Minutes of the Meeting of the Massachusetts College of Liberal Arts
BOARD OF TRUSTEES FISCAL AFFAIRS COMMITTEE
January 24, 2023
87 Blackinton St, North Adams, MA
Audio/Video Conference

Members in attendance

Franklyn Reynolds, Chair*
Brenda Burdick, Board Chair*
John Barrett*
Karen Kowalczyk*

Others in attendance

Dr. James Birge, President
Lisa Lescarbeau, Board Clerk
Joseph DaSilva, Vice President, Administration and Finance
Curt Cellana, Accounting Manager, Administration and Finance
Ian Bergeron, Chief Information Officer

*Denotes remote participation

As allowed by executive order of the Governor of Massachusetts, in compliance with the provisions of Massachusetts General Laws, Chapter 30 and 15A, Section 9, and with a quorum present in-person and via audio/video-conference, the Fiscal Affairs Committee meeting of January 24, 2023 with Committee Chair Reynolds presiding was called to order at 8:32 a.m.

FY23 Fiscal Reporting

VP DaSilva provided an overview of the second quarter FY23 fiscal reporting including revenue and expenses. Revenue for the quarter is a positive variance of $284K to budget. The negative variance of $408K in state revenue is in salaries and will be called by June 30, 2023. Fees up 13% to budget year over year, and 6.6% for the spring semester to budget. This equates to approximately $600K in net revenue not forecast. Grant funds are offset by corresponding expenses on line KK. Miscellaneous revenue of $248K will be settled with payment from the Foundation. Overall revenue is trending favorably at this time.

In response to a question regarding fees appearing to be the same as the first quarter, it was noted that this is a function of a cash vs. accrual accounting basis and not recognizing revenue until it is collected.

VP DaSilva highlighted individual expense lines as follows:

- AA – Full time employees - $700K positive variance as a result of open positions and timing of filling those positions.
- CC - Special employee comp – positive variance of $324k as a result of a significant decrease in part-time students employed on campus and fewer adjunct faculty on payroll.
- DD – Pensions/insurance - positive variance of $106K as a result of fringe benefits being down in direct correlation with open positions
- EE – Admin expenses and supplies – positive variance of $204K attributable to timing of spend throughout the fiscal year.
- GG – Energy costs – positive variance of $94K due in part to the Berkshire Towers being off line, and the area experiencing a mild winter to date.
- HH – Consultant services – negative variance of $107K, and will continue to this trend with the need to repair athletics fields. Architect fees are $150K and work to determine the full cost of the project is near completion. Financing for this work will be visited in a future meeting.
- JJ – Operational services – negative variance of $55K as a result of timing on meal plans
- KK – Equipment purchases – negative variance of $236K will be offset by corresponding grants in revenue as noted above.
- NN - Construction – positive variance of $88K attributable to timing of projects
- RR – Educational assistance – negative variance of $164K to be offset by additional grant revenue
- UU – IT expenses – negative variance of $94K as a result of a grant received to purchase equipment. This will be offset in grants revenue.

Overall net revenue is a positive variance of $1.187M year to date.

Committee members discussed the athletics fields expenses and the proposed work. Trustee Barrett questioned the Administration's decision-making authority with regard to the elimination of the College's tennis program and the subsequent removal of the tennis courts at the athletics complex. President Birge noted that facilities upgrades are decision of the administration, and that the financing of the athletics field improvements would be brought before the Fiscal Affairs Committee and the Board of Trustees for their consideration at future meetings.

Trustee Barrett expressed further concern with regard to the tennis program being discontinued, if this were in fact a policy making decision for the board, and the perceived lack of transparency in making this decision. He did not recall discussion of this and the field improvements being reported in minutes of the Student Affairs Committee, and reiterated his belief that these decisions are policy responsibility of the Board, and that this Board needed to conduct more oversight.

In response to questions regarding open positions, President Birge stated that the College continues to have a lack of student worker applicants, and that there is a current trend among this generation to not work on campus. With regard to recruiting for open positions, the College advertises with multiple publications and online services, and works with organizations informally who may have excess in their applicant pool. This trend continues across higher education institutions.

Capital Project FY24 - 28

VP DaSilva stated that MCLA will receive an allocation for FY24-28 from DCAMM of approximately $4.5M for capital projects. The College is required to match 20% of these funds for use. One project being considered is the replacement of HVAC in the Amsler Campus Center with an estimated cost of $4M.

With regard to energy efficiency programs available to the College, VP DaSilva stated that for this project there are no programs available. However, it is anticipated that these types of programs will be available for other projects.

As an add-on to the HVAC project, a generator will be installed and energy upgrades performed. The total cost of this project is estimated at $1M and is expected to bring rebates to the College.

All proposed projects are put out for bid and are managed with the College's House Doctor. Work on these projects is anticipated to begin on July 1.

Current projects continue as part the College's critical infrastructure upgrades to water and steam lines throughout campus. Phase one is complete and phase two of this project will begin in early spring. During the coming phase, the campus will be under considerable visible construction with projected completion for September 2023.

Copier Initiative

CIO Bergeron provided an overview of the upcoming copier replacement initiative. All printers and copiers on campus will be replaced with high efficiency copiers. This project is cost neutral at $7K per month and $83,400 for the year.

The copy center changes will result in a staff reduction with savings of approximately $75K, and a $24K reduction in a servicing agreement. This initiative will also alleviate the use of 20% of an FTE that was used for printer repair work.

Equipment numbers will fall from 170 to 70 pieces that will be 30% more efficient. The project will improve access to copiers, scanners and color printing throughout campus, and improve print network security.

Trustee Keator asked about student involvement in this project and placement decisions for the copiers. VP Bergeron explained that, while students were not directly solicited, student use through observation was factored into the project.

With regard to how the savings from this project are employed, VP Bergeron stated that future efforts include digitizing content to reduce paper waste, improved digital storage and retention of records, and document management.

Trustee Barrett asked if the copiers would be leased or purchased. VP Bergeron replied that this is a lease project and includes a maintenance contract. Equipment will be replaced at the end of their usable life, which correlates to the end of the lease agreement.

FY24 Budget Process

VP DaSilva stated that Administration and Finance staff have begun work on the College's FY24 budget with President Birge. The next step will begin with members of the executive team and includes a review of open positions and their disposition. Vice Presidents will receive budget financial reports for their departments, with the next step in the process to include members of the VP's division involved in the budget process. Management will be tasked with identifying efficiencies in operations to further refine the budget for their divisions and the College as a whole.

The FY 24 budget will be presented to the Fiscal Affairs Committee at their next meeting.

President Birge discussed the challenges the College faces in the coming fiscal year as the one-time funds from the federal and state governments reach their end. While there is encouraging data from enrollment reporting 15% increase in applications, and the anticipated approval of a nursing program that will result in an increase in enrollment, administration must continue to be vigilant in identifying efficiencies and cost saves.

President Birge has asked the Board of Trustees for financial support in the way of access to the College's reserve funds in past budget years; however, this has not been needed and it is likely that the College will not need to use funds this fiscal year. It is anticipated that he will approach the Board again for FY24 to seek access to reserve funds. Administration remains cautiously optimistic with the addition of hockey and nursing programs.

VP DaSilva will provide Trustees with a report of the College's reserve funds for the past five years as requested by Trustee Kowalczyk.

Investments

VP DaSilva provided a brief update on the state of the investment activity. Approximately $6.1M on deposit at Adams Community Bank earning .06% interest were laddered in treasuries and will now earn 4.5%. Conversation are underway with Berkshire Bank, where the College has monies on deposit in low interest-bearing accounts - .02%, to determine the best way to invest these funds while maintaining the security of these funds.

The Investment Advising Counsel has narrowed down to four the investment service firms that will present their investment strategies for final selection. These 45-minutes presentations are scheduled for February 6 and 7.

President Birge acknowledged Trustee Keator for his work on this initiative, and for his participation in the investment firm selection process.

Adjournment

There being no further business to come before the Committee, the meeting was adjourned at 9:13 a.m.