

ORANGE COUNTY COMMUNITY COLLEGE

Middletown, New York 10940

Office of the Vice President for Administration & Finance

September 16, 2020

To: Members of the Board of Trustees

From: Paul Martland, Vice President of Administration and Finance

FISCAL REPORT: September 1, 2019 – August 31, 2020

The report of revenue and expenditures for the period September 1, 2019 to August 31, 2020 is attached. This report compares the projected 2019-2020 fiscal year to budget and prior year actual.

REVENUE

Total projected revenues based on the period ended August 31, 2020, fall short of budget expectations by 3.2%, or \$2 million. This is predominately due to lower than anticipated FTE (full-time equivalent) enrollments during the fall 2019 term which, in turn, impacted fees and spring tuition revenues. Summer revenues are projected to increase 6.6%, or \$120k, due to the net effect of COVID-19 and targeted marketing campaign. State revenues are projected 5% down or \$670k, due to the state only providing the college 80% of its fourth quarter payment. The college is taking a conservative stance by not including the remainder 20% in its projections, since the state might not pay this balance. Projected non-credit courses, or CAPE revenues, are forecasted to be 40.3%, or \$229k lower than budget, more than half of this shortfall is related to COVID-19 impact to spring and summer revenues. Faculty, staff, and administration must continue to invest in strategies that improve recruitment and retention, help students focus on progress/completion, and simplify course selection.

EXPENDITURES

Total projected expenditures for the academic year are estimated to be 4.8% less than budget, or \$3.0 million. This is primarily due to the implementation of cost saving strategies to mitigate the \$1.3 million loss in tuition revenues. These cost saving strategies include not filling eight full-time vacant positions budgeted this academic year and implementing various planned reductions in contract services and equipment. Another factor that helped to significantly reduce expenditures is the fact that 2020 health insurance rates are 1% lower than the 2019 rates, providing a cost savings of approximately \$600k. In compiling projected health insurance costs, we discovered that we had over-accrued for this line item by approximately \$300k. Due to COVID-19 the College has experienced unforeseen costs of \$470k to date that may be recoverable through FEMA and/or the CARES Act. This non-budgeted increase is also mitigated by reduced operating expenses during the period that the College has been operating remotely.

FUND BALANCE

At the beginning of the year, the College's unrestricted fund balance was 4.3% of its operating expenses. SUNY's general guideline for each community college, regardless of size, is to "work to establish unrestricted net assets ranging from 5% to 15% of its operating expenses." Currently, the unrestricted fund balance is projected to gain approximately \$1 million, which will result in a level of 6.0% of operating expenses.