

Maurice Chalmers
Director
Office of Legislative Budget Review



NASSAU COUNTY LEGISLATURE

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Inter-Departmental Memo

To: Hon. Howard J. Kopel, Presiding Officer
Hon. Delia DeRiggi-Whitton, Minority Leader
All Members of the Nassau County Legislature

From: Maurice Chalmers, Director
Office of Legislative Budget Review

A handwritten signature in blue ink, appearing to be "M. Chalmers", is placed to the right of the "From:" line.

Date: January 30, 2026

Re: Nassau Community College 2024-2025 Unaudited Year-End, and 2025-2026 First Quarter Projections

The Office of Legislative Budget Review (OLBR) has received Nassau Community College's unaudited FY 24-25 year-end operating results and prepared this memo on the anticipated results for the Legislature. This report summarizes and analyzes the preliminary FY 24-25 year-end figures and the FY 25-26 First Quarter projections that were provided to OLBR by the College.

According to the numbers submitted to OLBR, the College is projecting that it will end the FY 24-25 with an unaudited operating surplus of approximately \$86,845. When the Modified Budget is compared to the unaudited year-end actuals, there is a \$5.5 million surplus in expenses and a shortfall of about the same in revenue, for a net surplus as mentioned above. However, the unaudited results are after the College utilizes \$4.3 million from appropriated Fund Balance. Without that Fund Balance usage, the net results would be a deficit. The impact on Fund Balance of the preliminary results is reflected in the attached Fund Balance reconciliation chart later in the report. OLBR worked with the College Administration and received explanations discussed below for the Legislature.

FY 2024-2025 Unaudited Year-End

Expenses

Compared to the Modified FY 24-25 Budget, year-end expenses came in under budget by \$5.5 million. The drivers of this positive variance are the salaries, fringe benefits, equipment, and general expenses, which are offset by deficits in contractual services, utility costs, interfund charges, debt service, financial aid operating expenses, and other expenses.

There is a \$6.4 million surplus in salaries and the College reports that this was due to a large reversal of an accrual in the amount of \$4.8 million. This is attributed to the \$4.8 million in negative salary adjustments (AAZZ8). Also, there were significant savings due to attrition during 2025. Contributing to the surplus is the \$1.0 million savings in terminal leave. This was an estimate based on prior years' spending and the College came in below estimate. There was a retirement incentive payment in the amount of approximately \$0.7 million. The College indicates that the only standing incentive currently is for Nassau Community College Federation of Teachers (NCCFT) members. It allows members that turn 57 with at least 10 years of service to retire with 90% of the base salary. A few members take the incentive each year.

The \$1.2 million surplus in fringe benefits resulted from many factors, as per NCC. The savings are mostly from health insurance benefits coming in under budget. According to the College, the variance was due to budgeting conservatively in the FY 24-25 Budget.

Contributing to the overall expense surplus is \$0.3 million in savings in equipment and \$0.2 million in general expenses. Both savings are due to an effort by NCC to reduce discretionary costs.

Offsetting the overall surplus, the College reported a deficit of \$1.0 million in contractual services, due to higher than budgeted ground and building maintenance costs. There was also a \$0.9 million decline in interfund charges due to higher than budgeted rates and usage of the Central Utility Plant (CUP). These costs are charged to the College by the County. According to NCC, they have little control over these costs.

There is a deficit of \$0.2 million in utility costs due to higher electricity, fuel, oil, telephone and internet costs despite implementing energy cost savings initiatives over the years. Financial aid operating expenses are over budget by \$0.1 million because of scholarships awarded through the Financial Aid Office. Other expenses are decreasing by \$0.1 million due to additional scholarships being awarded. Lastly, debt service is declining by a nominal \$41,686 due to debt service coming near the end of the term. As per the College, the amount billed by the County is slightly different than the debt service schedule.

Revenues

According to the unaudited FY 24-25 year-end operating results, the College expects a \$5.5 million revenue decrease when compared to the Modified Budget. The results are after the College utilizes \$4.3 million that had been appropriated for Fund Balance. Shortfalls were experienced in several of the revenue lines, but the majority ensued in rents and recoveries. This shortage was followed by reductions in state aid, investment income and revenue in lieu of sponsorship over the adopted and modified budget.

The decline of \$6.7 million that occurred in rents and recoveries was due to the expected deferred pension expense between the College and the County not coming to fruition. According to NCC, it was anticipated that an executed agreement with the County would relieve the College of the \$6.4 million in deferred pension expenses, but that did not materialize and has yet to be finalized.

State aid experienced a decrease of \$0.7 million. NCC stated that the budget included funding for a SUNY item referred to as an Enacted Increment “state aid” in the operating budget but instead was submitted to the College in the form of a grant thus resulting in a shortfall.

The investment income revenue came in lower by \$0.5 million, which was driven by lower interest rates and investable balances as per NCC. Meanwhile, the shortage of \$0.4 million for revenue in lieu of sponsor share was impacted by a decrease in the chargeback rate from FY 23-24 to FY 24-25.

The revenue shortfalls were mainly offset by surpluses in student revenue, service fees, property taxes. Student revenues rose by \$2.3 million resulting from higher revenue collected from an increase in enrollment compared to the Adopted and Modified Budget.

Meanwhile service fees grew by \$0.4 million, which is directly correlated to a rise in enrollment. The main line items that were impacted include application fees, Allied Health Student fees, and Tuition Payment Plan fees partially offset by a decline in technology fees

FY 2025-2026 First Quarter

The College provided its forecast for the First Quarter of FY 25-26 compared to the Adopted Budget. More details will be included in OLBR’s Mid-Year report as more precise data on expense and revenue projections become available.

Expenses

Expenses in FY 25-26 are expected to come over the Adopted Budget by approximately \$3.0 million. The projected deficit is related to shortfalls in salaries, fringe benefits, contractual expenses, and Central Utility Plant charges. According to the College, the 2026 shortfall in salaries of \$1.0 million is mostly from higher adjunct costs as a result of higher enrollment.

There is a shortage of approximately \$0.9 million in fringe benefits in the 2025-2026 First Quarter. This is mostly from health insurance for retirees being higher than budgeted. However, social security contributions are projected to decrease in 2026. As per the College, the low salary actual in 2025 is a result of the reversal of an accrual for which there is no social security impact. The current projection is the projected salaries multiplied by the rate of 7.65%. The social security contribution projection does not include salary extras such as termination pay. Also, Medicare reimbursement expenses are projected to be lower in 2026, despite rates being 9.7% higher than 2025. The College acknowledges that it might be too optimistic of a projection. There is also an expected savings of \$0.3 million due to the elimination of the MTA Mobility Tax which was included in the FY 2025-2026 budget.

The deficits are offset by surpluses of \$0.7 million in general expenses, \$0.4 million in utility costs, and approximately \$0.3 million in equipment.

Revenues

The College expects a revenue overage of \$8.8 million based on the latest projection compared to the Adopted Budget. The College has budgeted to use **\$5.4 million** in Fund Balance.

The largest revenue surplus that NCC anticipates is \$7.1 million in the rents and recoveries line. Following this significant variance is an increase of \$1.8 million in student revenues, due to the College’s projected rise in Full Time Equivalents (FTEs). The FY 25-26 budget was prepared based on 9,307 FTEs, however current projections expect admissions to grow to 9,903 FTEs which is higher by 596 FTEs or 6.4% based on the actual Fall 2025 enrollment according to NCC. In addition, the College is also projecting an increase in service fees of \$24,257 based on FTE expectations.

The total projected FY 25-26 operating surplus result of \$5.9 million is comprised of a \$8.8 million revenue surplus, offset by a shortfall in expenses of roughly \$3.0 million. The College plans to use the Fund Balance to cover any FY 25-26 shortages if necessary. The Nassau Community College Board of Trustees has a policy requiring the unrestricted/unreserved operating Fund Balance be maintained at a minimum of 4.0% of the prior year’s expenses.

Current projections reflect a FY 25-26 projection of unappropriated Fund Balance of \$13.9 million, or 7.8% of last year’s expenses. The College Comptroller’s Office has changed the methodology of how they report Fund Balance usage to be more compliant with the SUNY system. According to the NCC, the Fund Balance is tied to the SUNY Annual Report for FY 24-25. The College includes a \$1.1 million adjustment to tie to the SUNY Annual Report however, OLBR does not reflect this in the table below.

The FY 24-25 audit is still in progress, therefore, potential adjustments to the operating results can change the projected results. The following table provides the projected reconciliation of the Fund Balance for the current year.

FUND BALANCE RECONCILIATION	
PROJECTED BY NCC	
Beginning Fund Balance FY 2024-2025 (as reported by NCC)	\$ 17,642,691
Fund Balance Usage	(4,272,241)
Unaudited FY 2024-2025 Operating Results	86,844
Projected FY 2024-2025 year-end Unreserved Fund Balance	13,457,294
**Projected FY 2025-2026 Contribution / Usage **	485,396
Projected FY 2025-2026 year-end Unappropriated Fund Balance	13,942,690

** Bud Fund balance \$5,389,620 Offset by a Proj surplus of \$5,875,016 for a net contribution / usage of \$485,396

Conclusion

After years of continuous declining enrollment, the College is finally experiencing a boost in admissions. For the FY24-25 year-end, there was a small rise of 1.3%, and for the current year the figure is projected to grow by a significant amount of 596 FTEs or 6.4% to 9,903. If the College can achieve this benchmark, student revenues will steadily grow. However, expenses are still projected to fall short of the budget, resulting in another year of continued reliance on fund balance.

In FY 24-25, the College is projecting to report a nominal surplus of \$86,844, however this was artificial since \$4.3 million was appropriated in fund balance. In FY 25-26, the College is finally projecting a more significant surplus of \$5.9 million, but only after \$5.4 million is appropriated in Fund Balance. Most of the stimulus funding from previous years has already been exhausted. And even with the projected rise in the enrollment, the College is still reliant on heavy fund balance usage. Early projections for FY 2025-2026 indicate a \$5.9 million operating surplus, supported by enrollment growth, improved recoveries, and continued cost controls. While the College continues to strategically use fund balance as part of its financial plan, reserves remain well above required policy levels. Overall, NCC is showing clear signs of financial stabilization and positive momentum after several years of enrollment decline.

In addition, the federal Department of Education recently pulled funding for the new Project Beacon program, launched last Fall, to help struggling students remain in school. The program was initially expected to be a four-year \$2.4 million federal grant. However, it is now expected to end as soon as August 2026 after roughly one year of services and the College expects to lose \$1.8 million in funding over the next three years. According to the College this will not impact the Operating budget since it is grant funded.

Although the College continues to strategize ways to increase enrollment, further work is still needed since every year the operating budget continues to be balanced with fund balance and/or federal funding. The College needs to keep striving to create more innovative solutions to achieve revenues that can offset the annual rises in expenditures.

cc: Dr. Maria Conzatti, Chief Administrative Officer, NCC
Dr. Alexandra Cruz, Vice President, Finance and Administration, NCC
Edward J. Gutman, Accounting Executive, NCC
Andrew Persich, Budget Director, OMB
Chris Ostuni, Majority Counsel
Michele Darcy, Minority Finance
William T. Biamonte, Minority Chief of Staff
Michael Pulitzer, Clerk of the Legislature

Nassau Community College
FY 2024- 2025 Expense
Unaudited Year End Results

	Adopted Budget	Modified Budget	24-25 YE Actual	Variance Modified To Actual	% Variance
Wages, Salaries & Fees	\$103,096,510	\$101,301,972	\$94,946,629	\$6,355,343	6.3%
Employee Fringe Benefits	57,505,918	57,468,418	56,279,231	1,189,187	2.1%
Subtotal Personal Services	160,602,428	158,770,390	151,225,861	7,544,529	4.8%
Equipment	900,934	408,001	105,736	302,264	74.1%
General Expenses	6,352,326	6,641,020	6,440,161	200,859	3.0%
Contractual	7,187,506	9,623,783	10,648,292	(1,024,509)	-10.6%
Utility Costs	4,580,469	4,280,469	4,495,444	(214,975)	-5.0%
Interfund Charges	2,762,836	2,762,836	3,701,791	(938,955)	-34.0%
Debt Service	1,105,591	1,055,591	1,097,277	(41,686)	-3.9%
Financial Aid Operating Expense	0	0	141,026	(141,026)	0.0%
Other	120,000	70,000	210,792	(140,792)	-201.1%
Subtotal OTPS	23,009,662	24,841,700	26,840,519	(1,998,819)	-8.0%
Grand Total	<u>\$183,612,090</u>	<u>\$183,612,090</u>	<u>\$178,066,379</u>	<u>\$5,545,711</u>	3.0%

Nassau Community College
FY 2024- 2025 Revenue
Unaudited Year End Results

	Adopted Budget	Modified Budget	24-25 YE Actual	Variance Modified To Actual	% Variance
Fund Balance	\$4,272,241	\$4,272,241	\$4,272,241	\$0	0.0%
Investment Income	1,494,566	1,494,566	1,042,154	(452,412)	-30.3%
Rents and Recoveries	7,250,117	7,250,117	516,820	(6,733,297)	-92.9%
Revenue Offset to Expenses	5,828,305	5,828,305	5,835,005	6,700	0.1%
Service Fees	4,775,905	4,775,905	5,141,320	365,415	7.7%
Student Revenues	57,168,861	57,168,861	59,427,773	2,258,912	4.0%
Revenue in Lieu of Sponsor	12,146,379	12,146,379	11,761,627	(384,752)	-3.2%
State Aid	38,468,833	38,468,833	37,814,572	(654,261)	-1.7%
Property Taxes	52,206,883	52,206,883	52,341,712	134,829	0.3%
Total Revenues	<u>\$183,612,090</u>	<u>\$183,612,090</u>	<u>\$178,153,224</u>	<u>(\$5,458,866)</u>	-3.0%