Minutes of the January 29, 2019 Finance, Compliance, Personnel & Audit Committee meeting – Alumni Board Room, Wellesley Hills Campus, 5:00 p.m.

Committee members present: Dan Juliani, Tom Peisch, Matthew Kahn

Staff members present: David Podell, President; Steve Baccari, Controller; Marcus Edward, Assistant Vice President for Finance & Administration; Deborah Georgopoulos, Executive Assistant for Finance & Administration; Lynn Hunter, Provost and Vice President for Academic Affairs; Samaria Stallings, Executive Director of Human Resources.
Via telephone: Neil Buckley, Vice President for Finance & Administration.

Call to Order and Approval of Prior Meeting Minutes – Committee Chair Dan Juliani called the meeting to order at 5:00 p.m. After introductions, Trustee Juliani asked for the review of the prior committee meeting minutes (Item 1).

MOTION: Trustee Kahn made the motion to approve the minutes of the October 16, 2018 Committee meeting as presented. Trustee Peisch seconded, and the motion passed unanimously.

MOTION: Trustee Peisch made the motion to approve the minutes of the November 27, 2018 Committee meeting, as amended to clarify the October budget comparison. Trustee Kahn seconded, Trustee Juliani abstained. The motion passed with one abstention.

FINANCE ITEMS

• FY2019 Budget vs. Actual Comparison Report (Item 2)

Marcus Edward presented the report, noting that tuition & fees are on budget.

To date, the College has received $11M of the allotted $16.59M of the state appropriation.

Contracts, Commission and Other Revenue was positive ahead of budget by $199K as of December 31, 2018. Funding of $175K from the Foundation is included in this revenue line.

The College expects an increase in the state appropriation between $100K - $150K for AFSCME collective bargaining increases that date back to FY2018. We have been notified by the state that the increase in appropriation will happen in the near future. The College budgeted the expense for the AFSCME raises but did not budget the increase in the appropriation, which will result in an excess in the budget.

The College was over budget in permanent staff as a result of payments relating to the Early Retirement Incentive Program.
While the report indicates the College is presently $192K over budget for FY2019, the Accounting Department is confident the budget will even out during the remaining months of the fiscal year as the timing of activity catches up.

President Podell noted that this budget contemplates a 7% decline in enrollment. As of today we are down 8.2% in enrollment. Because the first day of school is later this year than it was last year (due to the Martin Luther King holiday coming later this year), comparisons are skewed. We will have a better comparison in the coming weeks. The 8.2% figure is likely to decline in the week to come.

Toward the end of last week, 350 students were about to be dropped from class due to non-payment. The College reached out to the students regarding their financial situation, and as a result, that number was reduced to 94 students that were dropped. It is hoped that many of the students dropped will re-enroll. Last year the drop was delayed in hopes that students would find a way to pay for their classes.

**MOTION:** Trustee Peisch moved to accept the FY2019 Budget vs Actual Report, and recommend approval to the Full Board for consideration at the next Board Meeting. Trustee Kahn seconded and the motion passed unanimously.

- **Student Accounts Receivable and Cash Report (Item 3)**
  Assistant Vice President Marcus Edward presented the report as of December 31, 2018. The balance of student receivables is $5.9M. Last year at the same time, receivables was $6.5M. For Spring 2019 we have not collected 53% of the amount billed. It was noted the majority of students pay in January, and some students are on payment plans.

  Trustee Juliani questioned the student account receivable report format change. It was noted the format change was requested at the October meeting.

  There was a discussion of the Statement of Cash Flow as of December 31, 2018. It was noted that the 8% positive change in Grants, gifts, contracts was related to the timing of Financial Aid receipts. Approximately $2M deposited this month at Bank of America was mainly a result of student deposits for the spring semester.

  Vice President Buckley reported that MMDT is currently paying 2.64%.

- **Update on Revised 2018 Audit Report**
  Assistant Vice President Marcus Edward reported that the revised Audit Report will reflect a restatement relating to Other Post-Employment Benefits (OPEB) numbers. The State Auditor made an error with the initial OPEB and now has provided us with the restated OPEB numbers. The Auditors felt the change was large enough that it warranted a revised set of financial statements. This restatement resulted in an increase in the unrestricted net assets of $.5M for MassBay. The error affected all of the Community Colleges, and the State Universities. The cost of the revised financial statements by our Auditors will be paid by the state.
Discussion on Development of FY2020 Operating Budget

The College has begun planning for the FY2020 Operating Budget. A memo has been distributed to department managers indicating that budgets are to be submitted to the Fiscal Office by mid-February. Budget managers are provided with their expenses for the last 3 years. This information is meant to assist budget managers in preparing their budgets. The fiscal team meets individually with managers to drill down into anticipated expenses. Many of the larger cost centers are centralized, including Facilities, IT, HR, Print Shop, Office Supplies, and Marketing. These budgets are developed in consultation with the President and Executive Team.

- Governor Baker has proposed an appropriation of $16.5M for MassBay, approximately 2% higher than last year’s appropriation. We are hoping to present the preliminary FY2020 budget to the Finance, Compliance, Personnel, & Audit Committee at the March Meeting, for review by the Full Board in April, and final approval at the May Board of Trustees’ Meeting.

Vice President Buckley noted that the College may propose a modest increase in student fees depending on how our enrollment plays out. The topic will be discussed further at the April Meeting.

Tom Peisch noted that the Board Retreat is scheduled for March 30, 2019. The dates for the future FCP&A and Board Meetings may be revised. This topic can be discussed at next week’s Board Meeting.

PERSONNEL ITEMS

- Personnel Actions Report (Item 4)
  Executive Director Stallings presented the report for informational purposes. MassBay has six new full time hires since December 3, 2018, and six employees in new roles. It was noted that although the report indicates four people have left MassBay, another two professors have resigned since the report was prepared.

President Podell reported that two of the professors in the Associate Degree in Nursing Program resigned at the end of the semester. These positions have been filled by one adjunct and one full-time faculty member. Three days into the semester, the remaining two full-time Professors in the Associate Degree in Nursing Program resigned abruptly. The Academic Vice President and the Dean of Health Science have been working feverishly to find instructors to teach their courses. All but one course is now covered. The students in the program have been wonderful and have offered to help in any way they can.

President Podell noted the faculty members were not retrenched but, rather, they resigned. BORN will be notified of this change in the staffing of the program.

It was further noted that the Associate Degree in Nursing Program had become very small and extremely expensive. The College is now considering if it can rework the program and create an attractive, successful, productive program that will allow our students to achieve their goals to become nurses.
• **Recruitment Report** (*Item 5*)
  Executive Director Stalings presented the report for informational purposes.

**OTHER**

• Update on the Framingham Campus
  President Podell reported that the College has been actively pursuing an additional $20M of funding. Senate President Karen Spilka embedded included $10M in an Economic Development Bill that has been signed, however the funds need to be allocated. This money is earmarked for MassBay Community College.

  The President was invited to a meeting of staff from DCAMM and the Department of Higher Education who wished to explore if the College could make do with less space than President Podell proposed to the Secretary of Education. President Podell advised them that that there has never been a building built for MassBay, and argued that MassBay students deserve better. During the next four years, until our new building is constructed, our students will be sharing space with the Framingham School system.

  The College is now asking for a 60K sq. ft. building (up from 40K sq. ft. in our Strategic Framework proposal to the state). DCAMM has asked for a more detailed analysis, and wants to meet with the architect. Sasaki has been selected as the architect after a series of interviews. More information will be forthcoming over the next few months.

**ADJOURNMENT**

**MOTION:** Trustee Peisch moved to adjourn, Trustee Kahn seconded. Chair Juliani adjourned the meeting at 6.03 p.m.

Daniel Juliani  
Committee Chair  
Board of Trustees  

David Podell  
President  
Massachusetts Bay Community College