MASSACHUSETTS BAY COMMUNITY COLLEGE BOARD OF TRUSTEES

Minutes of the October 29, 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; Joseph DeLisle, Director of Facilities; Deborah Grady, Executive Assistant for Finance & Administration.

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 Schmalensee made the motion to approve the minutes of the September 10, 2024, Board of Trustees' Finance & Administration Committee meeting as presented. Trustee Povich seconded. Motion passed.

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

FINANCE ITEMS

President Podell reviewed the Agenda and turned the meeting over to Vice President Marcus Edward who presented the Finance Items to the Committee.

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

The September budget-to-actual report shows an unfavorable variance of approximately $316,000. Although the College experienced higher student tuition and fees revenue compared to the preliminary budget approved in June, larger payroll and IT expenses in Q1 compared to budget led to the unfavorable variance.

Revenue

As of September 30, actual revenue totals $18,462,000, compared to a budgeted amount of $17,650,000, resulting in a favorable variance of approximately $812,000.

- The College budgeted for a 2% increase in enrollment but realized an increase of 16.5%.
- The College has received $7.3M of the $22.7M state appropriation.
- Revenue from Contracts Commissions and Other Revenue has decreased due to the reallocation of funds to investments, resulting in lower interest revenue from Massachusetts Municipal Depository Trust (MMDT).

Expenses

Actual expense through September 30 is $10,823,000 compared to a projected budget of $9,695,000, resulting in an unfavorable variance of approximately $1,128,000.

Vice President Edward explained that the budget variances in the Permanent Staff, Adjunct Faculty, and Information Technology lines are due to payment timing. He expects actual expenses to align with the projected budget as the fiscal year advances.

Chair Kahn called for a motion.

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)*
The report shows a year-over-year increase of $2.3M or 38%. This is due to increased enrollment and the fact that students are relying on one of the free programs (MassReconnect or MassEducate) to cover their expenses.

Cash & Investment Comparison by Month *(Item 4)*
A slight decrease of $117K is due to lower cash receipts from students. Students have delayed payment in anticipation of free community college funding (i.e., MassReconnect or MassEducate).

Investment Update
As of the end of September, the investment balance was $30M. As of yesterday (October 28, 2024), the balance was $29.8M. Investment is earning -.8% for the month of October so far. Year to date returns is 13.6%, through the end of September. The return since inception was 18.6%.

The College took the first investment draw in the first quarter of the fiscal year. The next draw will be processed before the end of December.

Kitchen Renovation Project
President Podell reminded the Committee that at the June 11, 2024, meeting, the Board approved $4 million for a comprehensive kitchen renovation project. Since then, a study certified by the Division of Capital Asset Management & Maintenance (DCAMM) shows the finalized cost estimate at $4,739,465. Project completion is anticipated for January 2026.

The College has requested an additional $748,000 to cover the increased costs. Director of Facilities, Joe DeLisle, explained that the increase resulted from inflation and alterations made to the kitchen design. While final costs are expected to be in line with the new study, they may vary slightly following competitive bidding.

After discussing the process, the Committee recommended increasing the request for an additional draw from reserves of up to $1M, bringing the total for the kitchen renovation project to a maximum of $5M. This increase aims to avoid potential delays in obtaining Board approval due to unforeseen immaterial additional expenses.

Chair Kahn called for a motion.

MOTION: Trustee Povich moved to approve the request for up to an additional $1M from reserves to cover the cost increase for kitchen renovations and recommend approval to the full Board. Trustee Prado seconded. Motion passed unanimously.

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

Trustee Kahn requested that, once construction begins, an update on the kitchen project and a budget vs. actual report be included on a separate page in the Finance package to monitor costs.

FY2025 Revised Budget
Vice President Edward reported that the revised budget presented amounts to approximately $51 million, reflecting an increase of approximately $4.5 million, or 9.6%, compared to the preliminary budget approved by the Board in the spring.

As in previous years, the budget has been updated to account for a clearer understanding of both our enrollment numbers and the State's allocation to MassBay. This year, fall enrollment saw a significant rise of 16.6%. While enrollment for the remaining semesters of the fiscal year remains unknown, it is expected to continue growing, potentially exceeding current levels as awareness of MassReconnect and MassEducate increases.

Additionally, the State's allocation exceeded our initial projections, largely due to new policies introduced by the State administration. These developments indicate a shift toward greater emphasis on community college education and increased state investment in such institutions.

Vice President Edward reviewed the detailed list of new expenses.

Revenue

- An increase in Tuition & Fees of approximately $4M based on a 16% increase in enrollment. The original budget was based on a 2% increase.
- The State Maintenance Appropriation shows an increase of $547K. This line includes base appropriation of $21.8 million which is currently included in the signed state budget. The College estimates funding for: collective bargaining increases of $633K, formula funding funds of $226K, and non-unit employees' increases reimbursement of $548K.
- Contracts, Commissions and Other Revenue remains consistent with the preliminary budget.

Expenses

- The Expense Budget shows an increase of approximately $4.5M.
- Initiatives that were added to the revised budget are included in the narrative, along with an explanation of how each expense benefits the College.

President Podell reported that enrollment has increased to above the Fall 2018 enrollment.

A brief discussion on retention highlighted that retention rates have improved, largely due to the SUCCESS Program. Although data on retention related to MassReconnect is still being collected, it was noted that there has been a significant increase in online course enrollments, now approaching 40% compared to 14% pre-pandemic. However, retention in online courses remains lower than in-person classes.

Chair Kahn called for a motion to approve the revised budget.

MOTION: Trustee Choate made the motion to accept the Revised FY2025 Budget and recommend approval 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.

PERSONNEL ITEMS

Personnel Actions Report *(Item 6)*
Assistant Vice President Diane Daniels reported on two new hires to MassBay, an Automotive Faculty and an Assistant Director of Athletics, Recreation, and Wellness.

Recruitment Report *(Item 7)*
Assistant Vice President Diane Daniels reported on searches currently underway at MassBay, including: Administrative Assistants for the Office of Information Technology, and the Office of the Registrar; Admissions Counselor, Associate Director of Marketing, and eleven open faculty positions.

The preferred candidate for the Senior Admissions Counselor position has been offered the position. The College is awaiting a signed acceptance.

President Podell reported that the community college presidents are urging the state to conduct a salary study for faculty, emphasizing that community college faculty earn less than their peers at state universities and private institutions and in other states.

Additionally, President Podell reported that he met with Senator Karen Spilka's staff to advocate for the inclusion of non-credit workforce and shorter programs in next year's state budget for the free community college programs.

ADJOURNMENT

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

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

Chair Kahn adjourned the meeting at 8:48 a.m.

Matthew Kahn Date Committee Chair Board of Trustees	2/5/2025 David Podell Date President Massachusetts Bay Community College