MASSACHUSETTS BAY COMMUNITY COLLEGE BOARD OF TRUSTEES

Minutes of the September 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.
Absent: 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.

Jeremy Solomon announced that the meeting is being recorded.

Call to Order and Introductions
Committee Chair Matthew Kahn called the meeting to order at 8:01 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 Povich made the motion to approve the minutes of the June 10, 2024, 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.

INVESTMENT ITEMS

Vice President Edward introduced Timothy Jarry and Nathan Reid from Prime Buchholz who provided a portfolio summary and discussed recent changes.

It was noted that as of July 31 the total portfolio performance is up 9.2% year to date, slightly trailing the policy index. Daily liquidity remains high with 85% of the portfolio available within one or two days. A peer performance analysis shows that the portfolio ranks in the top quartile among similar-sized foundations and endowments. It was also noted that $5M was added to the portfolio per the Committee's directive. These funds were re-invested across equity, flexible capital, real asset, and fixed income allocations.

The Committee is very pleased with the performance of the investments. At the end of August, the estimated Total Fund Market Value was $29,688,120.

FINANCE ITEMS

President Podell reported that the College closed FY2024 with an operating budget surplus of less than $5K.

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

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

The June budget to actual report shows a favorable variance of approximately $5,000. The small variance is due to the college prioritizing the full utilization of its expense budget by settling lease obligations and performing information technology upgrades, with the goal of reducing cash outflows in future years.

Revenue

As of June 30, actual revenue totals $46,565,000, compared to a budgeted amount of $44,801,000, resulting in a favorable variance of approximately $1,764,000. This was primarily driven by higher-than-expected tuition and fees due to increased enrollment as well as increased revenue from contracts, commissions, and other revenue. However, the state appropriation fell short by approximately $49K.

Expenses

As of June 30, actual expenses total $46,561,000, compared to a budgeted amount of $44,801,000, resulting in an unfavorable variance of approximately $1,760,000.

The College undertook several initiatives aimed at benefiting our students and reducing future cash flows. These initiatives included increasing the adjunct and part-time staffing, purchasing classroom supplies, investing in inclusive furniture for classrooms, paying off several leases and making significant investments in information technology.

Vice President Edward reported that the College paid just over $1M in leases, with an interest rate of 4.5%, comparable to the slightly over 5% return we're receiving from MMDT. By paying off the leases, we're not only reducing our cash outflow but also lowering our overall debt. This is particularly beneficial in a NECHE evaluation year, as it strengthens our financial standing.

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

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

FY2025 Budget Update and Discussion

President Podell reminded the Committee that the Proposed FY2025 budget which was approved last Spring will be revised and likely presented in November when the figures are more stable. The Free Community College for All initiative (MassEducate) and MassReconnect are currently driving an FTE enrollment increase just above 15% with an increase in headcount of just above 13%, very similar to last year when Mass Reconnect was first introduced. The enrollment figures are similar to FY2018 levels with about 4,400 students enrolled.

The President noted that the College would typically be collecting tuition and fees at this time. However, we must now wait for the state to give us our allocation which will include Mass Reconnect and MassEducate funds. Notably, the legislature has not yet approved the supplemental budget that would pay the faculty their back pay for FY24. The Community College Presidents have submitted a strongly worded letter to the leaders of the legislature urging them to expedite funding the contract that was agreed upon, settled, and signed. The faculty will be meeting next week and may vote to go on work to rule.

For MassEducate and MassReconnect, an initial uniform down payment from the state will be distributed across all community colleges, followed by reimbursement-based payments. The College is still awaiting confirmation of the exact amount it will receive. As of September 10, approximately $100K in back pay is owed to faculty. It was also noted that the College should avoid funding the back pay itself, as state universities that took this approach previously faced a loss of funding when the state determined it was unnecessary to fund the increases since the colleges could afford the increases.

Vice President Edward highlighted that while the College is aware of the base appropriation, several financial factors remain uncertain, including collective bargaining increases for AFSCME and MCCC, formula funding, and the fringe rate. There is also the potential for 9c cuts if the state falls short of its revenue projections. A contingency for 9C cuts will be incorporated into the revised FY25 budget. President Podell emphasized that the College will have a plan in place to spend the 9c cuts contingency if 9C cuts do not become a reality.

Student Accounts Receivable Report and Cash & Investment Report *(Item 3*)

The College is seeing an approximately $2.5M increase year over year as the students are delaying paying their bills, anticipating MassReconnect or MassEducate will cover their costs. Additionally, student health insurance that has not been waived by hundreds of students impacts the receivable balance.

Cash & Investment Comparison by Month *(Item 4*)

As of July 31, the cash and investment balance was $33.4M, which reflects a $1.3M year-over-year increase.

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

A chart illustrating the monthly cash balances over the last five years was provided to the Committee.

Contracts Report *(Item 6*)

Vice President Edward reported that the 3-year cleaning services contract totaling $1.8M would be paid with local funds.

<u>PERSONNEL ITEMS</u>

Personnel Actions Report *(Item 6)*

Assistant Vice President Diane Daniels reported on 21 new hires, including 9 faculty members and 12 Staff positions.

Three employees have transitioned to new roles.

Recruitment Report *(Item 7)*

Positions currently being recruited for include: two Academic and Transfer Counselors, an Administrative Assistant for IT, an Admissions Counselor, an Assistant Director of Athletics, Wellness, and Recreation, a Coordinator of Library Services, a Director of Community Education and Workforce, two Associate Degree Nursing Faculty, an Automotive faculty, a Cybersecurity faculty, and a Senior Admissions Counselor.

ADJOURNMENT

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

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

Chair Kahn adjourned the meeting at 9:04 a.m.

11/14/2024

Matthew Kahn — Date
Committee Chair
Board of Trustees

11/14/2024

David Podell — Date
President
Massachusetts Bay Community College