



BOARD OF TRUSTEES

Finance and Capital Assets Committee

June 28, 2022

Minutes

Loughman Living Room, Scanlon Hall

And via Zoom, in accordance with Massachusetts Gov. Charlie Baker’s Executive Order Suspending Certain Provisions of the Open Meeting Law, G.L. c. 30A, § 20 dated March 12, 2020.

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, and Chris Montemayor

MEMBERS PARTICIPATING REMOTELY: Trustee Chloe Sanfacon

TRUSTEE GUESTS PRESENT: Trustees Melissa Alvarado and Dr. Robert Martin

Also present were Westfield State University President Dr. Linda Thompson; Administration and Finance Vice President Stephen Taksar and Associate Vice President Trish Bonica; Strategic Finance and Institutional Planning Associate Vice President Maria Feuerstein; Procurement and Administration Director Gary Duggan; Capital Planning and Facilities Associate Vice President Maureen Socha; and EMT Instructor Christopher Perkins.

Committee Chair Salehi called the meeting to order at 11:32 AM and the committee members present and joining remotely as listed above were announced. It was stated that the meeting is being livestreamed and recorded.

MOTION made by Trustee Landrau, seconded by Trustee Jasmin, to approve the minutes of the April 27, 2022, meetings.

There being no discussion, ROLL CALL VOTE taken:

Trustee Boudreau	Yes	Trustee Montemayor	Yes
Trustee Jasmin	Yes	Trustee Sanfacon	Yes
Trustee Landrau	Yes	Trustee Salehi	Yes

Motion passed unanimously.

President’s Remarks. President Thompson shared that she has asked that enrollment be connected with the financial strategy and that Facilities and Operations are helping to utilize the best space on campus.

Trustee Salehi requested the committee and Board to take a more active role in the finances of the University and that the entire campus needs to make sacrifices, not just the students with increased fees.

FY22 Sponsorships. Mr. Taksar shared the sponsorship report that is provided annually, together with a summary clarifying the sponsorship process and the Board of Higher Education's (BHE) expectation of the review and compliance of the trust fund standards. The University should not contribute to sponsorship organizations without a benefit. Although the Board approved a \$30,000 cap on sponsorship activity, the total sponsorship funds were much lower the last two years since expenses were cut across the entire campus. The sponsorship limit can change if requested.

Vehicle Purchase (Ambulance) Update. Instructor Christopher Perkins gave an update that the ambulance purchased from Southwick is being prepared and should be on campus by mid-August.

Parenzo Renovation Update. Mr. Taksar stated the project has an expected overrun of \$400,000 to \$500,000. A grant that is in process is being reviewed for which portion of its funds could apply to the Parenzo project. The campus should receive approximately \$3.5 million in American Rescue Plan Act (ARPA) funding, which supports COVID or maintenance projects, and some of those funds will be set aside to help with the overrun if needed. Ms. Socha stated supply chain issues continue and there is concern that some IT equipment is taking a year to receive. The project is still on schedule with windows arriving in mid-August, asbestos to be removed from under the Parenzo gym, and move-in dates of summer 2023 for most departments and January 2024 for the Banacos Center.

Reserves: Rollovers, Unrestricted Net Position, or Cash. Mr. Taksar explained the multiple types of reserves. Parthenon did a recent study of all Massachusetts universities and performed benchmarking across the country. Other systems reported having approximately five-to-seven months of reserves in place. We have a healthy cash reserve but a negative net position. He categorized reserves into two categories, 1) unspent funds budgeted in one year but requested to be used in the next year, and 2) use of cash reserves generated in multiple prior years sitting on the books as excess cash. When reserves are requested for capital projects, it is typically an example of using funds generated and set aside in a prior year to be used in the existing fiscal year but not drawing down cash. Using true reserves, such as in the glide-path strategy or \$500,000 investment in Financial Aid, there is no direct offset of how the funds are generated and it is a strict drawdown of cash. It is important to understand the distinction between the two categories. Any unspent Higher Education Emergency Relief Funds (HEERF) received will create excess cash.

Motion – FY23 Provisional Operating Budget. The following motion was made, followed by discussion.

MOTION made by Trustee Landrau, seconded by Trustee Jasmin, to approve the FY23 provisional operating budget as presented and to authorize the President to make budget adjustments to these funds.

Discussion: Mr. Taksar and Ms. Feuerstein presented the FY23 operating budget, summarized as follows.

- Projected enrollment for FY23 is 3,073, which is 34% decline from 2017. From 2013 to 2018, there was a 33% decline. The campus has done a good job on cost containment and reductions to offset the deficit. The challenge is looking for return on investments. Data-informed analysis is needed on campus initiatives to get financials in the right direction. The graph represents average annual billed students per year, not a student head count. We are now budgeting closer to actual enrollment.
- Enrollment planning and strategies need to be implemented.
- Enrollment Variance Analysis from FY22 to FY23 is a point-in-time snapshot of undergraduate billable students and graduate students by credit hour. There is a projection of a year-over-year decline of 142 average billable students with CGCE

reflecting a net impact of 113 students in FY22. The undergraduate student credit hours are slightly lower.

- The financial impact from a reduction of 174 students from the April projection creates an additional deficit of \$2,800,832. Dining operations expect to be net neutral by incorporating cost reductions to offset lower enrollment.
- In the FY23 provisional budget, it is expected revenue will be down \$754,965 (0.7%) from FY22. We are relying more on state appropriations as a revenue source.
- In the FY23 provisional budget, expenses show a net loss of \$2,346,450 (49.9%) from last year.
- Residential Life expenses are a major concern. By 2024, we could be losing approximately \$4 million per year. Residential housing helps retention but creates large debt. We need 95% occupancy to break even and we are currently at 70%.
- The glide-path approach will help balance the budget while we try to find a long-term solution for the structural deficit problem.
- There is \$2.6 million in cash reserves being requested as part of the glide-path strategy which would help close the gap for this year, leaving an approximate \$1 million deficit gap to solve by the campus.
- A snapshot of Residential Life's FY23 financials project a loss of \$1.1 million if they use all of their reserves. The MSCBA requires 5% of their prior year's expenses in reserves, so the University will need to transfer \$1,932,482 from the operating budget to Residential Life in FY23. Continued support for Residential Life will be built into the budget forecast.
- A vote to approve the provisional budget today is critical to keep the University operational on July 1.
- At the time of the Parthenon study, the University had eight months of liquidity, but there is some concern of continuing to use reserves to balance the budget. It was requested to provide the amount in reserves from January 2017 to a projected amount for FY23.
- To address delays in the supply chain there is a request for \$250,000 of reserves to pay for items already ordered but not received, so current funds are not being used.
- The new calculation for the glide path includes \$2,650,8803 of reserves, which is \$600,000 higher, strictly driven by enrollment. The total request for reserves is approximately \$6,000,000, half of which relates to timing (e.g. supply chain, capital projects), so the true draw down of reserves is \$3 million.
- The map was shown of how the \$1 million loss was calculated to support the glide-path strategy for the first year (FY23).
- Over the summer, enrollment will be monitored, cabinet will develop a strategy to close the \$1 million deficit, final adjustments to the state appropriation will be made and the final budget will be presented at the October meeting.
- Multi-year planning financial forecast includes an analytical approach to calculate the true projection forecast for the future, a NECHE requirement.

There being no further discussion, **ROLL CALL VOTE** taken:

Trustee Boudreau	Yes	Trustee Montemayor	Yes
Trustee Jasmin	Yes	Trustee Sanfacon	Yes
Trustee Landrau	Yes	Trustee Salehi	Yes

Motion passed unanimously.

Capital Budget. **MOTION** made by Trustee Landrau, seconded by Trustee Montemayor, to approve the FY23 proposed capital budget as presented in the FY23 Major Capital Projects for Facilities Plan.

Discussion: The proposed capital budget was reviewed and supported by cabinet and the president. Board approval is needed to finish projects during the summer. This year contingency lines were separated to forecast better and budget correctly. The next distribution of DCAMM funding will be the same as previously received, and our project ideas need to be submitted to them. The \$1 million allocation from ARPA for campus projects is not included in the current figures but will be presented for approval at an upcoming executive committee meeting, together with FEMA reimbursements of COVID expenses.

There being no further discussion, **ROLL CALL VOTE** taken:

Trustee Boudreau	Yes	Trustee Montemayor	Yes
Trustee Jasmin	Yes	Trustee Sanfacon	Yes
Trustee Landrau	Yes	Trustee Salehi	Yes

Motion passed unanimously.

Vehicle Lease/Purchase Program. **MOTION** made by Trustee Boudreau, seconded by Trustee Montemayor, to approve FY23 expenditures for the vehicle lease/purchase program, as presented.

Discussion: Board approval is needed to obtain newer vehicles for less money. The Parenzo planning is adding infrastructure for electric vehicles (EV). We are working with the Department of Energy for funding options.

There being no further discussion, **ROLL CALL VOTE** taken:

Trustee Boudreau	Yes	Trustee Montemayor	Yes
Trustee Jasmin	Yes	Trustee Sanfacon	Yes
Trustee Landrau	Yes	Trustee Salehi	Yes

Motion passed unanimously.

FY23 Sponsorships. **MOTION** made by Trustee Landrau, seconded by Trustee Montemayor, to authorize the University to spend up to \$30,000 in FY23 on sponsorship and/or attendance at community events, consistent with University guidelines for the expenditure of such funds. The University will report all expenditures made under this umbrella approval no later than the June 2023 meeting of the Board of Trustees.

There being no discussion, **ROLL CALL VOTE** taken:

Trustee Boudreau	Yes	Trustee Montemayor	Yes
Trustee Jasmin	Yes	Trustee Sanfacon	Yes
Trustee Landrau	Yes	Trustee Salehi	Yes

Motion passed unanimously.

There being no further business, **MOTION** made by Trustee Landrau, seconded by Trustee Montemayor, to adjourn.

There being no discussion, **ROLL CALL VOTE** taken:

Trustee Boudreau - Left meeting at 12:59 PM		Trustee Montemayor	Yes
Trustee Jasmin	Yes	Trustee Sanfacon	Yes
Trustee Landrau	Yes	Trustee Salehi	Yes

Motion passed unanimously.

Meeting adjourned at 1:00 PM.

Attachments presented at this meeting:

- a. Minutes 4-27-22 (Draft)
- b. FY22 Sponsorships
- c. FY22 Sponsorships (Process Review and Recommendations from 2019)
- d. Reserves (Summary)
- e. Motion – FY23 Provisional Operating Budget
- f. FY23 Provisional Operating Budget (Narrative)
- g. FY23 Provisional Operating Budget
- h. FY23 Provisional Operating Budget (Revised Enrollment Projection)
- i. FY23 Provisional Operating Budget (Approved Fees)
- j. Motion – Capital Budget
- k. Capital Budget
- l. Motion – Vehicle Lease/Purchase Program
- m. Vehicle Lease/Purchase (Memo)
- n. Vehicle Lease/Purchase Program
- o. Motion – FY23 Sponsorships