

**Minutes of the
Erie County Fiscal Stability Authority Meeting
August 15, 2016**

Present: Chairman James Sampson, Vice Chairman Peter Marlette, Director Dr. Barry Weinstein, Director Catherine Creighton, Director Craig Speers and Executive Director Kenneth Vetter

Chairman Sampson: “Welcomes guests to the meeting of the Erie County Fiscal Stability Authority Board Meeting. The main focus of this meeting is the ECC budget and the four year plan. College President Jack Quinn is here today along with ECC Chief Financial Officer Bill Reuter and will be presenting the financial plan and budget. 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 Weinstein moves to approve, Director Speers seconds and the board votes unanimously to approve the following resolution:

Erie County Fiscal Stability Authority

Resolution No. 16-10
APPROVING MINUTES FROM
THE JUNE 27, 2016 MEETING

BE IT RESOLVED that the Erie County Fiscal Stability Authority approves the minutes of its JUNE 27, 2016 meeting and affirms nine resolutions numbered 16-01-, 16-02, 16-03, 16-04, 16-05, 16-06, 16-07, 16-08 and 16-09 that were approved on JUNE 27, 2016.

This resolution shall take effect immediately.

Chairman Sampson: “I would like to welcome Mr. Quinn and Mr. Reuter from EC to present the college’s 2016-17 budget and the associated four-year plan. Mr. Quinn is leaving for Dallas soon, so we will have him speak first.”

President Quinn:

“Thank you Mr. Chairman. We appreciate the opportunity to speak about the budget situation at ECC. Bill Reuter will talk about some of the specifics. We started this budget process some time ago. We’ve probably had more budget meetings than I can remember during my tenure. I brought over three slides that I used as part of a ten slide presentation I made to the legislature awhile back. I saw in your report that you are having us back in the first quarter of next year. That is a great idea. To highlight some of the areas you’ve heard or read about and have Bill get into the details. Our 2016-17 budget is \$108 million. We cut 50 positions, used \$1.25 million in fund balance, increased student technology fee by \$3 per credit hour and have a 3% tuition increase or \$69 per semester. On the positions, only one person was cut from the budget, the remainder were funded but not filled. The position of assistant to the president in my office was eliminated. The legal counsel position was also eliminated. The College is relying on the County Attorney’s Office for that service. While it’s not as convenient as having someone there full time, we are getting pretty good service from the county. Our trustees asked us to break down what the 3% tuition looks like for students. It comes out to be \$138 per year, \$69 per semester, or \$0.92 increase per class per day. Forty two percent of students will not be affected by the tuition increase at all. We’ve moved up a little bit as compared to the rest of the community colleges in the state. We used to be around the bottom third, but the enrollment numbers are what we battle all the time. Lastly, I think we were criticized for being top-heavy, with too many administrators. This last slide shows the breakdown of eliminated vacancies – SES: 14.8%, AFSCME: 10%, AAEECC: 9.57%, FFECC: 6.39%, CSEA: 3.85%. The remaining workforce is 96.5% union-affiliated and 3.5% SES, senior executive staff, me and 22 others, the cuts were 14%, 23 employees. The budget is prepared and sent over to the county, to SUNY and to you for review. This is a bare bones budget. We will be holding vacancies and having an early retirement program. The county Legislature voted to give us a million dollars for this early retirement program. I’m going to stop there with these three slides. I’ll take any questions before I turn this over to Mr. Reuter”.

Catherine Creighton:

“I think all your labor contracts are settled now, aren’t they?”

President Quinn:

“The Faculty Federation and Administrators are set till 2020. CSEA and AFSCME are connected with the county. Sometimes we are at the table for those, but we are dependent on the county for those. With settling contracts, moral has improved. Thank you, Cathy, for the question. Now let me turn this over to Bill Reuter.”

Bill Reuter:

“To follow-up on your question to President Quinn, the Faculty contract had been out since 2009 and the Administrators expired in 2011. That was a long and sometimes not the nicest negotiations. The new contracts cover about 70% of our full-time staff. The county is the lead negotiator on the AFSCME contract which expired December 31, 2015. There was a vote that was not successful so it is going to go to fact finding. We are at the table along with ECMCC and the library. The CSEA contract expires December 31st, 2016. To the best of my knowledge, negotiations have not begun. I would imagine the college would be at the table just like we were with AFSCME.”

“There are a couple of items I would like to focus on. The first is Niagara County Community College and the chargeback rate. Eighty percent of ECC’s revenues come from tuition and fees. In terms of enrollment, we are in a downward spiral. Since we hit an all-time high in 201-11, we have had a decline of 23%. Just about every community college in New York State hit an all-time high in 2010-11. Since then, all have experienced significant declines. We are projecting a decline of 4.7% next year, another 1.7% in 17-18’ and 0.75% in 18-19’ and then flat enrollment on 19-20’. One could ask why? We are in direct correlation with the economy. When things are good, our enrollment suffers. We’ve run a regression analysis and there’s an 80% coefficient that says unemployment is low, enrollment declines, and when unemployment is high, enrollment increases. We’ve looked at population demographics. We are in a declining market with 10 to 15 year olds and 19 to 24 year olds and we are in a declining market with strong competition.”

“Over 1,300 FTE’s alone went from ECC to NCCC last year alone. The taxpayers of Erie County help to support the operations of Niagara County Community College through this vehicle called chargebacks. Any student in NYS can attend any community college in the state but the county they come from gets charged back for his tuition. It’s almost a form of double tuition. Erie County takes that chargeback and re-levies that to every municipality those students come from. Even though NCCC’s budget is lower, if you look at the numbers, NCCC gets about \$12 million more from chargebacks and from its sponsor than ECC does. ECC’s budget is \$108 million. Niagara’s is under \$50 million. Erie County is supporting almost 9% of Niagara’s budget. ECC’s chargebacks are about 1%. However our costs are lower. We can’t control what we get from the sponsor or from the state.”

“The second thing I want to mention is the early retirement incentive. That was a huge financial success for the institution. The average age of our teaching faculty is well in excess of 60. The average age of those talking the incentive was 67. There was a savings of \$2.8 million as a result of the initiative. In the 2016-2017 budget there is a savings of over \$650,000 in retirement costs. The Erie County legislature provided us with \$1 million that we plan to spend by December 31st, 2016 for additional early retirements. It’s been very successful. In 2015 we had 697 full-time positions. The number was reduced to 647 in the 2016 budget. At one time full time staff was 845 positions, some time ago. The last thing I’s like to mention about enrollment is that enrollment is up at a small number of community colleges, among the 30 in the state. The reason for the increase is either the building of student housing or a new facility opening up. Neither of those things have happened in Erie County. However, we do have a new building that is poised to begin construction later this month. It is expected to be complete and opened by January of 2018. We anticipate our enrollment will increase through the new STEM building that’s coming up. We firmly believe that will address some of the chargeback loss. Particularly for Amherst, Williamsville, Tonawanda and Grand Island. Questions?”

Catherine Creighton:

“Why are students going to NCCC? Is it the housing or something else?”

Bill Reuter:

“It is primarily student housing. There was a ratio of 70% non-residents to 30% residents before building housing. Since building the housing, the ratio is 70% residents to 30% non-residents. Second is location. Students will go to college near where they live or work. If you track programs, 9 of the top 10 Niagara County Community College programs are offered at Erie Community College. Surg. Tech is not offered by ECC. Though the class is offered in Niagara, the clinical locations are in Erie County. 8 of the 9 programs in common between the schools are offered at the North Campus. 43% of students get full financial aid, so we don’t believe it’s tuition that’s impacting. Facilities are important. Niagara is using the capital component of chargebacks to build facilities with Erie dollars. Also, the culinary arts program in Niagara Falls has given them an enrollment boost too. Niagara’s chargeback rating is \$1,100 more than Erie’s. We get a small amount per resident as compared to Niagara County. Niagara gets \$3,430 from the county, Erie gets 2,180 a \$1,250 difference. It’s a SUNY rate once we do our annual report.”

Catherine Creighton: “So we lose 1,300 students to Niagara County? How many altogether?”

Bill Reuter: “We lose 1370 FTE’s to Niagara County. We have budgeted 10,570 FTE’s overall. It is significant. Our overall net differential on FTR’s is over 1100. That’s over 10% of our enrollment. Erie students can go to Genesee, Jamestown or even the Fashion Institute (FIT). As far as chargebacks, FIT is probably the largest after Niagara. It’s the taxpayers who pay for these chargebacks. We are one of the few community colleges negatively impacted. Genesee has 70% of their students coming from other counties. They live on chargeback revenues. There aren’t too many colleges that have community colleges that want to see that legislation changed. We have to work on the number of students that go. We even offer programs online, where we are very successful. We have 12 complete programs that are offered online.”

Craig Speers: “What is the status of proposals to provide on campus housing at the North or South campuses? I’ve been through the Genesee Community College campus housing and seen their apartment style housing complexes.”

Bill Reuter: “It is an excellent idea. We tried it back in 2007. We had a proposal and legislation for a 50 year land lease for a property at South Campus to create our first student housing and then SUNY got involved and some of the regulations the county has to comply with got involved and all of the sudden our price point for rentals projected was in excess of market. We felt like it wasn’t a good business decision to build at South Campus because students are getting cheaper housing off-campus. The requirement back then was having the union employees working the facility and the difference between pure student housing and what we were paying union scale was prohibitive. Jack opened up dialogue with a developer at North Campus for property just west of the Campus on Youngs Rd. I believe Mr. Weinstein was party to some of the discussions with that developer. I believe he has all the Town approvals but he didn’t want to put a shovel in the ground till there was approval for the new STEM building that had been talked about for 6 to 7 years. The groundbreaking is August 24th. I am hopeful he will move forward with his student housing project. I think that will help with chargebacks.”

Craig Speers: “Is there any desire to take a second run at housing at the South Campus at this point?”

Bill Reuter: “I am cautious in responding until we see how the North Campus performs. It makes sense to be on the campus, but if you are off or on campus, students think it’s your housing. If it’s at North Campus managed by a separate entity, students or parents will still call us to complain. We will revisit student housing at South Campus. Most of the focus, draw programs, health sciences programs, are at North Campus, like dental hygiene and nursing are located there. We also have closest proximity to UB North Campus. There are a lot of reasons North Campus should work. Depending upon that model we would look at bringing it on-campus. We’d have to do a land lease. The College is owned by the County, we can’t just decide to build student housing. SUNY has a lot of restrictions and you have to create a student housing corporation. We’re hoping a private developer initiates student housing at the North Campus and the College reaps the benefits, as well.”

Craig Speers: “I thought there was student housing right downtown here.”

Bill Reuter: “It was. The problem downtown revolved around landlords wanting to get paid and the student aid system. The Downtown Campus has the largest use of financial aid among the campuses. Financial aid comes in. The College takes its portion for tuition and fees and remits the remainder to the student. It’s the student’s responsibility to pay their lease costs. We give the students their PELL or TAP refund and it’s up to the landlord to get the money directly from the student. The landlord was challenged in some respects in getting full payment for housing. The housing market has taken off in Downtown and the price point has moved up. Students can use it. Originally it was strictly for ECC.”

James Sampson: “I have a couple of questions. It’s one thing to bring students in the door and another thing to keep them. You call them retention rates, I guess, if I recall correctly, ECC’s retention rates are significantly lower than peer institutions. It’s one thing from keeping those kids from going to Niagara County and another thing to keep the kids we get. Can you address what the Community College is doing to increase retention?”

Bill Reuter: “As you correctly pointed out, our retention rates are below our peers and below SUNY. A 1% change in retention rates probably equates to \$250,000 in additional revenue. It’s a key item that we track. Our trends are going down. We have recently started several initiatives that are targeting new students, including new student orientation. We are targeting students through a START program. We’re targeting pockets of students at-risk. We are getting our

faculty more involved in the advisement of students. We are asking faculty to make comments about the students. For instance, if a student doesn't have books in the first week of class so we can track those students. We have a number of programs. I'm hopeful we will have an uptick in our retention rates. That probably is the primary focus of our strategic plan."

James Sampson:

"One final question, is there anything that prevents Erie Community College and Niagara County Community College from merging? It seems illogical to me that we are competing for a finite number of kids."

Bill Reuter:

"The competition is not just from Niagara. The competition is from Buff. State, UB, Canisius. The region has 20+ higher educational institutions. We even compete with Bryant and Stratton. To your point about Niagara. The governor is very interested in this regional model. He is forcing community colleges to have regional meetings. There is some discussion about dollars being put into the state budget to encourage it. The whole basis is Erie Community College serving the residents of Erie County. As far as the future, I suspect you're right. I don't see 30 community colleges staying the same long-term. I think a regional community college will take hold, whether it's Erie/Niagara or Erie/Genesee. There are some small community colleges that are struggling with enrollment. The big thing for us is the chargebacks. If the county residents didn't have to pay for chargebacks, I think you would see a dramatic change in the way community colleges operate. We compete and spend resources for marketing and advertising we wouldn't have to, if we didn't have to compete."

Craig Speers:

"On the South Campus housing, I know that JCC has reached an agreement with St. Bonaventure to rent several vacant floors of vacant dorm space for campus housing. Could some arrangement be made with say, Hilbert, for example since it is so close to the South Campus?"

Bill Reuter:

"We had that arrangement last fall, I believe, for some of our football players. I'm not sure if it is still in effect for this year. Many of our football players come from outside the region, so that lends itself to student housing."

James Sampson:

"If there are no other questions, we should all have in our packet resolution that mirrors ECFSA's report on the budget and plan. I would entertain a motion to approve the resolution that's in your packet to comment on the ECC budget and plan. As highlighted

there, we are going to reconvene at some point in the spring to evaluate their year-to-date performance in relationship to the plan. So may I have a motion?"

Director Creighton moves to approve, Director Weinstein seconds and the board votes unanimously, with an abstention from Director Speers because he has been on the ECC Adjunct Faculty List, to approve the following resolution:

Erie County Fiscal Stability Authority

Resolution No. 16-11

COMMENTING ON THE 2016-17 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 2016-17 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:

- A high reliance on tuition revenues
- Decreased enrollment
- Lowered retention rates
- Continued use of fund balance for current and future operations;

NOW, THEREFORE, BE IT RESOLVED that the ECFSA does view the 2016-17 budget as in balance and achievable. However, due to a number of factors delineated above, the out-years of the financial plan may not be readily achievable.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the ECFSA directs ECC officials to review the risk items put forward in the ECFSA's August 15, 2016 report on the ECC budget and financial plan and report back prior to the beginning of the 2017 calendar year on the progress in addressing those risk items and the overall, long-term fiscal health of the College.

This resolution shall take effect immediately.

James Sampson: "May I have a motion to adjourn? Motion by Director Creighton. Second by Director Speers. The Board votes unanimously to adjourn."

Respectfully submitted,

James Sampson, Chairman

August 15, 2016