

Minutes of the February 26, 2019, Finance, Compliance, Personnel, & Audit Committee meeting, Alumni Board Room, Wellesley Hills Campus

Committee members present: Jamie Hoag, Dan Juliani, Matthew Kahn, Tom Peisch

Staff members present: Steve Baccari, Controller; Neil Buckley, Vice President for Finance & Administration; Marcus Edward, Assistant Vice President for Finance & Administration; Debbie Georgopoulos, Executive Assistant for Finance & Administration; Lynn Hunter, Vice President for Academic Affairs; David Podell, President.

Call to Order and Approval of Prior Meeting Minutes –Committee Chair Dan Juliani confirmed quorum and called the meeting to order at 4:55 p.m. Chair Juliani asked for the review of the prior committee meeting minutes (Item 1). Three clarifications were noted.

MOTION: Trustee Peisch made the motion to approve the Minutes of the January 29, 2019, Committee meeting as amended. Trustee Kahn seconded. Motion passed with one abstention by Trustee Hoag.

FY2019 Budget vs. Actual Comparison Report (Item 2)

Vice President Buckley noted revisions to the budget to actual financial reports due to an error. Actual expenses for most of the expense lines from the previous version showed the December 31 balance instead of the January 31 balance. The revised documents were provided as handouts. There was no change to the revenue section of the reports.

Revenue

Net actual revenue was better than budget by approximately \$498,000. Actual tuition was positive by approximately \$236,000. The College received additional funding in the State Maintenance appropriation of \$300,000: \$139,000 to fund AFSCME collective bargaining increases, and an additional special appropriation of \$161,000.

Actual Contracts, Commission and Other revenue was ahead of budget by approximately \$71,000. Tuition remission and waivers consist of day tuition remitted to the state twice per year and various course waivers. This line was over budget by approximately \$109,000.

Expenses

Total actual operating expenses were approximately \$684,000 over budget. The permanent staff expense line is over budget by approximately \$415,000. This was mainly due to payments of \$288,000 associated with the Early Retirement Incentive Program (ERIP) and a retroactive 1% (Non-Unit Professional) NUP increase costing \$66,000 for FY 2018. Local fringe payments were over budget due to higher expenses in the staff expense lines and a workers compensation payment of approximately \$40,000. The consultants expense line is over budget by approximately \$114,000 due to timing of certain payments and the use of a consultant to cover the simultaneous departure of the Registrar and retirement of the Assistant Registrar. Assistant Vice President Marcus Edward noted that historically the department budgets have been underspent. The fiscal team is confident the deficit will be eliminated by year-end.

The Cash Comparison Report indicates that the College is doing approximately \$1M better at the end of January 2019 compared to December 31, 2018. This is primarily due to collections on student accounts for the Spring semester. No significant change to the Cash balance is presently anticipated through the end of the current fiscal year.

MOTION: Trustee Kahn moved to accept the FY2019 Budget vs Actual Report, and recommend approval to the Full Board for consideration at the next board meeting. Trustee Hoag seconded. Motion passed unanimously.

- **Student Accounts Receivable and Cash Comparison Report (Item 3)**

Vice President Buckley presented the reports as of January 31, 2019, with and without collection information. Collection information shows the beginning balance at June 30, 2018, and what has been collected or written off through the end of January 2019. Collection information will be included in reports going forward. As of January 31, 2019, the College has collected approximately \$567,000 of the June 30, 2018, balance pertaining to the Summer 2018 semester.

- **Review of Capital and Operating Leases Report (Item 4)**

Vice President Buckley presented the report which identified the College's lease obligations from the beginning of fiscal year 2019 through fiscal year 2023. Capital leases are for equipment including upgrades to servers, desktops, laptops, the phone system, etc. Capital lease payments for the 5-year period total \$1,367,826 of principal and \$89,225 of interest. Operating leases for classroom space total \$1,853,665. The Framingham campus lease ends June 2019 and the Ashland campus lease ends January 2021. Office equipment (copiers, printers) leases total \$229,821. A question was asked whether the College is keeping up with changes in IT. VP Buckley responded that, in the development of annual budgets, new IT requests are reviewed and prioritized. MassBay's IT team is aggressive and responsive. The team is particularly focused on cyber security.

- **Contracts Report (Item 5)**

New contracts greater than \$35K include two state projects which will be funded by bond projects. There is a study for engineering design and parking lot/driveway improvements to meet ADA compliance, and a study for roof replacement of the Tech Tower.

- **Review of Tuition & Fees and Enrollment Report (Item 5)**

Vice President Buckley presented a report on Massachusetts Public Colleges and Universities on student enrollments and mandatory tuition and fees over time.

During a period of rising enrollments, from FY 2010 to FY 2015, MassBay CC raised its student tuition and mandatory fees by 15%. During the next five year period (FY 2015 – FY2019), a period of declining enrollments, MassBay CC raised its student tuition and mandatory fees by 20%. This past year (2018-2019), individual Massachusetts community colleges raised their mandatory fees in a range from 0% (MassBay CC) to 24% (Middlesex Community College).

During the period FY 2010 – FY2018, MassBay Community College has consistently ranked 10 out of the 15 community colleges in enrollment as measured by FTE. From FY 2009-FY2014, Massachusetts Community Colleges system enrollments rose on an FTE (full-time equivalent) basis by 12%. MassBay enrollments increased by 5% during this time period. From FY 2014 – 2018, MassBay enrollments decreased by 16% while system-wide enrollments decreased by 18%.

Framingham State University has had the largest decline of the state universities in the past year. It was also noted that colleges that are geographically close in proximity have larger enrollment declines. President Podell emphasized that it is less expensive to run two proximal campuses of a single college than it is to run two proximal colleges. This fact is good justification for the state to invest in MassBay which has a significant service area.

Decline in enrollment is anticipated in the coming years, with the lowest level projected for 2025, 18 years after the last recession. Strategic discussion will be undertaken to address this concern.

The fiscal team is in the process of developing the budget for fiscal year 2020. Student fees and tuition and state appropriation make up 98% of our revenue. Enrollment information and state appropriation funding amount are unknown until early to mid-summer.

PERSONNEL ITEMS

• **Personnel Actions Report (Item 9a)**

President Podell presented the report for informational purposes.

The position for a Project Administrator for the Title III grant has been filled and will be funded by the grant.

• **Recruitment Report (Item 9b)**

President Podell presented the report for informational purposes. Two full-time faculty positions are currently open.

OTHER

• **Future Agenda Items: Review of College Insurance Coverage**


Vice President Buckley proposed bringing representatives from the Sullivan Group, our insurance carriers to address the Trustees.

Adjournment

MOTION: Trustee Peisch moved to adjourn Trustee Kahn seconded.

Motion passed unanimously.

Committee Chair Juliani adjourned the meeting at 5:52 p.m.



Daniel Juliani
Committee Chair
Board of Trustees

Thomas Peisch
Date 10/29/19



David Podell
President
Massachusetts Bay Community College

Date 10/29/19