



**Minutes of the Meeting of the Massachusetts College of Liberal Arts
BOARD OF TRUSTEES FISCAL AFFAIRS COMMITTEE**

May 17, 2022

87 Blackinton St, North Adams, MA

Audio/Video Conference

Members/Trustees in attendance

Karen Kowalczyk, Chair*
Mohan Boodram, Board Chair*
John Barrett*
Denise Marshall*
Frederick Keator

Others in attendance

Dr. James Birge, President
Lisa Lescarbeau, Board Clerk
Joseph DaSilva, Vice President, Administration and Finance
Curt Cellana, Accounting Manager, Administration and Finance
Gina Puc, Vice President, Enrollment and Strategic Initiatives

*Denotes remote participation

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

Investment Advisory Committee

Members of the finance team, President Birge and independent financial advisors met to discuss the College's assets in reserve funds of approximately \$18MM. The intent is to invest these funds in a manner that earns more interest than a standard bank account, while considering long-term risk of that investing.

Trustee Keator provided some information on the current status of the bonds market noting that the market is down 9.5% this year. As an example, all noted that the riskless pool, which consists of CDs and treasuries, as of this meeting would have produced \$31k in interest on a \$2.5MM, 18-month CD. All further explained that recommendations for investing are to use a portion of the funds, \$10MM, and invest that in risk funds including equities, S&P 500, emerging markets and bonds.

Committee members discussed risk and riskless funds, the bifurcation of the College's \$18MM reserve funds for strategic investing, and the process for investing.

Trustee Keator stated that the investment strategy is a long-term process and the Trustees need to be prepared for the financial risk, which will be carefully considered. All suggested that \$8MM of the reserve funds currently in local banks should be negotiated for preferred rates to improve ROI.

A motion was made and seconded to recommend to the board that the Fiscal Affairs Committee recommend development of an investment strategy for the College's reserve funds controlled by the board to generate usable assets for College operations.

Following discussion, the motion was withdrawn.

Upon motion duly made and seconded, following a roll call vote, it was:

VOTED: to present the investment policy and to grant the Investment Advisory Council the authority to continue with the investment strategy including the parameters within the policy.

The policy will contain percentages for investing as opposed to hard dollar amounts and will be directed by the VP of Administration and Finance in consultation with the Investment Advisory Council. The policy will focus on 75% investment in equity and 25% in fixed income funds.

Student Accounts: Receivables and Write-offs

VP Puc presented the annual student accounts receivables and write-off data. Write-offs for this FY total \$25,403.25 and is in the range of the balances of the past five years. This amount is made up by approximately 40 students and range from individual balances of \$5 to \$3,000.

Proposed write-offs of student accounts receivable totals \$38,421. All accounts being written-off have reached the five-year mark, and will remain in the Commonwealth's intercept system for recovery.

Upon motion duly made and seconded, following a roll call vote, it was unanimously:

VOTED: to recommend approval by the Board of Trustees to write-off accounts receivable totaling \$25,403.25, as presented.

The policy for write-offs was further discussed. VP DaSilva noted that state law requires public institutions carry the balance for five years.

FY22 Third Quarter Report

VP DaSilva provided an overview of the third quarter FY22 fiscal reporting including revenue and expenses. State revenue is a positive variance of \$726K as a result of the state funding formula. Tuition and fees are negative \$454k and \$1.09MM, respectively, as enrollment is down from budget. Overall revenue is down YTD from budget by \$1.12MM.

VP DaSilva reviewed expense which are \$2.7MM underbudget.

Overall adjusted actual for the third quarter shows a positive variance of \$1.6MM.

FY22 Forecast

VP DaSilva reviewed the FY22 fiscal reporting forecast consisting of nine months actual, July 2021 through March 2022. State revenue for the period reflects a positive variance of \$763K due to formula funding. Enrollment including Spring 2022 is down. Miscellaneous revenue is negative as a result of lower enrollment and PELL. Through nine months, revenue is down \$1.25MM from budget.

VP DaSilva reviewed expense noting positive variances as follows:

- \$921K in line AA employees as a result of open positions and no employee retirements as budgeted
- \$80K in line DD as worker's compensation expenses are down
- \$75K related to COVID testing

HEERF funding will be allocated from FY22 to FY23 as funds were not needed to balance the FY22 budget.

Committee members discussed the van and shuttle purchases and leases. These will not happen in FY22 due to the manufacturer ceasing production of the model contracted. Efforts will continue to purchase vehicles for student transportation.

FY23 Budget

VP DaSilva presented the FY23 budget with assumptions including an increase in funding from the state as a result of contract bargaining agreements, and a 3% increase in student fees. This results in FY23 ending with a zero balanced revenue to expense budget.

President Birge requested the Committee approve the use of \$500K in College reserve funds to as a backstop for the FY23 budget.

Committee members discussed enrollment which is budgeted for a 13% decrease and is the equivalent of approximately 130-150 full time students. While new student enrollment is even year over year, retention of current students has been impacted significantly by the pandemic.

VP Puc provided retention data noting that for the fall 2020 entering class, first to second year retention was 62% and was lower than historically seen with numbers in the 70s. Second to third year retention is 50% compared to historically being in the 60s. First year fall 22 to fall 23 has rebounded to what the College experienced pre-pandemic.

VP DaSilva reviewed expense lines AA, DD, HH, NN, RR and UU. Employee expenses is up as a result of CBA. Travel is increased as participation in conferences and professional development are expected to return to pre-pandemic levels. Construction increases by \$700K as the College matches 20% of the 5-year DCAMM Critical Repair funds for capital projects. IT expenses have been institutionalized as Title 3 funding has expired. Total expenses in FY23 are budgeted at \$45.3MM total.

Committee members discussed open positions and their relation to decreased enrollment.

VP DaSilva stated that efforts will be focused on increasing grant funding with personnel changes in the Grants Office.

The need for increased revenue was discussed to address the structural deficit within the budget.

Upon motion duly made and seconded, following a roll call vote, it was:

VOTED: to recommend approval by the Board of Trustees of the fiscal year 2023 budget and a 3% increase to student fees.

Following further discussion, upon motion duly made and seconded, it was:

VOTED: to rescind the motion to recommend approval by the Board of Trustees of the fiscal year 2023 budget and a 3% increase to student fees

Upon motion duly made and seconded, following a roll call vote, it was:

VOTED: to recommend approval by the Board of Trustees of the fiscal year 2023 budget, a 3% increase to student fees, and authority to access to \$500K in College reserve funds.

Other Business

VP DaSilva informed the Committee members of roof repairs beginning on the Amsler Campus Center. The Berkshire Towers parking lot is 98% complete with only the handrails outstanding.

Water lines and meters replacement will begin in June, followed by steam line replacements, both of which are funded by DCAMM.

President Birge provided an update on the Pathways Project which was not awarded funding by DCAMM. The Governor has provided a \$5MM planning grant for MCLA, and efforts are being made with the delegation to increase this to \$30MM as requested in the Pathways Project.

Adjournment

There being no further business to come before the Committee, the meeting was adjourned at 9:57 a.m.