



**Minutes of the Meeting of the Massachusetts College of Liberal Arts
BOARD OF TRUSTEES FISCAL AFFAIRS COMMITTEE
June 15, 2020
Audio/Video Conference**

Members in attendance

Susan Gold, Chair
John Barrett
Karen Kowalczyk
Denise Marshall, Board chair

Others in attendance

Dr. James Birge, President
Curt Cellana, Director Fiscal Affairs
Gina Puc, Dean of Enrollment and Community Relations
Lisa Lescarbeau, Clerk

Following a roll call vote establishing a quorum present, Trustee Gold called the meeting to order at 9:32 a.m.

Mr. Cellana began with an update on current audits underway. O'Connor and Drew have been engaged for the College's annual audit and data has been supplied for their field work. The state announced audit plans that will focus on fixed assets, procurement procedures and internal controls. Data has been sent to state auditors for field work, and the audit is expected to be completed in September.

3rd Quarter FY20 Reporting

Mr. Cellana provided an overview of the 3rd quarter FY20 fiscal reporting. Net revenue of \$2.2M is projected against a budget of \$2.6M. The revenue deficit is due in large part to the loss of students. Expenses were up in the areas of equipment and IT as a result of the need to purchase equipment to support radiologic services, technology for remote teaching, and IT contract services to enhance areas such as admissions CRM and online tutoring.

Discussion followed regarding campus center expenses and revenue, which are reported separately. As well, cash basis vs. accrual basis systems were reviewed as they relate to the college's accounting practices.

FY20 Budget Update

Mr. Cellana reviewed the forecast financial reports provided to Trustees. The FY20 budget variance is estimated to be just under \$700K at year end; of this amount \$200K was IT equipment purchases to establish an improved blended learning environment. Revenue was also lost due to the pandemic as students received refunds totaling \$1.5M for room, board, and parking fees.

With regard to questions about financial aid, over-awarding will continue as a result of financial aid awarding in 2019. This amount will continue to decline as the cohort moves to graduation.

Accounts Receivable Report

Dean Puc reviewed accounts receivable balance which is \$15,100.16. Most students with balances have collection plans, while others are waiting on assistance from the College's Resiliency Fund to apply toward their balance.

In response to questions regarding the Resiliency Fund, Dean Puc noted that over 300 students received assistance from the fund, with approximately 100 requests currently being reviewed.

Student retention for first to second years is at 78%, which is the highest rate of the last four years. At this time, we are not experiencing attrition due to the pandemic; however, some summer melt is anticipated.

President Birge provided a brief overview of plans being discussed for the return and noted that some of the return plans are expected to be announced by the end of the week.

Accounts Receivable Write-offs

Dean Puc reviewed accounts receivable proposed for write-off totaling \$14,067.71. All accounts being written-off have reached the five-year mark, and will remain in the intercept system for recovery.

Upon motion duly made and seconded, it was unanimously **VOTED** to recommend approval by the Board of Trustees to write-off accounts receivable totaling \$14,067.71, as presented.

FY21 Budget

President Birge presented the FY21 budget draft. Assumptions include an 8% reduction in the State appropriation, 5% increase in student fees, and an enrollment headcount of 1,020. As presented, the projection is for a \$2.3M loss, which also includes some bond debt relief from the MSCBA for the fiscal year.

With regard to the 5% fee increase, the second tranche of CARES Act funding will assist a large portion of students in offsetting this increase.

While fully understanding the need to present a balanced budget, focus for this budget is on preserving full time employment at the College during a time when unemployment is precariously high and re-employment in the area and the industry will be difficult to secure. The economic impact to the region of losing its largest employer would be devastating.

The request being made to this committee to recommend to the board is to provide a \$2.3M supplement from reserve funds to support FY21. These funds would only be used after all other revenue is exhausted, for example, should the Federal Government supplement higher education, those funds would offset the \$2.3M budget deficit and reduce the reserve fund need.

Trustee Kowalczyk suggested that additional areas be pursued for potential reductions from employee retention credits and other federal tax credits available as a result of the pandemic.

Trustees discussed the budget difference between a 5% and 3% capital improvement fee increase, and the subsequent impact per student. Expense reductions were also reviewed by line item as presented.

Upon motion duly made and seconded, following a roll call vote, it was **VOTED** to recommend approval of the fiscal year 2021 budget with a 3% increase in student fees and a \$2.5M supplement from reserve funds to support FY21.

It is understood that any state and federal funds appropriated to the College will be used to offset the budgeted deficit.

Adjournment

There being no further business to come before the Committee, the meeting was adjourned at 10:53 a.m.