



## Office of The Ulster County Comptroller

### *College Chargebacks: A County's Share for its Community*

April 13, 2016

#### Introduction



In November 2012, the Office of the Ulster County Comptroller issued a report on *Community College Chargeback* payments, which offered history and background on the practice, made recommendations to the application approval process, and provided policy suggestions and action items to be considered by state and/or local officials that could minimize the expenses for which the county is responsible. This report will complement that study by highlighting how much Ulster County ("County") has recently paid in chargebacks, exploring Dutchess County Community College as the highest recipient of County dollars, and analyzing neighboring counties' policies and related concerns regarding this framework.

Enacted in the 1950s, New York State's ("NYS") community college chargeback policy established a fee to be paid by counties when a resident student attends a community college outside their home county. The law's original intent was to create a three way partnership between the student, the state, and the sponsoring locality that would equally share in the costs of providing educational services and allow the student to attend the community college of their choice without incurring financial hardship. However, NYS has not maintained its one-third share of funding for community college tuition since 1992, which has only added to the long list of ever-increasing unfunded mandates that impact our local governments.

Community colleges are authorized under NYS education law to "charge non-resident students sufficient tuition and fees to cover an allocable portion of the local sponsor's share of the operating costs of such community college in addition to regular tuition and fees"; moreover, this charge may be levied upon the county of origin for the non-resident student.<sup>1</sup> Currently, the State University of New York ("SUNY") annually sets the operating and capital chargeback rates for all community colleges within the state. The rate calculation is dictated by university-wide SUNY regulations.<sup>2</sup> This determination process is complex and lacks significant transparency, resulting in rates that can change dramatically from year to year and making it difficult for counties to appropriately budget for these expenditures.

<sup>1</sup> See New York State Education Law § 6305

<sup>2</sup> See Community College Rules – College Operating Fund (8 NYCRR Part 602) (stating that "the operating chargeback rate per full-time equivalent student shall be an amount equal to the community college sponsor's actual contributions, including appropriated fund balance for the support of a full-time equivalent student attending the community college from the sponsorship area as determined in the college operating budget request approved by the State University trustees, adjusted by a factor calculated upon the difference between the budgeted and actual operating costs as determined from the college's annual financial reports, rounded downward to the nearest multiple of \$10. Such operating chargeback rate and calculated adjustment thereto, shall be determined as follows: subtract from the approved total operating budget, the budgeted offsetting revenues including Federal aid, other operating expenses not allowable for State aid, budgeted student revenues and budgeted State operating aid.")



**Ulster County’s Chargebacks:**  
**An Overview**

Since 2012, Ulster County taxpayers have been responsible for over \$3 million each year to cover the costs of sending students to “out-of-town” community colleges, as shown by the following chart:

Year	Expense
2012	\$ 3,209,259
2013	\$ 3,540,061
2014	\$ 3,506,547
2015	\$ 3,195,665

In 2015, Ulster County *paid* over \$3.1 million to various SUNY community colleges for residents that attended schools outside of the County – 98% more than the total amount that Ulster County Community College (“UCCC”) *received* from other counties. The chart below displays the UCCC chargebacks accepted from other counties over the last four years:

Year	Revenue
2012	\$ 75,953
2013	\$ 75,763
2014	\$ 82,933
2015	\$ 78,215

The revenue listed above pales in comparison to the amounts expended for chargebacks. This difference is directly linked to the small number of non-resident students at UCCC compared to the much larger number of Ulster County residents who enroll in community colleges elsewhere across the state.

The following chart lists the community colleges to which Ulster County paid chargeback fees for the Fall 2015 semester:

College	Fall 2015 Invoiced	# of Students
Dutchess	\$ 446,874.50	494
Orange	\$ 329,630.49	248
Columbia-Greene	\$ 219,899.91	135
FTT	\$ 174,254.56	29
Hudson Valley	\$ 120,266.84	99
Sullivan	\$ 89,457.52	42
Herkimer	\$ 26,696.00	26
Tompkins-Cortland	\$ 13,680.00	9
Rockland	\$ 8,760.40	6
Schenectady	\$ 5,901.47	7
Broome	\$ 5,858.00	6
Onondaga	\$ 5,625.37	6
Adirondack	\$ 5,311.34	6
Mohawk Valley	\$ 5,122.50	5
Nassau	\$ 4,310.00	2
Monroe	\$ 4,249.00	6
Genesee	\$ 4,186.67	4
Manhattan	\$ 3,930.00	2
Finger Lakes	\$ 3,621.00	3
Fulton Montgomery	\$ 3,140.37	2
North Country	\$ 2,925.00	2
Niagara	\$ 2,889.67	2
Westchester	\$ 2,475.66	3
Cayuga	\$ 2,300.00	2
Clinton	\$ 1,928.00	1
Hostos	\$ 393.00	1
Suffolk	\$ 317.26	1
<b>Fall 2015 Total</b>	<b>\$ 1,494,004</b>	<b>1149</b>

As previously shown, four out of the top five compensated community colleges share a border with Ulster County, which account for almost 75% of the total expenses for the semester.



**Dutchess County Community College:  
 Case Study**

By looking at Ulster County’s highest compensated school – Dutchess – we are able to see that the breakdown of attendance by town and city for the Fall 2015 semester seems heavily influenced by a student’s geographical location. The following chart identifies the town, number of students that attended Dutchess from that town, and the cost for each student paid by the County for Fall 2015.

Town/City*	No. of Students	Total Charge
Lloyd	127	\$ 107,054
Marlborough	89	\$ 78,044
Plattekill	71	\$ 67,635
New Paltz	39	\$ 37,137
City of Kingston	36	\$ 32,018
Saugerties	28	\$ 27,406
Esopus	23	\$ 22,197
Shawangunk	18	\$ 18,045
Ulster	17	\$ 15,545
Gardiner	18	\$ 15,513
Rosendale	6	\$ 6,433
Rochester	7	\$ 5,129
Wawarsing	4	\$ 3,814
Hurley	3	\$ 3,237
Marbletown	3	\$ 2,788
Kingston	2	\$ 2,251
Woodstock	1	\$ 1,334
Shandaken	1	\$ 1,056
Olive	1	\$ 239
<b>Grand Totals</b>	<b>494</b>	<b>\$ 446,875</b>

\*Town responsibility was determined by addresses provided on billing from Dutchess County Community College and verified on Ulster County’s parcel viewer (<http://ulstercountyny.gov/maps/parcel-viewer/>)

Town of Lloyd appears to have the greatest student attendance at Dutchess – responsible for over \$100K in chargebacks for one semester at only one community college – that could at least be partially

attributable to its physical proximity to the school. This amount does not include the chargeback expenses from other community colleges that different students from the Town of Lloyd might be attending.

**Regional Policies and Local Concerns**

College chargebacks have not been immune to controversy amongst county and local leadership throughout the state. The rising cost of college tuition has caused some counties’ administrations to pass their expenses onto the individual municipalities in which students reside.

Short of holding out hope for statewide legislative reform, Ulster County could relieve itself from the cost of college chargebacks – like many other counties have – by passing the expense onto its towns and city. However, this process only shifts the economic burden from a larger budget onto smaller budgets, which could potentially cripple the spending power of those municipalities. As of the first quarter of 2016, only one county that adjoins Ulster charges its towns and cities for the costs of its students’ attendance at SUNY schools beyond its borders. Greene, Columbia, Dutchess, Sullivan, and Delaware Counties absorb the entire chargeback cost, while Orange County requires 100% of the expense to be paid by its municipalities. Examples of other counties that pass these fees on to their localities are Erie, Rockland<sup>3</sup>, Suffolk, and Oneida.

Students may choose to attend a “neighboring school” for a host of reasons, including but not limited to: course and degree offerings, dorm availability, or geographical location to the students’

<sup>3</sup> Rockland County currently charges 50% back to its towns and cities, and it has budgeted for 100% of its expenses to be charged back to its municipalities for 2017



homes. Accordingly, it is nearly impossible for municipalities to adequately forecast which of its residents will attend what community colleges in a timely manner for budgeting purposes. A town or city has essentially no control over whether a student within its borders will stay local or move away for school. With so many variables that change year to year, as well as student to student, a municipality cannot truly plan its finances until the tuition bill becomes due. Thus, when dealing with costs of this magnitude, passing chargebacks to the hometown or city of the student could create a situation where local governments are disproportionately affected – especially for jurisdictions experiencing outward migration toward abutting community college programs that may be physically closer than the one located in their “home” county.

Counties and localities within New York have been struggling with how to most equitably deal with the chargeback mandate for several years. However, simply requiring municipalities to shoulder the entire monetary load is likely not a realistic course of action.

Although the costs are the same regardless of what entity pays, it’s the size of the payor’s pockets that really matters. It is not an unlikely scenario to envision a small municipality not being able to cover its snow removal costs for the year due to unanticipated levels of resident students moving away to “non-local” community colleges. While the share of tuition remains significant, the County is in a much better financial state to absorb any unexpected blow than would be a town of only a few thousand inhabitants (i.e. taxpayers).