

Nassau Community College Response to the Comptroller's Audit.

(This response is in conjunction with the College's fourteen page response and six page executive summary submitted to the Comptroller on July 31, 2013.)

*While the College appreciates the work of the Comptroller in highlighting operational areas in need of improvement during the time period of the audit review from 2006 through 2012, the College, during that period and since then, has **already taken specific and sustained actions** in the areas of concern identified by the Comptroller, including additional actions taken since the College first had an opportunity to review the Comptroller's findings in July of 2013. The College had earlier provided to the Comptroller in July a fourteen page response that details the **specific and sustained actions** that the College has already implemented. With respect to the concerns raised by the Comptroller in the press release of January 7, it is important to note the following:*

With respect to the Comptroller's finding that the College's billing practices have resulted in the accumulation of \$14 million in uncollected tuition and fees over a five year period dating back to fiscal year 2006/2007 through August 2011 (fiscal year 2010/2011), the College constantly reviews its existing business practices and has already taken specific corrective actions that have resulted in the collection of more than \$4.3 million, or more than 30%, of the \$14 million noted in the Comptroller's report. It is important to note that a large percentage of NCC uncollected tuition and fees is due to the College's offering a 3-payment deferred tuition payment plan. This payment plan option is offered to students and their families to make a college education more accessible and affordable to our County residents, when they could not otherwise afford full payment of tuition and do not qualify for full financial aid. In addition, NCC engages in a sustained and aggressive effort to collect these receivables. While the College ultimately resorts to the use of collection agencies, it pursues in-house collections first to hopefully avoid long term negative effects on the financial history of our students, most of whom come from households in Nassau County. **Also**, NCC's bad debt expense is 1.8% of the total tuition and fees collected by the College. **Moreover**, the restructuring of the College's Financial Aid Office in 2010 has improved the processing of student aid

applications and has helped to avoid situations that, in the past, had resulted in students' tuition and fees being deferred, but that also, thereby, had set the stage for them eventually not to be paid. ***In addition***, effective in 2011, registration for future semesters does not begin until "holds" are in place on students' accounts that have unpaid balances for the current semester. This process has been coordinated between Student Financial Affairs and the Registrar's office to ensure that students cannot register for future semesters until clearing past due debts. ***Furthermore***, NCC has worked with Student Information and Campus Administrations Systems (SICAS), which is a consortium of SUNY colleges to provide computer technology and services relevant to New York State Education Law, to develop a collection module applicable to community colleges and interfaced it with the College's Banner software system. With respect to the Comptroller's comment that during this time period tuition at NCC increased, the average tuition increase per year during that time frame was \$118 or \$59 per semester, or an average of 3.5%. During the same time period the average for SUNY community colleges averaged 3.6%. Since 2011, the average tuition increase has been 3.2%

With respect to the Comptroller's finding that "Staffing Levels, Administrative Expenses and Total Operating Costs are out of line with comparable regional colleges," the Comptroller's comparison of NCC with Suffolk County Community College, Monroe Community College and Westchester Community College is well-intentioned, but does not fully recognize the consequences and limits of a simple mathematical analysis. Differing staffing levels can arise for a variety of reasons, including those that relate to value judgments as to what is necessary to maintain educational quality. Given the high percentage that personnel costs make up of the overall college budgets, differing staffing levels affect the per student cost of education. More specifically, the higher staffing levels at NCC cited by the Comptroller, as well as budget dollars per student being higher than at SCCC, are directly attributable to the lower student faculty ratio (faculty defined as both full time and part time, classroom and non-classroom faculty) at NCC compared to the other colleges cited in the Comptroller's report. When analyzing the student ratio to full time faculty, NCC's ratio of 55 to 1 is by far the lowest. SCCC is 100 to 1; Monroe Community College is 93 to 1 and Westchester is 117 to 1. Moreover, the Comptroller's reference to the College's staffing levels for the 2010/2011 school year being 38% higher than the staffing levels at SCCC reflects higher staffing levels at NCC for full time teaching

faculty (NCC's 598 compared to SCCC's 326), higher staffing levels at NCC for part time teaching faculty (NCC's 509 compared to SCCC's 394), and higher staffing levels at NCC for teaching faculty support staff (NCC's 668 compared to SCCC's 376). Only in the area of "all other staff," which includes civil service union members and non-union administrators, is the level of staffing at NCC *lower* than at SCCC (NCC's 467 compared to SCCC's 529). These differing staffing levels reflect various assumptions and value judgments on the part of NCC, including an appropriate level of teaching faculty for NCC to most effectively carry out its mission. The Comptroller also noted that on a dollar basis, NCC had the highest General Administration and General Expenses compared to SCCC, Westchester Community College and Monroe Community College. It should be noted that the comparison of SUNY Community College data can be distorted due to individual college interpretations of reporting categories. Nassau Community College centrally budgets such "big ticket items" as retiree health insurance for ALL employees (not just administration), which is approximately \$10 million, in the General Administration category. The categories included in the Comptroller's report include many, many departments, and it would be a distorted presentation to confuse of "General Administration" with the much, much smaller subset of "administrative staff," the latter of which is frequently thought of as limited to "non-union administrators." For example, "general administration" includes employees working in the departments of finance, accounting, bursar and personnel, most of whom are civil service union employees. Moreover, the Comptroller focused on dollar amounts that were not a percentage of the expenses of the colleges' total expenses. When those percentages are calculated, NCC is, in fact, right in line with the other colleges cited by the Comptroller.

With respect to the Comptroller's finding that the employee time and leave was not always properly documented, tracked and approved in accordance with labor contracts and college policy for 28 of the 43 employees selected for testing, the College agrees with the Comptroller that there is need for improvement. It is in recognition of this need that the College has been actively engaged with the County in the implementation of the PeopleSoft HCM program, which will have a time and leave component, as well as other Payroll and Human Resources components. As part of this effort, one NCC Human Resources administrator has been "on loan" to the County for the past ten months to assist and partner with the County staff in order to successfully

complete this ambitious project. The implementation of the business application of the PeopleSoft has as one of its goals the facilitation of the automation of the time and leave process. The initial release of PeopleSoft HCM, scheduled for this year. In addition, the College has created procedures, pursuant to federal law and consistent with County guidelines, covering all employees to follow up on their extended absences. It should also be noted that in the past, the Nassau County InTime system was not installed at the College, *as per a decision made by the County.*



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PRESS RELEASE

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Maragos: \$14M Went Uncollected at Nassau Community College Yet Tuition was Increased

Mineola, NY- Nassau County Comptroller George Maragos released his audit of the financial condition of Nassau County's Community College and found numerous financial and operational inefficiencies. The major findings included inadequate billing and collection practices that resulted in \$14 million being uncollected from 2006- August 2011 while tuition increases were imposed and reserves were drawn down to pay for operations. Significant improvements have been instituted since the audit, yet numerous additional actions remain to be implemented including reducing staffing ratios, reducing administrative expenses, and proactive tuition payment collection, in order to achieve efficiencies comparable with other community colleges.

"The numerous operational and financial issues uncovered during the audit at the Nassau Community College persisted for too long and if allowed to persist could threaten the mission of the college and cause significant tuition increases in the future," Comptroller Maragos said. "We are pleased that the Administration has already made substantial changes to improve the financial controls and operating efficiencies. We urge the College Administration to implement all other recommendations including strengthening the management team, reducing administrative expense and bringing student faculty ratios in line with comparable Community Colleges in order to minimize future tuition increases."

The College reported a net loss in the three years covered by the audit (2010, 2011 and 2012) and has dipped into its reserves for four out of the last five budgets. Its reserves have been depleted to dangerously low levels of less than \$10 million.

The major findings include;

- Inadequate billing and collection practices resulted in past due tuition and fees of \$14 million dating back to the 2006/2007 academic year. The College's written guidelines for sending past due letters to students while they were enrolled at the

College were not adhered to. The College processed applications in 2010 and 2011 for 5,849 students without receiving the related application fees of \$237,000. Although many of these practices have been improved, significant change is still necessary to ensure that every student is treated fairly and the college minimizes uncollected tuition.

- Employee time and leave was not always properly documented, tracked and approved in accordance with labor contracts and college policy for 28 of the 43 employees selected for testing.
- Staffing Levels, Administrative Expenses and Total Operating Costs are out of line with comparable regional colleges.
 - i. The College's staffing levels for the 2010/2011 school year were 38% higher than the staffing levels at Suffolk Community College with similar student population and other.
 - ii. The College's administrative and general expenses for the fiscal year ending August 31, 2011 were the highest when compared to the other three colleges. The College's total was \$56 million, followed by Suffolk at \$52 million, Monroe at \$41 million and Westchester at \$27 million with similar student populations.
 - iii. Budgeted operating costs for the 2011/2012 school year were \$1,302 more per student at NCC than at Suffolk Community College.

Comptroller Maragos added, "the proposed changes required at the College are significant. The first step is for a permanent president be installed, with the authority and stature to implement the organizational and financial improvements necessary. Dr. Kenneth Saunders indicated he recognizes the issues and has started implementing the audit recommendations."

"We agree with the Comptroller's recommendations and improvements have already been implemented in financial controls and approximately \$4 million in previous uncollected tuition has been recovered," stated Dr. Kenneth Saunders. "I welcome the Comptroller's and the Board of Trustee's support in implementing the structural management changes to improve the College operating efficiencies in line with comparable colleges and the student graduation outcomes."

The full version of our report is available on the Comptroller's website.

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<http://www.nassaucountyny.gov/agencies/Comptroller/index.html>