

## MASSACHUSETTS BAY COMMUNITY COLLEGE BOARD OF TRUSTEES

Minutes of the June 8, 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.

**Staff members participating:** David Podell, President; Neil Buckley, Vice President for Finance & Administration; Marcus Edward, Assistant Vice President for Finance & Administration; Steve Baccari, Controller; 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 8:00 a.m. Ms. Schmalensee asked for a review of the prior committee meeting minutes.

**MOTION:** Trustee Thorne made the motion to approve the minutes of the May 11, 2021, Committee meeting. Trustee Kahn 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**

Vice President Neil Buckley presented the report through April. MassBay continues to move in a favorable direction, and the report shows a \$1.3M positive variance. The Vice President predicts we will significantly exceed our revenue projections for the current fiscal year.

Students are late decision makers resulting in an unfavorable variance of \$251K. As of early June, the College has met the tuition and fees revenue budget.

The Vice President reported that the state maintenance was level funded, however, the College received an additional \$357K of Performance Improvement Funds from the state which will be reflected in the June Budget to Actual Report. These funds will cover part-time payroll expenses which was previously paid for with local College funds.

Vice President Buckley reviewed the Cares Act spending. Cares Act I funds (about \$2M – half for students and half for the institution) have been fully spent. Cares Act II (nearly \$4M – \$1M for students and \$3M for the institution) can be used through December 31, 2021. Cares Act III (over \$7M – half for students and half for the institution) will be spent through December 31, 2023. The College received a total of \$13M in CARES Act federal funding.

On the expense side, the College has projected that there will be a surplus in the permanent staff line. Additionally, there will be a slight favorable variance in fringe. The Operational services line shows a significant positive variance.

The budget for debt service increased due to a network upgrade.

Non-Unit Professionals were awarded a one-time bonus stipend in lieu of a 2% raise.

**MOTION:** Trustee Kahn 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.

**Student Accounts Receivable and Cash Report**

Vice President Neil Buckley presented the report which shows a slight increase year over year. Students are paying later. Intercept program has come back and collections are expected to improve.

**Cash Position by Month**

Vice President Neil Buckley presented the report as of May 31, 2021, noting the College has \$4.2M more in cash than at this time last year.

Trustee Kahn requested a footnote be added to the Cash Position Report to note that it reflects the current bank balance at month end which may be inconsistent with other reports. It was noted that Cares Act funds are not included in the Cash Position Report. A discussion followed on how the Cares Act funding would affect the investment determination.

**Update on Leases**

President Podell reported that the Framingham School Committee approved an extended lease for the Farley School to June 30, 2023. The College will have 50% reduced use of space. In return, MassBay rent will be reduced, and Framingham will pick up certain operating expenses. MassBay will be responsible for security and cleaning. Rent expense under the new lease is \$400K per year. Vice President Buckley reported that the Ashland lease was up, and needed to go out to bid. A significant increase was anticipated. However, the current landlord offered a ten-year renewal at the current level, with step increases going forward.

A brief discussion regarding the need for parking followed. A lease extension is being pursued for the space currently leased from the nursing home.

**FY2022 Provisional College Operating Budget**

President Podell presented the report, noting the budget will be revised in the Fall because of the unpredictability of enrollments. The FY2022 Provisional Budget is conservative, based on assumptions that may or may not come to pass.

The President explained the goal for enrollments in the Strategic Plan is to stand still because we know we are functioning in a time when the demographics are working against us. President Podell proposes updating the Strategic Plan to encompass a much larger role for workforce development which may better position the College for the future opportunities.

The FY2022 Provisional College Operating Budget is based on 15% decline in enrollment. A discussion followed regarding the effect of the repetitive decline in enrollment projections as a result of societal and demographic fluctuations.

Vice President Buckley presented the FY2022 Provisional Budget with assumptions, noting it is a balanced budget with conservative assumptions on the revenue side, and realistic expenses on the expense side.

The Provisional Budget assumes MassBay will be largely remote in the Fall, but will be fully back in the Spring. There will be no student fee increase. Vice President Buckley reported that assumptions include: a slight increase in state support; a 4% increase in permanent staff; a \$2.6M decline in tuition revenue; employee and operational expenses that will reflect a return to campus; a decline in commissions; and a decline in IT expenses. The budget will be reviewed in September and adjustments will be made as more information becomes available.

A discussion followed, regarding concerns that will arise when the Cares money stops coming in, and how investments would be affected. It was noted that with declining enrollment, investments revenue creates a diversification of funds and creates another much needed revenue source. Declining enrollments should support our investment initiatives.

Vice President Buckley addressed the concept of going concern, noting that MassBay is not a going concern. Compared to the other 14 Community Colleges, MassBay ranks 1 & 2 in financial responsibility ratios.

Societal changes will affect our destiny. The goal is to be in a financially good position to meet change.

**MOTION:** Trustee Peisch made the motion to accept the FY2022 Provisional College Operating 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.

**PERSONNEL ITEMS**

**Personnel Actions Report**

Samaria Stallings reported on Personnel Actions for informational purposes.

- David Protano began as Dean of Automotive Technology.
- Alex Jean-Jacques has been appointed Senior Director of Financial Aid.
- Sherri Goldman, Sr. Account, has left the College.

## Recruitment Report

Samaria Stallings presented the report for informational purposes.

- Six candidates have been
- identified for Executive Director of Development.
- Updated and reposted the PN Nursing position. Only four applicants.
- Two Communications positions have been accepted
- English faculty position has been offered.
- Biology faculty candidate identified and offer is in process.

## AUDIT UPDATE

In response to one of the recommendations made by the State Auditor, a new position has been embedded in the budget for a person to be responsible for inventory. An Asset Management and Inventory Control person will report to Lauren Curley, Director of Operations.

A report regarding our various actions to address the Focused Audit findings will be presented at the June 15 Board Meeting. Vice President Buckley suggested an independent audit in the next 12 to 18 months to ensure compliance is being met.

Vice President Buckley reported that MassBay had 5 audits this year: The College Audit, Foundation Audit, State Financial Aid Programs Focused Audit, State Audit of Inventory and Procurement Cards, and the Uniform Guidance (federal funds) Audit which is in progress.

## Adjournment

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

## ROLL CALL:

Matthew Kahn YES; Tom Peisch YES; Dune Thorne YES; Diane Schmalensee YES.  
Chair Schmalensee adjourned the meeting at 9:08 a.m.

Diane H Schmalensee 9/9/21  
Diane Schmalensee                      Date  
Committee Chair  
Board of Trustees

David Podell 9/29/21  
David Podell                                      Date  
President  
Massachusetts Bay Community College