

**Springfield Technical Community College  
Committee on Ways and Means Report  
March 11, 2024**

**Present:** Trustees MacArthur Starks, Jr., Laurie Martin, Jeffrey Sattler, and Norman Roldan. Also present: President John B. Cook.

**Unable to Attend:** Trustee Samalid Hogan

Trustee Starks called the meeting of the Committee on Ways and Means to order at 5:00 p.m.

**FY 2023 Single Audit**

Lisa Rotondi, CPA, Senior Manager from WithumSmith & Brown, reviewed the FY 2023 Single Audit as required by the Uniform Guidance and Government Auditing Standards. Complete details can be found in the complete Single Audit Report included with the meeting packet.

**[Motion] FY 2023 Single Audit**

Trustee Sattler moved the Springfield Technical Community College Board of Trustees Committee on Ways and Means, pursuant to the provision of Section 22, Chapter 15A, approve the FY 2023 Single Audit & Agreed Upon Procedures as presented (see attached).

The motion was second by Trustee Martin and approved by all Trustees present via roll call.

**Consolidation of Trust Funds**

Mr. Jonathan Tudryn, Assistant VP of Administration and Controller, presented a proposed plan to consolidate the Health Trust Fund, and the Capital Improvement Trust Fund under the General Education Trust Fund. Mr. Tudryn noted that management is not finding any value in maintaining these Trust Funds separately, and that the proposed consolidation would still include quarterly updates and vendor expenditure reports for the Trustees' review.

**[Motion] Consolidation of Trust Funds**

Trustee Sattler moved that the Springfield Technical Community College Board of Trustees Committee on Ways and Means, pursuant to the provision of Section 22 of Chapter 15A, recommends to the Board of Trustees that the following trust funds dissolve effective March 25, 2024:

- Health Trust Fund
- Capital Improvement Trust Fund

The Board of Trustees consolidates the unrestricted fund balances and activity from the dissolved Health Trust Fund and Capital Improvement Trust Fund to the General Education Trust Fund as shown in Attachment A.

The motion was seconded by Trustee Roldan and approved by all Trustees present via roll call.

**Financial Update and Outlook**

**Cash Flow Projection**

Mr. Jonathan Tudryn, Assistant VP of Administration and Controller, presented the cash flow projection for FY 24. The College transferred \$5 million from the TD Bank account to the short-term account at

Fiducient, bringing the cash balance at TD Bank to approximately \$9.4 million available on February 24, 2024. The projected fiscal year end cash balance is approximately \$5 million.

### **FY 2024 Revenue and Spending Projection**

Jason Cohen, Senior Director of Finance and Budgets, presented the updated FY 24 Revenue and Spending report, noting that net income is projected to be \$1.05 million at year end without needing to use any of the budgeted \$2.5 million revenue from reserves. Significant factors impacting net income are the late addition of formula funding to the state appropriation of \$504K, enrollment favorable to budget for a net impact of \$3.1 million, and personnel vacancies reducing salary expense.

### **FY 2025 Budget**

Vice President/CFO Nathanson revisited key budget assumptions, and shared the first draft for the FY 25 budget. This is the first of three installments that allow the college to navigate strategies to arrive at a balanced budget. On the revenue side, the state appropriation is conservatively assumed to increase by 1.5%; enrollment/credits are conservatively assumed to decline by 2% compared to FY 24; and student fees were held flat year-over-year. Also included in revenue is \$1.5M from reserves, which is less than the \$2M originally slated per the plan endorsed by Trustees. On the expense side, staffing is held flat to current with salary expenses inflating according to contractual obligations where known, and by 3% otherwise. Most non-salary expenses are budgeted to inflate by 4%, and facilities and IT project/capital budgets are held flat to FY24 at \$3.1M and \$1.6M respectively.

A discussion about potential fee increases described a potential addition of \$500K toward balancing the budget, with increases to the General Education fee, as well as program and course-specific fees. Trustees expressed appreciation for the analysis that may inform a decision to increase fees, and also requested additional information about fee rates/comparisons from other Massachusetts community colleges. Also described was the purpose of a conservative enrollment figure (-2%), and given that MassReconnect is dependent on annual legislative and budget inclusion and approval.

VP Nathanson also provided an update to the analysis of unrestricted net position (reserves), which showed a considerable increase in the balance since the end of last fiscal year. The updated proposed use of reserves projects that, even with the potential use of \$2M in FY25 and \$1M in FY26 to support operations, as well as the \$11.5M committed by Trustees to fund a portion of the relocation of the School of Health and Patient Simulation, the balance at the end of FY27 would conservatively be \$18.3M. President Cook prompted about the continued active fiscal management work by the college, and how helpful and encouraging for STCC that forecasted unrestricted net position even after the major capital project will far exceed the balance of \$6.3M at the end of FY19 (pre-pandemic).

Based on these assumptions, DRAFT #1 of the FY 25 budget carries a net deficit of \$2.5M. With the potential use of \$1.5M of revenue from reserves, the total deficit to be reconciled to achieve a balanced budget is about \$1.M. Of note, the most significant expense increase impacting the budget from FY24 to FY25 is related to full time salaries due mainly to a \$1.6M increase in pay rates, most of which are contractually obligated.

In advance of the next Committee meeting, management will analyze and prepare for discussion both revenue and expense strategies to be included in Budget Draft #2.

**Old/New Business**

**Date of the next meeting**

April 22, 2024 at 5:00 p.m.

**Adjournment:**

A roll call vote was taken to adjourn at 6:05 p.m.

Respectfully submitted by: Dominick Uguccione