

**Minutes of the
Erie County Fiscal Stability Authority Meeting
August 7, 2015**

Present: Chairman James Sampson, Vice Chairman Peter Marlette, Director Brian Lipke,
Director Catherine Creighton, Director Lynn Stievater, Director Craig Speers,
Executive Director Kenneth Vetter

Chairman Sampson: Welcomes guests to the meeting of the Erie County Fiscal Stability Authority Board Meeting. College President Jack Quinn is here today along with ECC Chief Financial Officer Bill Reuter and will be presenting financial information. I would like to welcome Mr. Quinn and Mr. Reuter to this meeting. We'll be hearing from them in a moment after we finish some administrative business. "

"All members should have minutes from our last meeting in their packet. I would entertain a motion to approve the minutes of the previous board meeting."

Director Lipke moves to approve, Director Stievater seconds and the board votes unanimously to approve the following resolution:

Erie County Fiscal Stability Authority

Resolution No. 15-08
APPROVING MINUTES FROM
THE APRIL 23, 2015 MEETING

BE IT RESOLVED that the Erie County Fiscal Stability Authority approves the minutes of its APRIL 23, 2015 meeting and affirms three resolutions numbered 15-01, 15-02, 15-03, 15-04, 15-05, 15-06 and 15-07 that were approved on APRIL 23, 2015.

This resolution shall take effect immediately.

Chairman Sampson: "Mr. Quinn, if you and Mr. Reuter would like to come forward and do a brief overview of your budget and four-year plan."

President Quinn: "Thank you Mr. Chairman and thank you for choosing ECC's city campus for the site of today's meeting and hearing- we really appreciate you being here. Appreciate the work you do all year, every year and we're happy to be back with you. Bill Reuter, the CFO and

administrative officer here at the college will give you an overview as most of the information you're looking for fall under his bailiwick. I will be here if you have any questions for me."

Bill Reuter:

"To give an overview of the budget and the approval process it starts with five subcommittee meetings with ECC's 10 member Board of Trustees. Once it is reviewed and approved it is submitted to the County Executive and Budget Office for review, the County Executive approves and submits to the County Legislature who approved following a meeting of the Community Enrichment committee and a public hearing. It is then submitted to the SUNY and following SUNY approval it is submitted to the ECFSA for review. The ECFSA is no longer required to approve the budget as the ECFSA is in an advisory status. The budget is reviewed, scrutinized and ultimately approved by all entities."

"The greatest challenge for ECC and every community college is enrollment. There are 30 community colleges, we are part of the SUNY system. In the years 2010-2011 and 2011-2012 all 30 community colleges hit an enrollment high. So in 2010 we peaked, since that time our enrollment has declined rather significantly. We are projecting by the end of next year to be down 20%. The problem with that is enrollment is 80% of our revenues, so when enrollment is declining and on the expense side...We are an entity who has four unions here, 98% of our workforce is members of one of four bargaining units and you have built-in cost of living increases, built-in steps, rank advancement, administrative advancement and all the health insurance and retirement costs that go along with it plus the legacy costs of former employees- so obviously there are financial pressures."

"Our main source of revenue is New York State. They have a formula and give use X number of dollars based on FTE- we can't influence that. Our sponsor Erie County gave us \$125,000 increase this year which is .07% of the amount they have been giving us for the past eight years. The only thing we can do is either raise student tuition or cut costs and we did both those things. Our budget is down \$1.4 million from last year. We increased tuition by \$300 and we are still significantly less than four year institutions."

Chairman Samson:"Before we get into questions if Mr. Vetter could quickly review his analysis."

Executive Director Vetter: "You all have the report in front of you. There are four main points about the budget:

- 1) The analysis we did indicates it is in balance. The budget being in balance is primarily due to the ECC Administration doing a great job managing expenses. The administration's continuous involvement in bringing expenses down but still providing the level of education to students is to be commended.
- 2) There are concerns with the budget. CFO Reuter has discussed the dropping enrollment. We believe there are two contributing factors to this decline:
 - a) Demographics- population is dipping in the age group
 - b) Attracting students who are looking to attend competing colleges.
- 3) College Financials- ECC continues to use fund balance as a revenue. The use of fund balance this year shows a structural imbalance in the budget but if the fund balance is not at a dangerous level yet.
- 4) Reconciling with the county- ECC is assuming a slightly higher level of support than Erie County has in their 4-year plan. The budget is in balance but there are concerns on the horizon regarding college revenues."

Chairman Sampson: "Thank you. Any questions from the members?"

Director Lipke: "It's clear the demographics in this area are changing which is having an impact on enrollment. Have you given any thought to adjust your long range planning to offer curriculum in some of the employment areas that are growing in the area? More vocational type jobs? I'm sure you have but I'd like to hear a little bit more about that."

Bill Reuter: "Absolutely, our goal is for our students to train for employment or retraining. President Quinn can speak about Solar City. We started a new nanotechnology curriculum and the calls are flooding in. You mentioned nursing, we have 210 seats available, we have 120 starting at the North campus this fall and 90 at the city campus in the spring. We are looking to combine that into a downtown school of nursing, we are evaluating that right now and possibly increasing the nursing seats available. That is the most competitive program at ECC. We lose students to Niagara County Community College because we do not have enough seats. In a meeting yesterday we heard 59 students had taken the nursing board and all 59 students passed- 100% pass rate, which is unheard of. We have a quality, excellent program."

“Megatronics, that’s the manufacturing buzz- we have a program proposal into SUNY to start that. We are going to be a part of the new Northland program downtown. We are doing all those things you mentioned- it’s competitive”.

“We do not have housing. We lose a lot of students to Niagara because we do not have housing. With the new STEM building opening in 2017 at the North campus- that’s going to help us. If you look at our projections our enrollment is projected to increase in 2017-2018 because of that STEM building opening up. Housing should be opening across the street. I’m just going to ask Jack to mention Solar City because that’s going to be very exciting.”

President Quinn: “As of yesterday I have an admissions team at the Niagara County fair. Our ambitious team is in the middle of our competition if you will. You’re right- it’s a competitive pool and the whole notion of manufacturing we are keyed into.”

“Bill mentioned we were successful with a \$5.7 million nanotechnology grant. We are seeking students although the complete build out is not done yet. Our faculty has developed a one semester certificate program with the folks at Solar City and manufacturing that will lead to a one year certificate that will lead to a two-year degree program. Then they are ready to go to UB engineering or other four year universities. Our thought Brian, has been to get the students trained as quickly as possible- they can go to work at Solar City. Just for the record, there are a lot of other manufacturing folks who need our help over and above Solar City. That’s the buzz and that’s what you see in the newspapers but the folks we’re talking to- folks in your field of expertise who say the same thing. So, we’re ready to build one semester, one year, two year. Stackable certificates is the buzz in higher ed all across the county. So, we’re going to prepare our students to be ready to jump off and work.”

“What I’ve asked the folks at Solar City for is a little bit of space in this monstrous building on South Park Avenue for classrooms. We can do some on the job training, education, working that would be something out of the box. We are thinking, for example, working four days at the plant and then taking Friday and Saturday and maybe Sunday to do the education. Two days at the plant and one day in our classrooms. Those things are being discussed.”

“Bill mentioned we are running an orientation this Monday and Tuesday. I mentioned that in a newspaper article, we didn’t market it, we didn’t mail it, we didn’t advertise it, it’s the result of a few

comments I made in the paper. It was ten days ago and we have 210 people signed up to be there Monday and Tuesday and it increases by about 20 per day.”

“I’m in communications with Satish Tripathi, President at UB. We had a meeting on Wednesday- the thought being to keep our budget under control. I’m asking Satish for some help with his PhD students and his post-doc students to maybe teach the basics in our electronics courses we have put together in our one semester, one year degree. Our faculty teach the later subjects and have these students help us out a little bit. SUNY to SUNY, neighbor to neighbor, region to region. That has received a positive reaction.”

“We offer the CNC machining Monday-Friday and with 100% job placement. We went to Monday- Saturday with 100% job placement and now we taught it 7 days a week. With our grant we were able to put together some money to buy another machine and and now we teach that course 7 days per week and Friday nights- with 100% job placement. The folks in manufacturing keep saying “we need more.” We need more training and all the while we talk to business saying “will you teach them how to read and write while you’re at it?” We educate them and teach them to go to work.”

Director Lipke: “I think you are on the exact right track. The industrial manufacturing world needs people right then and there. This certificate program, which is a fast track to employment and longer track to a degree is exactly what is needed.”

Director Marlette: “Just a follow up- the 20% decline you’ve seen over the past 5 years...is that trend- have you bottomed out or are your projections improving.”

President Quinn: “In the budget we include projections...”

Bill Reuter: “This budget has a decrease of 3% and then in 2016-2017 its flat and then in 2017-2018 with the opening of the STEM building we see it inching up 2-2.5% per year. Ken also mentioned the demographics, the other factor that has hurt us more so than other locations is unemployment rate. We have an 80% coefficient relationship whereby unemployment declines- our enrollment declines. So 2010-2011 you think back, the unemployment rates were high and students were unable to find jobs. Now jobs are available and with the increases to minimum wage students would rather make money than spend money going to college. They don’t see that long-term cause and effect. It’s a good thing for the region that unemployment is low but it also impacts us.”

Chairman Sampson: “ I'd just like to make a comment. Erie Community College with Say Yes to Education are working very closely with Buffalo Public Schools to make sure kids are prepared for college and careers because to your point we don't think it should be ECC's job to teach Buffalo Public School kids how to read and write. We've had a lot of discussions on how we don't think Buffalo Public Schools ought to be the place where kids should be prepared to become employees. We want to complement each other- not compete. I think Mr. Quinn and his staff as well as Buffalo Public Schools and their staff are working really hard, particularly with Say Yes as the binding ingredient. Lot of good discussions going on, I don't know if it will increase the number of kids that will enroll but the quality of the product and what these kids can do is enhanced.”

President Quinn: “Our number one feeder at this college is Buffalo Public Schools. That is our mission, we embrace it, and we like it. We are looking at what programs we can offer and what programs we can eliminate- that aren't being used. That's what my trustees always want to know.”

“Two years ago the Governor put in his budget, performance based money. That scares most college presidents because if you make promises and then you have to deliver on the promises. All 30 community colleges sent numbers to the Department of Labor and I'm happy to say these past two years in a row we've been number one college in the state. Matching what we promised whether it was CNC machining training or nursing we were number one in the state for matching what we promised students. I believe we are going to see more education funding performance based.”

Chairman Sampson: “Any other questions?”

Director Speers: “Can you give an update on the possibility of having on campus dormitories?”

President Quinn: “If we're going to be competitive, student housing is important. I believe its 24 out of 30 of us (community colleges) have student housing. Here, Niagara, Jamestown, Genesee and Monroe have it. We believe in order to be competitive we need housing and the discussions are ongoing with several developers. If that doesn't go soon enough we may take a plan to the county as they are our landlord to try to do something on campus. That's important to us.”

Chairman Sampson: “Any further questions? There is a resolution in your packets that reflects the analysis that staff has done on Erie Community College budget. Can I get a motion to approve?”

Director Marlette moved to approve, Director Lipke seconds and the Board votes unanimously approve the following resolution:

** Director Speers recused himself from this vote.

Erie County Fiscal Stability Authority

Resolution No. 15-09

COMMENTING ON THE 2015-16 ERIE COMMUNITY COLLEGE BUDGET

WHEREAS, Chapter 182 of the New York Laws of 2005 created the Erie County Fiscal Stability Authority (“ECFSA”) to serve as a corporate governmental agency and instrumentality of the State of New York, and as a public benefit corporation to “oversee [Erie] County’s budget, financial and capital plans; to issue bonds, notes or other obligations to achieve budgetary savings and to finance short-term cash flow or capital needs; and, if necessary, to develop financial plans on behalf of the County if the County is unwilling or unable to take the required step toward fiscal stability;” and

WHEREAS, section 3951 of the New York Public Authorities Law (“Public Authorities Law”) defines a “covered organization” as “any governmental agency, public authority or public benefit corporation which receives or may receive moneys directly, indirectly or contingently from the County;” and

WHEREAS, the ECFSA Board of Directors (“Board”) and staff have reviewed the 2015-16 Erie Community College (“ECC”) budget document, which was adopted by the ECC Board of Trustees and subsequently approved by the Erie County Legislature; and

WHEREAS, the ECFSA Board and staff have identified a number of financial risk items for the college including a high reliance on tuition revenues, decreased enrollment, and continued use of fund balance for current and future operations;

NOW, THEREFORE, BE IT RESOLVED that the ECFSA encourages ECC to continue to provide a high quality education at an affordable price without placing an undue burden on Erie County taxpayers, and to act strategically to better position itself in its core competency of attracting, retaining and graduating more career-ready and job-compatible students.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the ECFSA directs ECC officials to review the risk items put forward in the ECFSA's August 7, 2015 report on the ECC budget and financial plan and report back prior to the beginning of the 2016-17 fiscal year on the progress in addressing those risk items.

This resolution shall take effect immediately.

Director Stievater moves to adjourn, Director Marlette seconds and the board votes unanimously to adjourn.

Respectfully submitted,

James Sampson, Chairman

August 7, 2015