

NECC Fiscal Strength

**All College Assembly
Nov 15, 2010**

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It's up to you now, Miller. The only thing that can save us
is an *accounting breakthrough*.

Financial Strength

Revenue diversity

Student charges
State support
Federal financial aid
Grants (state and federal)

Financial control

Expenditure control
Reporting
Multi-year planning

Asset base

Physical infrastructure
Deferred maintenance
IT infrastructure

Financial flexibility

Investments
Reserves
Debt

Survey Results

	1	2	3	Total
Decline in state support	85	18	3	106
Operating costs of new facilities	11	31	16	58
Facilities repair and renovation	4	10	18	32
Student price sensitivity	6	14	10	30
Cost of information technology	2	13	12	27
Cost of salaries and benefits	4	9	9	22
Decline in enrollment	4	6	8	18
Failure to centralize support services	3	4	10	17
Low rainy day fund (reserves)	2	6	8	16
Competitive threat - other public institutions	1	2	9	12
Increase in employee turnover/retirements	1	3	6	10
Competitive threat - for profit institutions	0	4	3	7
Demographics (fewer traditional-aged students, older population)	1	2	3	6

Results as of November 23, 2010



Survey Comments

wasting time on micro management...

there is far too much waste in many departments & people that have jobs that don't actually do any work.

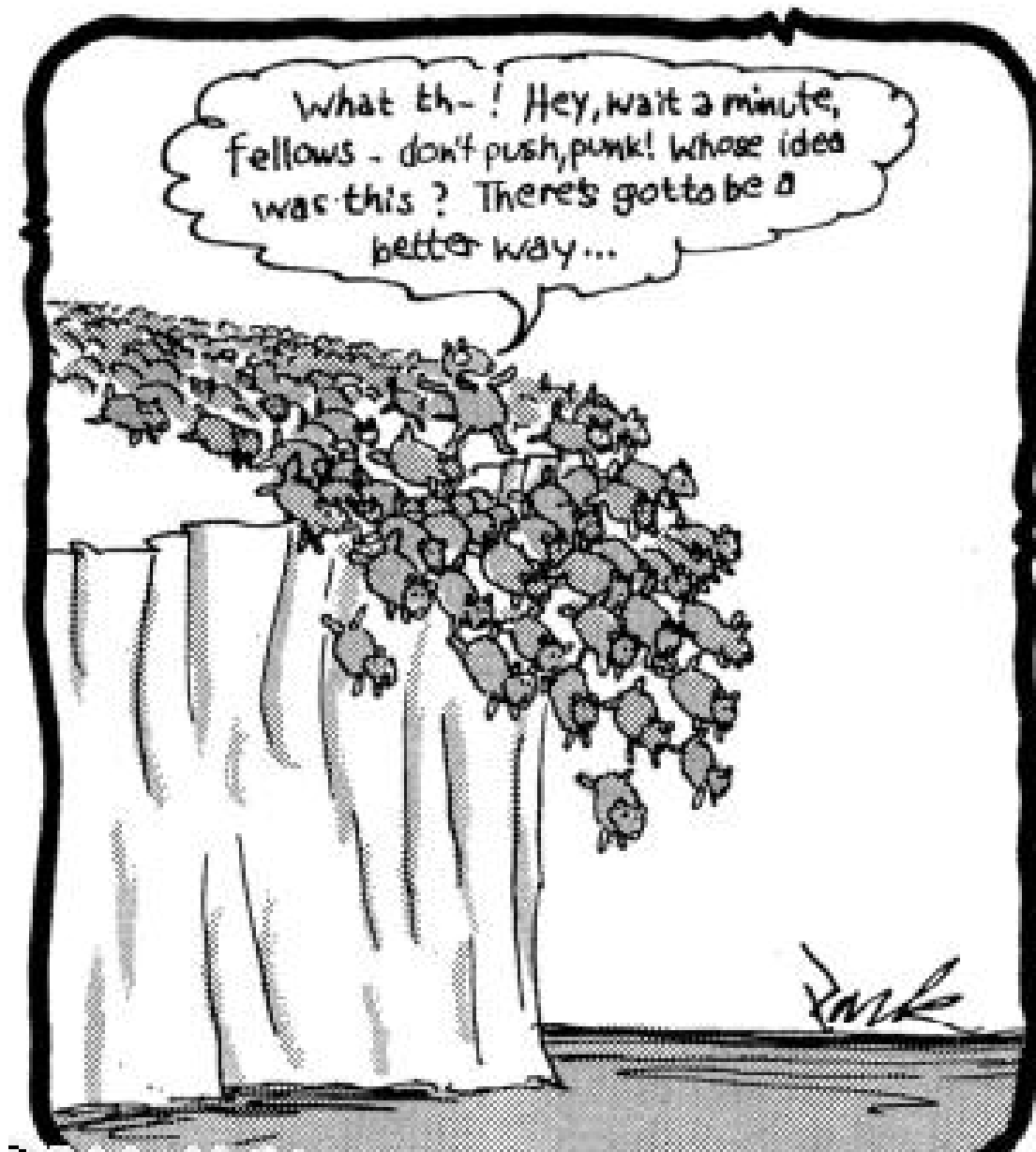
failure to consolidate and concentrate on successful academic programs

speed of innovation needs to be faster

doing too much with limited budgets

...to provide **adequate, current skills/knowledge through course materials to enable those who graduate to pursue a job in their field of study. ..**

What th- ! Hey, wait a minute,
fellows - don't push, punk! Whose idea
was this ? There's gotta be a
better way...



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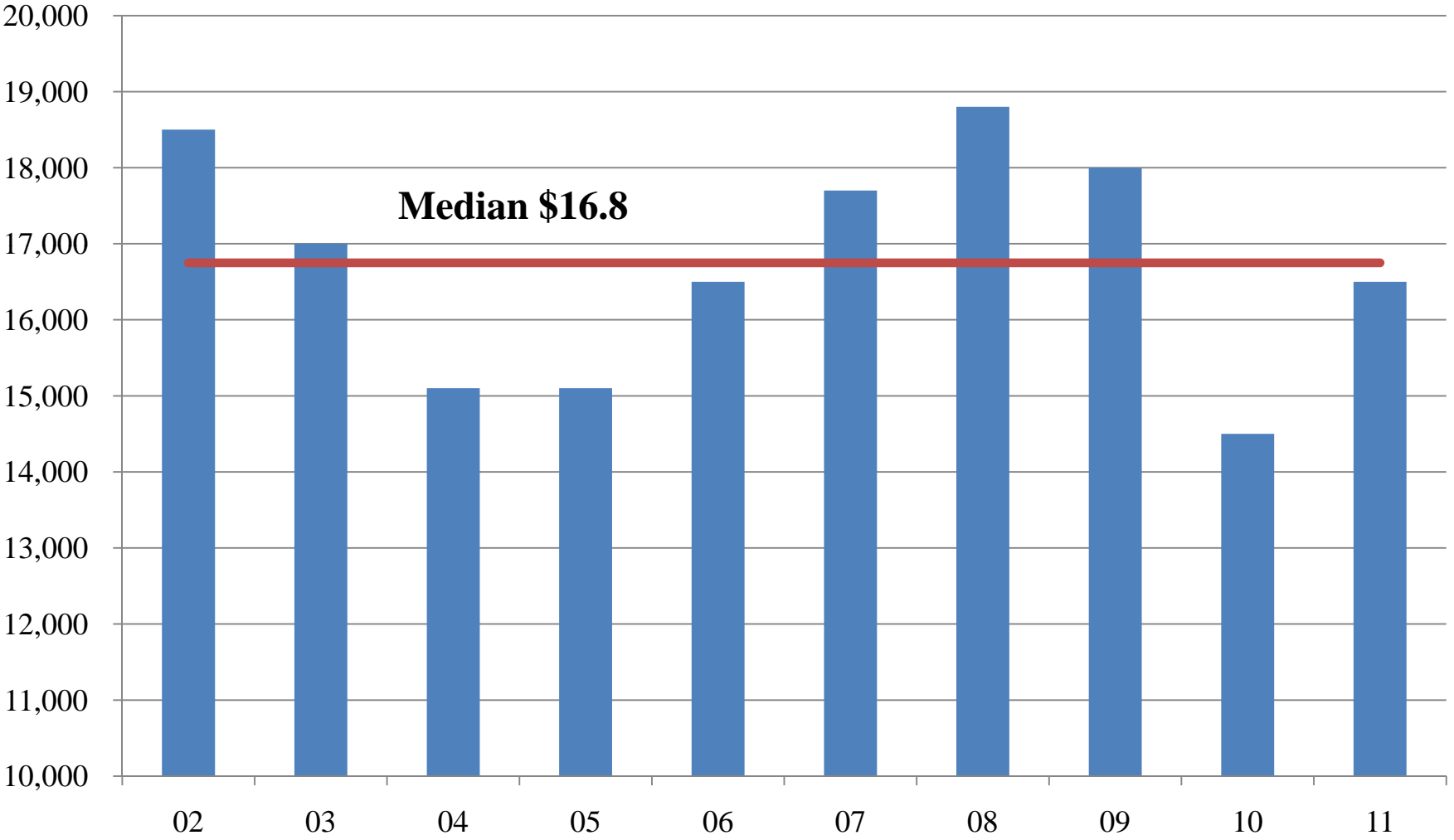
Reserves

Debt



State Support

State Support Trends



View from Beacon Hill

- FY08-10 largest decline in state revenue
- Tax revenue for FY10 was 11% less than FY08, even with the increased sales tax
- In ten years, funding for higher education has declined from 5% of the total budget to less than 3% (FY10)
- October tax revenue met benchmark, but was \$92m less than Oct last year

Adapted from Mass Taxpayers Association



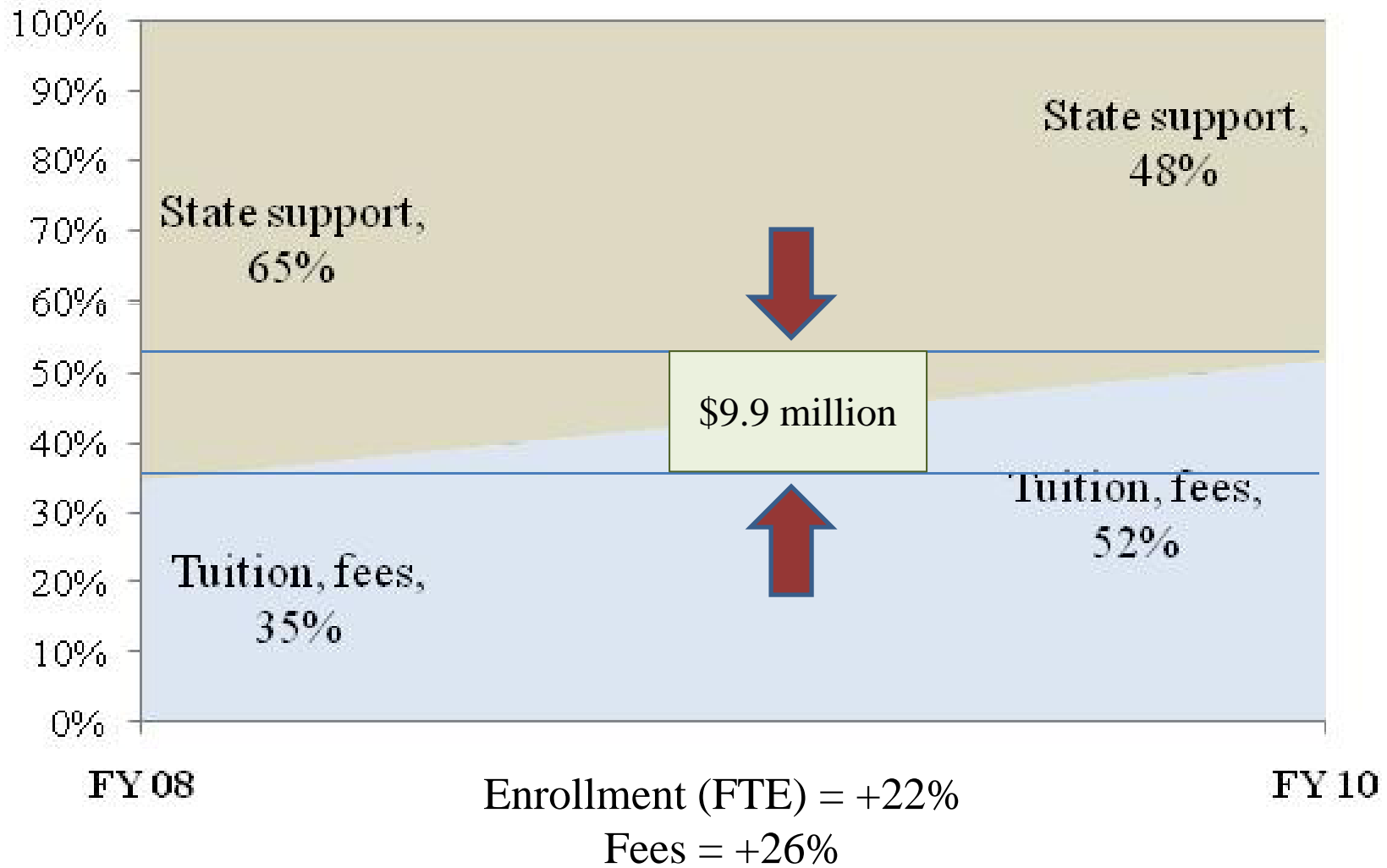
FY12 State Budget

- Structural deficit of at least \$2 billion dollars
 - assuming no change in the sales tax
 - 15 – 30% reduction in “discretionary expenses” (higher ed, public safety, local aid)
- No one time funds (as compared to FY11)
- Medicaid costs will continue to increase
- No widespread appetite for tax increases

Adapted from Mass Taxpayers Association



Sources of Revenue



EXPENDITURE CONTROL

FY10 – How did we do?

Category	Budget	Expenses	Variance	%
Personnel	24,700,602	25,276,806	576,204	102%
Operating	7,207,277	6,861,412	(345,865)	95%
One-Time Costs	2,089,259	2,145,261	56,002	103%
Total College	33,997,138	34,283,480	286,342	101%

FY10 – How did we do?

Division	Total Budget	Total Expenses	Variance \$	Variance %
President, HR, IR	\$1,724,878	\$1,773,702	\$48,824	103%
Institutional Advancement	\$660,084	\$658,081	(\$2,003)	100%
Academic Affairs	\$14,816,554	\$15,425,442	\$608,888	104%
EMSS	\$4,209,225	\$4,081,795	(\$127,430)	97%
ANF	\$6,639,486	\$6,503,449	(\$136,037)	98%
IT	\$2,263,359	\$2,278,991	\$15,632	101%
WD & CE	\$1,209,294	1,068,945	(\$140,349)	88%
Student Activities	\$385,000	\$347,814	(\$37,186)	90%
Non-recurring	\$1,021,799	\$107,7801	\$56,002	105%

FY10 vs FY11

Category	FY10 Budget	FY11 Budget	Variance	%
Personnel	24,700,602	27,610,419	2,909,817	10%
Operating	7,207,277	9,807,215	2,599,938	26%
One time costs	2,089,259	896,944	-1,192,315	-57%
Total College	33,997,138	38,314,575	4,317,440	11%

RESERVES

Reserves

Primary Reserve Trends				
NECC and Peer Institutions				
	FY07	FY08	FY09	FY10
NECC Primary Reserve				
Unrestricted/expendable	334,742	(242,441)	(160,293)	870,458
Total operating expense	50,258,282	50,332,041	48,888,677	48,194,490
NECC	0.7	(0.5)	(0.3)	1.8
Similar-sized MA colleges				
Holyoke	21.2	13.4	10.3	13.4
North Shore	8.5	7.3	5.5	
Quinsigamond	12.5	12.3	14.6	19.0
Mass Bay	9.8	6.0	9.4	6.8
Avg (4)	13.0	9.8	10.0	13.1
Gap analysis	6,533,577	4,907,374	4,864,423	6,297,413

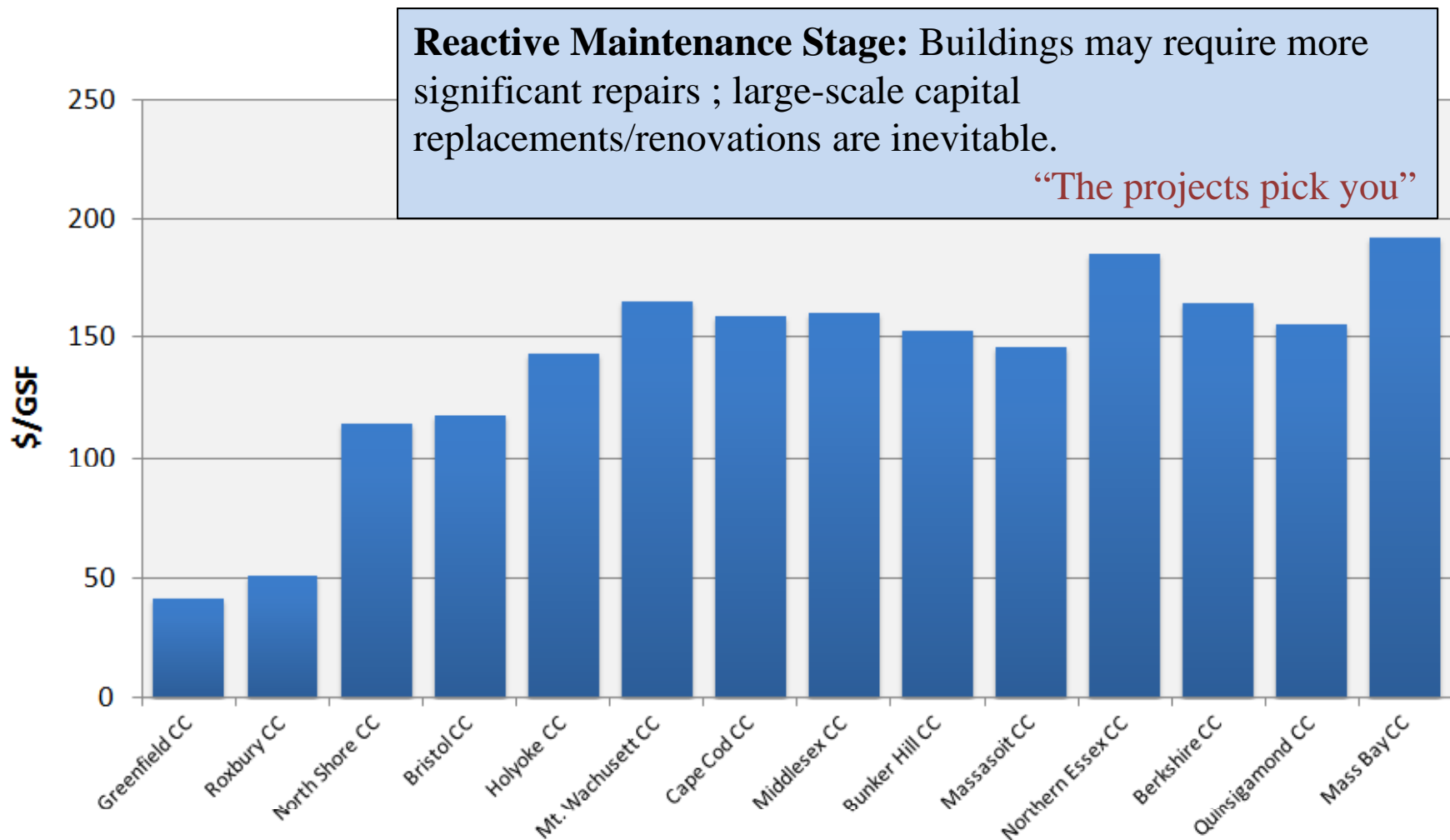


**DEFERRED MAINTENANCE
(INVESTMENT IN OUR
FACILITIES)**

Investment in our Facilities

	FY07	FY08	FY09	3-yr Avg
NECC	5.3%	3.5%	3.2%	3.9%
Required by DHE	5.0%	5.0%	5.0%	5.0%
Similar-sized MA colleges				
Holyoke	6.7%	11.8%	7.2%	8.6%
North Shore	6.9%	7.1%	7.7%	7.2%
Quinsigamond	7.6%	9.8%	8.3%	8.6%
Mass Bay	4.4%	7.9%	11.2%	8.4%
Avg (4)	6.4%	9.2%	8.6%	8.2%
Gap analysis	418,000	2,147,000	2,052,000	4,617,000

Investment in our Facilities





Cost of Facilities

Cost per sq ft

Owned

\$7.49

Leased

Riverwalk

\$19.26

Amesbury

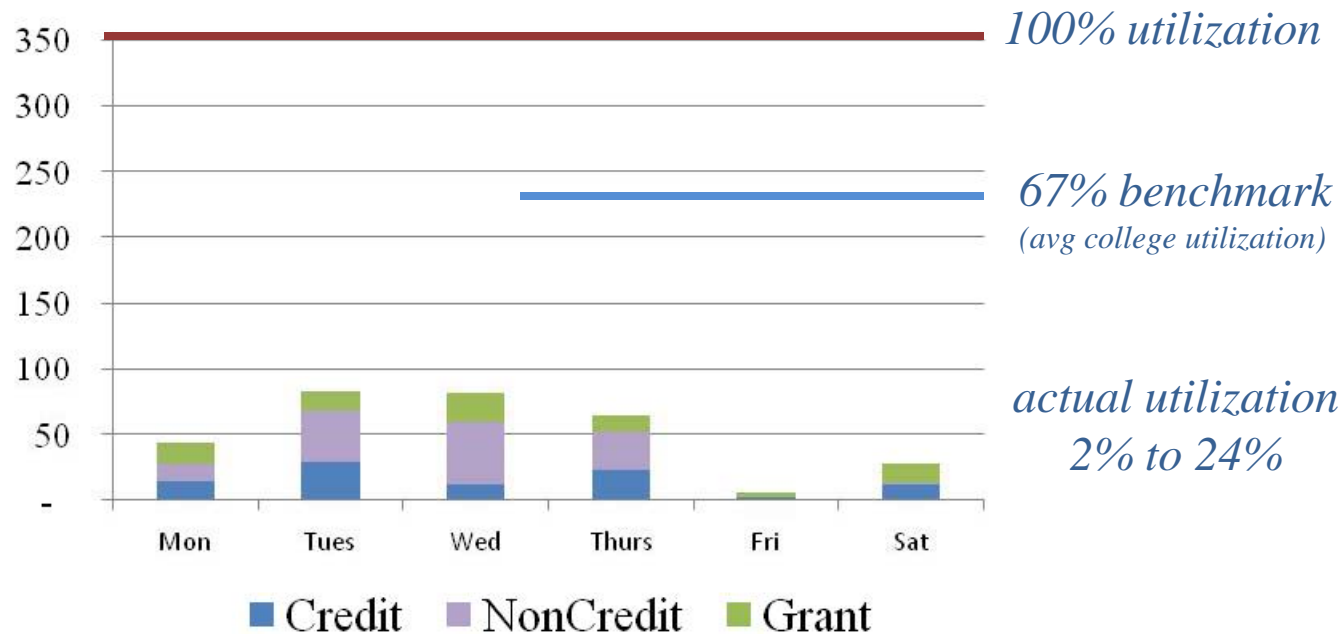
\$18.99

Riverwalk

FY10 Investment \$750,000

Operating costs \$498,864

Classroom, lab utilization (week of Nov 15)



Capacity Expansion

Riverwalk lease

FY10 \$362,600

FY15 \$414,400

New Allied Health & Technology Center

Operating costs \$500,000 - \$800,000 (*estimate*)

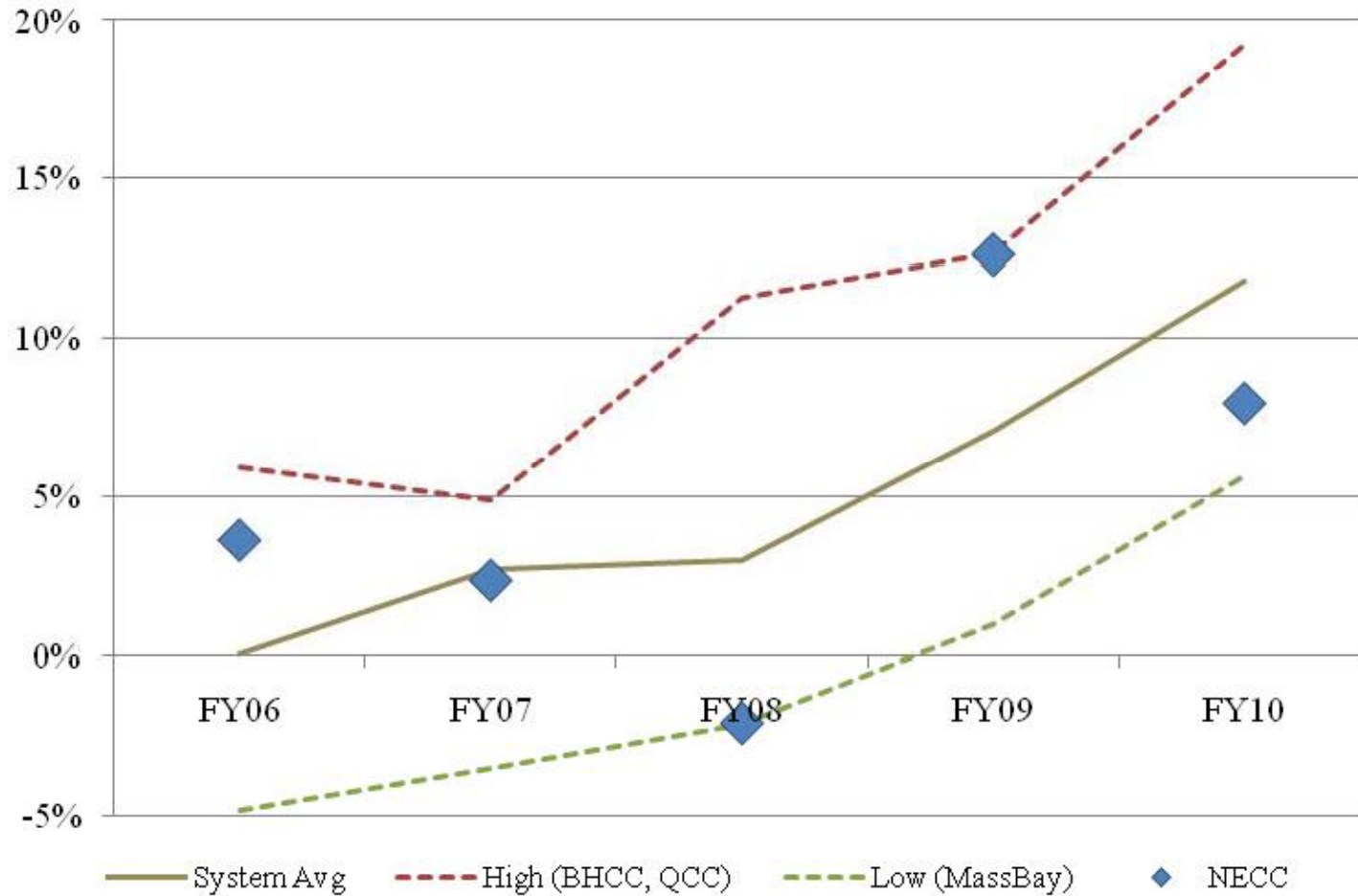
Furnishings ?

Additional staffing ?



ENROLLMENT

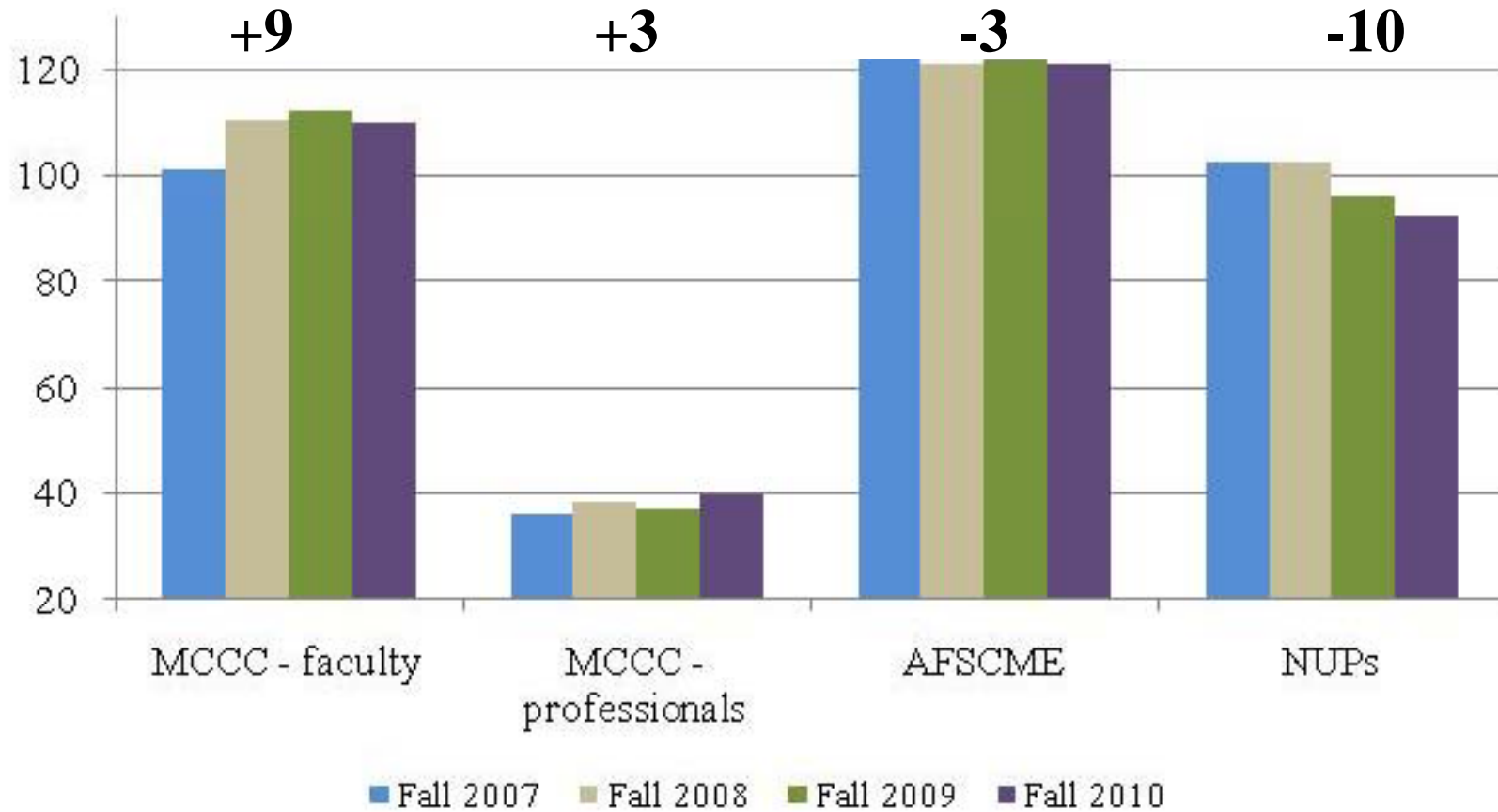
Enrollment (annual FTE)





STAFFING

Staffing (FTE)



FY12 Budget Challenges

- State support
- ARRA funding
- Flat enrollment
- Riverwalk utilization
- Infrastructure costs
 - Old buildings
 - Information technology
- Payroll costs
 - Increased payroll - up 10%
 - Fringe benefits – minimum of \$1.2 million

