

## **MASSACHUSETTS BAY COMMUNITY COLLEGE BOARD OF TRUSTEES**

Minutes of the June 6, 2023, Board Finance & Administration Committee meeting  
Webex Meeting – Facebook Livestream at massbay.edu

**Committee members participating:** Matthew Kahn, Chair; Diane Schmalensee, Ex-officio; Tobey Choate, Trustee; Ilissa Povich, Trustee; Dune Thorne, Trustee.

**Staff members participating:** David Podell, President; Marcus Edward, Vice President for Finance & Administration; Steve Baccari, Controller; Courtney Jackson, Vice President for Academic Affairs and Provost; Jeremy Solomon, Associate Vice President for Institutional Advancement, Marketing, and Communications; Samaria Stallings, Associate Vice President for Human Resources and Payroll; Deborah Georgopoulos, Executive Assistant for Finance & Administration.

**Guests:** Timothy Jarry, Nathan Reid, and Nick Anderson from Prime Buchholz.

### **Call to Order and Introductions**

Committee Chair Matthew Kahn called the meeting to order at 8:02 a.m.

### **Approval of Prior Meeting Minutes *(Item 1)*.**

The Chair asked for the review of the prior committee meeting minutes.

**MOTION:** Trustee Schmalensee made the motion to approve the minutes of the May 16, 2023, Board of Trustees' Finance & Administration Committee meeting as presented. Trustee Kahn seconded. Motion passed unanimously.

### **ROLL CALL:**

Matthew Kahn YES; Diane Schmalensee YES; Tobey Choate YES; Ilissa Povich YES; Dune Thorne YES.

## **INVESTMENT ITEMS**

### **Prime Buchholz Meeting Materials *(Item 2)***

Vice President Marcus Edward introduced Timothy Jarry and Nathan Reid from Prime Buchholz. Meeting materials provided to the Committee included the Market Environment, the April Performance Update, and a Real Estate Update.

Mr. Jarry reviewed the Market Summary noting that risk assets performed well through April. Inflation has come down, but services inflation continues to be elevated. Supply chains seemed to have returned to normal, and fixed income has produced good returns.

At the end of April, the MassBay Portfolio was a little over \$21M, up about 80 basis points for the month. The numbers reflect the College is on target with the policy asset allocation. Nate Reid reviewed the portfolio and the Investment Return Detail, noting the portfolio is up 6% year to date; up 13.4% since inception.

## **FINANCE ITEMS**

### **FY2023 Budget vs. Actual Comparison Report *(Item 3)***

Vice President Edward presented the FY2023 Operating Budget Results through April 30, 2023. The April budget-to-actual report shows a favorable variance of approximately \$2,834,000. The variance is due to better performance on revenues and expenses when compared to the projected budget.

#### **Revenue**

Tuition and Fees were budgeted at 5% down. Actual enrollment was down 2.4% for the fall, up 3.2% for the spring, and enrollment is currently up 18% for the summer.

State Appropriation - The College has received \$19.2M of the \$19.6M budgeted for the state appropriation which leaves a remaining balance of \$354K. The College has not yet received the budgeted increases for MCCC staff. It is likely the increases will be received in FY2024.

Reserves – The College budgeted for and received \$700K from the state for COVID mitigation. The College also budgeted a reimbursement from FEMA for \$239K. The College has received documentation that MassBay will receive \$438K. It is likely that the reimbursement will be received in FY24.

Contract, Commission, and Other Revenue – The positive variance is driven mainly by interest income from MMDT which is currently paying 5.28%.

#### **Expenses**

Positive variances are shown in a number of lines. Underspending in the Boston Transportation for Students' line resulted in a \$97K positive variance. Transportation was one of the biggest issues affecting retention of Boston area students. In the fall, MassBay piloted an Uber program to assist with student transportation issues. The College is contemplating expanding the program to students beyond the Boston zip codes.

The College has spent just under \$200K of the \$800K Capital Budget. It is unlikely the full amount will be expended.

**MOTION:** Trustee Kahn made the motion to accept the FY2023 Budget vs. Actual Comparison Report and recommend approval to the Full Board. Trustee Povich seconded. Motion passed.

### **ROLL CALL:**

Matthew Kahn YES; Diane Schmalensee YES; Tobey Choate YES; Ilissa Povich YES; Dune Thorne YES.

### **Student Accounts Receivable Report and Cash & Investment Report *(Item 4)***

The report shows a year over year increase in receivables \$278K or 10%. The exhaustion of the student portion of CARES Act funding has resulted in an increase in receivables.

### **Cash & Investment Report by Month *(Item 5)***

The Cash and Investment Comparison Report shows that cash and investment is up approximately \$407K year over year at the end of April.

### **FY2024 Provisional College Operating Budget (Item 6)**

President Podell introduced the FY2024 Provisional Budget which is based on an unknown state allocation and unknown enrollment which are the two major sources of revenue. The budget will be revised in the Fall when the state appropriation and Fall enrollment are known. A very conservative provisional budget is therefore presented.

The FY2024 budget is \$40.8M, an 8.2% increase over the FY2023 revised budget. The budget is in line with inflation of 8.3% in Massachusetts over the last twelve months. Vice President Edward reviewed the figures.

#### Revenue

The provisional budget reflects an increase in Tuition & Fees of \$834K compared to the anticipated end of FY2023. This includes the \$10 General Fee increase previously approved by the Board. It appears unlikely that the General Fee increase will be covered in the state appropriation as initially proposed by the Governor.

\$20.1M was budgeted in the state appropriation line.

- Base appropriation of \$19.3M (as consistently included in the House, Senate, and Governor's Budgets)
- Formula funding of \$387K (\$10.1M divided among the community colleges based on a formula, typically between 2-3% of base appropriation)
- Reimbursement for collective bargaining increases of \$367K.

The FY2024 provisional budget also includes \$1.4M of earned CARES Act reserves, FEMA mitigated funds of \$438K, and the remaining \$262K of the Special State allocation for COVID mitigation.

The investment spending of \$708K is based on average quarterly balances as of March 31, 2023. A list of initiatives which will be funded by the investments was provided, aimed at improving enrollment and student success.

President Podell reported that it is likely MassReconnect will pass as it has been included in all three (House, Senate and Governor's) budgets. There is some uncertainty as to how the funding will be allocated.

A brief discussion regarding Collective Bargaining increases for MCCC faculty and staff ensued. President Podell explained Collective Bargaining negotiations were completed in April of 2023 on a contract that is retroactive for the past 2 years at a 2% increase per year. The timing of the completion required a supplemental bill to fund the increases which is now pending legislative approval. It is anticipated funds will be approved over the summer. Meanwhile, negotiations are beginning for the next contract. There is some complication over the prior administration's agreement to a three-year contract. The Presidents have written the Governor to request reconsideration.

President Podell reported that while faculty are currently on work to rule, they have been very generous with their time.

#### Expenses

Vice President Edward reviewed projected expenses for the FY2024 provisional budget. Highlights include a projected increase of \$433K in the Permanent Staff line. While the budget was reduced by \$625K (3%) to account for anticipated vacancies, included in the Permanent Staff line was \$525K

salary increases. (2% for MCCC employees, 6% for AFSCME employees, and 2% for Non-Unit Professional employees).

The Adjunct faculty line shows a \$900K increase. Expenses for FY2023 are trending way above budget.

A brief discussion regarding the quasi-endowment followed. It was noted that three new faculty positions are budgeted from the draw. However, President Podell cautioned that the impending “enrollment cliff” precipitated by the decline in birthrates in the 2008 recession is anticipated to begin in 2026. Hiring in new lines should be done judiciously. Vice President Jackson will work with Institutional Research to provide data on this concern. Vice President Edward noted the draw for 2024 is 3.5%. By increasing the draw to 5% an additional \$300K could be designated to hiring new faculty.

An increase of \$278K on the part-time/stipends line will fund a few additional positions.

The contingency increase includes an educated estimate of expenses for the new Framingham Campus (energy costs, facility rental, furniture, equipment, etc.). A clearer picture will be presented with the revised budget in the Fall.

Vice President Edward reviewed the charts which visually presented the expenses. It was noted that, as a percentage of the total budget, expenses related to Payroll and Benefits, and Capital Expenses have been consistent over the past five years.

It was noted that MassBay serves approximately 6,000 individual students annually.

**MOTION:** Trustee Kahn made the motion to accept the FY2024 Provisional Operating Budget and recommend approval to the Full Board. Trustee Povich seconded. Motion passed unanimously

**ROLL CALL:**

Matthew Kahn YES; Diane Schmalensee YES; Tobey Choate YES; Ilissa Povich YES; Dune Thorne YES.

**PERSONNEL ITEMS**

Associate Vice President Samaria Stallings presented the reports to the Committee.

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

- Katherine Arevalo Linares has been hired as Administrative Assistant II reporting to the Director of the Academic Achievement Center.
- Lise Kinahan is in a new role as Director of Simulation Education and Technology, Division of Health Sciences.
- One employee left the College.

**Recruitment Report** *(Item 8)*

The Assistant Dean of Nursing position has been accepted. Seven faculty positions are being recruited for.

