

**Springfield Technical Community College
Committee on Ways and Means Report
March 13, 2023**

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

Absent:

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

Financial Update and Outlook

Cash Flow Projection

Mr. Jonathan Tudryn, Assistant VP of Administration and Controller, presented the cash flow projection for FY 2023. The College had approximately \$9.4M available at TD Bank on March 5, 2023. The projected year end cash balance is approximately \$5.9M. The timing of facilities projects and when invoices are paid may increase the end of year cash balance, projections being presented are conservative.

FY 2023 Enrollment Update

Andrea Nathanson, VP of Administration and CFO, updated the Committee on Spring 2023 credits as they relate to financial performance. Spring credits are up 4.8% compared with Spring 2022, and overall the College is up by 6,853 credits as compared to the FY23 budget. The net financial impact is projected to be favorable by \$930K for FY23.

FY 2023 Budget Outlook

Jason Cohen, Senior Director of Finance and Budgets, presented the updated FY23 Revenue and Spending report, noting that there is a projected \$2.6M favorable variance for the fiscal year. Significant factors impacting net income are the addition of formula funding to the State Appropriation of \$454K for FY22 and \$712K for FY23, enrollment favorable to budget for a net impact of \$930K, and personnel vacancies reducing salary expense by \$372K.

President's Perspective

Dr. Cook provided context for continued budget preparations with an overview of two critical components of the FY24 State-level budget discussions with a potential impact on community college funding and a reminder of the College's financial position. In particular, Dr. Cook described potential impact of the following items in the Governor's proposed FY24 budget on community colleges:

MassReconnect would fund tuition, fees, books and supplies for adults 25+ who do not already have a college credential. State Community Colleges are in support of the proposal, which could have a positive impact on future enrollment.

Fee Stabilization. The Governor's budget also includes approximately \$12 million that would potentially mitigate the need for fee increases at all community colleges for the upcoming fiscal year. Because the state budget will not be finalized prior to Trustee approval of the STCC FY24 budget, there will likely be a need to vote on a contingent FY24 fee increase that would take effect only if state funding does not come through.

Dr. Cook also reviewed with Trustees the strategic growth of reserves (cash plus total investments) and the planned use of \$10 million, endorsed by Trustees, over a 4-year period, FY 2023-2026, in support of operations. Projections show that even after the use of that \$10 million, the combination of STCC's Cash & Investments, and Unrestricted Net Position in FY26, will be higher than pre-pandemic FY19.

The President also referenced an email he sent individually to Trustees detailing a confidential approach by which the college would manage a budget if Trustees did not otherwise approve the use of \$3 million from reserves. Given the confidential nature of personnel considerations, Dr. Cook indicated that pending questions from the Committee, an executive session may be needed, and would be managed in accordance with the Massachusetts Open Meeting Law.

FY 24 Budget Process

Vice President/CFO Nathanson shared an overview of the major assumption for Draft #1 of the FY24 budget. Most notable: the state appropriation is currently flat to FY23 per DHE; enrollment/credits assumed to decline by 4.5% given projections reviewed with the Committee; student fees are held flat to FY23; expense inflation; and salaries, are based on recent history with projections. She also noted that the budget draft does include the planned use of \$3 million from reserves per the plan endorsed by Trustees last year.

Based on these assumptions, DRAFT #1 of the FY24 budget carries a net loss of \$1.5 million. Comparing this draft to the FY23 budget, total revenue, net of the \$1M reduction in revenue from reserves, is \$1.72 million. The change is due mainly to increases in the state appropriation and projected credits. Total expenses in this draft are \$2.2 million higher than the FY23 budget, with the largest portion of the increase due to contractually obligated salary increases.

Next steps in the budget reconciliation (i.e. what can Trustees expect with Draft #2) process include an assessment of potential fee increases, review of the impact of the early retirement incentive program, other salary reduction strategies, and analysis of operational expenses.

At the next Committee meeting, the Committee will be presented for their review Draft #2 of the budget, and will include a comparison to the FY23 projection, per Trustee Stark's recommendation.

Old/New Business

Date of the next meeting

April 10, 2023 at 5:00 p.m.

Adjournment:

A roll call vote was taken to adjourn at 5:48 p.m.

Respectfully submitted by: Dominick Uguccioni