



BOARD OF TRUSTEES

Finance and Capital Assets Committee

October 13, 2021

Minutes

Owl's Nest (Room 018), Ely Campus Center

A live stream of the meeting for public viewing also took place on YouTube.

MEMBERS PRESENT: Committee Chair Ali Salehi, Vice Chair Theresa Jasmin, Secretary Paul Boudreau, and Trustees Madeline Landrau, Kevin Queenin, and Chloe Sanfacon

TRUSTEE GUESTS PRESENT: Trustees Dr. Robert Martin (entered at 11:14 AM), William Reichelt (entered at 11:11 AM), and Dr. Gloria Williams (entered at 11:08 AM)

Dr. Linda Thompson, President of Westfield State University, was also present.

Committee Chair Salehi called the meeting to order at 11:05 AM and committee members participating were announced as listed above.

MOTION made by Trustee Queenin, seconded by Trustee Boudreau, to approve the minutes of the June 29, 2021 meeting. There being no discussion, **Motion passed unanimously.**

Travel Expenses of the President and the President's Direct Reports: July 1, 2020 – June 30, 2021. Ms. Lisa Freeman, Associate Vice President for Administration and Finance, stated there were no travel expenses for the last year due to COVID-19, but this report is required to be presented to the Board.

Fixed Assets Inventory Progress Report. Mr. Steven Scibelli, Director of Financial Accounting, summarized the progress report, stating inventory results were improved from 2020 at 97 percent compliance. All assets are tagged, with two-thirds being technology based. The biggest challenge was inventorying assets taken off campus, but they now accept photos of the asset showing a current date.

FY22 Operating Budget. Mr. Stephen Taksar, Vice President for Administration and Finance, stated the flexibility to assess changes on the campus from June to October to assist in presenting a final budget has proved important. Presented today is a balanced budget to temporarily close the deficit gap. There is still a structural deficit since there is not enough ongoing revenue to cover ongoing costs. The proposed budget is the result of a working group constructing a budget strategy through the summer with President's Cabinet approval.

FY22 Final Budget Assumptions were shared:

- Continued uncertainty affecting budget planning. Predicting melt rate from fall to spring. COVID-19 expenses are ongoing. Labor shortages are affecting the ability to hire staff in dining and facilities.
- UEAAC reductions total approximately \$2.1 million (permanent and temporary).

- There is \$1.6 million of targeted divisional cost avoidance through vacancy savings.
- A structural deficit remains at \$2.8 million and HEERF III Grant funds will not solve this problem.

Projected annual enrollment of 3,173 (before spring admits) is close to the budgeted enrollment for FY22 of 3,215. The College of Graduate and Continuing Education (CGCE) enrollment summary showed credit hours down 6.8 percent for Summer I and the fall term, but revenue is tracking slightly higher.

FY22 Final Budget Summary. Maria Feuerstein, Assistant Vice President of Strategic Finance and Institutional Planning, highlighted the material changes from the provisional budget approved in June.

Revenue:

- An additional state appropriation of \$500,000 is expected.
- Residential Life has increased by 50 students and the demand is higher for premium single rooms.
- Dining participation rates, including commuter participation, increased.
- The HEERF III Grant of \$600,000 was added to the budget.
- Revenue was up by \$2.5 million.

Expenses:

- There was \$651,000 of savings from the first version of the budget.
- Increased Residential Life and Dining revenue results in higher expenses.
- Reversal of UEAAC savings added back \$300,000 from the provisional budget.
- After permanent reductions were offset by increased cost and use of reserves, we still carry a temporary (one year) structural deficit of \$2.8 million.
- Savings will partially offset the Residential Life deficit as the campus is required to resolve any deficits in the Residential Life budget and carry reserves for that purpose. If there are no reserves, it needs to be backfilled. If not, the MSCBA can claim our state appropriations.
- Contributions from CGCE should be \$3.25 million in FY22 and \$2.75 million in FY23, which are higher than previous years. There is a permanent reduction to their expense line due to adjunct faculty reductions.
- Dining Services is contributing 13 percent (\$1.1 million) of their meal plan revenue to campus in support of overhead provided by the campus.
- Permanent and temporary adjustments made show how a balanced budget was achieved for FY22.
- UEAAC savings were shifted from permanent to temporary during the validation process, and it is hoped they will become permanent. The deficit gap was reduced from \$3.1 million to \$2.8 million this year due to permanent savings. The Board and administration need to look at alternative ways to close the gap and cannot rely on the UEAAC proposed savings of \$6.9 million.
- Final budget deficit reduction strategies were presented, resulting in a savings of \$2.6 million.
- Unbudgeted salary/bonus impact was modeled due to collective bargaining. The state never fully funds collective bargaining increases and does not fund CGCE and auxiliaries. The increases and bonuses would be for full-time benefited employees.
- The FY23 structural deficit needs to be addressed. This year UEAAC will focus on recommendations that target revenue growth, enrollment, and efficiencies.

MOTION made by Trustee Landrau, seconded by Trustee Jasmin, to approve the FY22 Operating Budget as presented and to authorize the President to make budget adjustments to these funds.

Discussion: We all need to be aware of how much work is being done during a very challenging time.

There being no further discussion, **Motion passed unanimously.**

FY23 Budget Planning Assumptions and Timeline. Mr. Taksar outlined the process of creating next year's budget, sharing parameters and assumptions for the context of modeling. Based on today's discussion, scenarios will be created to start crafting a budget. President Thompson shared that the assumptions are based on what it is believed can be achieved through enrollment growth and fees for majors. Enrollment strategy will be focused to match curriculum to workforce needs.

Revenues:

- The services of an IT/Enrollment Management company has been retained to help integrate data management and enhance the efficient use of multiple technology solutions.
- The current Consumer Price Index (CPI) is over 5 percent. Last year, fees were held flat. With prices increasing, it is uncertain if fees can remain flat this year; otherwise, costs will have to be cut elsewhere or the structural deficit will increase. At the December meeting, it can be shown how we compare with sister institutions on current comprehensive fees. We are in the middle of the pack. Most will move to some increase based on the CPI. It was highly recommended to contact Westfield Gas and Electric to negotiate as there will be a major shortage of delivery or price increases due to the looming energy crisis.
- Investment income use is being discussed with the President.
- A differentiated fee structure for designated majors is being discussed. Chair Martin stated that if fees increase, financial aid will be critical to help with that rise and questioned what impact fee increases have had on attendance and whether there was any way to model how attendance might be affected. Mr. Taksar stated changes in the cost of attendance compared to enrollment is very hard to track. The best approach is asking what the value proposition for a public institution is in this part of the state and making sure we are in alignment with competitors.
- President Thompson shared the need to create partnerships and research grant opportunities through foundations, state, and federal funding to help support programs. Our partnership needs to be more strategic with community colleges and high schools to create a clear pathway to us. President Thompson left the meeting at 12:04 and returned at 12:09.

Expenses:

- Expenses have increased in several operational areas on campus.
- Strategic Plan investment funding will be limited, and most department operating budgets will not increase.
- Mandatory contractual increases for service and technology contracts and non-collective bargaining salary increases will be modeled and assumed.
- The benefit rates set by the state will likely increase.
- A continued deficit is expected in Residential Life due to an increase in MSCBA assessments and occupancy challenges.

Reserves:

- It is hoped that if the University has a surplus this year, a portion could be used as a one-time investment in the following year to reap a positive impact going forward.

The FY22 budget timeline was shared for the year. Trustee Boudreau left the meeting at 12:18 PM.

UEAAC Financial Update. Mr. Taksar provided a draft UEAAC Tracker Update to financially track recommendations and give a current snapshot of what is happening with the committee. The majority of costs are net neutral, with the exception of the conversion of the JEDI officer to a vice president position. Amounts shown indicate actions taken and the impact to the budget. The tracker will be a living, breathing document as decisions are made.

There being no further business, **MOTION** made by Trustee Jasmin, seconded by Trustee Landrau, to adjourn. There being no discussion, **Motion passed unanimously.**

Meeting adjourned at 12:22PM.

Attachments presented at this meeting:

- a. Minutes 6-29-21 (Draft)
- b. Travel Expenses of the President and the President's Direct Reports
- c. Fixed Assets Inventory Progress Report
- d. Motion – FY22 Operating Budget
- e. Presentation on FY22 Budget
- f. FY22 Operating Budget (Narrative)
- g. FY22 Operating Budget (Final Budget)
- h. FY22 Operating Budget (Capital Projects)
- i. FY22 Operating Budget (Vehicle Lease, Purchase Program)
- j. FY22 Operating Budget (CGCE Narrative)
- k. FY22 Operating Budget (CGCE Narrative) Non-Credit
- l. FY23 Budget Planning Assumptions and Timeline
- m. FY23 Budget Planning Assumptions and Timeline (CGCE)
- n. UEAAC Financial Update