

MASSACHUSETTS BAY COMMUNITY COLLEGE BOARD OF TRUSTEES

Minutes of the January 30, 2024, Board Finance & Administration Committee meeting
Hybrid Webex Meeting – Framingham Campus Room 416; Facebook Livestream at massbay.edu

Committee members participating – Roll Call:

In person: Diane Schmalensee, Ex-officio; Tobey Choate, Trustee; Ilissa Povich, Trustee.

Remote: Matthew Kahn, Chair; Dune Thorne, Trustee.

Staff members participating:

In person: David Podell, President; Marcus Edward, Vice President for Finance & Administration; Courtney Jackson, Vice President for Academic Affairs and Provost; Deborah Grady, Executive Assistant for Finance & Administration.

Remote: Steve Baccari, Controller; Diane Daniels, Assistant Vice President for Human Resources and Payroll;

Guests

Remote: Timothy Jarry and Nathan Reid from Prime Buchholz.

Call to Order and Introductions

Committee Chair Matthew Kahn called the meeting to order at 8:00 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 December 5, 2023, Board of Trustees Finance & Administration Committee meeting as presented. Trustee Schmalensee seconded. Motion passed unanimously.

ROLL CALL:

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

FINANCE ITEMS

Marcus Edward introduced Timothy Jarry and Nathan Reid from Prime Buchholz who presented an overview of the investment portfolio. Mr. Jarry provided a brief summary of the market environment.

Nathan Reid reviewed the investment performance noting 2023 was a strong year for the portfolio. The portfolio increased by 15.6% in 2023. Mr. Reid discussed the asset flow and return on investment. Since the program began in October 2022, there have been approximately \$3.5M in investment gains vs \$1.1M for distributions from the portfolio. Market value at the end of December was \$22.4M, and through the close of business yesterday (1.29.2024), a little over \$22.5M. In addition to the monthly change, Prime Buchholz will provide the change in investments since inception.

Tim Jarry reviewed the philosophy of the investment program. At this time, they do not recommend any changes to the target asset allocation.

FY2024 Budget vs. Actual Comparison Report (Item 3)

President Podell reported there have been some “9C cuts” in the Governor’s budget. President Podell reported there have been some “9C cuts” to the state’s fiscal year 2024 budget. The college will try its best to reduce the impact of these cuts on existing personnel. The base allocation to MassBay was not cut, but funds were cut to special grants, i.e., the Success Grant, the Stem Starter Academy, and Workforce Development. It is not known at this time how these system-wide cuts will specifically affect MassBay. A detailed analysis has not yet been provided, only that these funds are being cut for the 15 community colleges. Some loss of services is expected, but the College will reduce spending as much as possible, and some expenses may be covered by the operating budget. There is also a possibility some of the funds may be restored.

President Podell also noted that the Governor has put out her first budget (House 2). It will be reviewed by the House and the Senate. It is basically level, including some positive aspects along with some noticeable omissions. It is anticipated that some items, e.g., Free Community College for All, will be included in the Senate version of the budget. The process for developing a proposal for Free Community College is going forward.

Vice President Marcus Edward presented the FY2024 Operating Budget Results through December 31, 2023. The December budget-to-actual report shows a favorable variance of approximately \$1.5M. The variance is due to better performance on revenues and expenses when compared to the projected budget.

Revenue

Actual revenue through December 31 is \$31,886,000, compared to a projected budget of \$31,075,000, resulting in a favorable variance of approximately \$811K.

- The positive variance is driven mainly by tuition and fees.
- The College budgeted a 14% increase in enrollment, year over year. For the Fall semester, enrollment was up 17.4%, and for the Spring enrollment is currently up 24.9%.
- The College has received \$15.6M of the \$22.3M allocation which is received incrementally from the state.
- Contracts, Commission and Other Revenue shows a positive variance of approximately \$198,000. This is mainly due to interest income from MMDT; thus far (half of the fiscal year) the College has received \$248K of interest income.
- The College has taken half of the yearly investment draw.

Expenses

Actual expense through December 31 is \$19,822,000 compared to a projected budget of \$20,463,000, resulting in a favorable variance of approximately \$641K.

- Several expense categories are in line with the projected budget.
- On the Administrative Expense line, a positive variance of approximately \$362K is due mainly to unspent contingency funds as well as under spending for catering and printing expenses.
- The College has spent \$341K of the \$1.2M Capital Budget.

It was noted the College will strive to spend 100% of the expense budget. Unspent contingency may help fill the funding void from the 9C cuts.

Chairman Matthew Kahn called for a motion.

MOTION: Trustee Kahn made the motion to approve the FY2024 Budget vs. Actual 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.

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

Through December 31, Accounts Receivable shows an increase of approximately \$1.9M or 37% year over year.

This increase is due to a number of factors:

- The College has not received financial aid for enrolled Mass Reconnect students.
- At December 31, 2023, enrollment was up 21%
- The semester started a week later than last year. Students wait until close to the start of the semester to pay off their balances.

President Podell noted that as of December, enrollment was up 21%, but as of this morning (January 30, 2023) enrollment is up 25% in FTE and 20% in headcount (661 students).

Enrollment is up more than 50% in Health Sciences, and about 80% in new students. It was noted that this enrollment brings us up to just where we were before the pandemic (Spring 2019).

The “cliff” anticipated in 2028 as a result of the population decline seems less ominous with the advent of Mass Reconnect and the possibility of Free College for All.

A question arose of how many of the Mass Reconnect students started college and stopped, then came back vs how many students had never been to college at all. Vice President Jackson will review the data and share at a future meeting.

Cash & Investment Comparison by Month *(Item 5)*

As of December 31, the College has \$36M in cash and investments. That figure represents an increase of \$6M year over year. As of December 31, the College is earning 5.61% interest on \$9M from MMDT and 3.4% on \$4.2M from Bank of America.

Vice President Edward explained the decline in cash from October to December was due to cyclical activity and timing issues. The College paid salary increases over the last 2 months. Funds from Bank of America are transferred to MMARS to cover payroll increases. Also, the timing of Financial Aid, which was received in October has since been reimbursed to the students.

The Cash Position by Month report shows the cash balances for the last five years.

Two-Year Cash Needs Analysis *(Item 5a)*

The analysis is based on two years of data from the audited financials. It is projected that at the end of FY2026, the College will have a net yearly cash surplus of approximately \$238K. This would negate the need to withdraw from Prime Buchholz investments.

This analysis was produced at the request of Trustees who are considering, over time, the return on investment will be greater from Prime Buchholz than from MMDT. It is suggested that if more of the surplus is moved to Prime Buchholz, the Board consider increasing the annual draw from 3.5% to 5%. The MMDT interest goes directly into the operating budget, and this move would result in a loss of \$.5M a year from the operating budget, unless the annual draw rate was to be increased.

It was noted that 90% of the investment funds are one-day liquidity from Prime Buchholz. To increase the percentage of the annual draw is easily doable. The recommendation from the College would be to invest no more than an additional \$10M in Prime Buchholz, with an increase in the draw from 3.5% to 5%. Chairman Kahn noted there is no rush to decide, and further consideration and discussion can take place at a future meeting.

The analysis contains funds for the renovation of the kitchen on the Wellesley Hills campus. A brief discussion regarding the kitchen renovation was undertaken. A consultant is reviewing options. The project will have to go to bid, and a certified study must be approved by DCAMM. It is anticipated that renovation would begin in FY2025.

Contracts Report *(Item 6)*

Vice President Edward reported one contract for \$542K for auditorium renovation will be paid from local funds.

Audit Report

Vice President Edward presented the FY2023 Massachusetts Office of Student Financial Aid (MOSFA) Audit. This audit is undertaken every three years. There are no findings and no compliance issues with the Audit.

MOTION: Trustee Kahn made the motion to approve the FY2023 Massachusetts Office of Student Financial Aid (MOSFA) Audit 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.

Chairman Kahn left the meeting at 8:48. Diane Schmalensee became the Acting Chair.

PERSONNEL ITEMS

David introduced Diane Daniels, the new Assistant Vice President of Human Resources who presented the reports to the Committee.

Personnel Actions Report (Item 7)

- Peterson Georges, Institutional Security Officer III in the Public Safety Office; reports to the Chief of Police.
- Curtis Cormier, Associate Dean of Enrollment Management Operations in the Enrollment Management Office; reports to the Associate Vice President for Enrollment Management.
- Diane Daniels, Assistant Vice President of Human Resources and Payroll in the Office of Human Resources and Payroll; reports to the Vice President for Finance and Administration.
- Sean Hardeo, PeopleSoft Developer in the Office of Information Technology; reports to the Director of Administrative Computing.
- Nicholas Cardillo, EDP Systems Analyst II – Desktop Support Specialist in the Office of Information Technology; reports to the Director of End User Services.
- Kelvin Sammy Matovu, Storekeeper III in the Procurement & Business Operations Department; reports to the Director of Procurement & Business Operations.
- Brian Crowley, Enrollment Specialist in the Student Accounts Office; reports to the Director of Student Accounts.
- Laura McEvoy, Health & Wellness Coordinator in the Student Development Office; reports to the Associate Dean of Students.
- Halye Sugarman, Dean of Business and Professional Studies in the Business and Professional Studies Division; reports to the Vice President for Academic Affairs and Provost.
- Five employees are in new roles.
- One employee left the College.

Recruitment Report (Item 8)

Assistant Vice President Daniels reported on nine positions being recruited for including: Assistant Professors of Chemistry, Cybersecurity, English, Environmental Studies, Communications and Behavioral Health; Assistant Dean of Health Sciences; Assistant Director of Math & Science; and Dean of STEM.

President Podell noted that Curtis Cormier is a returning employee to MassBay from Boston University. Mr. Cormier is a very strong contributor to the Financial Aid and Technology area.

Vice President Jackson reported that Hayle Sugarman, the new Dean of Business and Professional Studies, comes from Middlesex Community College where she was Chair for the Paralegal Program. President Podell explained that Ms. Sugarman fills the slot vacated by now Assistant Provost Sue Maggioni. Richard Williams did a great job stepping in as Interim Dean for the semester, and can now return to assist with the Strategic Plan and the NECHE Self-Study.

A brief discussion regarding remote work was undertaken. It was noted that there is no directive from the state on remote work. The College's policy involves employees requesting remote work and supervisors approving. President Podell reported that remote work has helped address space problems. The ability to work remotely also alleviates a bit of stress that many of our employees have been experiencing over the past few years.

Dune Thorne left the meeting at 8:58 a.m.

ADJOURNMENT

MOTION: Acting Chair Schmalensee moved to adjourn the meeting,
seconded by Trustee Choate

ROLL CALL:

Diane Schmalensee YES; Tobey Choate YES; Ilissa Povich YES.

Acting Chair Schmalensee adjourned the meeting at 9:00 a.m.

 2/27/24
Matthew Kahn
Committee Chair
Board of Trustees
Date

 2/28/2024
David Podell
President
Massachusetts Bay Community College
Date