Massachusetts Bay Community College Board of Trustees

Minutes of the June 6, 2017 Finance, Compliance, Personnel & Audit Committee meeting – Wellesley Hills Campus

Committee members present: Chair Ken Der, Vice Chair Tom Peisch, Trustee Jamie Hoag, Trustee Dan Juliani

Staff members present: Steve Baccari, Assistant Comptroller; Lisa Bacon, Interim Vice President of Human Resources, Labor Relations, Compliance, and Affirmative Action; Neil Buckley, Interim Vice President for Finance & Administrative Services; Debbie Georgopoulos, Executive Assistant for Finance & Administrative Services. Eileen Gerenz, Associate Vice President for Finance & Administrative Services, Marcus Edward, Controller; Lynn Hunter, Vice President for Academic Affairs; David Podell, President.

Call to Order and Approval of Prior Meeting Minutes – Committee Chair Der called the meeting to order at 5:02 p.m. After introductions, Chair Der asked for the review of the prior committee meeting minutes (Item 1).

MOTION: Tom Peisch made the motion to approve the minutes of the April 21, 2017, Committee meeting as presented. Jamie Hoag seconded and the motion passed with one abstention by Dan Juliani.

Finance Items

Approval of the Budget vs Actual Comparison Report

Neil Buckley presented the report through April 30, 2017, noting there were no material or significant changes. The report is very favorable.

Revenue

Mr. Buckley noted that student tuition and fees and the state appropriation account for 97% of total revenue. The budget is on target as of April 30, and the College is projecting a positive variance of $185K in tuition and fees.

The MCCC appropriation from the state was $136K more than expected. The state paid for FY2016 and FY2017 contractual salary increases during the current fiscal year.

The projected revenue variance is $825K better than budget.

Expenses

Salary and fringe account for the majority of expenses. The College estimates saving $1M going forward, primarily as a result of unfilled vacancies and the increase in the minimum class size to 11 students. It was noted that the increase in class size and condensing offerings have not resulted in any material negative effects.

Total projected expenses were $773K less than budgeted. The College is expected to have a favorable projected net operating income variance of $1.6M. The College is a projected $2.7-$2.8M ahead on cash.

MOTION: Trustee Dan Juliani made a motion to recommend the Board of Trustees accept the April 2017 Budget vs Actual Comparison Report. Trustee Tom Peisch seconded, and the motion passed unanimously. (Item 2)
Student Accounts Receivable

As of 5/31/17, over $3.1M is owed to the school, one-third of which is as a result of summer school. Spring and fall 2016 balances continue to decline. It was noted that the fall 2016 receivable balance increased as of 3/31/17 as compared to 2/28/17, as a result of a financial aid correction. Late payments are still coming in as well as some late Financial Aid processing. Mr. Buckley noted the Accounts Receivable increased to $1.3M from $466K.

Chair Der cautioned that receivables in the past were nearing $950K, and questions what safeguards are in place to ensure the College does not revert to 6/30/15 when the prior receivable balance was over $2M. Eileen Gerenz reported that approximately half of the prior receivable balance will be written off. The process for collecting unpaid accounts includes submitting the account to a collection agency, submitting to intercept, and submitting for approval with the State Comptroller’s Office prior to writing off.

Update on FY2018 Operating Budget

President Podell reported that the budget being presented to the Committee is a preliminary budget. A final budget will be presented in August once the State Budget has been finalized and we have a better sense of fall enrollment.

VP Buckley presented the Preliminary FY2018 Budget Narrative and Assumptions.

REVENUES

- The College is projecting 6% decrease from last year’s enrollment which is exactly where College enrollment is currently. This percentage could fluctuate in either direction between now and September.
- Fees were restructured in May.
- State Maintenance – Current estimate is based on the Governor’s House I Budget. Final budget is not available until July.
- Financial Aid and Pell are projecting a decrease in awards, in line with past practice.

EXPENSES

- Permanent Staff - 2.75% increase is being projected.
- Adjunct Faculty - Projected savings as a result of the increased class minimum and increased class sizes will be approximately $241K.
- Overtime and contractual – Budget is reflective of a 3-year analysis
- Local Fringe - Fringe benefit rate has increased to almost 35%.
- Debt service - $660K is anticipated for the IT plan – leases and updates.
- Capital Planning - Prioritized facilities plan is being developed. We have set aside $600K for capital improvements.

It was noted that DCAMM would not provide funds for a leased space. There may be costs associated with moving to a new campus, but any improvements would be built into the cost of the lease.

It was also noted that the Grants budget was halved since last year. Several grants have completed and fewer state grants have been received. Proposed grants are not included in the budget until they are finalized.

**MOTION:** Trustee Tom Peisch made a motion to accept the preliminary budget for presentation to the Board at the Full Board Meeting on June 13, 2017. Trustee Jamie Hoag seconded, and the motion passed unanimously. *(Item 2)*
Massachusetts Community College Financial Benchmark Analysis

VP Buckley presented a review of the financial position of Massachusetts community colleges, based on audit reports submitted to the U.S. Department of Education and enrollment data as reported to the Board of Higher Education.

MassBay Community College ranks 10th in the state for total cash and investments, and for Enrollment.

MassBay Community College ranks 11th in the state for the net worth of the Foundation, and for total bond and leases payable

A discussion regarding the analysis led to consideration of investments. Mr. Buckley will research options and present to the Board. A Request for Proposals (RFP) may be required to employ an investment firm.

A review of the Annual Full-Time Enrollment (FTE) Credit Headcount noted that MassBay has gone from 3,708 in FY2010 to 3,219 in FY2016. The decrease is generally statewide as a result of the good economy.

Other

It was noted that Eric Montague is leaving Cohn Reznick. Rob Fine and Jay Kaufman will assume responsibility for MassBay Community College.

Facilities Project Update

VP Buckley provided the Trustees a list of the Summer 2017 facilities projects that are being proposed. It is anticipated that several projects will carryforward from FY2017.

PERSONNEL ITEMS

The Personnel Actions, Recruitment Report and the President’s Attendance Report were presented to the Board for informational purposes.

The Chair noted Interim Vice President for Human Resources, Lisa Bacon, was leaving the College and the Committee thanked Ms. Bacon for her efforts and good work for the College.

OTHER BUSINESS

Title III Funds Agreement

President Podell presented a narrative and an agreement he and AVP Eileen Gerenz have been working on with Foundation leadership regarding the Challenge Grant from 1993 that in 2013 met the requirement that it sit untouched for 20 years. The funding sits in the endowment overseen by the Foundation. The committee has concerns about some of the terms of the agreement that President Podell had worked out with the Foundation. It was proposed that a joint meeting of the finance committees of the Board and the Foundation be arranged to review the Operating Agreement provided by Counsel, and to discuss the Title III funds. President Podell will arrange a meeting.
ADJOURNMENT

**MOTION:** Trustee Jamie Hoag made a motion to adjourn; Trustee Dan Juliani seconded, Chair Der adjourned the meeting at 6:21 p.m.

Ken Der  Date  9/21/17
Committee Chair
Board of Trustees
College

David Fedell  Date  9/21/17
President
Massachusetts Bay Community