



**Minutes of the Meeting of the Massachusetts College of Liberal Arts
BOARD OF TRUSTEES FISCAL AFFAIRS COMMITTEE
Wednesday, December 4, 2019
87 Blackinton St., North Adams, MA 01247**

Members in attendance

Susan Gold, Chair
Karen Kowalczyk
Denise Marshall

Others in attendance

Dr. James Birge, President
Lisa Lescarbeau, Board Clerk
Larry Behan, Vice President, Administration and Finance
Curt Cellana, Accounting Manager, Administration and Finance

Trustees Absent

John Barrett

Complying with the provisions of Massachusetts General Laws, and with a quorum present, Trustee Gold called the meeting to order at 8:32 a.m.

First Quarter FY20 Report

Mr. Cellana began with a review of the 1st quarter FY20 report included with the meeting materials. The report provides a summary of income and expense by object code reflecting the 3-month period ending September 30, 2019. MCLA recorded a net operating gain of \$394k resulting mainly from position vacancies. Some expenses were high due to planned marketing and branding efforts.

Revenue and expenses associated with the campus center project were removed from the full P&L reports and reviewed in a separate ledger. Surplus revenue above expenses from the project is forecast to be \$566k if there are no additional construction change orders required.

Trustees discussed the open positions and current searches. Each position is evaluated for need based on several factors including enrollment trends, core requirements, and faculty to student ratios. The teach-out agreement with SVC and its impact on faculty were reviewed. Three

faculty from the SVC program have joined MCLA to continue teaching in the Health Science department.

The process for adding majors and concentrations to the college's offerings was discussed.

Mr. Cellana next reviewed accounts receivables. Student Accounts ended the fall semester with \$62,036 in receivables consisting of 48 students. The small balance students, approximately 30%, were able to register for spring classes so that balance will be rolled over and collected as part of the spring bill. The remaining students will be pursued in the unenrolled collection process. Twenty-two students defaulted on payment plans, which was a small increase from 15 students last fall.

Approximately 1,300 students were billed for the spring semester. This includes regular undergraduates, as well as cohorts and graduate students. The receivable stands at \$2,850,319 made up of 720 students. This is right on par with prior spring semesters. Bills are due December 22 and payment arrangements must be made prior to the students attending in the spring semester beginning, January 22.

FY20 Forecast

VP Behan presented the FY20 forecast and offered an overview of the reforecasting process for the Committee's newest member.

An operating deficit of \$373k is forecast for FY20. Several areas contribute to this with student financial aid being the largest variance. Strategies to address the deficit and areas over budget are being addressed by Management.

Trustees discussed the awarding process and the Ruffalo Noel Levitz strategies being used to forecast aid needed to attract students while maintaining revenue profitability. The model used shows improvement in retention; however, the number of students accepting awards was higher than forecasted and led to higher student financial aid awards. Overall net tuition revenue increased.

State supplemental funding for student financial aid may be awarded, which would reduce the deficit in the financial aid line. Any surplus from the contingency funds for the campus renovation would be used to offset the deficit as well.

President Birge stated that the model will reflect a reduction in financial aid awarding in the coming years, as net revenue remains a significant part of the analysis.

Facilities Project Update

VP Behan provided an update on renovations taking place on campus. The Centennial Dining room is complete and feedback from students and staff has been positive.

Renovations to the new fitness center are under way. Change orders for unforeseeable issues have impacted the timing of anticipated completion. A soft opening is expected to take place in summer 2020.

Funding sources for the renovations were reviewed, including a \$4.5mm in-kind donation from the college's food service provider, MSCBA bonds, DCAMM, and MCLA Foundation.

VP Behan reviewed the College's proposal for funding from DCAMM to renovate two existing campus buildings and construct a new building connecting the two existing. The total project cost is estimated to be \$26mm, with \$22mm being sought from DCAMM, and the remaining generated through fundraising, grants and in-kind donations. The submission is due on December 20 with notification of award in April/May 2020.

Adjournment

There being no further business to come before the Committee, the meeting was adjourned at 9:24 a.m.