Minutes of the February 23, 2021, Finance, Compliance, Personnel, & Audit Committee meeting – Webex Meeting – Facebook Livestream at massbay.edu

Committee members participating: Diane Schmalensee, Chair; Tom Peisch, Vice Chair, Matthew Kahn, Dune Thorne. Trustee Tim Clifford was not available for the meeting.

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; Courtney Jackson, Vice President for Institutional Effectiveness, and Strategic Initiatives; Samaria Stallings, Executive Director for Human Resources; Jeremy Solomon, Assistant Vice President for Institutional Advancement, Marketing, and Communications; 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 8:01 a.m. Ms. Schmalensee asked for the review of the prior committee meeting minutes. (Item 1).

MOTION: Trustee Peisch made the motion to approve the minutes of the January 26, 2021, Committee meeting as amended. Trustee Thorne seconded. Motion passed unanimously.

ROLL CALL:
Matthew Kahn YES; Tom Peisch YES; Dune Thorne YES; Diane Schmalensee YES.

FINANCE ITEMS

FY2021 Budget vs. Actual Comparison Report. (Item 2)
Vice President Neil Buckley reported that the December (three-year average) budget to actual report shows a favorable variance of approximately $1,082,000. The variance is due to better performance on revenue and expenses when compared to budget.

MassBay received $1.9M in CARES Act I funding, half of which went to students in need, the other half which is reflected in the report, was spent institutionally.

CARES Act II is nearly $4M. The College has not yet received guidelines on how to spend the funds. However, the funds do not need to be expended until December 2021 (FY2022 budget year). The funds will assist with the additional expenses being generated by COVID and expenses associated with bringing students back to campus. President Podell reported that the College has planned for a modest increase of in-person classes for Fall 2021.

Discussion followed regarding costs of reopening, which Vice President Buckley reported will be budgeted appropriately in FY2022. The Vice President reassured the Committee there is no danger of a deficit anticipated. President Podell reported that CARES III will take us into 2023-2024.
MOTION: Trustee Peisch made the motion to accept the FY2021 Budget vs. Actual Report and recommend approval to the Full Board. Trustee Thorne seconded. Motion passed unanimously.

ROLL CALL:
Matthew Kahn YES; Tom Peisch YES; Dune Thorne YES; Diane Schmalensee YES.

REVISIONS TO THE FY2021 PROVISIONAL BUDGET (Item 3)
Vice President Neil Buckley presented the report.

Revisions to revenues include: Tuition and Fees; Contracts, Commissions, and Other Revenue; and CARES Act II funding.

New expenses include a 2% salary increase for Non-Unit Professionals (NUP), and a payout of vacation for NUP employees who are over the vacation threshold. The largest new expense relates to Information Technology which includes a one-time expense for improved laptops for staff, a cybersecurity initiative, and a network upgrade.

The revised Operating Budget reflects a $2.8M increase in revenue. The $550K amount from rollover that was included in the board approved budget is not needed this year and has been removed from the budget.

It was suggested that a long-term forecast be prepared; a “worst case scenario” in the event enrollment further declines, the appropriation does not materialize, and CARES funds disappear. Vice President Buckley noted that the private sector is much more predictable. The College’s funds come mainly from the state appropriation and enrollment. Both are extremely difficult to predict. Vice President Buckley also noted that MassBay has had a great history of managing its resources well, and in the event of a “perfect storm” of declines in enrollment and the state appropriation, the College may not be able to put aside as much into reserve as we have done in the past, but does not foresee a deficit. The College has a cash balance of $23.4M.

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

ROLL CALL:
Matthew Kahn YES; Tom Peisch YES; Dune Thorne YES; Diane Schmalensee YES.

• Student Accounts Receivable and Cash Report (Item 4)
Vice President Neil Buckley presented the report as of January 31, 2021, noting there was an uptick in receivables when the pandemic began, and during the time that the collections process was halted. MassBay is up $3.6M in cash over last year at this time. Currently, the College is holding $23.4M in cash with the majority of the balance being at MMDT who is paying sixteen basis points. An Investment Policy will be discussed further.

A discussion regarding the prior receivable balance followed. President Podell noted the Boston Globe is doing research about colleges withholding transcripts from students until their bill is
paid. Holding back the transcript has been the historical way to assure payment. Colleges have an obligation to bill students. The question of fairness arises. Until community college education becomes free, we will contend with this issue.

Vice President Buckley explained that after a certain amount of time has passed and the charges have been determined to be uncollectable, the costs are written off MassBay’s books, and sent to the State Intercept Program. Often students’ state tax refunds are intercepted to cover the charges. Controller Steve Baccari reported that if a student reaches out to the College, Student Accounts offers to set up payment plans and review payment options with the student, at which point the tax returns may be released.

- **Cash Position by Month** (Item 5)
  Vice President Neil Buckley presented the report as of January 31, 2021. (Item 5)
  The historical analysis indicates the College has a very good cushion with over $5M more than we did on January 31, 2018 (3 years ago), and $10M better than we were at July 31, 2018.

- **Contracts Report** (Item 6)
  Vice President Neil Buckley presented two contracts greater than $35,000.
  - Wissen – Grant writing consultant, will be paid out of the President’s Foundation allocation.
  - Tower Construction - Reconstruction on the first floor of the Wellesley Campus.

- **Investment Policy** (Item 7)
  Vice President Buckley provided a Policy Statement that had been developed about two years ago with the advice of F.L. Putnam. At the time, the discussion was postponed due to uncertainty about the new building and the state allocation. The College is now in a position to consider this option. MassBay is building reserves through prudent financial management. The College could also improve through investments. Chairman Peisch will request permission from the Full Board to establish an Investment Committee to manage the process. This topic will be a focus for the next FCP&A Meeting. It was recommended the Committee first identify the pool of assets to invest for a five year plus time horizon. Then an RFP should be extended. Finally, the Committee should work with the partner to develop a policy.

- **Discussion of Ratio Analysis** (Item 8)
  Vice President Buckley presented the Ratio Analysis provided by the College’s auditors, O’Connor & Drew and EY Parthenon. Notably, MassBay Community College scored highest on the Composite Score with GASB 68 and 75. The Vice President has provided an Appendix which explains the ratios of the community colleges. David Dilulis, Principal at O’Connor and Drew, will be invited to a future meeting to discuss the ratio analysis they prepared. The EY Parthenon shows MassBay has 6.9 months of liquidity. The average liquidity amount the fifteen community colleges is 4.8. Discussion followed.

**COMPLIANCE ITEMS**

- Steve Baccari presented the report for information. He and Vice President Courtney Jackson co-chair the Compliance Committee and have been meeting with individual departments to identify potential risks and address concerns. The most recent meetings with the Academic Achievement Center and Student Development identified no issues.
PERSONNEL ITEMS

- **Personnel Actions Report** (Item 7)
  Samaria Stallings presented the report for informational purposes.
  Two employees in new roles, and one departure:
  - Jeremy Solomon has been appointed Assistant Vice President for Institutional Advancement, Marketing, and Communications.
  - Robyn Butterfield has been appointed as Director of Financial Aid.
  - Mary Shia, Assistant Vice President left the College.

- **Recruitment Report** (Item 8)
  Samaria Stallings presented the report for informational purposes.
  Two searches currently underway:
  - Dean of Automotive Technology.
  - Assistant Professor of Biology.

OTHER

- **Items to include on next Agenda:**
  - Financial worst-case scenario.
  - Investing College reserves and how to handle large sums of money.
  - Appoint Investment Committee to FCP&A.

ADJOURNMENT

**MOTION:** Trustee Thorne moved to adjourn the meeting, seconded by Trustee Kahn.

**ROLL CALL:**
Matthew Kahn YES; Tom Peisch YES; Diane Schmalensee YES; Dune Thorne YES.

Chair Schmalensee adjourned the meeting at 9:22 a.m.

Board Meeting scheduled on March 2, 2021.

Diane Schmalensee 5/26/21
Committee Chair
Board of Trustees

David Podell 6/17/2021
President
Massachusetts Bay Community College