

MASSACHUSETTS BAY COMMUNITY COLLEGE BOARD OF TRUSTEES

Minutes of the October 31, 2023, Board Finance & Administration Committee meeting
Webex Meeting – Facebook Livestream at massbay.edu

Committee members participating: Matthew Kahn, Chair; Diane Schmalensee, Ex-officio; Tobey Choate, Trustee; Ilissa Povich, Trustee; Dune Thorne, Trustee.

Staff members participating: David Podell, President; Marcus Edward, Vice President for Finance & Administration; Steve Baccari, Controller; Courtney Jackson, Vice President for Academic Affairs and Provost; Jeremy Solomon, Associate Vice President for Institutional Advancement, Marketing, and Communications; Dan Pace, Interim Assistant Vice President for Human Resources and Payroll; Deborah Grady, Executive Assistant for Finance & Administration.

Guests: David Dilulis and Joseph Messina from WithumSmith+ Brown, PC

Call to Order and Introductions

Committee Chair Matthew Kahn called the meeting to order at 8:02 a.m.

Approval of Prior Meeting Minutes (*Item 1*).

The Chair asked for the review of the prior committee meeting minutes and called for a motion.

MOTION: Trustee Kahn made the motion to approve the minutes of the June 6, 2023, Board of Trustees' Finance & Administration Committee meeting as presented. Trustee Choate seconded. Motion passed unanimously.

ROLL CALL:

Matthew Kahn YES; Diane Schmalensee YES; Tobey Choate YES; Ilissa Povich YES; Dune Thorne YES.

FINANCE ITEMS

FY2023 Audit Report

Vice President Marcus Edward noted there are four audits in total, with two being reviewed today. The Foundation Audit is incorporated into the College's Financial Audit. The Massachusetts Office of Student Financial Aid (MOSFA) Audit is undertaken every three years and is due on December 31, 2023. The Uniform Guidance Audit (formerly A-133) is due March 31, 2024.

It was noted that the Audits required an inordinate amount of work in a short period of time, and Vice President Edward expressed gratitude for the collaboration within the Fiscal Affairs team, specifically acknowledging the contributions of the team headed by Controller Steve Baccari, with the assistance of Jackie Rosati, Assistant Controller; Anjum Bilimoria, Budget Analyst; Dara Semprucci, Accounts Payable Specialist; Eva Chu, Cash Receipts and Foundation Accountant; and Pierre Edwards, Grants Accountant.

Vice President Marcus Edward introduced the College's Auditors David Dilulis and Joseph Messina from Withum.

Required Communications *(Item 2a).*

David Dilulis noted that the audit firm O'Connor & Drew merged with Withum on January 1, 2023. Merging with this national firm offers the opportunity to provide additional services. This merger led to a more extensive review of planning and internal control testing by the auditors. Mr. Dilulis provided insights into the extensive efforts put into these audits and extended appreciation to the fiscal team. A draft of the Audit was submitted to the state on October 15, 2023, in compliance with the mandated requirement.

Joe Messina reviewed the Required Communications document which include the Auditors' and Management's responsibilities under Generally Accepted Auditing Standards (GAAS). The auditors issued an unmodified opinion on the financial statements, indicating that the financial records were accurate and reliable. They found no significant issues in the internal control over financial reporting and compliance. Additionally, the adoption of GASB 96, related to Subscription-Based Information Technology Arrangements, was noted as a part of the required communications.

Financial Statements *(Item 2b)*

Mr. Dilulis reviewed the Financial Statements and Management's Discussion and Analysis. Mr. Dilulis reiterated that an unmodified opinion was issued, which is the highest level of assurance that a CPA firm can attest to.

It was noted that the College's net position is \$85M, compared to \$47M last year. The increase was mostly due to the net investment in capital assets related to the capital appropriation received from the state for the new Framingham building. Current assets consist primarily of investment holdings, cash, cash equivalents and student and grant receivables.

MOTION: Trustee Kahn made the motion to accept the FY2023 Audit Report and recommend approval to the Full Board. Trustee Povich seconded. Motion passed unanimously.

ROLL CALL:

Matthew Kahn YES; Diane Schmalensee YES; Tobey Choate YES; Ilissa Povich YES; Dune Thorne YES.

Revised FY2024 Budget *(Item 7)*

President Podell reported that because the enrollment and state allocation are now known, the revised budget has been updated to reflect accurate information. The College is in a much stronger position than anticipated. It was noted that, per the Board's request, investments have been made to strengthen our services to students.

- The College's cash reserve has increased from \$5M to over \$20M (not including HEERF funding) over the last seven years. These funds will play a crucial role in helping the College navigate the challenges anticipated beginning in 2025 due to the declining birthrate.
- The MassReconnect initiative offers tuition-free community college education for Massachusetts residents aged 25 or older without a degree. Approximately half of the recent 17.4% enrollment surge is credited to MassReconnect, with the other half attributed to the pandemic's resolution. Although there are discussions about extending free community college education to all through legislation, no confirmation has been made. Nevertheless, the Executive Team has decided to allocate the entire projected revenue towards enhancing student services rather than planning to retain any unused funds.

Vice President Marcus Edward reviewed the revenues and expenses. The revised budget totals \$44.8 million, which is an increase in revenue of approximately \$3,971,000 or 9.7%, compared to the preliminary budget that the Board approved in the spring.

The budget was revised, as in prior years, in light of greater knowledge of both enrollment and the State's allocation to MassBay. This year, fall FTE enrollment increased significantly, i.e., by 17.4%. The State allocation was also greater than anticipated. These increases are due to the policies of the new State administration, as well as the waning of the pandemic.

Highlights of the Revised Budget include:

Revenue

- Vice President Edward reported that the tuition and fees budget is based on a 14% Increase in enrollment year over year.
- The state appropriation came in at just over \$2M higher than the amount in the original board-approved budget. This is mainly due to unpaid salary increases for prior years rolling over into fiscal year 2024.
- Contracts, commissions, and other revenue increased \$333K, mainly due to interest on the \$9M cash balance at MMDT which is currently paying 5.5%. It was noted that the College's investments with Prime Buchholz are earning -3.3% for the month of October. A brief discussion was undertaken regarding moving a portion of the money from MMDT to Prime Buchholz. Vice President Edward will prepare a report calculating operating expenses for two years which is the amount suggested to hold in MMDT. The Committee will revisit the topic at the next Committee Meeting.
- Reserves that were earned from the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Federal Emergency Management Agency (FEMA), and the American Rescue Plan Act (ARPA), were removed from the budget as they are no longer necessary to balance the budget.
- The revised budget for the Administrative Expense line shows a decrease of approximately \$121,000. It was noted that the contingency budget resides within the Administrative Expense line. Approximately \$600,000 has been transferred out of contingency, the majority of the which went to fund costs associated with the new building. The contingency is currently \$994,000.
- There is a line for capital reserves which is the \$466K of unused capital funds from FY2023 that at the request of Management the Board agreed to carry over to FY2024.

The College has a listing of projects that will be paid for with these reserves. If state money becomes available, it will be used first.

Expense:

- Permanent staff increase of approximately \$2M. This increase includes the MCCC increases that were not paid last year. AFSCME and Non-Unit Professional increases are also included.
- The Adjunct Faculty line increased \$158K mainly to cover course release for full-time faculty for professional development
- The Part-Time line increased by approximately \$241K due to increased staffing in a number of departments.
- Administrative expenses decreased by approximately \$121K.
- The revised Contingency budget, which is included in Administrative Expenses, stands at \$994K which is approximately 2% of the budget.
- The Consultant budget increased by \$550K mainly due to a website refresh which is underway.
- The revised budget for the Information Technology Line shows an increase of approximately \$224,000. The increase can be mainly attributed to funds set aside to purchase a higher education enterprise-level Student Success Management System built to improve student success and the student experience and the purchase of 100 windows laptops to loan to students. These laptops will replace Chromebook student loaners.

A spreadsheet noting the Personnel and non-personnel budget additions was provided.

Chairman Matthew Kahn called for a motion.

MOTION: Trustee Kahn made the motion to accept the FY2024 Revised Budget and recommend approval to the Full Board. Trustee Choate seconded. Motion passed unanimously.

ROLL CALL:

Matthew Kahn YES; Diane Schmalensee YES; Tobey Choate YES; Ilissa Povich YES; Dune Thorne YES.

FY2024 Budget vs. Actual Comparison Report (Item 3)

Vice President Marcus Edward presented the FY2024 Operating Budget Results through September 30, 2023. The September budget to actual report shows a favorable variance of approximately \$1,033,000. It was noted that these numbers were based on the budget the Board approved in June .

Chairman Matthew Kahn called for a motion.

MOTION: Trustee Kahn made the motion to accept the FY2023 Budget vs. Actual Report and recommend approval to the Full Board. Trustee Schmalensee seconded. Motion passed.

ROLL CALL:

Matthew Kahn YES; Diane Schmalensee YES; Ilissa Povich YES; Dune Thorne YES.

Student Accounts Receivable Report and Cash & Investment Report (Item 4)

An increase of approximately \$968K or 19% is driven by increase in enrollment.

Anticipated normalization of receivables is expected once financial aid disbursement takes place.

Cash & Investment Comparison by Month (Item 5)

The Cash Comparison Report shows an increase of \$3.4M in cash year-over-year. Vice President Edward noted that the earned CARES Act reserves of \$6.4M, and ARPA and FEMA reserves of \$700K and \$438K respectively are included in the cash balance reserves.

Contracts Report (Item 6)

A contract with Boston Digital for \$275K for a website refresh is being paid for with local funds. Associate Vice President for Institutional Advancement, Marketing, and Communications Solomon explained that the software the College has been using is becoming obsolete. The upgrade will be a very costly endeavor, so it was determined that the College should engage the services of a company that can help us with the technological update as well as improve the functionality of our website.

A brief discussion regarding the \$1.3M allocated for consultants in the revised budget was undertaken. It was noted that consultants are necessary to support the PeopleSoft system.

Investment Update

Vice President Edward reported on the College's investments.

- As of October 26, 2023, the investment balance was \$19.9M
- October month-to-date return was -3.3%
- The market value of investment has decreased by roughly \$680K in the month of October.
- Year to date returns as of October 26 is 2.1%.
- At the end of September, the return since inception is 13%.
- Trustees requested that the Administration do a two-year projection of the College's cage needs.

PERSONNEL ITEMS

Dan Pace, Interim Assistant Vice President of Human Resources, presented the reports to the Committee.

Personnel Actions Report (Item 8)

- Three new employees:
 - Erica Meyer, Academic Advisor and Coach for SUCCESS Initiative in the Academic Advising, Coaching, and Transfer Center. Reports to the Assistant Dean for Academic Advising, Coaching, and Transfer.
 - Danielle Harding, Manager of Special Events in the Office of Procurement and Business Operations. Reports to the Director of Procurement and Business Operations.
 - Feby Sesar has returned as Senior Director of Grants Administration in the Chief Academic Officer's Office.
- Six employees are in new roles.
- One employee left the College

Recruitment Report (Item 9)

Seven positions are being recruited for including Assistant Professors of Cybersecurity and Emergency Medical Service; Assistant Dean of Health Sciences; Associate Dean of Enrollment Management; and Deans of Business and Professional Studies and STEM. Two candidates have been identified for second round interviews for the position of Assistant Vice President of Human Resources and Payroll.

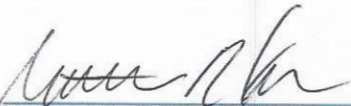
ADJOURNMENT

MOTION: Trustee Kahn moved to adjourn the meeting, seconded by Trustee Povich

ROLL CALL:

Matthew Kahn YES; Diane Schmalensee YES; Ilissa Povich YES; Dune Thorne YES.

Chair Kahn adjourned the meeting at 9:17 a.m.

 12/19/23

Date

Matthew Kahn
Committee Chair
Board of Trustees

 12/20/2023

Date

David Podell
President
Massachusetts Bay Community College