

Board of Trustees Audit and Finance Committee
Wednesday, Oct. 1, 2014
Student Center Room SC203, Haverhill Campus

In Attendance: President Lane Glenn, David Gingerella, Matilda DelVecchio, Richard Haskell, Trustee William Moynihan, Trustee Peter Dulchinos, Trustee Jeffrey Linehan, Trustee Peter Cox , Linda Buckley

Trustee Peter Dulchinos called the October meeting to order at 4:04 PM.

Meeting minutes from the June 4, 2014 meeting were passed, motion made by Trustee Jeffrey Linehan, seconded by Trustee Peter Cox. All were in favor, none opposed.

AFC15-01 In-State Tuition Rate for Spouses and Dependents of Active Duty Military Service Members:

We are called upon by the states and colleges to provide certain benefits. Many colleges have moved to provide in-state tuition rate benefits to spouses. We have recently converted our veterans' service coordinator to a fulltime position, as we have 140 veterans on campus. Since we are a military friendly school, we would like to extend this benefit to spouses of active duty servicemen. The impact of this benefit would be minimal. Within the year, this benefit will be mandated by State law.

Motion to accept was made by Trustee William Moynihan, seconded by Trustee Peter Cox. All were in favor, none opposed.

AFC15-02 Fiscal Year 2015 Revised College Budget:

Final enrollment was down by about 6.5%. One third was by design, due to some ESL classes being eliminated, while the rest was due to effects of recession. The proposed budget has been revised to \$42.9 million, down from \$43.6 million. Not replacing the positions of Facilities Director and Lifelong Learning Coordinator is an example of how we reduced expenses to compensate for the enrollment decline. Also, the contribution of the Dr. Ibrahim El-Hefni Allied Health & Technology Center in Lawrence will allow us to reduce the expense side of the ledger and take advantage of some added revenue. By the end of the year, it is anticipated that the Amesbury St. building in Lawrence will be donated, resulting in a savings of \$20k per month.

Savings in Parking - The new parking lot, provided for our students and staff, will result in a reduction in the amount we pay the city for parking. The Mayor's office has been helpful in cleaning up the Buckley garage, improving lighting and signage.

We have built in some contingencies during the past few years. This year's budget has less than \$100k. There is not a lot of fluff. The VP's work together as a group, meeting weekly, to discuss potential budget issues as they come up. The first year's contingency was \$600k. Last year there was none, with a small amount this year. Due to an austere budget, an increased fee was necessary. It was noted that more complaints were heard from parking sticker fees than increased tuition rates.

With the drop in enrollment, questions have been raised about hiring freezes or across-the-board cuts. We do not see these types of changes to be strategic. The VP group has worked together as a team, so that all areas are reviewed and those that are changed or cut are the areas that can still function with the cuts in place.

Enrollment is flat across the commonwealth. There are still more students than pre-recession, but fewer dollars. State funding hasn't returned from the year 2000. Richard M. Freeland, the Commissioner of Higher Ed, has become a better advocate for community colleges, paving the way for Massachusetts to be a leader in the country for higher education funding.

The BOT has made an investment in managing the college, such as the 6.2 million dollar energy program resulting in significant energy emissions and cost savings. We received over 500K in rebates from National Grid and others. Also, a deferred maintenance study for 15 colleges is being coordinated by the firm, SightLines, with results that can be passed back to the institutions.

A million dollar investment in the bookstore, of which Follett contributed \$700k, has been very positive. The 420 Common St. property, where Eastern Bank has invested \$700k, is a very interactive, state-of-the-art building. This should be made known – a selling point when looking for more funding.

Motion to accept was made by Trustee Peter Dulchinos, seconded by Trustee William Moynihan. All were in favor, none opposed.

Informational Items:

Actual net assets have increased by \$7 million, not counting our private investments, recently discussed. Our cash positions are strong and positive – very liquid. The balance sheet is stronger than a year ago. The financial budget included depreciation of \$1 million non-cash expense. The college netted \$800k in investment income.

The budget that was approved in October was \$41,110,850. Our revenues came in \$1,127,744 below that, due to a drop in enrollment in the spring. We reduced expenditures, resulting in \$17k to the positive operating budget. The college's motto is to "spend what you need not what you have."

On November 5, auditors and investment advisors will meet for 1.5 hours; therefore the meeting will begin at 3:30 pm to accommodate this longer schedule.

The following items were discussed:

- Need for a matrix to raise fees a little bit at a time instead of a lot later.
- Need for parking stickers to be requested on-line, encouraged by a possible fee differential.
- Review of Dennis Jones' formula funding for communal common core in order to determine what changes may be made over the next few months.
- Goals for capital expenses need to be taken into account.
- Need to keep current with technology. Jeff Bickford has put together a one-page matrix that shows low end, middle-of-the-road, and optimal investment in six or seven areas of IT technology across the campus. We are, at best, in the middle-of-the-road in two of those categories and poor in the rest.

A motion to adjourn the meeting was made at 4:50 pm by Trustee William Moynihan and was seconded by Trustee Jeffrey Linehan. All were in favor, none opposed.

Submitted by Linda Buckley
October 2, 2014