

**Springfield Technical Community College
Committee of Ways & Means Report
May 10, 2021**

Present: Trustees MacArthur Starks, Jr., Vicki Crouse, Jynai McDonald and Maurice Lindsay.
Also present: President Cook.

The meeting of the Committee on Ways and Means was called to order by Chair MacArthur Starks, Jr. at 5:04 p.m.

Investment Subcommittee Report

Trustee Starks presented the minutes from the Investment Subcommittee meeting held on May 6, 2021. Please see **attachment 1** for the minutes to the meeting.

FY2021 Financial Review

Cash Flow Projection

Controller Dorothy Ungerer presented the College's cash flow status and projection for FY 2021. The College currently has approximately \$9,000,000 available at TD Bank. Based upon an overall reduction in enrollment, our projected year end cash balance is approximately \$3,200,000.

FY 2021 Revenue & Spending Report through April 2021

Senior Director of Finance and Budgets Jason Cohen presented the Revenue and Spending figures through April 2021. The projected net income for FY21 is \$3.1M. Student fee revenue is projected to be down \$2.2M from budget, and state appropriations increased by \$540K due to recent notifications from the State of workforce development and formula funding. Expense savings include full-time employee savings of (\$2M); part-time employee savings of (\$1.5M) and operating/utilities/others savings of (\$1.3M).

FY 2021 Facilities Project Report

Mr. Cohen also presented the FY 2021 Facilities Project Report. The \$2M carried forward from FY 2020 to FY 2021 will be spent by June 30. Approximately \$2.6M of FY21 funds will be carried forward to FY 2022.

FY 2021 3rd Quarter Trust Fund and Vendor Expenditure Reports

Ms. Ungerer presented the FY 2021 Third Quarter Trust Fund Reports and Vendor Expenditures over \$20,000. Ms. Ungerer noted that the CARES funding and related activity that had been reported in the prior report has been removed. This is technically a grant and should not be on the trust fund report. A footnote will be added to the report noting this.

Another View for FY21

Vice President/CFO Andrea Nathanson presented an overview/recommendation for optimal use of Federal COVID relief funding. To date, the College has received \$3,844,000 in CARES funding (50% direct for students) and \$8,497,000 in CRRSAA federal funding (50% direct for students). In addition, the College is expecting to ARP (American Rescue Plan) funding of \$14,000,000 (50% direct for students). The original plan was to use CRRSAA funds to balance the FY22 budget and save ARP for future needs/budgets. After careful consideration and discussions with the auditors, it was recommended that waiting until FY23 may be problematic given the reduction in COVID-impact on college operations; it may be difficult to identify

COVID-specific uses of the funds in FY23. The recommendation is for the College to maximize the use of COVID funding in FY21, swap out STCC fee revenue, and place those surplus dollars into reserves (Federal funds cannot be placed into reserves). After a lengthy discussion, it was determined that the best course of action would be to hold another meeting of the Ways & Means Committee and invite the college auditors to discuss the fiscal/budget management approach.

Final Draft (#3)/Review of FY 2022 Budget

VP/CFO Nathanson presented the final draft of the FY 2022 budget. This version of the budget assumes that state appropriations will be flat at \$28M; enrollment will be down 7.6% from FY 2021 and \$5.07M of COVID Relief Funding will be used to offset budget expenses.

Motion – FY 2022 Student Fees

Trustee Crouse moved that the Springfield Technical Community College Committee on Ways and Means recommends that the Board of Trustees freeze College fees for FY 2022 at the same level as FY 2021 in recognition of the economic hardship faced by our students due to the pandemic. A roll call vote was taken and all were in approval.

Motion – FY 2022 Budget

The Committee decided not to vote on the FY 2022 budget motion until after the special Ways & Means meeting with the auditors on Monday, May 17.

Old/New Business

The Facilities Projects-Budgeting update by Senior Director of Facilities Deb Avery was tabled.

Date of the next meeting

June 14 @ 5:00 p.m.

Adjournment: A roll call vote was taken to adjourn at 6:20 p.m. Approved by Trustees Starks, Crouse, MacDonald, Lindsay.

Respectfully submitted by: Carolyn deliefde

Springfield Technical Community College
Investment Subcommittee Report
May 6, 2021

Attendees: MacArthur Starks, Jr., Maurice Lindsay, Michael Chase, President Cook, Andrea Nathanson, Dorothy Ungerer, Gerry de Berly, John Reynolds, and Nanette Flores.

The committee met with Fiducient Advisors on May 6, 2021 for the quarterly investment subcommittee meeting.

Mr. Chase provided a firm update of the name change from DiMeo Schneider & Associates, LLC to Fiducient Advisors as of March 29, 2021.

Mr. Chase presented the Quarterly Investment Review Report for the first quarter of 2021. The Fiduciary Governance Calendar for the first quarter contains a fee and spending focus:

- Spending Policy Trends
- Analysis of Expense Structure

Mr. Chase discussed spending policy trends among colleges and universities. It was noted that generally colleges are reducing spending levels in an effort to have a greater probability of maintaining purchasing power in the future. Two percent of colleges and universities responding to a survey last year reported using special appropriations to cover shortfalls related to COVID-19.

Mr. Chase proceeded to provide updates on capital markets, market themes, economic review, financial markets performance, asset class performance, and equity, and fixed income updates.

Investments managed by Fiducient Advisors totaled \$18,412,882 at March 31, 2021. This represents a fiscal year-to-date increase in portfolio value of \$2,557,270.

The long-term investment account totaled \$13,485,969 at March 31, 2021. A summary of the STCC Long Term Investment Account as compared to the L/T STCC Hybrid benchmark is listed below by quarter, fiscal year to date, and since inception (11/1/2014).

	QTR	FYTD	Inception
STCC Long Term	3.8	22.8	6.6
L/T STCC Hybrid benchmark	2.4	18.7	6.9

The L/T STCC Hybrid benchmark consists of:

	Weight (%)
Bloomberg Barclays U.S. Aggregate Index	25.0
Russell 3000 Index	32.5
MSCI AC World ex USA (Net)	26.5
HFRI Fund of Funds Composite Index	7.5
FTSE EPRA/NAREIT Developed Index (Net)	5.0
Diversified Real Asset Blended Index	3.5

The short-term liquid account totaled \$4,926,913 at March 31, 2021. A summary of the STCC Short Term Investment Account as compared to the S/T STCC Hybrid benchmark is listed below by quarter, fiscal year to date, and since inception (11/1/14).

	QTR	FYTD	Inception
STCC Short Term	-0.4	0.4	1.4
S/T STCC Hybrid benchmark	-0.4	0.1	1.6

The S/T STCC Hybrid benchmark consists of:

	Weight (%)
90 Day U.S. Treasury Bill	30.0
Bloomberg Barclays 1-3 year Gov/Credit Index	60.0
Bloomberg Barclays U.S. Aggregate Index	10.0

An estimated fee analysis was also provided:

Long-Term Investment Account Average Weighted Fee	53 basis points
Short-Term Liquid Account Average Weighted Fee	17 basis points
Wells Fargo (Base Fee)	.04% on all assets, \$750 per account
Fiducient Flat Fee	\$47,762

Trustee Starks expressed his appreciation to Mike Chase for the management of the college's investments and for taking appropriate action where necessary. President Cook expressed confidence in the relationship between the college and Fiducient. He appreciated the information that was presented, confirming the solid position the college has been in along with the survey that was shown. He remarked that it is nice to know that the college has been able to avoid the practice of using investments to assist with operations, unlike other colleges and universities.

Respectfully submitted by: Dorothy Ungerer