<u>MASSACHUSETTS BAY COMMUNITY COLLEGE BOARD OF TRUSTEES</u>

Minutes of the June 10, 2024 Board Finance & Administration Committee meeting
Webex Meeting – https://www.youtube.com/@MassBayCommCollege/streams

Committee members participating: Matthew Kahn, Chair; Diane Schmalensee, Ex-officio; Tobey Choate, Trustee; Ilissa Povich, Trustee; Gary Prado, 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, Vice President for Institutional Advancement, Marketing, and Communications; Diane Daniels, Assistant Vice President for Human Resources and Payroll; Deborah Grady, Executive Assistant for Finance & Administration.

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.

> **<u>MOTION</u>**: Trustee Povich made the motion to approve the minutes of the May 14, 2024 Board of Trustees' Finance & Administration Committee meeting as presented. Trustee Choate seconded. Motion passed.

ROLL CALL:
Matthew Kahn YES; Tobey Choate YES; Ilissa Povich YES; Gary Prado ABSTAIN; Diane Schmalensee ABSTAIN.

<u>FINANCE ITEMS</u>

President Podell noted that today's agenda covers the FY2025 Provisional Budget, with the Fiscal Year commencing on July 1. Given the uncertainties regarding state appropriations, revenue projections, and enrollment figures, a conservative provisional budget is being presented. The budget will be revised in the fall incorporating updated information. Encouragingly, Full-Time Equivalent (FTE) enrollment has increased by 21%, and overall headcount by almost 30%. Notably, registration now commences earlier, which will impact year-to-year comparisons as the timing of registration can influence enrollment figures. It was noted that the budget follows a modified cash/GAAP budgeting model.

Vice President Marcus Edward presented the Finance Items to the Committee.

FY2024 Budget vs Actual Comparison Report *(Item 2)*

The April budget to actual report shows a favorable variance of approximately $2,008,000. The variance is due to better performance on revenues and expenses when compared to the current budget.

Revenue

Actual revenue through April 30 is $44,405,000 compared to a projected budget of $43,165,000 resulting in a favorable variance of approximately $1,241,000.

- Tuition & Fees, initially budgeted to increase by 14% year over year, exceeded expectations during the fall.
- Contracts, Commissions and Other Revenue is mainly driven by superior performance in MMDT interest which is earning 5.5%
- The College has received $22.2M of the $22.3M state appropriation

Expenses

Actual expense through April 30 is $33,846,000 compared to a projected budget of $34,614,000, resulting in a favorable variance of approximately $768,000.

- The plan is to spend 100% of the expense budget
- A positive variance on the Permanent Staff of $193K is due to unpaid increases for MCCC in FY2024. The 2% increase must be approved by the legislature before it can be paid.
- The Adjunct Faculty line shows a negative variance of $237K, directly tied to the increase in enrollment.
- The positive variance on the Fringe Line of $101K relates to the positive variance on the permanent staff line.
- $94K of the Capital Budget remains to be spent.

Vice President Edward indicated that the majority of the remaining budget is earmarked for payroll expenses. Additionally, it was observed that the contingency fund, initially allocated under Administrative Expenses, is typically reallocated to cover expenses in other budget categories. As the fiscal year progresses, there are unanticipated end-of-year expenses occurring after commencement. Notably, the contingency fund has been fully utilized. Furthermore, lease payments are on track to be fulfilled.

> **MOTION**: Trustee Schmalensee made the motion to accept the FY2024 Budget vs Actual Report and recommend approval to the Full Board. Trustee Choate seconded. Motion passed unanimously.

ROLL CALL:
Matthew Kahn YES; Tobey Choate YES; Ilissa Povich YES; Gary Prado YES; Diane Schmalensee YES.

Student Accounts Receivable Report and Cash & Investment Report *(Item 3)*
Year over year, the Colleges sees an increase in receivables of $702K due to the increase in enrollment.

The Cash Comparison Report shows an increase of approximately $4.4M, mainly driven by the increase in investments, year over year, of $1.6M.

Cash & Investment Comparison by Month *(Item 4)*
A chart showing the monthly cash balances over last 5 years was provided to the Committee.

3-Year Cash Analysis

Vice President Edward presented a cash analysis through FY2027. A discussion followed, regarding the possibility of reallocating funds from the Massachusetts Municipal Depository Trust (MMDT) and Bank of America (BOA). This suggestion is rooted in the belief that, over time, investments earnings have the potential to surpass interest income derived from MMDT and BOA. MassBay management proposes an additional investment of $5 million.

Consideration had been given to increasing the draw from investments from 3.5% to 4.5% to offset the anticipated loss of interest from MMDT. However, following consultation with the College's investment advisors, Prime Buchholz, who explained there is more volatility when it comes to investments vs money market, the motion to increase the yearly investment draw from 3.5% to 4.5% was withdrawn by management.

The cash needs analysis reflects an outlay of $4 million in 2025 for an extensive kitchen renovation and $3 million for upgrading the soccer field.

> **MOTION**: Trustee Choate made the motion to approve the transfer of $5 million from cash to investments. Trustee Povich seconded. Motion passed unanimously.

ROLL CALL:
Matthew Kahn YES; Tobey Choate YES; Ilissa Povich YES; Gary Prado YES; Diane Schmalensee YES.

President Podell provided a brief update on the issues with the kitchen on the Wellesley Hills Campus, noting that currently food service consists of an outside vendor who provides salads and sandwiches between the hours of 10:00 and 2:00 p.m. With the increase in enrollment, and the return to campus following the pandemic, it is imperative that the College offers comprehensive foodservice to our students, staff and faculty. The kitchen, which previously failed inspection, will need to be completely renovated, and a vendor will need to be appointed through the bidding process. The College retained a consultant to assess, advise, and re-design the kitchen.

> **MOTION**: Trustee Schmalensee made the motion to recommend approval of spending $4 million of cash reserves to renovate the kitchen to the full Board. Trustee Choate seconded. Motion passed unanimously.

ROLL CALL:
Matthew Kahn YES; Tobey Choate YES; Ilissa Povich YES; Gary Prado YES; Diane Schmalensee YES.

President Podell noted that the current soccer field is not up to code and is used mainly for practice. Home games are currently played at Mt. Ida. Construction of a soccer field on the Wellesley Campus would not only save money on the rental of Mt. Ida, but could be a source of revenue by renting it out to others.

MOTION: Trustee Prado made the motion to recommend approval of spending $3 million of cash reserves to upgrade the soccer field to the full Board. Trustee Choate seconded. Motion passed unanimously.

ROLL CALL:
Matthew Kahn YES; Tobey Choate YES; Ilissa Povich YES; Gary Prado YES; Diane Schmalensee YES.

The 3-year cash need analysis which incorporated the recommendations to move cash to investments and fund the kitchen and soccer field proposals was put to a vote.

MOTION: Trustee Choate made the motion to accept the 3-year cash need analysis and recommend it to the full Board. Trustee Povich seconded. Motion passed unanimously.

ROLL CALL:
Matthew Kahn YES; Tobey Choate YES; Ilissa Povich YES; Gary Prado YES; Diane Schmalensee YES.

Contracts Report *(Item 6*)
Vice President Edward reported on two contracts that are being funded by the state:

- Suburban Electrical Contracting, Inc. will perform the camera replacement project.
- Central Mass Signal will install 6 universal double-port EV charging stations.

The funding for these projects comes from state allocations, specifically designed to reduce our carbon footprint. Each community college received $792,000 for these initiatives.

Provisional FY2025 College Operating Budget *(Item 7)*

President Podell introduced the FY2025 Provisional Budget which is based on an unknown state allocation and unknown enrollment which are the two major sources of revenue. The budget will be revised in the Fall when the state appropriation and Fall enrollment are known.

Consequently, a very conservative budget is presented. The budget incorporates the $10 fee increase that was approved by the Board at their May meeting, and a very modest 2% increase in enrollment. It was noted that Mass Reconnect and "Free Community College" will impact the enrollment, however, both are still pending in the legislature.

Vice President Edward provided a review of the FY2025 Provisional Budget, noting the fiscal year 2025 budget is $46,608,000, an increase of $1,807,000 or 4% when compared to the FY2024 revised budget.

Revenue

- Tuition & Fees and the State Appropriation account for 98% of the budget.
- Contracts, Commissions and Other Revenue shows a slight increase, the majority being interest from MMDT and interpreting costs which are reimbursed by Mass Rehab.
- Investment spending is $744K.

Expenses

- The increase in permanent staff line of approximately $1.8M is based on the anticipated enrollment increase;
- The adjunct faculty line has an increase of approximately $800K based on the anticipated enrollment increase;
- The increase in local fringe of approximately $263K relates to the increases in permanent staff and adjunct faculty.
- Administrative expenses show a reduction of $283K mainly due to a lower contingency.
- Capital is reduced by approximately $218K to just over $1M.

It was noted that a new multi-year facilities plan is being developed.

MOTION: Trustee Choate made the motion to accept the FY2025 Provisional Budget and recommend approval to the Full Board. Trustee Schmalensee seconded. Motion passed unanimously.

ROLL CALL:
Matthew Kahn YES; Tobey Choate YES; Ilissa Povich YES; Gary Prado YES; Diane Schmalensee YES.

SABBATICAL REQUESTS

Courtney Jackson, Vice President for Academic Affairs and Provost presented 2 sabbatical requests both for a half year leave, during Spring 2025, at full salary.

- Joan Alegi-Feeney has been at the College for 30 years, and this is her first sabbatical request. Professor Alegi-Feeney plans to update both her online and face to face classes to enhance the content on diversity, equity and inclusion, and also plans to develop content from open educational resources (OER materials are free to students).

- Professor Kathryn McGrath has been with the College for 16 years, and her last sabbatical was 7 years ago. Professor McGrath would like to explore ways to increase student, engagement and success for online literature and film classes. As Professor McGrath noted in her application, the retention in our online classes is lower than that of our face to face classes, so this is a really important priority for the college and her work will help us in that regard. This is especially important as our online enrollment continues to increase.

MOTION: Trustee Povich made the motion to accept the Sabbatical Leave recommendation for Joan Alegi-Feeney and recommend approval to the Full Board. Trustee Choate seconded. Motion passed unanimously.

ROLL CALL:
Matthew Kahn YES; Tobey Choate YES; Ilissa Povich YES; Gary Prado YES; Diane Schmalensee YES.

MOTION: Trustee Povich made the motion to accept the Sabbatical Leave recommendation for Kathryn McGrath and recommend approval to the Full Board. Trustee Choate seconded. Motion passed unanimously.

ROLL CALL:
Matthew Kahn YES; Tobey Choate YES; Ilissa Povich YES; Gary Prado YES; Diane Schmalensee YES.

PERSONNEL ITEMS

Assistant Vice President for Human Resources & Payroll presented the Personnel Actions and Recruitment Reports.

Personnel Actions Report *(Item 6)*
Ann Marie Camryn Thompson – Accountant III, reporting to the Director of Student Accounts.

Recruitment Report *(Item 7)*
Automotive and Cybersecurity are hard to fill positions and the College is working with a recruitment agency help fill these positions.
Communications, English, Practical Nursing, Computer Science, Nursing, EMS are in progress.
An offer has been extended and accepted for the Dean of Teaching & Learning position.

ADJOURNMENT

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

ROLL CALL:
Matthew Kahn YES; Tobey Choate YES; Ilissa Povich YES; Gary Prado YES; Diane Schmalensee YES.

Chair Kahn adjourned the meeting at 9:21 a.m.

9/17/24

Matthew Kahn Date
Committee Chair
Board of Trustees

9/17/2024

David Podell Date
President
Massachusetts Bay Community College