

MASSACHUSETTS BAY COMMUNITY COLLEGE BOARD OF TRUSTEES

Minutes of the May 5, 2020, Finance, Compliance, Personnel & Audit Committee meeting – Webex online meeting

Committee members participating: Diane Schmalensee (chair), Tom Peisch, Tim Clifford, Matthew Kahn, Dune Thorne.

Staff members participating: David Podell, President; Neil Buckley, Vice President for Finance & Administration; Marcus Edward, Assistant Vice President for Finance & Administration; Steve Baccari, Controller; Lynn Hunter, Vice President for Academic Affairs and Provost; Samaria Stallings, Executive Director for Human Resources; Sheila Donlon, Director of Student Accounts; Curtis Cormier, Director of Financial Aid; Lauren Curley, Director of Business Operations; Lisa Slavin, Assistant Vice President for Enrollment Management; Karen Britton, Executive Director, Office of the President; Deborah Georgopoulos, Executive Assistant for Finance & Administration.

Call to Order and Approval of Prior Meeting Minutes –Committee Chair Schmalensee confirmed quorum and called the meeting to order at 8:00 am. Ms. Schmalensee asked for a review of the prior committee meeting minutes. *(Item 1)*.

MOTION: Trustee Thorne made the motion to approve the minutes of the March 31, 2020, Committee meeting as presented. Trustee Matt Kahn seconded.

ROLL CALL:

Tim Clifford, YES; Matthew Kahn, YES; Tom Peisch, YES; Diane Schmalensee, YES; Dune Thorne, YES.

Minutes are unanimously approved.

FINANCE ITEMS

• **FY2020 Budget vs Actual Comparison Report** *(Item 2)*

Vice President Buckley presented the report as of March 31, 2020, noting this is the first month the College has started to feel the effects of the pandemic. The financial impact of the pandemic will be more severe on the FY2021 budget than the current budget.

Revenue continues to be on target, with a \$36,000 projected favorable variance.

Summer enrollment is down 25%, but the College expects the numbers to improve.

Expenses overall are down. Underspending the budget has resulted in a positive variance of \$859,000. As a result of working remotely, utilities are down approximately \$9,000 for the month at our Framingham campus. Other savings have allowed expenses for training, equipment, extra cleaning, etc., to be sustained within the budget.

A favorable variance of approximately \$366,000 in the permanent staffing line is due to one-time costs associated with an Early Retirement Incentive Program (ERIP) offered to employees in last fiscal year which affects the three-year average. Vacant full-time positions have also

positively impacted this expense line. \$192,000 savings for adjunct faculty is a result of fewer section offerings resulting from lower enrollment.

Operational Services reflected the largest negative cost. This line includes temporary employees and consultants required because of vacancies.

It is anticipated that the state appropriation will last until June. We expect that state funding may decrease by a potential 10% next year. The College will monitor this closely.

Vice President Buckley noted the College has made good progress in developing the FY2021 budget. However, confidence in the budget will be less than in past years. A provisional budget will be presented to the Board in June. It was noted that some community colleges are waiting until September to bring a budget to their boards.

MOTION: Trustee Tim Clifford made the motion to accept the FY2020 Budget vs. Actual Report and recommend approval to the Full Board. Trustee Dune Thorne seconded.

ROLL CALL:

Tim Clifford, YES; Matthew Kahn, YES; Tom Peisch, YES; Diane Schmalensee, YES; Dune Thorne, YES.

Motion carries unanimously

Vice President Buckley explained that approximately 54% of the budget comes from the state. Typically, the Governor releases the budget in January, the House releases it in February, and the Senate approves it in May. As a result of the pandemic, the budget process has been upended.

We have been informed that, this year, the budget will be allocated in either 1/12th or 1/6th increments. Higher education will rely heavily on federal assistance.

MassBay will receive approximately \$1.8 million from the Coronavirus Aid, Relief, and Economic Security (CARES) Act and an additional \$88,000 as we are Title III institution. The Vice President explained that half of the \$1.8 million must be used for direct student aid, while the other half is designated for direct institutional aid. Assistant Vice President Lisa Slavin reported the funds will be available to students who signed up for in-person classes but were switched to remote. Additionally, an emergency fund application will be available on the website and marketed to students who may be in need. There are certain criteria that must be followed in expending the funds, and the College is closely following College Counsel Ken Tashjy's recommendations.

Student Accounts Receivable and Cash Report (Item 3)

Vice President Neil Buckley presented the report. As of March 31, 2020, receivables were down 19%. In Summer 2019, we billed \$2.7 million. As of March 31, 2020, we were only at \$725,000 billable. The Vice President noted that last year at this time, 51% of students had paid their bill. This year, only 20% have paid for summer classes. Additionally, the State has established restrictions on billing due to the pandemic: State intercept is shut down, and the College is unable to bill or put delinquent accounts into collection agencies. This bears close monitoring.

Vice President Buckley reported that most of the College's cash is with MMDT. As of March 31, 2020, MMDT was paying 1.2%; on May 4, 2020, the rate it was paying was .71%

President Podell advised the Committee that with so much uncertainty the budget that will be presented will be the most conservative one.

Classes this summer will be remote. When social distancing permits, only a very few in-person classes will be held for Automotive and Health Science labs which require hands-on instruction. The decision for Fall has not yet been determined; however, it appears it would be unwise to have in-person classes in the Fall. That decision also comes with financial considerations, both expenses and savings. A discussion ensued regarding planning scenarios for the future and envisioning potential strategies.

- **Cash Position by Month (Item 4)**

Vice President Neil Buckley presented the report. At present, the numbers are consistent with the prior year.

- **Contracts Report (Item 5)**

Vice President Neil Buckley presented the report and reviewed the contracts greater than \$35,000.

- Taylor & Burns has been contracted to design the new campus police office. The vote to arm campus police will require strict adherence to regulations for securing weapons. It is hoped finalization will be financed through DCAMM.
- BrightEdge Technologies has been contracted for marketing software to assist with web search optimization.
- JNB & Associates is providing capital campaign counseling, and is funded by the Foundation.

PERSONNEL ITEMS

- **Personnel Actions Report (Item 6)**

Samaria Stallings presented the report for informational purposes.

Max Pacheco has been hired as an Electronic Data Processing (EDP) Systems Analyst.

- **Recruitment Report (Item 7)**

President Podell reported that the recruitment report is being scrutinized very closely. It is anticipated that with the exception of certain critical positions, most of the positions will not be filled. The College will review the positions very carefully and determine what is essential and what can be delayed for another year.

OTHER

Trustee Tom Peisch noted that compliance is the responsibility of this committee. The Board needs to be vigilant particularly with regard to the CARES funds.

President Podell reminded the Committee that the College has a Compliance Committee in place to ensure requirements are met. With the assistance of College Counsel Ken Tashjy, the College keeps up with the regulations. It was noted that CARES funds are not available to

Dreamers, who are a very vulnerable part of MassBay's population. Other options for this segment are being researched. Curtis Cormier, Director of Financial Aid, reported that the College is constantly monitoring and has implemented systematic checks and balances to avoid opportunities for error.

Trustee Peisch requested Compliance be included in the Board Agenda.

- **COVID-19 Update**

In preparation for what may be a partial reopening of the facilities, the College is exploring making changes to physical settings, including barriers to protect the frontline staff.

COVID-19 related costs will be reported to the Board. Additionally, a provisional worst-case budget will be presented to the Board, factoring in a projected enrollment decline of 10%. Trustee Kahn requested, regarding worst case budget, 13-week cashflows based on assumptions, noting it will be best to have some kind of projection we can look at on a consistent basis. Assistant Vice President Edward reported the College has a report that shows how various declines in enrollment correlates to funds. Vice President Buckley noted that that report could be overlaid with a potential fee increase.

A discussion ensued regarding the long- and short-term effects of the pandemic. Some students are considering a gap year. Other students may be attracted to the cost savings that can be realized by attending a community college. Still other students may not be comfortable with remote learning and will miss the in-person support. Marketing and recruitment opportunities are underway. The Open House held on May 2, 2020, drew in a large audience.

In preparation for the Board Meeting it was requested different scenarios be developed that could help prepare the course to take in this everchanging situation. Also, it was requested that the Enrollment Management Team prepare a few bullet points on upside opportunities.

- **Framingham State University Land Acquisition Discussion**

President Podell provided background on the land acquisition, and advised the Committee that fundraising is underway, and grant proposals are being developed. Only a portion, if any, of the \$5 million would be required. Additionally, it is likely that costs will shrink. The Division of Capital Asset Management and Maintenance (DCAMM) has asked for a resolution in the minutes of the Board's Finance Committee.

MOTION: Trustee Tim Clifford moved, and Trustee Dune Thorne seconded, that the Committee recommend the Massachusetts Bay Community College Board of Trustees approve the allocation of up to \$5 million from the College's reserves for the land acquisition and construction of the MassBay Center for Health Science, Early Childhood, and Human Services in Framingham, to be used in the event the College's Capital Campaign for the Center does not reach its \$5 million goal by or before June 30, 2023.

ROLL CALL:

Tim Clifford, YES; Matthew Kahn, YES; Tom Peisch, YES; Diane Schmalensee, YES; Dune Thorne, YES.

The Committee voted unanimously to take to the motion to the Board with the comment that we hope construction costs will fall.

Adjournment

Tim Clifford moved to adjourn, Dune Thorne seconded.

ROLL CALL:

Tim Clifford, YES; Matthew Kahn, YES; Tom Peisch, YES; Diane Schmalensee, YES; Dune Thorne, YES.

Chair Schmalensee adjourned the meeting at 9:43 a.m.

Diane H. Schmalensee 11/30/20
Diane Schmalensee Date
Committee Chair
Board of Trustees

David Podell 12/11/2020
David Podell Date
President
Massachusetts Bay Community College