



Massachusetts College of Liberal Arts
BOARD OF TRUSTEES FISCAL AFFAIRS COMMITTEE
Minutes of the Meeting of January 30, 2024
87 Blackinton St, North Adams
Audio/Video Conference

Members in Attendance

Brenda Burdick*, Chair, Karen Kowalczyk*, Denise Marshall

Members Absent

Franklyn Reynolds

Others in Attendance

James Birge, President, Curt Cellana, Joseph DaSilva, Lisa Lescarbeau,

*Remote participation

As allowed by executive order of the Governor of Massachusetts, in compliance with the provisions of Massachusetts General Laws, Chapter 30 and 15A, Section 9, and with a quorum present in-person and via audio/video-conference, the Fiscal Affairs Committee of the Board of Trustees of January 30, 2024, with Committee Chair Marshall presiding was called to order at 8:30 a.m.

FY24 Budget Actual and FY24 Forecast

VP DaSilva provided an overview of FY24 budget actual and FY24 forecast fiscal reporting including revenue and expenses. Highlights of budget actual include:

- Total revenue: (\$243K) deficit. The majority of this is state revenue and is a timing of usage as the College operates on a cash basis
- Tuition and fees: \$76k and (\$140k), respectively. Enrollment down 21 FTEs. Positive variance is a result of payer mix and allocation of funds
- Line AA – Full time employees: \$220k above budget as a result of the 4% salary increase across the board
- Line CC – special employee comp: \$357k – Adjunct faculty and student employees. This line will be reviewed more closely in the FY25 budgeting process. Student employment continues below budgeted expectations.
- Line GG – energy costs: \$113k due to mild winter weather
- Line TT – special payments: \$589k – payment for MSCBA moved from fall to spring and will level out

Overall, there is a savings in expenses of \$1m and net revenue is \$776k for the six months ended December 31, 2023.

Highlights of forecast include:

- State revenue: \$1.4m to cover the 4% and 4% increase negotiated under contracts
- Tuition and fees: \$81k and (\$72k) respectively – Enrollment down 21 FTEs. The trend from fall into spring is positive with FTEs projected at 9 over budget
- Reserves: use projected just under \$1m vs. \$2.5 budget
- Total revenue: \$750k

The forecasted use of reserves was discussed. Administration is cautiously optimistic the need for reserve funds will continue to reduce.

- Line AA – full-time employees: \$820k as a result of collective bargaining increases
- Line CC – special employee comp: (\$307) – less adjunct faculty and student employment
- Line FF – faculty operations supp: \$113k – timing issue on receipt and payment from grant funding
- Line HH – consultant services: \$293k as a result of an unbudgeted campus signage project
- Line NN – construction: \$90k as a result of unbudgeted construction costs from water incursions on campus
- Total expenses: \$676k

Overall net revenue is forecast to be \$100k as of June 30, 2024.

Investment Reporting

MCLA's investments of \$6m with Adams Community Bank Investment Services in US treasuries that are laddered over three-month periods are averaging a return of between 4.2-4.5%. The \$10m investment with Francis Investment is producing the majority of the College's investment income, with the final \$1m to be invested in March 2024.

With the success of the College's investment strategy, it is proposed that a portion of the investment income be included in the revenue line of the College's P&L statement. This would offset the reserve use of \$2.5m as approved by this Board.

Committee members discussed the College reserve funds, ROI on the investment of same funds, historic placement of the income from these funds in prior years financial reporting, and unrealized gain/loss.

The benefits of investment income as revenue were discussed. The access to funds for unforeseen events including emergency facilities repairs, and funds availability during months when the College is not receiving revenue (because the College operates on a cash basis as opposed to accrual), are two reasons for consideration of how revenue is recorded. As well, recognizing the income from investments will lower the use of reserve funds.

It was recommended that administration contact the College's auditor and the investment firm for advising on recording the income. VP DaSilva will return to the Committee with their recommendation at a future meeting.

Capital Projects Update

VP DaSilva provided a review of the capital projects planned for FY24-28 allocations. These include electrical upgrades and HVAC work in the Amsler Campus Center, Quad ramp replacement, and data center renovations. These will be funded through DCAMM and require a 20% match from the College.

The State's Fair Share allocation to MCLA is \$1.3m and will cover Venable Hall roof replacement at estimated \$700k and backup generator power for the Townhouse residences. These funds do not have a matching requirement.

Nursing Trust Fund

VP DaSilva reviewed the nursing fees the College will charge and what those fees cover for the nursing program. With this program comes a need to establish a Nursing Trust Fund.

Based on the operating costs for a nursing program, it is recommended that the trust fund revenue be used to create a fund balance with the revenues generated above expenses used to pay operating costs in subsequent years.

Upon motion duly made and seconded, with no further discussion, it was unanimously:

VOTED: to recommend the establishment of a Nursing Trust Fund with a roll-over fund balance to support the program expenses in subsequent years.

Other business

Trustee Marshall led a discussion regarding financial reporting from the Fiscal Affairs Committee to the Board of Trustees, and what reports and supporting documents are provided with the board materials. She commented on what the role of the committee is and how it relates to the work of the full board. Reports provided currently include the actual financials to budget, and the forecast financials for the FY. The concern expressed is whether, without context, the level of detail provided in the forecast might be unintentionally misunderstood.

Other reports discussed were the chart of accounts and the list of open positions which provide a level of detail that are important at the committee level.

Discussion focused on preservation of the role of committee to do the work tasked to them, and to preserve transparency of what the board needs to know for the financial position of the institution.

Chair Marshall inquired about a report of reserve fund and balances for this Committee. This report will be researched and brought for further discussion at a future meeting of this Committee.

In response to a question regarding the nursing trust fund to be established, Dr. Birge stated that the funds would be at the discretion of the president and/or the board of trustees, and in extreme circumstance the Trustees can determine if the funds should be reallocated for use elsewhere

Adjournment

There being no further business to come before the committee, the meeting was adjourned at 9:38 a.m.