Minutes of the April 21, 2017 Finance, Compliance, Personnel & Audit Committee meeting – Alumni Board Room, Wellesley Hills Campus

Committee members present: Ken Der, Jamie Hoag, Tom Peisch

Staff members present: David Podell, President; Neil Buckley, Interim Vice President for Finance & Administrative Services; Lynn Hunter, Vice President for Academic Affairs; Lisa Bacon, Interim Vice President of Human Resources, Labor Relations, Compliance, and Affirmative Action; Eileen Gerenz, Associate Vice President for Finance & Administration; Marcus Edward, Controller, Courtney Jackson, Chief Strategic Planning and Institutional Effectiveness Officer; Debbie Georgopoulos, Executive Assistant for Administration & Finance.

Call to Order and Approval of Prior Meeting Minutes – Committee Chair Ken Der called the meeting to order at 4:30 p.m. After introductions, Chair Der asked for the review of the prior committee meeting minutes (Item 1).

Following a brief discussion regarding the Title III Grant, a recommendation to clarify in the minutes that the “Feds” referred to the U.S Department of Education was requested.

MOTION: Trustee Jamie Hoag made the motion to approve the minutes of the March 21, 2017 Committee meeting as amended. Trustee Tom Peisch seconded, and the motion passed.

FINANCE ITEMS

Approval of the Budget vs Actual Comparison Report

President Podell introduced Interim Vice President Neil Buckley who has provided many insights since his appointment at the beginning of the month. Mr. Buckley presented the FY17 Budget vs Actual Comparison Report for February, 2017.

The budget continues to hold, noting a slight increase in projected revenue to $173K.

Expenses continue to go down. $1.7M, mostly as a result of savings in personnel (adjunct, vacancies, retirements, etc.) and projected that the College will end the fiscal year with close to $1.9 cash surplus.

Mr. Buckley noted that as of March 31, 2017, the College has $2.1M more in operating cash than at that time last year. Chair Der noted that the Committee recognized the increasing balances and were considering opportunities to invest at a higher return. Cash is currently invested in MMDT which has a low return. Mr. Buckley proposed including this as a future agenda topic.
MOTION: Trustee Tom Peisch made a motion to recommend the Board of Trustees accept the February 2017 Budget vs Actual Comparison Report. Trustee Jamie Hoag seconded, and the motion passed unanimously. (Item 2)

Student Accounts Receivable (Quarterly) Report (Item 3)

Mr. Buckley reported that as of March 31, 2017, Accounts Receivable is at $3.1M, slightly above the $2.9M reported last year at that time. The College will closely monitor, as $375K in Financial Aid will be processed in the near future.

Chair Der asked why the Fall 16 accounts receivable bucket on this report increased by approximately $5K. Neil will talk to Bursar and Director of Financial Aid and report back.

Contracts Report – December 2016 (Item 4)

President Podell reported that Gray Associates has been retained to provide academic programming review and evaluation. Preliminary findings will be reported at the full Board Meeting. Gray Associates’ guide the process and provide the framework and data, and the College reviews and makes recommendations. This process has engaged stakeholders and generated buy-in. As program closures are being implemented, consideration is being given to new programs that may generate better enrollment.

Discussion and Review of DRAFT Preliminary FY18 Operating Budget (Item 5)

Mr. Buckley presented the working draft of the FY18 Operating Budget. The Preliminary Budget is based on the Governor’s (House 1) budget proposal which is level funded with the Final FY17 budget, including the supplemental MCCC increase. The final approved state budget is typically not available until late June/July 2017.

The College is planning conservatively, projecting an enrollment decrease of 2% for the fall and a 4% decrease in the spring, and not accounting for any potential increase in student fees.

The College is hopeful the legislature will cover the collective bargaining increases, but will budget for them in the event that MassBay must cover the expense. The numbers will be updated as we go through the budget process.

It is anticipated that reducing the minimum class size will have a significant positive impact on the expenses for adjunct faculty.

$800K for debt services has been set aside for much needed technology upgrades Mr. Buckley is working with IT in developing a plan to address administrative and academic upgrades, and the College needs to start planning financially this summer.

$600K has been set aside for capital planning for the coming year which will include preparation for the Framingham Campus move and security access project.
Mr. Buckley reported that the budget is balanced and has a modest surplus of just $300K. The budget presented is very preliminary and does not include any new positions or initiatives.

A discussion regarding cost saving options noted that if enrollments decline, it may be necessary to make adjustments by not replacing vacancies or eliminating unfilled positions. Retrenchment would only be considered as a last resort.

**Massachusetts Community College Student Fees (Item 6)**

Mr. Buckley provided a comparison report of Massachusetts Community College Fees, noting that MassBay is currently below the average with $197.00 College entrance fees per credit. President Podell reported that the College assigned a fee increase last year, but suggested a modest increase could be absorbed without hurting enrollment. The Committee is amenable to an increase in the technology fee which could be justified by the technology plan, but not in favor of any other increases at this time. The President noted that a fee increase would need to be submitted for the May Board Meeting if a fee increase is to be considered.

**PERSONNEL ITEMS**

**Personnel Actions Report (Item 7)**

Lisa Bacon reviewed the Personnel Actions Report.

**Recruitment Report (Item 8)**

Lisa Bacon reviewed the Recruitment Report.

HR is working with the Academic Vice President to draft a more appropriate job description for the Director of Automotive Technology. An offer has been extended for the Chief Diversity Officer position.

**President’s Attendance (Quarterly) Report (Item 9)**

Provided for information

**COMPLIANCE ITEMS**

**Final Audit Determination Letter from U.S. Department of Education (DOE) (Item 10)**

The Trustees were provided with the letter dated March 29, 2017 from the DOE. AVP Eileen Gerenz reported that overall the message is positive, as the letter confirms that A-133/UG audit report for the fiscal year ended June 30, 2016 has been accepted and no further information is required.

Mr. Peisch noted that the College had a couple of years of repeat findings, but has made serious efforts to correct. The College needs to continue being vigilant. There is a repeat finding which required some work with the faculty to ensure they report when students stop attending. President Podell reported that in the last report 91.5% of the faculty submitted census reports. The
President has written to the faculty who were not compliant and explained the ramifications. This process must become part of the job in addition to teaching and grading.

Chair Der reported the audit firm, Cohn Reznick, required a signature of the Board Chair on the College’s representation letter for the past year’s audit. Chair Peisch declined, and Vice Chair Der signed the representation in order to finalize the audit. Neither the Chair nor the Vice Chair are comfortable with this requirement as much of the information is beyond their purview. AVP Gerenz noted that it was her understanding that the audit firm will require only the signatures of the President and CFO in the future. AVP Gerenz will request Cohn Reznick provide written confirmation that signing the audit representation letter at the board level will not be required going forward.

OTHER

Future Agenda and Discussion Items (Item 11)

Interim Vice President Buckley presented a list of Agenda Items for review and discussion at future meetings.

Proposed items included:
- Current legal and compliance issues in higher education
- Structure of student fees
- State of academic and administrative technology
- Current state of facilities
- Policies and procedures related to investments and cash reserves
- Five-year financial plan linked to the College’s strategic plan
- Overview of purchasing procedures
- Overview of grants

It was suggested the list be prioritized, beginning with Student Fees and Technology.

Attorney Ken Tashjy might be invited to discuss legal and compliance issues. It was also suggested that Mr. Tashjy be invited to meet with the new Trustees at a full Board Meeting.

Adjournment

MOTION: Trustee Tom Peisch moved to adjourn; Trustee Jamie Hoag seconded the motion. Chair Der adjourned the meeting at 5:20 p.m.