



Massachusetts College of Liberal Arts
BOARD OF TRUSTEES FISCAL AFFAIRS COMMITTEE
Minutes of the Meeting of November 26, 2024
87 Blackinton St, North Adams
Audio/Video Conference

Members in Attendance

Chair Denise Marshall*, Brenda Burdick*, Buffy Lord*, Mohan Boodram* Darlene Rodowicz*

Others in Attendance

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

*Denotes 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 November 26, 2024, with Committee Chair Marshall presiding was called to order at 8:30 a.m.

FY25 Budget Actual

VP DaSilva provided an overview of FY25 first quarter actual fiscal reporting including revenue and expenses. Highlights of budget actual include:

Revenue:

- State appropriation – MCLA learned from the DHE that the funding formula has changed after 20 years resulting in a negative impact on the College of (\$141K). The percentage assigned for the formula had been a single percentage across all state institutions. The funding formula will now be based on categories including retention, enrollment, graduation rates, and Pell eligibility.
- Tuition and fees are down as a result of actual to budget down by 31 FTEs
- Grants – (\$148K) is due to timing of receipt
- Interest - \$9K due to market fluctuation
- Revenue loss of \$87,630 for the quarter

Trustee Marshall requested that the figures in the variance column be broken down in detail in the comments section.

Trustees further discussed the impact of the funding formula change and the advent of free community college. With regard to free tuition and fees, it was noted that the same is available at state universities,

but the DHE leaned into advertising only the community college fees. While the longer term will likely produce transfer students to the state universities, the short-term impact is concerning.

Trustees discussed advertising, communication, and outreach to share the message that families earning less than \$75K per year are eligible for free tuition and fees at state universities.

VP DaSilva reviewed expense highlights:

- Line AA \$78K savings as a result of open and unfilled positions
- Line CC \$75K savings in adjunct faculty and part-time student employment
- Lines KK \$149K overspend due to van purchases not in budget but completed as one-time expense
- Net revenue loss \$9.6K

VP DaSilva stated that expenses are being monitored and controlled as the year progresses.

FY25 Forecast

VP DaSilva presented the FY25 budget forecast with the following highlights:

- Revenue state – (\$141K) due to the funding formula reduction
- Tuition and fees – (\$776K)
- Interest income is impacted by market fluctuation
- End FY with (\$801K) revenue

In response to a question regarding why there is a projected surplus in tuition, but a deficit in fees, VP DaSilva explained that this is due to payor mix.

President Birge commented on the issuance of SUCCESS funds, which is estimated to be \$685k. These funds will cause fluctuation in the state revenue line once received.

Expenses:

- Line AA - \$518K open positions savings
- Line CC – \$230K from adjunct faculty savings
- Line HH – (\$6K) due to the one-time expense for HEAG consultant review of financial aid awarding practices
- Line KK – (\$124K) due to the purchase of vans as a one-time expense
- Line TT Special payments – \$283K debt service release

FY25 Capital Projects

VP DaSilva provided an update on FY25 capital projects utilizing DCAMM capital funds.

The HVAC upgrade in the Amsler Campus Center is in phase 2 with expected completion in February 2025. Total project cost: \$2.6M.

The electrical upgrade in the Amsler Campus Center was necessary to accommodate the HVAC upgrade. DCAMM funding for this project is \$1.1M with an expected completion date in late January.

The Flagg Townhouses lack emergency power at this time. Two emergency generators are being installed to maintain the residence area as livable in the event of a power outage. This project funded by DCAMM is \$385K and is expected to be complete at the end of December 2024.

There are no additional DCAMM funds approved for capital projects through the state this fiscal year. The State University Council of Presidents is working with State and DHE administration and Legislature about the possibility of going to the bond market for \$2-3B in capital funds for all 29 state higher education institutions.

The state fund that had been designated to be split between public transportation and higher education was estimated at \$1B fund. This fund is actually estimated to be at \$2B and the State is working on distribution of the full amount.

Multi-Year Budget

President Birge provided an update on the NECHE accreditation requirement that the College produce a three-year budget. With the FY 25 budget established, Finance has begun to develop what a three-year budget will look like. A committee of cross campus members will be assembled to begin projecting out the next two years and consider strategic revenue plans. Once established, the three-year plan will be continually updated to add the next year.

Investments

VP DaSilva provided an overview of the College's performance of all investment accounts. A background review was provided on the College's investment of its reserve funds that were in banks earning minimal returns. The Investment Advisory Council investigated investment options and retained the services of Francis Investments out of Pittsfield, MA. The investment strategy began with \$10M dollars invested \$1M per month over 10 months. The report provided with the meeting materials shows the return on those investments. The second step in the investment strategy was the removal of \$2M out of traditional bank accounts into money market accounts. The estimated monthly income report is also provided in the committee materials.

Additionally, \$6M was invested in treasuries with Adams Community Bank. The investments are laddered and reinvested as they mature. The current fund balance is \$6.5M

HEAG

President Birge discussed the retention of a financial consultant to review the financial aid processes of MCLA noting that there were no concerns with the Student Financial Services office or its staff. Higher Education Assistance Group (HEAG) was hired to review the College's processes and practices for awarding student financial aid. The firm spoke highly of MCLA's staff's commitment to assisting students with finding available aid.

HEAG identified areas for process changes for efficiency including:

- the use of functions that exist in the Banner application that are tied to the financial aid processes but are not utilized by MCLA
- Managing the awarding of institutional aid
- Eliminating awarding of funds over the student's actual financial need through optimization of fund awarding

The consulting firm also reviewed the separation of duties, intake and distribution, and encouraged MCLA to continue a further review of these functions, which will be done. A software purchase was also recommended, though the expense is estimated at \$750K-\$1M and is not in the budget. Consideration will be given to how this piece can be implemented.

Automation was emphasized as a fair amount of the work in the SFS office is done manually. Technology will be explored to create efficiencies and free up resources here.

With regard to awarding of aid over the financial need and the issuance of rebates to students, President Birge noted that the practice would be adjusted gradually to not negatively impact existing students.

Adjournment

There being no further business to come before the committee, the meeting was adjourned at 9:22 a.m.