

MASSACHUSETTS BAY COMMUNITY COLLEGE BOARD OF TRUSTEES

Minutes of the June 9, 2020 Finance, Compliance, Personnel & Audit Committee meeting – Webex Meeting

Committee members participating: Diane Schmalensee, 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; Mary Shia, Vice President for Institutional Development and Alumni Relations; Courtney Jackson, Vice President for Institutional Effectiveness and Strategic Initiatives; Alison McCarty, Interim Vice President of Enrollment Management; Sheila Donlon, Director of Student Accounts; Lauren Curley, Director of Business Operations; Deborah Georgopoulos, Executive Assistant for Finance & Administration.

Call to Order and Approval of Prior Meeting Minutes –Committee Chair Diane Schmalensee confirmed quorum and called the meeting to order at 8:05 a.m. 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 May 5, 2020 Committee meeting as presented. Trustee Clifford seconded. Motion passed unanimously.

ROLL CALL:

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

FINANCE ITEMS

- **FY2020 Budget vs Actual Comparison Report *(Item 2)***
Vice President Neil Buckley presented the report as of April 30, 2020. The April (three-year average) budget to actual report shows a favorable variance of approximately \$924,000. This is due to better performance mainly on expenses when compared to budget. The Vice President noted the College is moving forward very favorably despite the pandemic. Summer enrollment was down 35% at one point, however, today, with classes all remotely/on line, full-time enrollment (FTE) is down less than 1%. Vice President Buckley clarified that headcount is down 9% which means that currently enrolled students are taking more classes. FTE is what impacts the budget. Revenue is on target, and expenses are coming in under budget. The state appropriation remains on target. Establishing a remote campus has resulted in significant savings.

It was noted that the current situation has required meaningful changes. Community colleges anticipate a significant increase in enrollment according to today's (5/5/2020) Boston Globe.

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

ROLL CALL:

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

- **Fiscal Year 2020 Year End Projections (Item 2a)**
Vice President Buckley reviewed the report and noted that working remotely has resulted in a significant decline in spending in catering, administrative expenses, overtime, utility costs, etc.
- **Expense Descriptions (Item 2b)**
A list identifying items included in the expense categories was provided for informational purposes.
- **Student Accounts Receivable and Cash Report (Item 3)**
Vice President Neil Buckley presented the report as of April 30, 2020. Accounts receivable continues to improve even though the State has shut down intercept. Collections are restrained, and calling students is not allowed. Director of Student Accounts Sheila Donlon reported receivables is down about \$50,000 when compared to the same period last year due to our inability to intercept or perform collections. It is anticipated that the restrictions on collections will be removed soon as intercept is now open to other state agencies except higher education at this point. It is just a matter of time before that intercept will be open again to state higher education institutions.
- **Cash Position by Month (Item 4) p.22**
Vice President Neil Buckley presented the report. It was noted that cash seems to be lagging, but is expected to catch up by fiscal year end.
- **Contracts Report (Item 5) p.22**
Vice President Neil Buckley presented the report of contracts greater than \$35,000. Capeway Roofing has been contracted for the roof replacement of the Tech Tower. The \$478,000 contract is funded by the Division of Capital Asset Management and Maintenance (DCAMM).
- **FY2021 Provisional College Operating Budget and Proposed Student Fees (Item 6)**
President Podell reported that without the ability to predict key components of the budget based on past experience, the College approached reworking the budget this year with a different mentality. Vice President Buckley noted that the FY2021 budget was about 95% completed when the pandemic struck. The college had to completely rework that initial budget. The College is presenting a provisional budget as a starting point.

The fiscal team originally projected a \$4,864,000 revenue shortfall, and presented the options and strategies used to address the shortfall in developing the provisional budget. Vice President Buckley provided a presentation explaining the rationale used in developing the provisional budget and compensating for the potential shortfall.

Budget assumptions: 15% decline in enrollment - \$2,886,000; 10% decline in state appropriation; 23% decline in contracts, commissions and other revenue (\$201,000) which could lead to a \$4,864,000 revenue shortfall.

Options to address the shortfall include a cut in non-personnel expenses, hold on some vacant positions, layoffs and non-rehire of primarily part-time employees, a fee increase, and a rollover of a fraction of the surplus.

Strategies used to address the shortfall: Cut in non-personnel expenses \$1,823,000; hold on 3 vacant positions \$218,000; layoffs (3 full-time employees) and non-rehire of, primarily, part-time employees \$883,000; moderate \$6 per credit hour fee increase \$414,000; a rollover of a fraction of the projected \$2.7M FY2020 surplus \$550,000; and CARES Act funding of \$976,000.

A proposed fee increase of \$6 per credit hour (\$3 to the general fee and \$3 to the technology fee) was compared to the fee increase at the other state community colleges. Technology required to run a remote campus is very expensive, and the reasoning is that it will be easier to increase the fee by a small amount now to keep current, than it would be to have a large fee increase later to catch up. It was also noted that Pell grants are being increased by \$150 a year, and this increase would more than cover the \$6 fee for our neediest students.

A thorough and thoughtful discussion ensued among the Committee. It is important the students understand the reasoning for the fee increase at this time.

MOTION: Trustee Thorne made the motion to accept the FY2021 Provisional Budget and recommend approval to the Full Board. Trustee Peisch seconded. Motion passed unanimously.

ROLL CALL:

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

MOTION: Trustee Thorne made the motion to approve a \$6 per credit hour fee increase and recommend approval to the Full Board. Trustee Clifford seconded. Motion passed unanimously.

ROLL CALL:

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

PERSONNEL ITEMS

- **Personnel Actions Report (Item 7)**

Samaria Stallings presented the report for informational purposes.

New hires include:

- Nhon Pham, Electronic Data Processing Systems Analyst.
- Nina Keery, Dean of Humanities and Social Sciences
- Sunny Stitch, Director of Grants Development

Employees who left the College include Laura Brown and Mark Nason.

- **Recruitment Report (Item 8)**

Samaria Stallings presented the report for informational purposes.

AUDIT & COMPLIANCE

- **Review of Audit Schedule**

Vice President Buckley reported that four audits that will be conducted by O'Connor & Drew. In addition to the annual College, Foundation, and Uniform Guidance audits, an Audit of State Scholarship Programs by the Department of Higher Education (DHE) takes place every 3 years. The fiscal team will make presentation on September 29, 2021.

- **State Auditor Letter**

In addition to the four audits listed above, the College received notification that the state would be conducting a performance audit of MassBay. This will be a focused audit on the use of purchasing cards, inventory control, and the transfer compact.

- **Report from Compliance Committee**

Courtney Jackson and Steve Baccari are co-chairs of the Compliance Committee. The committee was initially comprised of representatives from academic affairs, registrar, finance, financial aid, advising, enrollment management and IT. Membership has expanded to include equity compliance, counseling, human resources, grants, and public safety. The group meets every two weeks, with the focus on compliance.

Steve Baccari noted that each division is responsible for maintaining compliance. This committee's responsibility is more of an oversight with reporting duties. A compliance calendar has been developed and departments have been asked to edit and update with requirements for their areas.

President Podell reported that the compliance calendar will be provided for the Board of Trustees' meeting. The College will update the Board on any issues they need to be aware of.

ADJOURNMENT

MOTION TO ADJOURN: Trustee Peisch moved to adjourn; Trustee Thorne seconded the motion

ROLL CALL:

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

Chair Schmalensee adjourned the meeting at 9:41 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