

MASSACHUSETTS BAY COMMUNITY COLLEGE BOARD OF TRUSTEES

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

Committee members present: Dan Juliani, Tom Peisch, Matthew Kahn.

Absent: Jamie Hoag

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

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 a review of the prior committee meeting minutes (*Item 1*).

A point of clarification was noted that it is less expensive to run two proximal campuses of a single college than it is to run two proximal colleges.

MOTION: Trustee Peisch made the motion to approve the Minutes of the February 26, 2019 Committee meeting as amended. Trustee Kahn seconded. Motion passed unanimously.

FINANCE ITEMS

Vice President Buckley presented the **FY2019 Budget vs. Actual Comparison Report** (*Item 2*) as of February 28, 2019. Total net revenue was better than budget by \$644K. Total actual operating expenses compared to budgeted expenses shows a negative variance of approximately \$647K.

A request to revise the title of the narrative to *Year to Date Cash Operating Results* will be implemented going forward.

A new schedule was added to the February meeting materials that shows a year-end projection to June 30, 2019. Currently, the College conservatively projects a small year-end operating surplus of \$333K. This figure is the result of the projected net revenue minus the projected operating expenses.

Vice President Buckley provided a **Detailed List of Current Expenses** (*Item 3*) which provides a more comprehensive explanation of what comprises the College's expenses.

In response to a Trustee question regarding why the College projects savings of approximately \$560K in administrative expenses by the end of the fiscal year, Assistant Vice President Marcus Edward explained that the budget is built on a 3-year average and includes a built-in contingency. Projected underspending in various administrative expense lines including the contingency line accounts for much of the surplus.

MOTION: Trustee Peisch moved to accept the FY2019 Budget vs. Actual Report for February 2019, and recommend approval to the Full Board for consideration at the board meeting on Saturday, March 30, 2019. Trustee Kahn seconded. Motion passed unanimously.

Vice President Buckley presented the **Student Accounts Receivable and Cash Comparison Report (Item 4)** as of February 28, 2019. It was noted that as Financial Aid comes in, the receivables change. Vice President Buckley noted that in June 2013, MassBay ended the fiscal year with cash of \$1.7M in reserve. MassBay has significantly improved the cash reserve in the last 5 years with currently more than \$18M in reserve.

Vice President Buckley will provide an updated Comparison of Community College Cash Report for the Board. MassBay's reserves fall within the expected range for a Massachusetts public college its size; i.e., MassBay is not an outlier.

Update on FY2020 College Operating Budget Development.

Vice President Buckley presented a report on **Massachusetts Community Colleges Enrollment and Possible Fee Increases (Item 5a)**. Discussion at the Community College CFO Meeting indicated that declining enrollment is resulting in cutbacks and/or fee increases system-wide. The average projected enrollment decline among the community colleges for FY2020 is 4.65%

MassBay declared no fee increase at this time. However, Vice President Buckley reported that discussions with MassBay's Director of Student Accounts and Director of Financial Aid indicated that a 4% fee increase would not create a burden on our students. A fee increase could be recommended as an inflationary or cost of living increase. The Trustees were provided with a comparison report on Tuition and Mandatory Fees at Massachusetts Community Colleges. With a \$5-6 fee increase, MassBay tuition and fees are still projected to be below the community colleges' weighted average.

President Podell noted that gradual fee increases cause less hardship to students than delaying an increase and then requesting a substantial fee increase at a later time. The previous restructuring of fees resulted in an increase of \$12 per credit hour.

A recommendation for a fee increase would need to be submitted by June.

The Trustees were provided a spreadsheet, which indicated the **Financial Impact of a Potential Decline in Enrollment & Fee Increase (Item 5b)**. President Podell noted that there is cause for concern of a higher decline in enrollment at MassBay as a result of suspending the Associate Degree Nursing (ADN) Program. While the Program was small, many students were enrolled in pre-nursing courses with the intent of entering the ADN Program. The College intends to reopen the ADN Program, creating a larger, restructured, financially sustainable ADN Program, pending approval of the Board of Registration of Nursing (BORN). However, until we have approval from BORN, we cannot advertise the program. A report is due to BORN by April 10, 2019. It was noted that our pre-

nursing courses are transferrable to other institutions, and we may be able to retain some students based on that.

Vice President Buckley shared the current **College Course Fee Schedule (Item 5c)** for information. No changes are recommended at this time.

Vice President Buckley shared the early **Revenue Projection FY2020 Compared to FY2019 and FY2018 (Item 5d)**. The FY2020 budget is based on a prediction of a 6% decline in enrollment. The FY2020 net revenue budget is \$977K (2.6%) lower than projected FY2019 actual net revenue.

A decline in enrollment does not necessarily reflect a commensurate decrease in expenses. While some costs may be saved in reduced course offerings, others are fixed. The College will budget accordingly.

Vice President Buckley noted that the House Budget will be released in April, the Senate budget should be out in May, and hopefully, the final budget will be available in July.


PERSONNEL ITEMS

- **Personnel Actions Report (Item 6)**
President Podell presented the report for informational purposes.
- **Recruitment Report (Item 7)**
President Podell presented the report for informational purposes.
Faculty searches are pending budget approval.

Adjournment

MOTION: Trustee Peisch moved to adjourn Trustee Kahn seconded.
Motion passed unanimously.

Committee Chair Juliani adjourned the meeting at 5:42 p.m.



Date 10/29/19
Thomas Peisch
Chair
BOT



Date 10/29/19
David Podell
President
Massachusetts Bay Community College