

**Springfield Technical Community College
Committee on Ways and Means Report
May 8, 2023**

Present: Trustees MacArthur Starks, Jr., Samalid Hogan, Marikate Murren and Norman Roldan. Also present: President John B. Cook.

Absent: Trustee Jeffrey Sattler

Trustee Starks called the meeting of the Committee on Ways and Means to order at 5:05 p.m.

Investment Subcommittee Report

Trustee Roldan reviewed highlights of the investment sub-committee report from the May 4, 2023 meeting. Please see attachment 1 for the report from the meeting.

FY 2023 3rd Quarter Trust Fund Report

Mr. Jonathan Tudryn, Assistant VP of Administration and Controller, presented the report in accordance with trust fund guidelines. The revenue and expenses for all three trust funds fell in line with expectations for the 3rd quarter. Tuition and fee revenue are slightly higher due to FY 23 enrollment coming in above budget. The college has not needed to recognize the use of reserves through the third quarter. The FY 22 facilities projects carry over funds have been fully spent. The most recent version of the vendor expenditure report was also presented.

Financial Update and Outlook

Cash Flow Projection

Mr. Tudryn presented the cash flow projection. The College had approximately \$8.3M available at TD Bank on April 28, 2023. The projected year end cash balance is approximately \$5.7M. The projection was extended through October 21, 2023 and reflects a healthy cash position within that timeframe.

FY 2023 Budget Outlook

Jason Cohen, Senior Director of Finance and Budgets, presented the updated FY23 Revenue and Spending report. The most notable update was the use of reserves being reduced from an original budget of \$4M to a projection of \$911K. This represents a break-even projection, while using approximately \$3M less from reserves.

President's Perspective

President Cook updated the Committee on the status of proposed legislation (MassReconnect/Free Community College and Fee Stabilization) initiatives being considered as part of the FY24 State budget process. As a reminder: a finalized state budget almost invariably occurs after the start of the fiscal year on July 1st. He also noted that the proposed STCC FY24 budget assumes a smaller level of support from Reserves compared to the Trustee-endorsed multi-year plan, and emphasized that there is still work to be done for the College to eliminate the structural budget deficit.

FY 2024 Budget

Vice President/CFO Nathanson presented the final draft of the FY24 budget for Committee approval, including a summary of major assumptions, which are conservative, and comparisons to the FY23 budget and projection. With credits budgeted at 4.5% down from FY23, fee increases of \$10 per credit to mandatory general education fees (starting January 2024), and a new STEM fee of \$100 per semester (also effective in winter/spring 2024), the FY24 budget is balanced with support from reserves of \$2.5 million - \$500K less than in earlier drafts. Of note, for students with the greatest financial need (zero expected family contribution – EFC), all fee increases are within the limit to be fully covered by Pell grants. If the College receives State support for fee stabilization, the general education fee increase will not be implemented.

Motion 2023-07] FY 2024 Student Fees

Trustee Murren moved that the Springfield Technical Community College Committee on Ways and Means recommends that the Board of Trustees increase the General Education Fee by \$10 per credit starting in Winter/Spring 2024 and establish a STEM Program Fee in the amount of \$100 per semester starting in Winter/Spring 2024. All other College fees for FY 2024 will remain at the same level as FY 2023. Should the final General Appropriations Act for Fiscal Year 2024 contain appropriations for Springfield Technical Community College at or above the levels recommended in the Governor’s House 1 budget filed on March 1, 2023, and these appropriations are not otherwise reduced mid-year, the Board shall make no increases to the per-credit mandatory (general support/college) fees through FY 2024. This Board action does not apply to increases in other fees that are specific to courses, programs, labs, technology or facilities. The motion was seconded by Trustee Roldan and approved unanimously via roll call.

Motion 2023-08] FY 2024 Budget

Trustee Murren moved that the Springfield Technical Community College Board of Trustees Committee on Ways and Means, pursuant to the provision of Section 22, Chapter 15A, recommends the approval of the FY 2024 College Spending Plan and the FY 2024 Trust Fund Budgets, and further authorizes the President of the College and/or his designee(s) to take any and all prudent steps necessary to award contracts for capital projects. The motion was seconded by Trustee Hogan and approved unanimously via roll call.

Date of the next meeting

Next Fiscal Year, TBD

Adjournment:

A roll call vote was taken to adjourn at 5:43 p.m.

Respectfully submitted by: Dominick Uguccioni

Springfield Technical Community College
Investment Subcommittee Report
May 4, 2023

Attendees: Norman Roldan, Anthony Montemagni, Michael Chase, Matthew Fratini, President Cook, Andrea Nathanson, Gerry de Berly, Jonathan Tudryn, Dorothy Ungerer, and Nanette Flores.

The committee met with Fiducient Advisors on May 4, 2023 for the quarterly investment subcommittee meeting.

Mr. Fratini presented the Quarterly Investment Review Report for the first quarter of 2023. The Fiduciary Governance Calendar for the first quarter contains a fee and spending focus:

- Spending Policy Trends
- Analysis of Expense Structure

Mr. Fratini proceeded to provide a spending policy review, an analysis of spending trends, and portfolio expense structure. Mr. Fratini provided updates on market themes, economic review, and asset class returns. He also provided equity market updates as well as updates on financial markets performance. Mr. Fratini provided a summary of the dollar cost averaging activity and noted that this has been completed:

- November 2022 – \$6,000,000 was received and deposited into the Short-Term Account. \$5,000,000 was invested into the Short-Term Portfolio across the Federated MMDT Money Market, Baird Ultra Short Bond and Payden Limited Maturity Fund.
- November 2022 – February 2023 -Dollar Cost Average \$4,000,000 into the Long-Term Portfolio –
 - \$1,000,000 was invested into the Long-Term Portfolio in November
 - Over December, January and February, raised \$1,000,000 each month in the Short-Term Portfolio from Federated MMDT Money Market, Baird Ultra Short Bond and Payden Limited Maturity Fund and invested in the Long-Term Account.

Mr. Chase presented a brief summary of asset allocation changes which have shown to be beneficial thus far.

Investments managed by Fiducient totaled \$33,750,608 at March 31, 2023. This value includes a fiscal year to date gain of \$1,526,287.

The long-term investment account totaled \$25,802,905 at March 31, 2023. 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	5.1	5.8	4.7
L/T STCC Hybrid benchmark	5.1	6.1	4.9

The L/T STCC Hybrid benchmark consists of:

	Weight (%)
Bloomberg U.S. Aggregate Index	25.0
Russell 3000 Index	34.5
MSCI AC World ex USA (Net)	24.5
HFRI Fund of Funds Composite Index	7.5
FTSE EPRA/NAREIT Developed Index (Net)	4.0
Diversified Real Asset Blended Index	4.5

The short-term liquid account totaled \$7,947,703 at March 31, 2023. 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	1.3	2.2	1.0
S/T STCC Hybrid benchmark	1.3	1.8	1.1

The S/T STCC Hybrid benchmark consists of:

	Weight (%)
90 Day U.S. Treasury Bill	30.0
Bloomberg Short-Term Government/Corporate	60.0
Bloomberg U.S. Aggregate	10.0

An estimated fee analysis was also provided:

Investment Portfolio:

Long-Term Investment Account Fee	44 basis points
Short-Term Liquid Account Fee	17 basis points

Principal (Base cost)

4 basis points on all assets
Account fee of \$750 per account

Fiducient Fee

Flat Fee Subject to Escalator. Approximate 2022 Fees Paid: \$52,000

The meeting adjourned at 4:57 PM.

Respectfully submitted by: Dorothy Ungerer