

**Springfield Technical Community College  
Committee on Ways and Means Report  
March 14, 2022**

**Present:** Trustees MacArthur Starks, Jr., Jeffrey Sattler, Norman Roldan, Marikate Murren, Samalid Hogan and Maurice Lindsay. Also present: President Cook.

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

**FY 2021 Single Audit & Agreed Upon Procedures**

Jonathan Tudryn, Controller presented an update on the FY 2021 Single Audit and Agreed Upon Procedures performed by O'Connor and Drew, P.C. While the Student Financial Aid Cluster is generally tested in the Single Audit, it was not required to be tested this year due to the significant HEERF funding being a larger area for auditing. Since management recognized the importance of also auditing the Student Financial Aid Cluster, it was audited through the Agreed Upon Procedures. The Single Audit and Agreed Upon Procedures were both clean with no material weaknesses, significant deficiencies or findings.

A motion was made by Trustee Hogan that the Springfield Technical Community College Committee on Ways and Means, pursuant to the provision of Section 22, Chapter 15A, moves to recommend to the Board of Trustees the approval of the FY 2021 Single Audit & Agreed Upon Procedures as presented. The motion was seconded by Trustee Roldan and approved by all.

**FY 2022 Financial Update & Outlook**

**Cash Flow Projection**

Mr. Tudryn presented the cash flow projection for FY 2022. The College had approximately \$8M available at TD Bank at the end of February. The projected year end cash balance increased to approximately \$4.3M as a result of some facilities projects that will carry into FY 2023, combined with using the State Appropriation as a funding source for select projects.

**FY 2022 Revenue & Spending and Projection**

Jason Cohen, Senior Director of Finance and Budgets presented the FY 2022 Revenue and Spending Report as of February, 2022. The projected net surplus at year end is \$670,859. This surplus comes primarily from a combination of an increase in the State Appropriation due to the funding formula along with savings in the Full and Part-time Salaries lines.

**FY 2023 Budget**

**FY23 Budget Assumptions**

Along with President Cook, Vice President Andrea Nathanson shared an overview of the key assumptions included in the first draft of the FY 2023 budget. A reminder was shared that a second draft would be developed for the April meeting, with the hope to share a final Budget at the May meeting.

Revenue assumptions include the state appropriation set at an estimate provide by DHE; a 3% decline in enrollment as compared to FY22 projected credits; no increases to student fees; and approval by Trustees for \$4 million from reserves. Expense assumptions included a 2% salary increase for all union and non-unit employees; and a combined \$4.45M investment in Facilities and IT/Cyber Security.

## **FY23 Budget Draft #1**

VP Nathanson presented a summary of the first draft of the FY 2023 budget reflecting the assumptions described above, and with a \$1.2M deficit. Understanding that this is the first of three budget drafts, Trustees expressed interest in the potential revenue and expense strategies to reconcile the budget. VP Nathanson observed that most of the deficit-management will likely come from a reduction in expenses, and that all areas of possible savings will be analyzed.

### **Discussion**

There was robust discussion regarding key revenue and expense assumptions, including questions about the historical relationship between fees increases and enrollment, as well as the history of expense reduction strategies. This topic will be reviewed again at the April meeting with additional data provided to inform the discussion.

To illustrate the College's capacity to utilize \$4M of reserves in the FY23 budget, administrators showed the Committee a multi-year approach that would utilize the unrestricted net position and cash/investments held by the College, including a schedule of proposed use of reserves for FY 2023 - FY 2026. In the scenario presented, the unrestricted net position in FY 2026 would be \$6.5M, about the same level it was in FY 2019, pre-pandemic, after the college used \$3M in reserves to help fund the Building 19 major infrastructure project.

In response to Trustee questions, President Cook noted that a surplus in FY23 would be put back into reserves if not needed for other expenses. He also confirmed that there is no plan for an early retirement incentive at this time due to the potential cost.

Dr. Cook thanked the Committee for their consideration of the use of reserves to balance the FY 2023 budget.

### **Date of the next meeting**

April 11, 2022 at 5:00 p.m.

### **Adjournment:**

A roll call vote was taken to adjourn at 6:00 p.m. Approved by Trustees Starks, Murren, Lindsay, Hogan, Roldan and Sattler.

Respectfully submitted by: Carolyn deLiefde