009 they would hold tuition at the current level. He said that at the rate of \$131 per credit hour, a three-credit course at ACC would cost \$393 and it had been determined that increasing the cost would price a number of students out of the market. He added that ACC was the only New York State Community College that was not increasing tuition this year.

Dr. Heacock stated that the Board of Trustees had passed budget guidelines a few years ago, one of which was that a maximum of 75% of the budget could be spent on personnel and benefits and 5% could be spent on equipment. He added that another budget guideline had been that the fund balance had to be held at 10% of the total budget for use in downturns or as needed for self-insurance or special projects. He said that ACC was forecasting an enrollment decline from 2,499 full-time enrollment (FTE) students to 2,375. He explained that the number of high school students graduating each year was starting to decline.

Dr. Heacock explained that the 2006-2007 actual budget had been \$20,744,117, the 2007-2008 budget had been \$22,081,649 and the 2008-2009 requested budget was \$24,140,165, which represented a 9.32% increase. He said that the Board of Trustees and the Finance Committee of ACC had met and had set the target budget at \$22,744,098, which was an increase of \$662,449 or 3% over last year's budget. Mr. Geraghty asked where the budget was at now and Dr. Heacock replied that they were on target. He explained that in the past if excess revenues were earned there was no way to expend the funds. He said that the ACC budget had to be approved by the County and if there was a need to go over budget, ACC would have to return to the Committee to request authorization to spend the excess funds.

Dr. Heacock stated that in 2006-2007 ACC had a bond payment of approximately \$300,000 and had been requested not to make the payment, to pay only the interest on the bond. Mr. Geraghty asked why only the interest had been paid and William Long, Vice President of Administrative Services for ACC, responded that the decision had been made by the County.

Discussion ensued.

Mr. Champagne asked why the principal was not paid on the bond and Mr. Long responded that they had received bills that did not include the amount of the principal. Mr. Geraghty asked if the bills were received from the bank and Mr. Long responded that the bills had been received from the County. Dr. Heacock apprised that the bill that had been received this year had been larger than had been anticipated. He explained that since the excess funds had been earmarked for a debt, they had been transferred to the fund balance, as opposed to being spent elsewhere. He said that he had instituted the management of revenue flow and expenditures and admitted that the budget had not been managed efficiently in the past. Mr. Geraghty asked when the end of the budget year was for ACC and Dr. Heacock replied August 31<sup>st</sup>.

Mr. Taylor asked if ACC had developed a five-year plan to compensate for the decline in population and the increase in expenses and Dr. Heacock responded

that ACC was currently working on a five-year plan. He explained that if AMD (Advanced Medical Devices) built a facility in the area as planned, the population in Washington County would increase.

Dr. Heacock noted that he did not feel that ACC had done the best possible job in marketing the college or in bringing in different populations. He said they were looking to expand the campus in the Wilton area and to develop a campus in Washington County. He said that his goal was to increase enrollment to above 4,000 over the next four to five years. He said that if ACC did not increase enrollment they would be unable to generate sufficient revenue to maintain current programming and develop new programming.

Mr. Champagne noted that enrollment had been decreased by 124 students as compared to last year. Dr. Heacock said that ACC's enrollment was 2,375 FTE students and had decreased for all three sessions last year. He apprised that the enrollment had decreased by about 20% last summer due to the fact that ACC had neglected to publish a summer class schedule. He explained that when students registered for classes and later withdrew from those classes, they were entitled to a 50% refund on the tuition. However, he added that the majority of the students did not submit claims for their 50% refund, which resulted in an increase in the amount of revenue.

Dr. Heacock mentioned that the requested budget increase of 3% for ACC was below the Higher Education Price Index of 3.7%. He added that they were also substantially below the amount of increase that the local school districts had requested.

Dr. Heacock apprised that New York State had allotted ACC a reimbursement rate of \$2,675 per FTE student, which was the same amount that had been allotted last year. He added that ACC had originally requested an increase of \$200 per FTE student. He explained that the revenue from tuition would decrease due to the decline in enrollment and the fact that they would not be increasing the cost of tuition. He stated that in order to increase the budget by 3%, approximately \$832,903 would be needed and added that the amount would need to come from a combination of the fund balance and a 5% increase from the sponsors. He said that 83% of the total increase, or \$688,674, would be transferred from the fund balance, which meant the remaining \$144,229 would be needed from the sponsors. He advised that the total amount currently received from the sponsors was \$2.9 million and added that the increase for Warren County would be \$81,908 and for Washington County the increase would be \$62,321.

Mr. Geraghty asked if the fund balance was the amount that ACC held in reserve and Dr. Heacock responded affirmatively. Mr. Geraghty questioned if there were

separate accounts for Warren and Washington Counties within the fund balance and Mr. Long responded that it was split. Mr. Geraghty further asked how the amount of the split was determined and Mr. Long responded that it was split based on the number of FTE students from each County. Mr. Tessier expounded that Warren County has had more FTE students in the past; however, he added, Washington County now had a greater number of students. Mr. Champagne advised that for the past several years the FTE students at ACC were 60% from Warren County and 40% from Washington County. Dr. Heacock responded that there were now about 57% from Warren County and 43% from Washington County and added that the amount of contributions had been calculated based on those percentages.

Dr. Heacock apprised that he felt a 5% increase was reasonable and noted that ACC had requested a 4% increase last year and was not approved. He advised that ACC's fund balance was too high and he wanted to decrease it slowly to ensure that there were funds available to supplement the budget during economically difficult times. He explained that if sufficient funds from the sponsors and the fund balance were not included in the budget, the chargeback rate from the State University of New York (SUNY) would be decreased. He said that ACC had a history of putting funds into the budget but not spending them, which caused the chargeback rate to decrease. He advised that the chargeback rate to Saratoga County had been \$2,300 per FTE student and had decreased to \$1,740.

Discussion ensued.

Dr. Heacock apprised that he planned to spend approximately \$388,000 of the fund balance on one-time budget items and \$300,000 on recurring expenses, which would leave \$1,783,916, or 7.8% of the total budget remaining in the fund balance. He added that of that amount, \$360,000 would be restricted for self-insurance health care costs and the remaining \$1,423,916 would be unrestricted funds. He said that the \$360,000 for self-insurance had been restricted to cover the cost of a \$4,000 deductible per individual and \$8,000 per family, noting that the necessary deductibles had been estimated and \$360,000 had been set aside to cover any overages.

Dr. Heacock noted that Washington County had been prepared to approve a 4% increase for last year's budget and they were prepared to approve the 5% increase for this year's budget. Mr. Champagne stated that he had spoken with Kevin Hayes, Washington County Administrator, and could verify that Washington County was prepared to approve the 5% increase. Mr. Geraghty advised that they should stay more consistent with the budgeting, as opposed to a large increase every couple of years. He noted that the County was in an economic downturn and could have avoided the larger increase this year if an increase had been approved

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for last year.

Discussion ensued.

Dr. Heacock referred to the handout entitled 'College Fund Balance Comparisons 2006-2007' and noted that it was a comparison of the fund balances for the colleges that he considered to be the 'peers' of ACC. He said that ACC's fund balance had increased dramatically in 2006-2007 due to the excess revenues and the bond payment that had not been paid. He added that with a fund balance that was 12.03% of the net operating costs, ACC had been slightly above the average of 11.75%.

Dr. Heacock noted that Hudson Valley Community College was building a campus in Malta, New York, which could effect the level of enrollment for ACC. He added that it would also increase the chargeback rate that Warren County paid to Hudson Valley Community College, which was currently \$2,430. He advised that he had asked the staff at ACC to develop a three-year plan that would allow their departments to operate in the black.

Dr. Heacock expounded that if ACC was to request a one-time contribution to expand a particular program, it would be his assumption that the expense would not be included in the County's recurring budget. Betsy Rabida, Director of Financial Services, apprised that this type of scenario had happened in the past with the Counties contributing extra funding for improvement of the parking lot. Mr. Geraghty advised that the industry that directly benefitted from the expansion of a particular program should be solicited for contributions to aid in the cost of the expansion. Dr. Heacock noted that ACC had raised approximately \$2 million for the Regional Higher Education Building Project by soliciting local industries and he added, ACC had hired a grant writer. He advised that he had solicited National Grid for a contribution, and had been asked why they should contribute to a public institution. He said that Stewarts Shops had contributed \$100,000 to ACC.

Dr. Heacock distributed copies of an article from *The Chronicle* to the Committee members, which pertained to the condition of the ACC Theater; a copy of which is on file with the minutes. He said that he had purchased new seats for the theater at a cost of approximately \$80,000, which would be installed over the summer. He added that the theater would be able to be used for classes, as well as being rented out.

Dr. Heacock referred to the handout which listed the 2007-2008 operating and capital chargeback rates for SUNY Community Colleges. He said it was very important that ACC be able to increase their chargeback rate. He noted that one

third of ACC's FTE students were from Saratoga County, which meant that ACC received \$1,740 per FTE student from Saratoga County. He apprised that increasing the chargeback rate had been one of the reasons that he did not want to increase tuition this year. Mr. Geraghty asked if the chargeback rate was based on an increase in operational costs and Dr. Heacock responded that it was based on the local share (the fund balance plus the sponsor contributions) as a percentage to the total budget. Mr. Geraghty clarified that money taken from the fund balance had the same impact as local dollars and Dr. Heacock replied affirmatively. Mr. Geraghty apprised that as the fund balance decreased, the local share would need to be increased in order to increase the chargeback rate.

Discussion ensued pertaining to chargeback rates.

Hal Payne, Commissioner of Administrative and Fiscal Services, stated that there had been previous discussion pertaining to the possibility of setting up a capital account for the infrastructure of the campus (sidewalks, the parking lot, etc.). He said that the possibility of the students purchasing a parking permit to help alleviate the costs had also been discussed. He suggested that this might be a good time to initiate a parking permit system, since there would not be an increase in tuition this year. He suggested that the cost of the parking permits could be \$10 to \$20 per semester. Dr. Heacock stated that there had been discussions concerning parking permits last year but the topic had not been discussed since then. He added that charging for the parking permit would have a negative impact on the chargeback rate. Mr. Payne asked if the State paid 50% of all capital projects for the Community Colleges and Mr. Long responded that if both County's passed resolutions for the capital projects, then the State would reimburse 50% of the cost of the project.

Motion was made by Mr. Tessier, seconded by Mr. Taylor and carried unanimously to approve the proposed 2008-2009 ACC budget as presented, pending the approval of the ACC Board of Trustees.

There being no further business to come before the Community College Committee, on motion by Mr. Taylor and seconded by Mrs. Simmes, Mr. Champagne adjourned the meeting at 9:57 a.m.

Respectfully submitted,

Charlene DiResta, Legislative Office Specialist