Board of Trustees

Finance and Capital Assets Committee

9:30 AM
June 20, 2019
President's Boardroom, The Horace Mann Center

1. Called to Order	Trustee Sullivan
2. Minutes	
a. April 24, 2019	Trustee Sullivan
3. Items for Information	
a. FY19 Sponsorships	Stephen Taksar
b. Parenzo Hall Renovation Update	Stephen Taksar
4. Items for Discussion	
a. FY20 Operating Budget	President Torrecilha/Stephen Taksar
b. Multi-Year Planning Model	President Torrecilha/Stephen Taksar/ Daniel Forster/Maria Feuerstein
5. Items for Action	
a. Motion – FY20 Operating Budget	President Torrecilha/Stephen Taksar
b. Motion – Capital Projects	Stephen Taksar
c. Motion – FY20 Sponsorships	Stephen Taksar
d. Motion – Vehicle Lease/Purchase Program	Stephen Taksar
e. Motion – Fixed Assets, Capitalization, and Inventory Control Policy (0601)	Steven Scibelli
f. Motion – Investment Advisor	Trustee Queenin/Stephen Taksar
g. Motion – Voluntary Separation Incentive Plan	President Torrecilha

Attachment(s):

a. Minutes 4-24-19 (Draft)
b. FY19 Sponsorships
c. Multi-Year Planning Model (Narrative)
d. Multi-Year Planning Model_Tab 2 (Projections)
e. Multi-Year Planning Model_Tab 1 (Key Assumptions)
f. Motion – FY20 Operating Budget

g. FY20 Operating Budget (Narrative)
h. FY20 Operating Budget_Tab 2 (Campus)
i. FY20 Operating Budget_Tab 1 (Trust Fund)
j. FY20 Operating Budget_Tab 1 (Fee Schedule)
k. FY20 Operating Budget_Tab 1 (FY19 & FY20 Strategic Plan)
l. Motion – Capital Projects
m. Capital Projects_Tab 1 (Funding Plan)
n. Motion – FY20 Sponsorships
o. Motion – Vehicle Lease/Purchase Program
p. Vehicle Lease/Purchase Program_Tab 1 (Budget)
q. Motion – Fixed Assets, Capitalization and Inventory Control Policy (0601)
r. Fixed Assets, Capitalization and Inventory Control Policy (Narrative)
s. Policy – Fixed Assets Capitalization and Inventory Control (0601)
t. Motion – Investment Advisor
u. Investment Advisor (Narrative)
v. Motion – Voluntary Separation Incentive Plan

BOARD OF TRUSTEES

Finance and Capital Assets Committee

Minutes

President's Boardroom, Horace Mann Center
April 24, 2019

MEMBERS PRESENT: Committee Chair Sullivan, Secretary Martin, and Trustees Queenin and Swan.

MEMBERS EXCUSED: Committee Vice Chair Hagan and Trustee Marcus.

TRUSTEE GUESTS PRESENT: Trustees Hill, Landrau (both of whom arrived at 10:51 AM), and Magovern.

Dr. Ramon S. Torrecilha, President of Westfield State University, was also present.

The meeting was called to order at 10:39 AM by Committee Chair Sullivan.

> **MOTION** made by Trustee Swan, seconded by Trustee Martin, to approve the minutes of the February 7, 2019 meeting. **Motion passed unanimously.**

Committee Chair Sullivan welcomed Mr. Thomas Kettle, Director of Emergency Preparedness and Response, who brought forth proposed changes to the Emergency Notification System Policy (3030) and the Emergency Response and Preparedness Authorization Policy (3040). It was noted in Section D of Emergency Notification System Policy (3030), the phrase "generally once per semester" be removed.

> **MOTION** made by Trustee Martin, seconded by Trustee Swan, to amend the Emergency Notification System Policy (3030) as presented and amended. **Motion passed unanimously.**

> **MOTION** made by Trustee Swan, seconded by Trustee Martin, to amend the Emergency Response and Preparedness Authorization Policy (3040) as presented. **Motion passed unanimously.**

Ms. Lisa Freeman, Associate Vice President of Administration and Finance, brought forward the FY19 Third Quarter Financials, highlighting:

- With 135 fewer students, revenue is positive due to state appropriation and collective bargaining.
- Expenses were less than projected and net surplus is favorable to the budget due to the timing of lagging expenses.
- Construction expenses were below budget due to the timing of completed projects.
- It is believed the budget will break even at end of the fiscal year with the exception of Residence Life, which has its own reserves and trust funds. That does not take into account the pension liability.

- It would be beneficial at the June Board meeting to have an understanding of what affects the Residence Life budget, together with suggestions to be implemented so there won't be a large deficit.
- It is planned to use FY19 budget savings to fund some of the strategic planning initiatives through vacancy savings.
- Trustees Hill and Landrau joined the meeting at 10:51 AM.
- The College of Graduate and Continuing Education (CGCE) figures are due to the growth of graduate and undergraduate programs such as RN-to-BSN.

Mr. Stephen Taksar, Vice President of Administration and Finance, and Mr. David Riggles, Associate Director of Facilities and Operations, gave an update on capital projects:

- Work is ongoing with the Division of Capital Asset Management and Maintenance (DCAMM) on a five-year deferred maintenance program.
- FY19 capital projects were reviewed and FY20 capital projects are being finalized.
- The University now needs to comply with OSHA requirements.
- Part of the campus tech key lock system is being replaced with an ID key system.
- The Parenzo Hall Renovation project has formed four working groups with faculty and staff and will be in the design stage for approximately 10 months.
- The Space Utilization Study is ongoing. Swing space and space needs beyond Parenzo are being researched.

Vice President Taksar presented the preliminary FY20 budget and stated President's Cabinet is working to identify a number of strategies to lessen the impact on the FY20 and FY21 budgets due to a student enrollment shortfall.

- Each division starts with a flat-based budget which remains the same unless their needs change. Increased budget requests require estimates and a rationale before being approved. Capital planning, strategic planning and contractual increases are zero-based budgets. Everything in the budget maps to the Strategic Plan's initiatives and priorities.
- Trustees Magovern and Hill left the meeting at 11:17 AM.
- Next year there will be greater visibility to the process and more communication, reinstating budget meetings for divisions, and giving people the opportunity for discussion. It is important for the campus community to understand the five-year plan and assumptions.
- The colleges have an important impact on the budget, and it would be helpful to break down the costs, including labor, in each program.
- Trustee Magovern returned to the meeting at 11:23 AM.
- Some examples of funding which assist students directly are increased financial aid (in the budget model and the Strategic Plan: merit and need based), investments in the Westfield State Experience, invigorating Residence Life programs, building community, classroom upgrades, moving from analog to digital technology, and revisions to the common core.
- Enrollment is projected to be down by 109 to 130 students this year and an additional 77 students in FY20, creating a shortfall of approximately $800,000 in FY20. Strategies are being developed to look at cost structure more carefully. An additional fee increase will not be requested.
- Residence Life is projecting a $1 million loss for on campus housing and Lansdowne Place.
- Funding the Strategic Plan with $288,000 this year and reduce the Strategic Plan base funding next year from $1 million to $500,000 which results in an investment of $788,000 in strategic initiatives.

- Recommending use of reserves for Residence Life shortfall (from their own reserves) and funding incomplete capital projects budgeted for this year.
- The Dining Commons shortfall should tie out next year, based on budget adjustments.
  - Discuss at the June meeting the steps to be taken in the next one-to-three years to reduce shortfalls.
- Residence Life occupancy is a matter of cost, value and quality of life. A focus group of students is being put together to improve Residence Life.
  - Discuss at the June meeting residential rates compared to in-town rates.
  - Ms. Susan LaMontagne, Interim Vice President of Student Affairs, and Mr. Daniel Forster, Vice President of Enrollment Management, will work on Residence Life needs and costs for the June meeting.

Vice President Taksar stated three financial investment firms were shortlisted and interviewed out of nine responding to the Request for Proposal (RFP). The investment subcommittee met to review and discuss the three shortlisted firms. A recommendation was made to hire Vanguard as the University's investment advisor. Vanguard will provide a high-quality team to the University, has a strong presence in the nonprofit area, and is the investment advisor to the Foundation, which provides a financial benefit. Mr. Sheridan Carey and Mr. John Davies provided financial expertise to the subcommittee. Being successful in generating additional income will help reduce student fees.

> **MOTION** made by Trustee Queenin, seconded by Trustee Swan, to engage the services of Vanguard in accordance with the Investment Management Services RFP (2019-004).
> **Motion passed unanimously.**

There being no further business, Committee Chair Sullivan asked for a motion to adjourn.

> **MOTION** made by Trustee Swan, seconded by Trustee Martin, to adjourn. **Motion passed unanimously.**

Meeting adjourned at 11:46 AM.

Attachments presented at this meeting:

a. Minutes of February 7, 2019 Meeting
b. Emergency Notification System Policy (3030) Draft
c. Emergency Notification System Policy (3030) Clean
d. Emergency Response and Preparedness Authorization Policy (3040) Draft
e. Emergency Response and Preparedness Authorization Policy (3040) Clean
f. Third Quarter Financials (Summary)
g. Third Quarter Financials (FY19)
h. Third Quarter Financials (FY18)
i. Capital Projects Update (Summary)
j. Capital Projects Update (Parenzo Hall)
k. Preliminary FY20 Budget – Narrative
l. Preliminary FY20 Budget – FY20 to FY19 Comparison
m. Preliminary FY20 Budget – Detailed Budget by Trust Fund
n. Preliminary FY20 Budget – Capital Funding
o. Preliminary FY20 Budget – Schedule of Annual Tuition and Fees (Undergraduate)
p. Preliminary FY20 Budget – CGCE Narrative (For-Credit)
q. Preliminary FY20 Budget – CGCE Narrative (Non-Credit)
r. Preliminary FY20 Budget – Schedule of Annual Tuition and Fees (Graduate)

s. Motion – Investment Advisor
t. Investment Advisor (Summary)

Secretary's Certificate

I hereby certify that the foregoing is a true and correct copy of the approved minutes of the Westfield State University Board of Trustees Finance and Capital Assets Committee meeting held on April 24, 2019.

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Robert Martin, Secretary Date

UNIVERSITY SPONSORSHIPS AND COMMUNITY EVENTS HISTORY

ACTUAL EXPENSES FY 2018 & FY 2019

(Event presence included)

FY 2019	
The Spirit of Springfield Bright Nights Ball Golden Circle Sponsor	$6,000
Baystate Health Foundation Annual Ball Silver Sponsorship (plus 6 additional tickets)	$5,900
Friends of the Westfield 350 Bronze Sponsorship of the Community Birthday Cake & Ice Cream Party	$5,000
Stanley Park Annual Fundraising Event Silver Level Sponsorship	$2,500
Latino Scholarship Fund Dinner	$390
Westfield Chamber of Commerce Holiday Breakfast	$200
Westfield Chamber of Commerce St. Patrick's Day Breakfast	$200
Urban League of Springfield's 106th Anniversary Dinner Sponsorship	$200
Women's Fund of Western Massachusetts Vivid Vocal Visionary Event	$125
The Advertising Club of Western Massachusetts Pynchon Award Celebration	$75
Westfield Chamber of Commerce Legislative Lunch	$70
Springfield Regional Chamber of Commerce Outlook 2019	$60
Westfield Chamber of Commerce Breakfast	$48
Westfield Chamber of Commerce Annual Meeting & Awards Dinner	$45
Greater Westfield Chamber of Commerce Legislative Lunch Meeting	$35
Total	**$20,848**
FY 2019 Board of Trustees Approved	**$30,000**

Examples of Non-Ticketed Sponsorships/Charitable Advertising

FY2019	
CAN DO Nursing Partnership	$5,000
Springfield Thunderbirds Sponsorship	$3,000
Springfield Thunderbirds Corporate Sponsor	$2,250
National Association of Social Workers MA Chapter Calendar Sponsorship	$1,000
Community Music School Visionaries Level Sponsorship	$1,000
Westfield Children's Museum Interactive Exhibit Sponsorship - Materials	$914
Westfield State Foundation WSKB Bronze Level Underwriting Sponsorship	$500
Mass Mental Health Counselors Association Annual Conference Bronze Level Sponsorship	$500
Massachusetts Reading Association Mobile Application Sponsorship	$350
Massachusetts HPERD Convention Breakfast Sponsorship	$330
BABAT Bronze Sponsorship	$300
Hampshire Choral Society Bronze Level Sponsor	$250
Total	**$15,394**

(Event presence included)

FY 2018	
Baystate Health Foundation Annual Ball Silver Sponsorship	$5,900
Community Music School MLK Day 2018 Sponsorship	$3,000
Stanley Park Event Sponsorship	$2,500
Springfield Museums Holiday Gala	$2,500
Urban League of Springfield Black Women of Excellence Event	$2,500
Community Foundation of Western Massachusetts Latino Scholarship Fundraiser	$1,200
Boys & Girls Club of Greater Westfield: Table for Youth of the Year Ceremony	$300
Westfield Chamber of Commerce St. Patrick's Day Breakfast	$225
Westfield Chamber of Commerce Legislative Luncheon	$175
Westfield Chamber of Commerce BOD Contribution: Pancake Breakfast	$75
Westfield Chamber of Commerce End of Summer Sizzler Event	$45
Westfield Chamber of Commerce Summer Kick-Off Dinner	$40
Total FY 2018	**$18,460**
FY 2018 Board of Trustees Approved	**$30,000**

Examples of Non-Ticketed Sponsorships/Charitable Advertising

FY2018	
CAN DO Nursing Partnership	$5,000
Westfield Children's Museum Interactive Exhibit Sponsorship - Materials	$2,950
The National Academics of Sciences, Engineering, and Medicine Consensus Study Sponsorship	$2,000
Albert & Amelia Ferst 2017-2018 Dasher Sponsorship	$1,600
Link to Libraries Inc. - Book Sponsorship for Springfield Public Schools	$1,000
Westfield on Weekends Musicfest Sponsorship	$1,000
National Association of Social Workers MA Chapter Sponsorship: 2018 LEAD Conference Folder Insert	$200
Donation to Westfield Chamber of Commerce for Placemat Ad	$50
Total FY 2018	**$13,800**

Westfield State University

Finance and Capital Assets Committee

All Funds Multi-Year Financial Model FY20 – FY24

June 20, 2019

OVERVIEW

The campus has developed a rolling multi-year financial model to support strategic decision making and to evaluate the impact of major changes to key financial indicators driving the financial structure of the university. Many assumptions have been built into the model in order to develop a long-term strategy to navigate future challenges. These assumptions will change over time as new information becomes available in future planning cycles and therefore change the multi-year financial model. It is important to recognize that this is not a detailed budget, but rather a financial model based on the best information available at this point in time. The value of this model is to develop an analysis which provides critical trends over a five year period to understand the impact of key financial drivers.

KEY ASSUMPTIONS

Revenue

- Enrollment is projected at 4,223 paying students in FY20 and will continue to decrease year-over-year until steady state is achieved starting in FY23. By FY24, the campus is expecting enrollment of 4,040 students, a total decrease of 183 students or approximately 4% over five years.
- Tuition and fee revenue is expected to increase by $5.87M over five years. Tuition and fee increases are fixed at 3% between FY21-FY24 due in part to the price sensitivity of our students as well as a desire to attract and retain students in a highly competitive market. Our competitive "sticker price" is likely to remain relatively constant when compared to other Massachusetts State Universities.
- State appropriation increases by 14% over five years and assumes the state will fund a portion, but not all of the 2% year-over-year increases related to collective bargaining. The calculation method assumes contracts will not be fully funded and therefore includes only the incremental amount of annual increases. Due to the difference in calculation method, the cumulative result could be a financial shortfall that reaches approximately $11.5M by 2024.
- CGCE contribution to the campus operating budget is expected to remain fixed at $2.45M annually. However, CGCE surplus is expected to increase from $500K in FY20 to $1.8M by FY24, which could present an opportunity for the campus to leverage additional revenue to support campus priorities or reinvestment in CGCE.
- The Residential Life program is currently projecting significant losses between FY20-FY22 totaling approximately $2.5M due to the impact of lower enrollment on occupancy. For instance, the break-even occupancy rate is approximately 89%, on

average, however between FY20 – FY24, the occupancy rate is projected to be closer to 85%. Participation rates (percentage of students participating in the residential life program) is expected to be 57% on average vs. the break-even rate of 59% over the first three years of the multi-year plan.

Expense

- Compensation is expected to increase by 15% or $8.3M primarily driven by collective bargaining which assumes 2% increases year-over-year, and annual cost of living increases; the model assumes the same staffing level as in FY20.
- Operating budgets are level funded but will increase by 15% from $31.3M in FY20 to $35.9M in FY24 due to the addition of strategic plan funding, mandatory postage and minimum wage increases, and contractual increases.
- Strategic investment funds are critical to support the strategic plan; approximately $600K has been allocated in FY20 and $1M each year between years 2-5. The model assumes these investments are cumulative and are therefore added to the base in future years.
- Financial aid is expected to increase from $3M in FY20 to $3.5M in FY24. Future increases are anticipated as decisions about strategic plan funding are made.
- Campus debt is expected to decrease by 22% from $2.5M to $1.9M, or $530K over five years mainly due to a reduction to capital lease and bond payment obligations.

Net Impact

- By FY24, current projections indicate the campus will have a cumulative structural deficit of $5.1M as compensation increases are expected to outpace revenue. Compensation accounts for approximately 43% of total expense for all years of the plan and is expected to outpace revenue growth, contributing significantly to furthering the deficit each year.
- Enrollment declines are expected to result in lower revenue gains totaling $5.9M over five years instead of $12M, since tuition and fee increases do not adequately offset the revenue gap caused by lower enrollment.
- State appropriation is conservative using an incremental rather than a cumulative approach given the unpredictability of the annual allocation process.
- Strategic plan funding is assumed to be an incremental investment of $4.5M over five years, but has a cumulative impact of $12.5M as previous annual investments are rolled into the operating budget.

Assessment and Analysis

- The financial structure of the university is expected to remain stable, but will experience significant challenges due to declining enrollment.

- The Residential Life program is experiencing significant financial challenges due to the decline in overall occupancy in FY20-FY21. Strategic operational planning is vital to the program's success to re-tool processes, priorities, and resources.
- CGCE revenue surplus is expected to increase each year and continues to represent a growth opportunity for the campus in graduate studies which may partially offset the decline in full-time day undergraduate students. Careful program development and investments should continue to generate positive returns on this investment.
- The campus strategic plan must establish areas of opportunity to increase revenues and efficiencies as well as evaluate programs and functions which should be re-evaluated for continuation based on data and benchmarks.
- No additional investment in capital funding for deferred maintenance is assumed, though the renovation of Parenzo Hall combined with direct annual funding from DCAMM will help to mitigate short term deferred maintenance issues.
- Financial aid increases by 6% in FY20 and is expected to increase at a steady pace due to strategic plan investments. Additionally, the Westfield State University Foundation is projected to maintain its allocation of funding for financial aid.
- Significant investments in technology continue to be made through the strategic plan and capital plan for the campus network, infrastructure and residence halls. Ongoing investments should continue in parallel with the Technology Plan.

CONCLUSION

The multi-year financial plan provides a critical planning resource that reflects a directional indication for the financial future of the university. Predictability on certain revenue components such as enrollment and state support is challenged by several unknown factors and therefore, the campus is susceptible to significant variances to the plan. Expenses present less of a planning challenge as there are more controllable elements, however, the campus is subject to mandatory contractual increases such as collective bargaining, that will outpace revenue.

Overall, the campus remains in stable financial condition, but will most likely experience significant financial challenges as enrollment continues to decline, furthering the projected deficit. Given the expected deficit in future years, the campus must continue to refine planning strategies through enhanced analysis to support the decision-making process. Such analysis should include predicting revenue outcomes from the strategic plan, monitoring key performance indicators, and employing timely budget balancing strategies.

Westfield State University
FY20 Campus Budget
Multi-Year Projections

	FY20 Budget	FY21 Budget	FY22 Budget	FY23 Budget	FY24 Budget
Revenue					
Scholarship Allowance	(10,610,448)	(10,610,448)	(10,610,448)	(10,610,448)	(10,610,448)
Tuition and Fees	59,002,807	59,543,188	61,000,966	62,497,975	64,873,252
Federal Grants and Contracts	9,271,568	9,271,568	9,271,568	9,271,568	9,271,568
State Grants and Contracts	2,585,000	2,585,000	2,585,000	2,585,000	2,585,000
Private Grants and Contracts	478,000	478,000	478,000	478,000	478,000
Residence Fees	19,411,659	19,227,416	18,886,529	19,489,506	20,247,828
Dining Fees	10,636,124	10,934,115	11,405,107	11,771,561	12,147,359
Other Operating Revenues	2,255,890	2,337,445	2,336,067	2,334,301	2,188,062
Commissions	550,000	553,485	544,430	535,743	527,414
State General Appropriations	29,463,260	31,075,538	31,944,040	32,829,913	33,733,503
Foundation Support	430,000	460,000	485,000	510,000	520,000
Investment Income	677,400	677,400	677,400	677,400	677,400
Total Revenue	**124,151,260**	**126,532,706**	**129,003,658**	**132,370,518**	**136,638,937**
Expenses					
Personnel	54,766,124	56,954,821	58,963,274	61,001,803	63,100,291
Fringe Benefits	10,527,349	11,188,485	11,983,362	12,821,490	13,727,839
Operations	31,342,405	32,082,398	32,362,351	34,103,732	35,891,873
Strategic Investments	500,000	1,000,000	1,000,000	1,000,000	1,000,000
Utilities	4,541,635	4,669,544	4,785,888	4,906,878	5,032,735
Debt Payments	2,465,435	2,486,784	2,415,580	1,935,161	1,934,677
Operating Contingency	1,309,799	1,699,574	1,830,960	2,096,743	2,837,726
Capital Projects	4,592,092	2,900,000	2,900,000	2,900,000	2,900,000
Scholarships	4,270,134	4,349,740	4,470,302	4,590,794	4,711,422
Transfers	-	-	-	-	-
MSCBA Assessment	12,897,864	12,677,399	12,849,915	12,652,165	12,608,104
Total Expense and Transfers	**127,212,838**	**130,008,745**	**133,561,633**	**138,008,765**	**143,744,666**
Net Revenue over Expense	**(3,061,578)**	**(3,476,039)**	**(4,557,974)**	**(5,638,248)**	**(7,105,729)**
Planned Use of Reserves	1,529,486	1,468,281	996,117	523,672	219,373
Capital Rollover	1,532,092	-	-	-	-
CGCE Surplus		631,188	761,643	1,025,818	1,766,131
	3,061,578	**2,099,469**	**1,757,760**	**1,549,491**	**1,985,505**
Surplus/(Loss)	**-**	**(1,376,571)**	**(2,800,214)**	**(4,088,757)**	**(5,120,224)**

Westfield State University
Multi-Year Financial Model
Key Campus Assumptions
As of: 6/7/19

Key Assumptions - Campus	FY20	FY21	FY22	FY23	FY24
Average number of billed students	4,223	4,108	4,080	4,045	4,040
Change YoY Incr./(Decr.)	(127)	(115)	(28)	(35)	(5)
% Change YoY Incr./(Decr.)	-2.9%	-2.7%	-0.7%	-0.9%	-0.1%
Design Occupancy	2,752	2,752	2,752	2,752	2,752
# Residential Students	2,331	2,328	2,388	2,392	2,394
% Change YoY Incr./(Decr.)	-2.9%	-0.1%	2.6%	0.2%	0.1%
Occupancy Rate	84.7%	84.6%	86.8%	86.9%	87.0%
Housing Participation Rate	55.2%	56.7%	58.5%	59.1%	59.3%
Cost of attendence increase (tuition/fee)	4.0%	3.0%	3.0%	3.0%	3.0%
Cost of attendence increase (residential)	3.5%	2.7%	2.7%	2.7%	2.7%
Revenue					
General Fee					
Prior Year General Fee	$ 8,506	$ 8,926	$ 9,194	$ 9,470	$ 9,754
Fee increase	$ 420	$ 268	$ 276	$ 284	$ 293
Total	**$ 8,926**	**$ 9,194**	**$ 9,470**	**$ 9,754**	**$ 10,046**
Total Revenue	$ 124,151,260	$ 126,532,706	$ 129,003,658	$ 132,370,518	$ 136,638,937
General Fee Revenue	$ 37,694,498	$ 37,768,048	$ 38,635,941	$ 39,453,640	$ 40,587,018
General Fee as a % of Total Revenue	30%	30%	30%	30%	30%
Total Tuition and Fee Revenue	59,002,807	59,543,188	61,000,966	62,497,975	64,873,252
% Change YoY	2.82%	0.92%	2.46%	2.46%	3.81%
As a % of Total Revenue	48%	47%	47%	47%	47%
State Appropriation Support	$ 29,463,260	$ 31,075,538	$ 31,944,040	$ 32,829,913	$ 33,733,503
% Change YoY	7.7%	5.5%	2.8%	2.8%	2.8%
State Appropriation as a % of Total Revenue	24%	25%	25%	25%	25%
Investment Income (Flat YoY Conservative)	677,400	677,400	677,400	677,400	677,400
Dining Contribution	2,400,808	2,400,000	2,400,000	2,400,000	2,400,000
CGCE Contribution	2,466,441	2,450,000	2,450,000	2,450,000	2,450,000
Total Operating Contributions	4,867,249	4,850,000	4,850,000	4,850,000	4,850,000
CGCE Net Revenue *(Surplus - Operating Contribution)*	518,439	631,188	761,643	1,025,818	1,766,131
Expenses					
Personnel Expenses					
Payroll: CBA Increases	2.00%	2.00%	2.00%	2.00%	2.00%
$ Impact of CBA Increases	$ 657,716	$ 915,038	$ 947,119	$ 979,841	$ 1,013,218
Preliminary Rate *(GIC, Terminal Leave, Retirement)*	35.55%	36.69%	37.94%	39.23%	40.60%
Taxes	2.44%	2.49%	2.55%	2.60%	2.66%
Total Fringe Rate	37.99%	39.18%	40.49%	41.83%	43.26%
Comp & Fringe as a % of Total Expense	42.84%	43.03%	43.55%	43.81%	43.71%
Non-Personnel Expenses					
Operating Budgets	Level Funded	Level Funded	Level Funded	Level Funded	Level Funded
Contingency	650,000	650,000	650,000	650,000	650,000
Strategic investments	600,000	1,000,000	1,000,000	1,000,000	1,000,000
Contractual increases	250,000	250,000	250,000	250,000	250,000
Financial Aid					
Financial Aid	3,048,875	3,165,278	3,284,662	3,404,238	3,523,926
Financial Aid Increase YoY	8.6%	3.8%	3.8%	3.6%	3.5%
Total Net Revenue (Tuition/Fees)	59,002,807	59,543,188	61,000,966	62,497,975	64,873,252
Net Revenue/Billed Student	13,972	14,494	14,951	15,451	16,058
Discount Rate	5.7%	5.7%	6.3%	6.3%	6.3%

Westfield State University
Finance and Capital Assets Committee
Board of Trustees

June 20, 2019

Prepared by:

Steve Taksar, Vice President of Administration and Finance

Maria Feuerstein, Director of Budget and Financial Planning

Agenda

- FY20 Budget
- Multi-Year Plan / Analysis on Key Metrics
- Housing Operations and Residential Engagement Overview
- Voluntary Separation Incentive Plan

FY20 Campus Budget – Revenue

	FY20 Budget	FY19 Budget	$ Change	% Change
Revenue				
Scholarship Allowance	(10,610,448)	(10,310,448)	(300,000)	3%
Tuition and Fees	59,002,807	57,114,036	1,888,771	3%
Federal Grants and Contracts	9,271,568	8,958,252	313,316	3%
State Grants and Contracts	2,585,000	2,515,000	70,000	3%
Private Grants and Contracts	478,000	378,000	100,000	26%
Residence Fees	19,411,659	19,634,195	(222,536)	-1%
Dining Fees	10,636,124	11,082,010	(445,886)	-4%
Other Operating Revenues	2,255,890	2,389,680	(133,790)	-6%
Commissions	550,000	545,500	4,500	1%
State General Appropriations	29,463,260	27,364,967	2,098,293	8%
Foundation Support	430,000	425,000	5,000	1%
Investment Income	677,400	370,000	307,400	83%
Total Revenue	**124,151,260**	**120,466,192**	**3,685,068**	**3%**

FY20 Campus Budget - Expense

	FY20 Budget	FY19 Budget	$ Change	% Change
Expense				
Personnel	54,766,124	51,929,167	2,836,957	5%
Fringe Benefits	10,527,350	9,804,671	722,679	7%
Operations	31,342,404	30,967,990	374,414	1%
Strategic Investments	500,000	1,200,000	(700,000)	-58%
Utilities	4,541,635	4,512,929	28,706	1%
Debt Payments	2,465,435	2,447,335	18,100	1%
Operating Contingency	1,309,799	980,952	328,847	34%
Capital Projects	4,592,092	4,020,677	571,415	14%
Scholarships	4,270,134	3,867,872	402,262	10%
Transfers	-	-	-	-
MSCBA Assessment	12,897,864	11,996,343	901,521	8%
Total Expense and Transfers	**127,212,838**	**121,727,936**	**5,484,902**	**5%**
Net Revenue over Expense	**(3,061,579)**	**(1,261,744)**	**(1,799,835)**	**143%**
Planned Use of Reserves	1,529,486	261,744	1,267,742	484%
Capital Rollover	1,532,092	1,000,000	532,092	53%
	3,061,579	**1,261,744**	**1,799,835**	**143%**
Net Surplus/(Loss)	**-**	**-**	**-**	**-**

Multi-Year Plan Overview

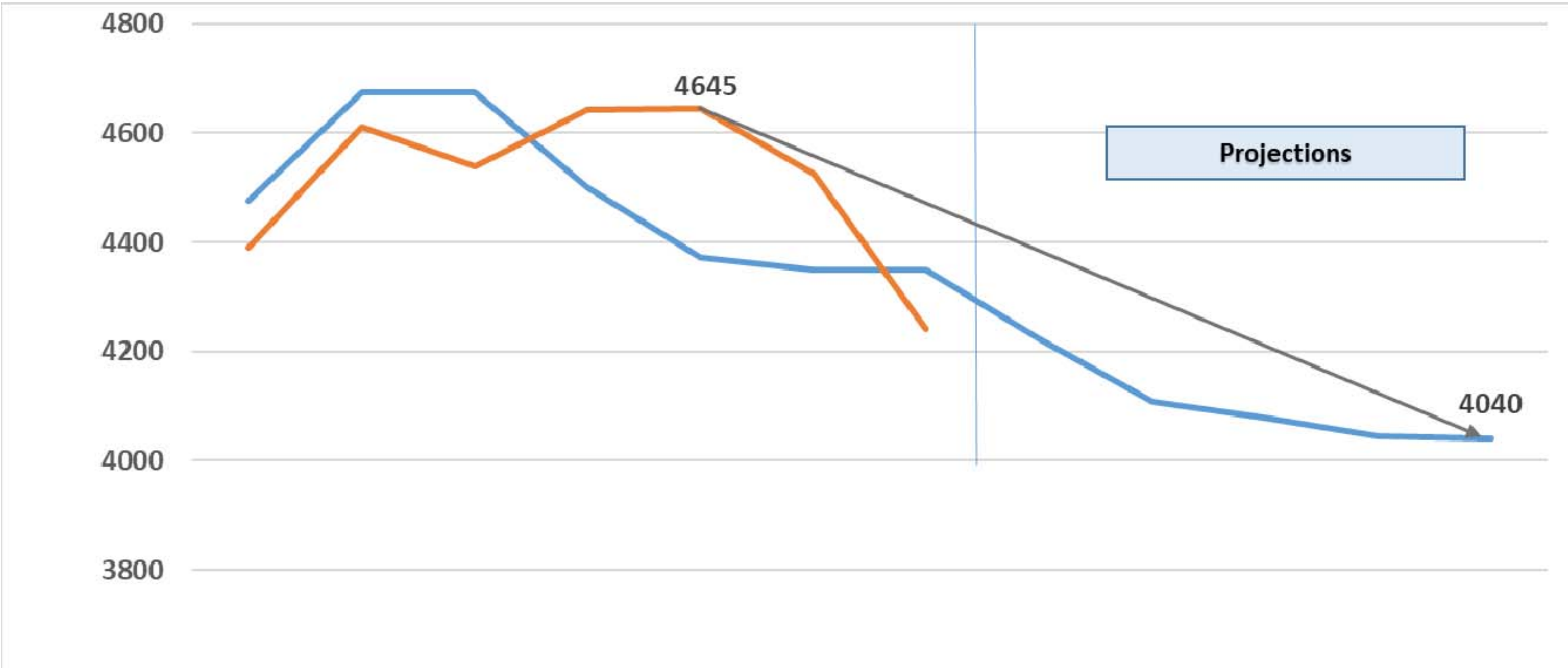
&

Analysis on Key Metrics

Multi-Year Plan FY20 – FY24

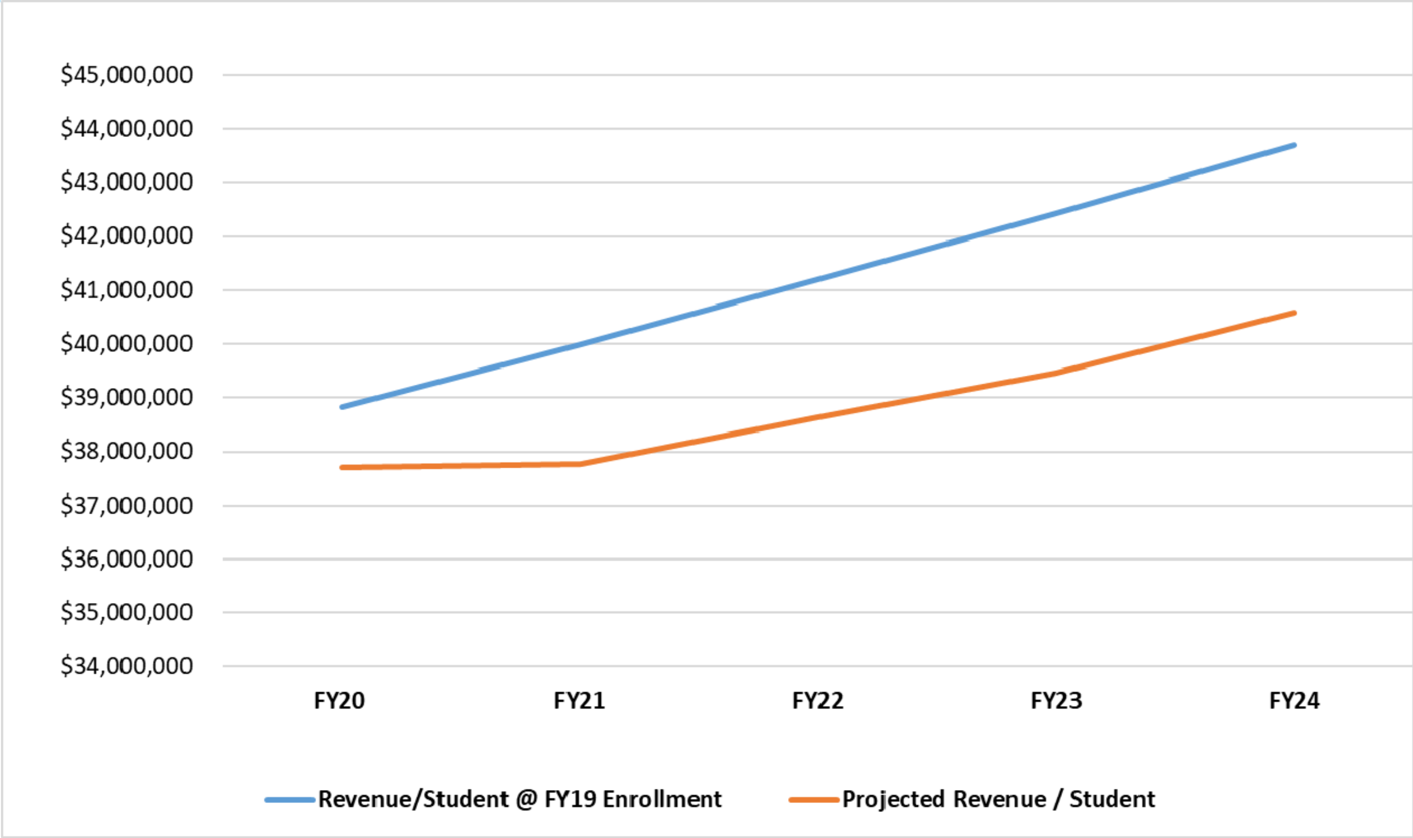
	FY20 Budget	FY21 Budget	FY22 Budget	FY23 Budget	FY24 Budget
Total Revenue	**124,151,260**	**126,532,706**	**129,003,658**	**132,370,518**	**136,638,937**
Total Expense and Transfers	**127,212,838**	**130,008,745**	**133,561,633**	**138,008,765**	**143,744,666**
Net Revenue over Expense	**(3,061,578)**	**(3,476,039)**	**(4,557,974)**	**(5,638,248)**	**(7,105,729)**
Planned Use of Reserves	1,529,486	1,468,281	996,117	523,672	219,373
Capital Rollover	1,532,092	-	-	-	-
CGCE Surplus		631,188	761,643	1,025,818	1,766,131
	3,061,578	**2,099,469**	**1,757,760**	**1,549,491**	**1,985,505**
Surplus/(Loss)	**-**	**(1,376,571)**	**(2,800,214)**	**(4,088,757)**	**(5,120,224)**

Enrollment: Budget / Projection vs. Actual



	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Budget	4475	4675	4675	4500	4372	4350	4350	4223	4108	4080	4045	4040
Actual	4391	4612	4540	4643	4645	4526	4241					

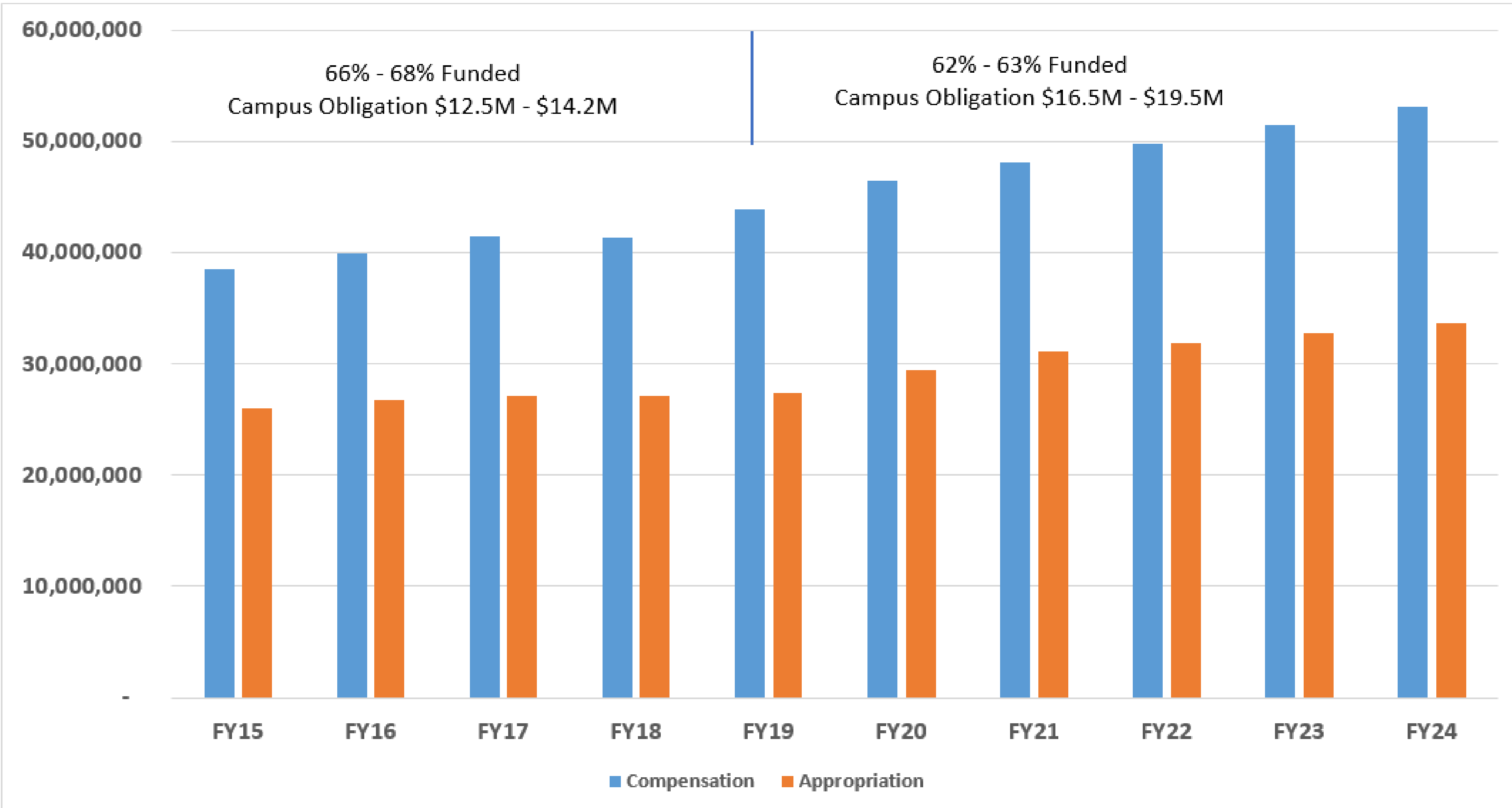
Enrollment Impact on General Fee Revenue



Enrollment Impact on Revenue vs FY19	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**
Revenue/Student @ FY19 Enrollment	38,828,100	39,992,943	41,192,731	42,428,513	43,701,369
Projected Revenue / Student	37,694,498	37,768,048	38,635,941	39,453,640	40,587,018
Enrollment Impact on General Fee Revenue	**$ (1,133,602)**	**$ (2,224,895)**	**$ (2,556,790)**	**$ (2,974,873)**	**$ (3,114,350)**

FY21 - FY24 Assumes a 3% YoY In-State Tuition and Fees

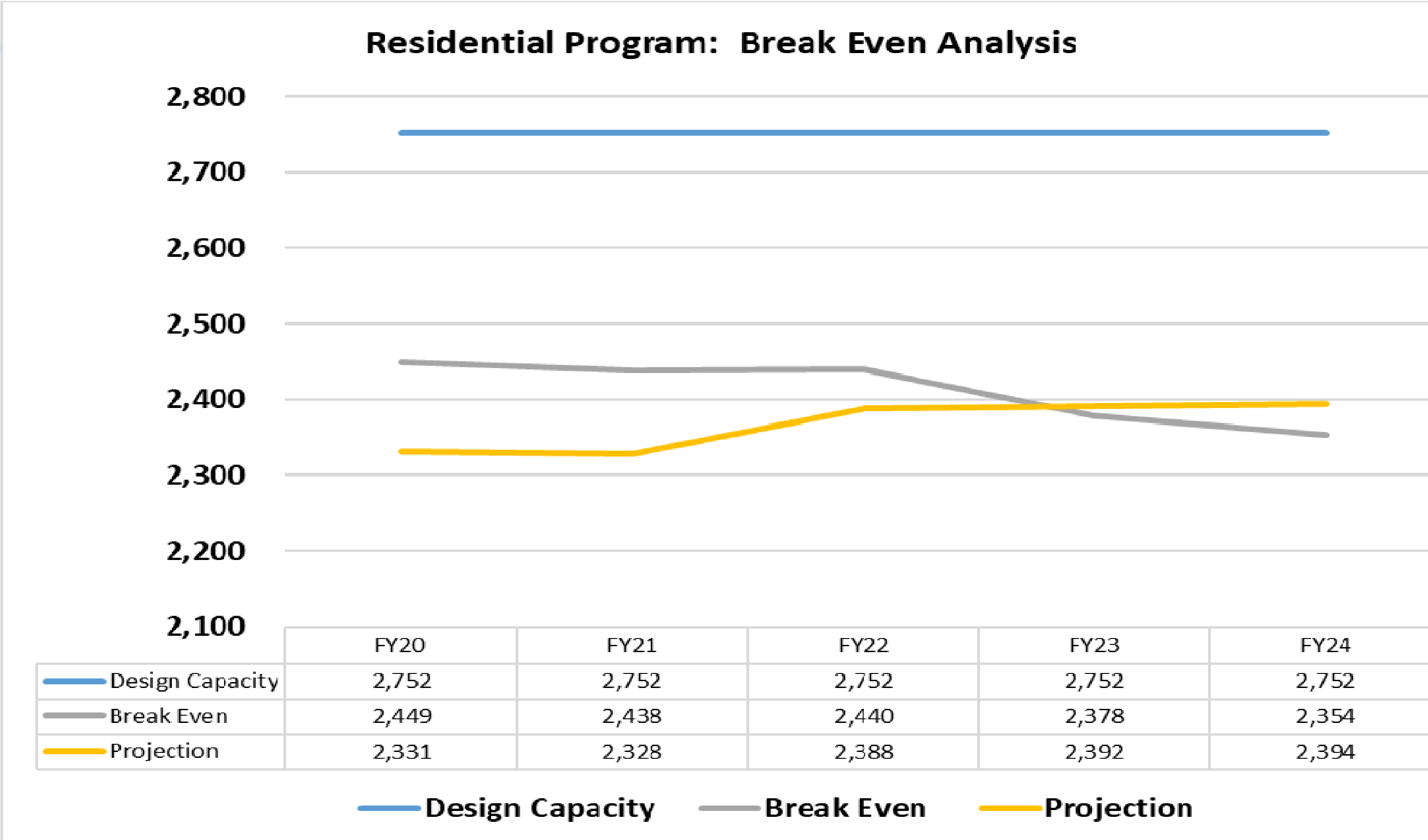
Compensation vs. Appropriation



Housing Operations & Residential Engagement Overview

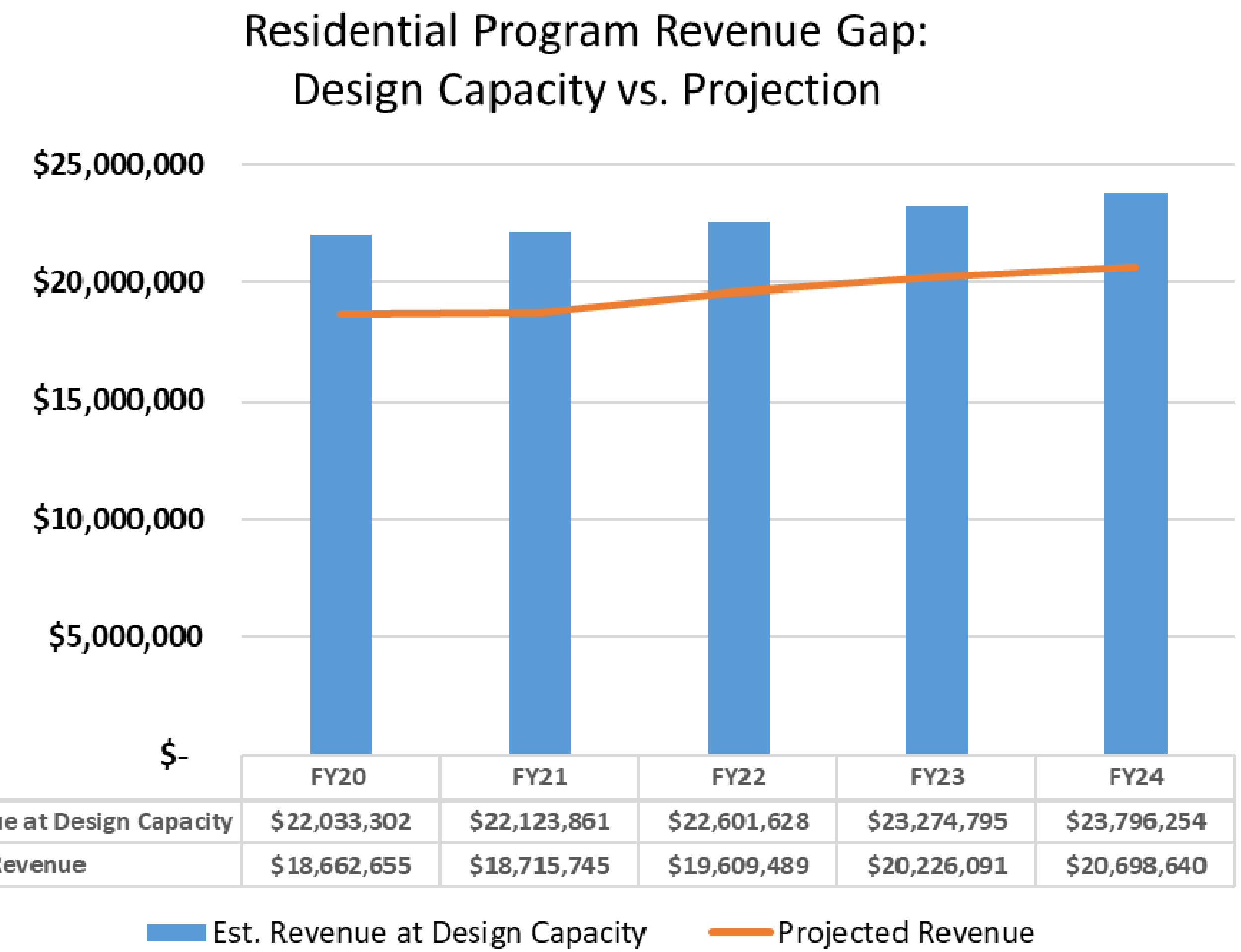
Residential Life: Gap Analysis

Occupancy: # Residential Students	FY20	FY21	FY22	FY23	FY24
Design Capacity	2,752	2,752	2,752	2,752	2,752
Break Even	2,449	2,438	2,440	2,378	2,354
Projection	2,331	2,328	2,388	2,392	2,394
Gap: Projection vs. Break-Even B/(W)	**(118)**	**(110)**	**(52)**	**14**	**40**
Avg Annual Rent / Student	$ 7,819	$ 7,799	$ 7,973	$ 8,212	$ 8,459
Avg Other Revenue / Student	$ 187	$ 241	$ 240	$ 245	$ 188
Average Revenue / Student	**$ 8,006**	**$ 8,039**	**$ 8,213**	**$ 8,457**	**$ 8,647**
Revenue Gap Analysis					
Est. Revenue at Design Capacity	$ 22,033,302	$ 22,123,861	$ 22,601,628	$ 23,274,795	$ 23,796,254
Projected Revenue	$ 18,662,655	$ 18,715,745	$ 19,609,489	$ 20,226,091	$ 20,698,640
Revenue Loss vs. Design Capacity	**$ (3,370,647)**	**$ (3,408,116)**	**$ (2,992,139)**	**$ (3,048,704)**	**$ (3,097,614)**
Gap in # Residential Students	**(421)**	**(424)**	**(364)**	**(360)**	**(358)**



	FY20	FY21	FY22	FY23	FY24
Design Capacity	2,752	2,752	2,752	2,752	2,752
Break Even	2,449	2,438	2,440	2,378	2,354
Projection	2,331	2,328	2,388	2,392	2,394

Notes:
- Break Even Decreases In Future Years Due to Increases in Room Rental Rates
- Break Even Occurs in FY23



	FY20	FY21	FY22	FY23	FY24
Est. Revenue at Design Capacity	$22,033,302	$22,123,861	$22,601,628	$23,274,795	$23,796,254
Projected Revenue	$18,662,655	$18,715,745	$19,609,489	$20,226,091	$20,698,640

	FY20	FY21	FY22	FY23	FY24
Annual Room Rental / Student	$ 7,819	$ 7,799	$ 7,973	$ 8,212	$ 8,459
Other Revenue / Student	$ 187	$ 241	$ 240	$ 245	$ 188
Average Revenue / Student	**$ 8,006**	**$ 8,039**	**$ 8,213**	**$ 8,457**	**$ 8,647**

External Consultant Recommendations

Fresh Eyes Report - Completed

- Marketing housing facilities and residential experience
- Improve Wi-Fi and cell reception
- Adjust housing selection process
- Increase collaboration between housing and admissions
- Improve financial aid for students living on campus

Consultant Report - Completed

- Reimagine the expectations of the Residence Director position
- Connect the residence education model with the Westfield State Experience
- Create first-year only housing
- Overhaul training and onboarding for professional and student staff

RHTF Budget FY2018-FY2024

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Revenue	$ 18,577,003	$ 17,638,574	$ 18,192,816	$ 18,715,745	$ 19,609,489	$ 20,226,091	$ 20,698,640
Expense	$ 18,778,124	$ 18,358,088	$ 19,358,053	$ 19,602,933	$ 20,036,422	$ 20,111,084	$ 20,352,948
Net Gain/(Loss)	$ (201,121)	$ (719,514)	$ (1,165,237)	$ (887,188)	$ (426,933)	$ 115,007	$ 345,692

Reserve Balance	$ 6,253,954	$ 5,534,440	$ 4,369,203	$ 3,482,015	$ 3,055,082	$ 3,170,089	$ 3,515,781

Achieving a Break Even Budget

- Potential: Convert Scanlon Hall to an academic/office space building
- Creating three first-year student residence halls to focus on community building and tie-in to Westfield State Experience
  - Davis Hall beginning Fall 2019
  - Dickinson/Lammers Halls beginning Fall 2020
- 3% annual increase in housing rates
- Level housing rates / Reduce the number of different housing rates
- Lansdowne Place lease ends on June 30, 2021; anticipating 50% of those students to return to main campus housing

Voluntary Separation Incentive Plan

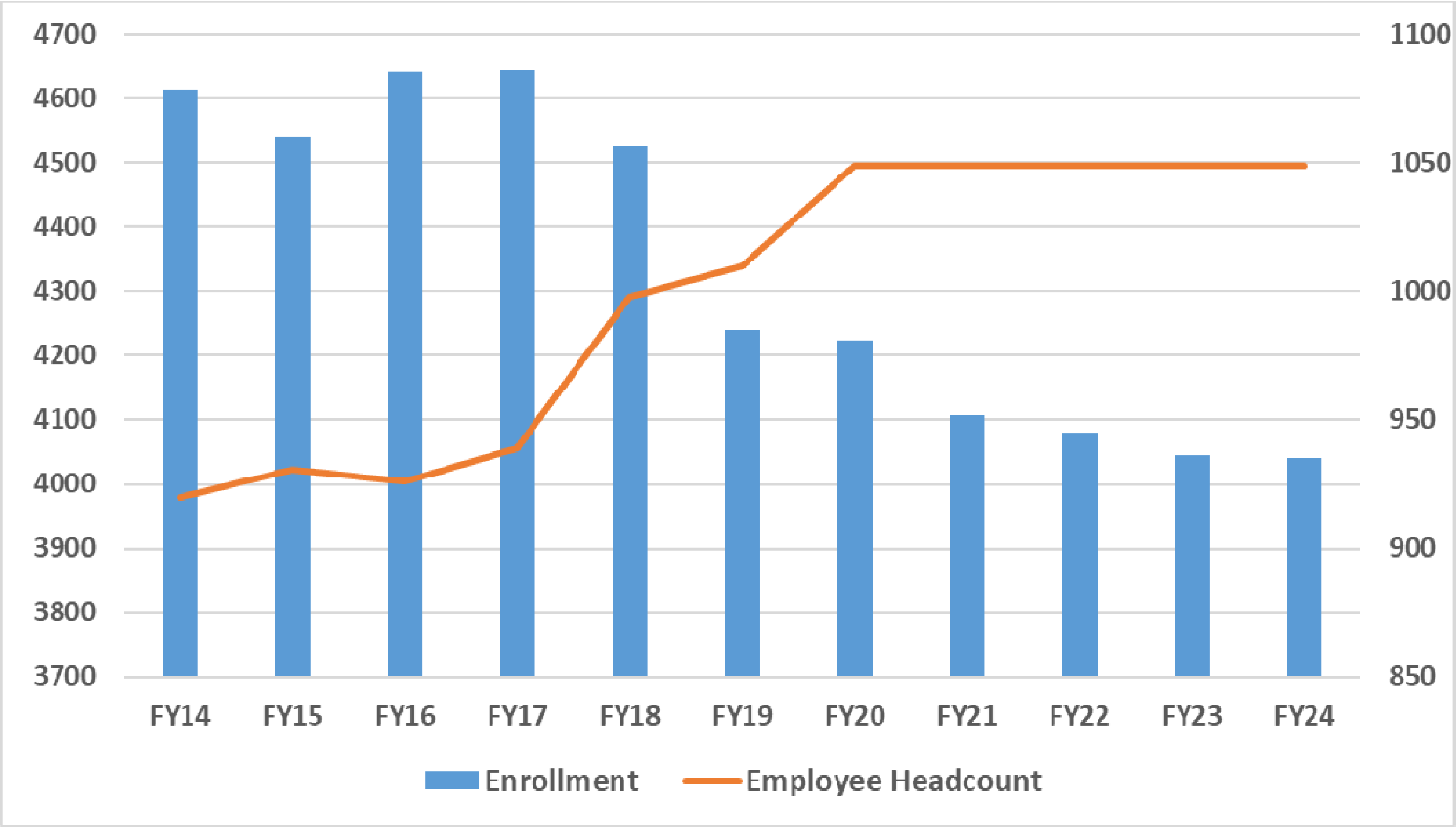
Staffing Trends

	Actual							Variance
Faculty / Staff:	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**	**FY19**	**FY13 - FY19**
AFSCME	196	207	211	203	251	252	255	59
APA	146	159	160	166	168	172	176	30
MSCA Full Time	232	239	238	241	240	236	239	7
MSCA Part Time	244	269	286	281	242	295	294	50
Non-Unit Professional	44	43	36	35	38	43	46	2
Total	**862**	**917**	**931**	**926**	**939**	**998**	**1010**	**148**
YoY % Change		6%	2%	-1%	1%	6%	1%	

Notes:

- FY19 year-end employee counts forms the basis for FY20 – FY24 projections.
- Data represents Headcount, not FTE
- Data Provided by Institutional Research

Enrollment & Staffing Trends / Projections



FY20 – FY24 projections include vacant positions

Westfield STATE UNIVERSITY

Salem State University
Voluntary Separation Incentive Plan Highlights

- Not a retirement plan, a separation plan
- Irrevocable once formal agreement is executed
- 100% of annual salary payout for 25 years or more of service
- 80% of annual salary payout for 10 – 24 years of service
- Payouts are staggered through FY20 but completed before year end.
- Board of Trustees approves the plan as well as all state unions.
- University reserves the right to limit the number of participants and separation date as well as total funding incentives.

Salem State University
Voluntary Separation Incentive Plan Highlights

- Seniority by department is basis for determining which employees may participate
- Employees who already informed University or State Retirement Board are not eligible.
- Employees are resigning from their positions; unemployment will be contested.
- If re-employed by the Executive Branch of Commonwealth within 1 year of the effective date of separation, employee must return the incentive payment; may accept part-time teaching through DGCE.
- Payment is taxable income subject to withholdings but not considered earnings for determining retirement allowances.
- Non-Unit Professionals cannot participate in future Commonwealth of Massachusetts Retirement Incentive Plans.

Salem State University
Voluntary Separation Incentive Plan Highlights

Special Faculty Provisions

- Faculty who have accumulated workload credits may stay on payroll but not teach and to receive a payment for remaining balance up to 100% of annual salary.
- Faculty will be offered part-time or DGCE teaching opportunities of up to 10 credits per semester for up to two years, if courses are available.
- Retiring faculty may retain office space and parking privileges while teaching, providing no competing department or college reassignments of office space.
- Retiring faculty may be afforded emeritus status.

Voluntary Separation Incentive Plan

25+ Years @ 100%	Assumptions	Potential
Qualifying Employees	54	**14**
Participation Rate		25.0%
Average Annual Salary	97,630	1,366,826
Campus Fringe Impact	18,545	259,629
Total Projected Annual Savings	**$ 116,175**	**$ 1,626,455**
Total Buyout Costs	**$ 97,630**	**$ 1,366,826**

(exluding 20% sick time)

10 - 24 Years @ 80%	Assumptions	Potential
Qualifying Employees	275	**83**
Participation Rate		30.0%
Average Annual Salary	76,131	6,318,847
Campus Fringe Impact	14,461	1,200,265
Total Projected Annual Savings	**$ 90,592**	**$ 7,519,112**
Total Buyout Costs (80%)	**$ 60,905**	**$ 5,055,078**

(exluding 20% sick time)

Summary: All Groups 10+ Years	Assumptions	Potential
Total Qualifying Employees	329	**97**
Overall Participation Rate		29.5%
Total Projected Annual Savings		**$ 9,145,567**
Total Buyout Cost - Year 1		**$ 6,421,904**
Net Savings Opportunity - Year 1		**$ 2,723,663**
Annual Ongoing Savings Year 2+		**$ 9,145,567**

Basis

- Total employees assumes same pool as Salem State
- Assumptions on qualifying employees are based on current HR and Payroll Data.

Calculations

- Average Salary is based on current payroll data
- Campus fringe impact assumes 50% of employees are on state vs trust fund, therefore fringe does not apply to state funded employees
- All calculations assume full year savings

Other Considerations

- This model assumes all retiring positions are eliminated and therefore does not factor for the timing or financial impact of future position replacement
- Reserves would be required for positions that remain filled for 50% or more of the fiscal year; full year base savings occurs in year 2

Q&A?

Supplemental Data

FY20 Budget – Revenue Detail by Trust Fund

	Operating Budget	Grants	Capital Project Fund	CGCE	Residential Life	Dining Services	Other Trust Funds	FY20 Budget All Funds
Revenue								
Scholarship Allowance		(10,610,448)						(10,610,448)
Tuition and Fees	46,660,681			12,142,126			200,000	59,002,807
Federal Grants and Contracts		9,271,568						9,271,568
State Grants and Contracts		2,585,000						2,585,000
Private Grants and Contracts		200,000					278,000	478,000
Residence Fees					19,411,659			19,411,659
Dining Fees						10,636,124		10,636,124
Other Operating Revenues	952,760				325,000		978,130	2,255,890
Commissions	438,000				112,000			550,000
State General Appropriations	29,463,260							29,463,260
Foundation Support	430,000							430,000
Investment Income	677,400							677,400
Total Revenue	78,622,101	1,446,120	-	12,142,126	19,848,659	10,636,124	1,456,130	124,151,260

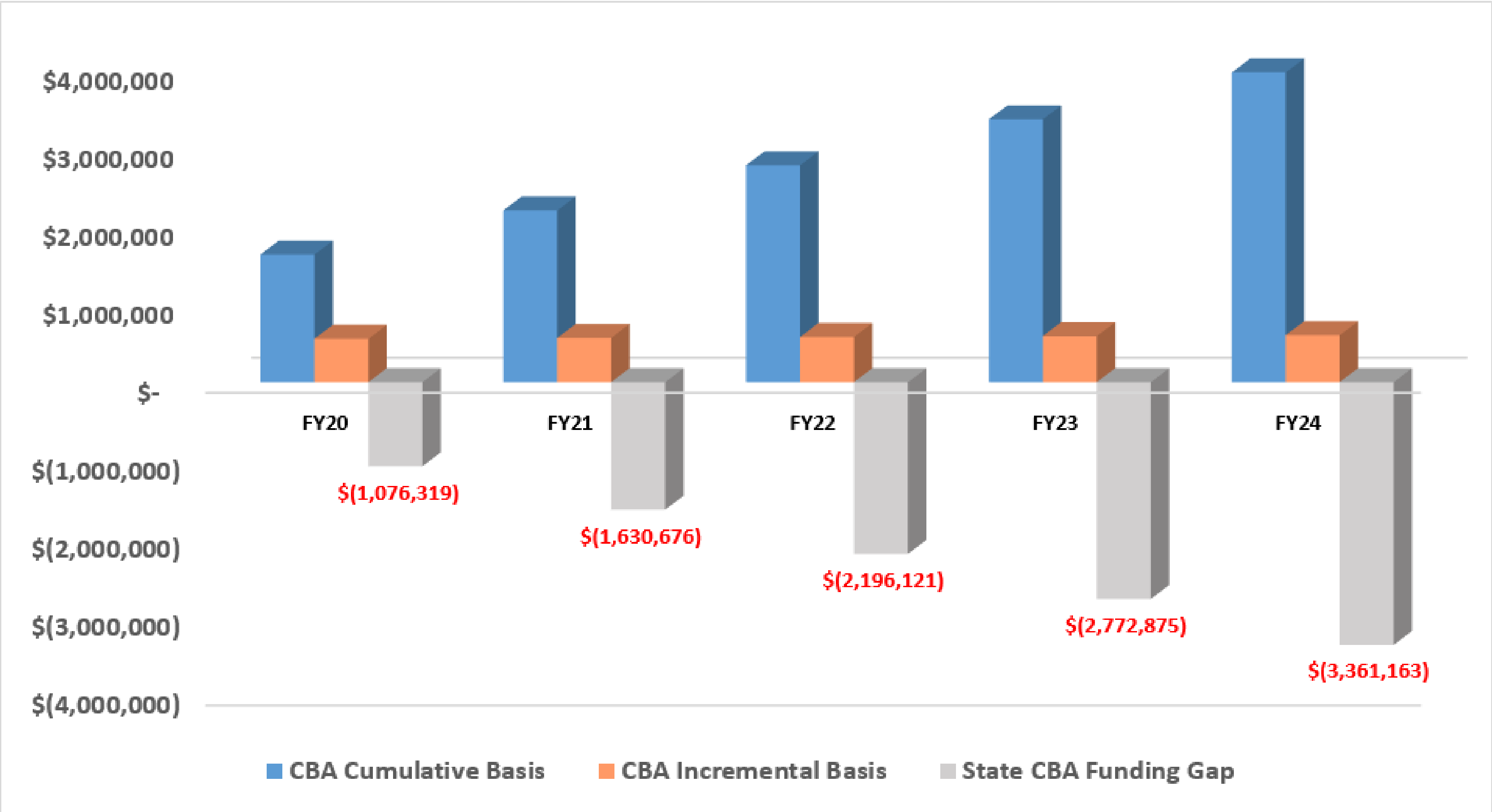
FY20 Budget – Expense Detail by Trust Fund

	Operating Budget	Grants	Capital Project Fund	CGCE	Residential Life	Dining Services	Other Trust Funds	FY20 Budget All Funds
Expenses								
Personnel	46,458,638	275,000		3,425,727	2,324,842	2,230,751	51,166	54,766,124
Fringe Benefits	7,380,589	105,508		1,373,379	808,928	835,089	23,857	10,527,350
Operations	16,840,616	741,112		4,309,581	3,042,853	4,750,111	1,658,131	31,342,404
Strategic Investments	500,000							500,000
Utilities	2,899,330				1,642,305			4,541,635
Debt Payments	2,152,431					313,004		2,465,435
Operating Contingency	650,000			501,998		79,771	78,031	1,309,799
Capital Projects			4,432,092			160,000		4,592,092
Scholarships	3,438,875	324,500		65,000	350,169	26,590	65,000	4,270,134
Transfers	(1,679,473)	133,573	(2,900,000)	2,466,441	(421,349)	2,400,808		-
MSCBA Assessment					12,897,864			12,897,864
Total Expense and transfers	78,641,007	1,579,693	1,532,092	12,142,126	20,645,612	10,796,124	1,876,184	127,212,838
Net Revenue over Expense	(18,906)	(133,573)	(1,532,092)	-	(796,953)	(160,000)	(420,054)	(3,061,579)
Planned Use of Reserves	18,906	133,573			796,953	160,000	420,054	1,529,486
Capital Rollover			1,532,092					1,532,092
Total Reserves	18,906	133,573	1,532,092	-	796,953	160,000	420,054	3,061,579
Net Surplus/(Loss)	-	-	-	-	-	-	-	-

FY20 Capital Plan

	Deferred Maintenance	Campus	DCAMM	MSCBA	Dining *Funded from Use of Reserves*	Total
			Funding Source			
Physical Plant Projects						
1. Deferred Maintenance	Y	692,971	2,468,804	686,429		3,848,204
2. Dower A/C	Y	48,500				48,500
3. Academic Space Renovations	Y	137,800				137,800
4. Freight Elevator Cab & Jack Upgrade	Y	75,000				75,000
5. Infrastructure Repairs/Maintenance	Y	225,000				225,000
6. Wilson Café Renovation					145,000	145,000
7. Critical Repair Contingency		151,886				151,886
Sub-total		1,331,157	2,468,804	686,429	145,000	4,631,390
Information Technology						
1. Classroom technology		368,200				368,200
2. Life Cycle Computers - Labs		139,050				139,050
3. Life Cycle - faculty/staff		127,050				127,050
4. Ely Network Upgrade		220,000				220,000
5. Banner Portal		175,000				175,000
6. Budget and Financial Planning Software		75,000				75,000
Sub-total		1,104,300	-	-	-	1,104,300
Other Projects						
1. Fitness Center Equipment		53,532				53,532
2. Furniture Upgrades / Space Improvements	Y	172,564				172,564
3. Vehicle Leases - Enterprise		221,054				221,054
4. Athletic Dept Equipment		13,393				13,393
5. TV Upgrade w/ Text N' Tell Installation					15,000	15,000
6. Replacement of Lock System		4,000				4,000
Sub-total		464,543	-	-	15,000	479,543
Total		2,900,000	2,468,804	686,429	160,000	6,215,233
Projects Funded via Rollover						
Rollover Facility Projects		612,738				612,738
Rollover for DCAMM Projects		481,205				481,205
Rollover for IT Projects		261,522				261,522
Rollover for Dining Services					176,627	176,627
Sub-total		1,355,465	-	-	176,627	1,532,092
Grand Total		**4,255,465**	**2,468,804**	**686,429**	**336,627**	**7,747,325**

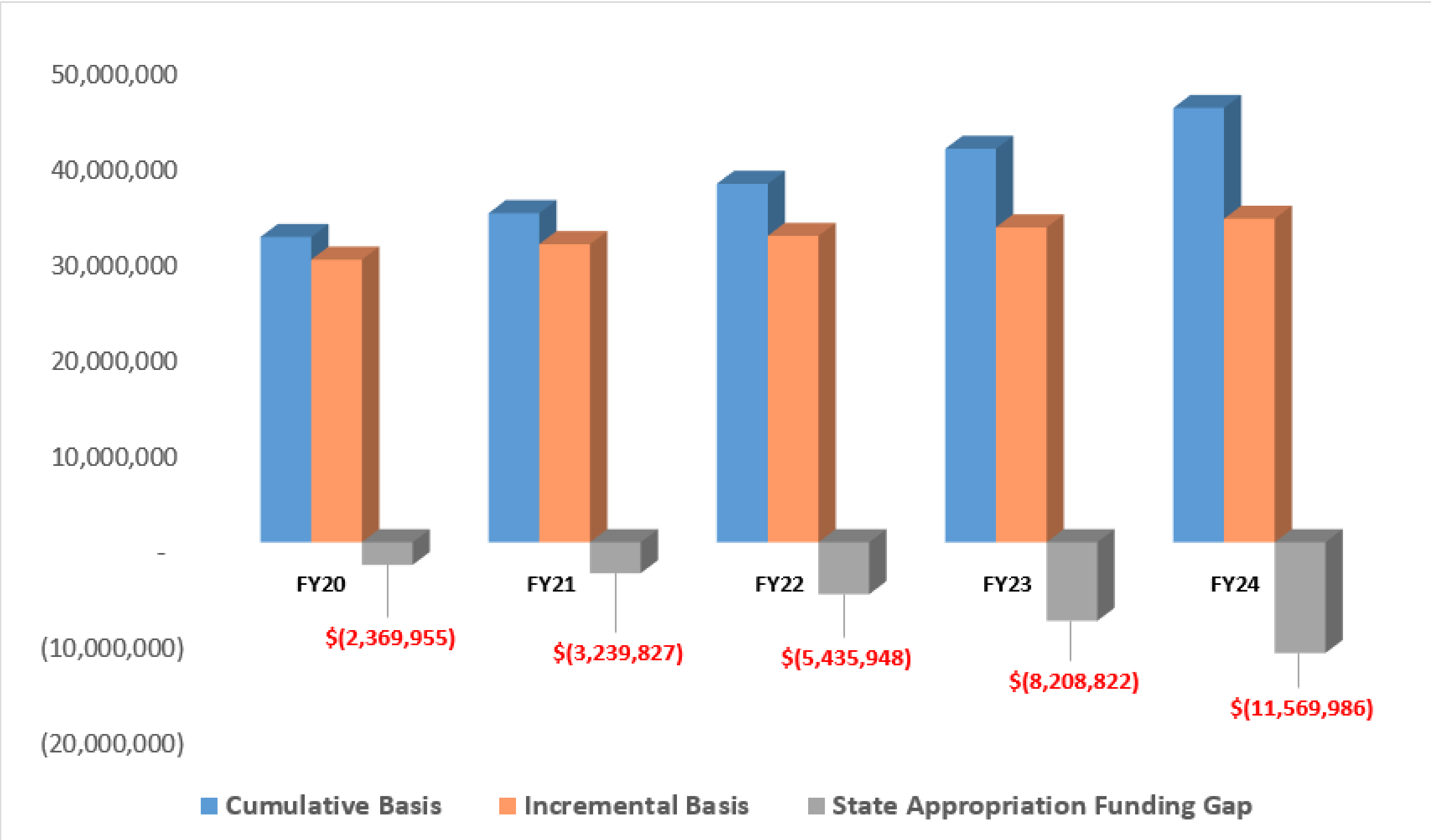
Collective Bargaining Funding Gap



State Appropriation Planning Considerations:

- State Appropriation represents approximately 25% of revenue
- Major variances vs. projections are unpredictable
- Funding Appropriation is a political process

State Appropriation Funding Gap



Westfield STATE UNIVERSITY

Board of Trustees

June 20, 2019

MOTION

To approve the FY20 Operating Budget as presented and to authorize the President to make budget adjustments to these funds.

____ ________________________

Kevin R. Queenin Date

Westfield State University

Finance and Capital Assets Committee

FY20 Budget Narrative

June 20, 2019

OVERVIEW

The campus has developed the FY20 budget based on board approved parameters, models/fees and priorities as defined in the new strategic plan. The overall proposed budget is aligned to these budget drivers and campus priorities.

In FY20, it is expected that several external factors will place financial pressure on the campus:

1) Collective bargaining impacts are not fully funded by state appropriation.
2) Enrollment projections are on a downward trend as demographics shift resulting in fewer high school graduates, particularly in New England.
3) The Residential Life budget, excluding Lansdowne, is projecting an $800K loss due to lower projected occupancy rates and increasing annual debt service.
4) Dining Services is also impacted by the enrollment trend and is responding with cost reduction strategies that will be challenging to maintain long-term.

The campus is responding to these issues by diligently exploring several options to support financial stability while working to prevent these pressures from impacting cost of attendance for our students. The campus is leveraging anticipated FY19 one-time funding in an effort to advance certain aspects of the strategic plan and capital projects. This alleviated pressure on the FY20 budget and supports investment in high impact initiatives. The campus also recognizes the impact of financial growth in CGCE programs through an increase in enrollment in the RN-to-BSN, MSW, and PA programs. When compared to our peer institutions, our campus has successfully managed the declining enrollment, mainly due to conservative financial planning and prudent budget management.

ENROLLMENT

FY19 enrollment was budgeted at 4,350 students, however, preliminary results reflect an undergraduate enrollment decrease of approximately 109 students (headcount). Following the declining enrollment trend, FY20 projections have shifted from 4,300 to 4,223, a decrease of approximately 77 students. The previous fall entering class was projected to be 1,440 students; 1,100 new entering students and 340 transfer students. FY20 entering class is expected to be comprised of 1,065 new entering students and 325 transfer students for a total of 1,390 students. While current deposits are tracking slightly higher than last year, the campus is assuming the budgeted entering class of 1,390 will be met.

CAMPUS STRATEGY TO BALANCE BUDGET

The revenue impact of lower enrollment in FY20 is a shortfall of approximately $830K, creating a structural budget deficit.

The campus employed the following strategies to balance the budget:

1) Reduce base funding by $500K in the Strategic Plan, leaving $500K in the budget.
2) A $100K reduction to capital plan funding.
3) Assume salary savings of $130K.
4) An additional $50K in net contribution from CGCE.
5) Non-personnel operating budget reductions of approximately $50K.

While the base funding for the strategic plan is decreasing in next year's budget, the campus increased support for the strategic plan in FY19 by reallocating $203K in one time funding. It is critical that the campus maintain some level of investment in strategic priorities to advance institutional goals.

REVENUES

Revenues are projected to increase by 3% or $3.7M over last year's budget mainly due to an increase in state appropriation of $2M, fee increases of $1.9M, and grant revenue of $483K, offset by a $700K reduction in residence and dining fees due to lower occupancy and participation rates. The campus is also expecting approximately $300K of additional investment income which was offset by additional scholarship allowance.

Board approved fee increases for undergraduate and CGCE have been integrated in the budget (refer to *Schedule of Annual Tuition and Fees – Approved and Final 2-7-19*). Total cost of attendance for an in-state on campus residential student would be 3.5% or $741 and 4% or $420 for a commuter student. This increase does not change Westfield's relative "sticker price" compared to other Massachusetts state universities.

- Residential Life rent revenue is expected to remain relatively flat due to a decrease in occupancy rates offset by a 3% increase in room rates.
- Dining Services revenue is projected to decline by 4% or approximately $445K due to the decline in occupancy in housing which requires a meal plan, coupled with an increase in transfer students not living on campus.
- CGCE revenue is increasing by approximately $1.1M or approximately 10% over last year's budget for a total of $12.1M mainly due to growth in enrollment in the RN-to-BSN, MSW and PA programs.

EXPENSES

Operating expenses are increasing by $5.5M or roughly 5% over FY19 as a result of the following:

- Compensation and fringe rate expenses totaling $3.5M over FY19 due to an overall salary increase for the campus of 2% for all employees plus the fringe impact. The fringe rate increased from 36.6% to 37.99% mainly due to a payroll tax increase.
- Operating budgets increased by $375K mainly due to anticipating a 2% collective bargaining increase for adjuncts for FY18 – FY20.
- Strategic investments was reduced from $1.2M in FY19 to $500K next year. The campus has increased one time funding in FY19 by $203K.
- As anticipated, the MSCBA assessment for Residence Life increased by $900K.

While expenses exceed revenues by $3M, it is important to note the following:

1) Capital rollover funds represents approximately $1.5M due to several projects that are expected to remain incomplete by year-end including camera installation, several DCAMM funded projects, paving, and drainage.
2) Operating contingency of $1.3M is built into the expense category and is a combination of true contingency which includes $650K in operating contingency for the campus and projected surplus of $518K in CGCE. The contingency is used to hedge against an unplanned tuition shortfall or one-time unplanned expenses which are necessary to fund.
3) Potential planned use of reserves is mainly in residential life, grants, and athletics.

COLLEGE OF GRADUATE AND CONTINUING EDUCATION (CGCE)

FY20 revenue of $12.1M which represents an increase of 11%, or approximately $1.2M when compared to prior year based on projected credits counts at the FY20 tuition rate and increased enrollment rates in the RN-to-BSN, MSW and PA programs. All other programs are expected to experience either flat or moderate growth. Expenses are increasing mainly due to program expansion as well as compensation increases related to collective bargaining and the addition of two new positions; one employee to support expansion of the Westfield Promise and one student support staff member.

Non-credit programs administered by CGCE are represented within the Other Trust Fund category in the *Detailed Budget by Trust Fund* summary document. Non-credit is projecting a surplus of $78K which is also identified as an operating contingency.

AUXILIARIES (RESIDENTIAL LIFE AND DINING SERVICES)

- Residential Life – Rates are increasing by 3% in FY20 while occupancy rates are projected to decline in FY20 to an average of 89%. In FY20, Residential Life will be required to utilize reserves in order to balance its budget mainly due to an expected increase in the U-Hall debt service of approximately $900K offset by $100K in additional summer conference revenue related to securing a new police academy contract. Residential Life is assessing ways to balance its budget in the long term as declining enrollment and a competitive off-campus housing market are expected to further cause financial limitations.

- Dining Services - Despite a 3% increase to the average meal plan, revenue is expected to be 4% lower than prior year mainly due to lower on campus housing occupancy. For instance, revenue was projected at $11.1M in FY19 and $10.6M in FY20, a drop of approximately $500K. Budget adjustments have been made to produce a balanced budget and Dining Services remains committed in FY20 to a $2.4M university assessment. Renovation of the Wilson Café (predominately used by commuters) is targeted as a priority capital improvement project for Dining Services, however, it's expected that the project will begin at the end of FY20 and carry into FY21.

CAPITAL BUDGET

The capital budget is projected to be approximately $4.4M, which is higher than FY19 mainly due to the addition of $340K in Dining Services renovation projects as well as a slight increase in capital rollover funding, offset by a $100K campus cost reduction in support of solving the structural deficit. Capital rollover funding is assumed to be approximately $1.5M with several ongoing projects not yet completed due to delayed funding for DCAMM critical repair projects. The projected capital budget excludes funding for the renovation of Parenzo Hall as our portion will be funded from cash reserves.

Major capital investments include:

- Several deferred maintenance projects as partially funded by DCAMM - $700K.
- Classroom technology - $400K.
- Campus camera installation - $131K.
- IT infrastructure and lifecycle investments - $300K.

DCAMM revised its allocation of emergency funding and deferred maintenance funding in FY19 and moved toward a five year annual allocation plan to provide each campus with matching funds for projects. The campus is required to use the Sightlines data as benchmarks for approved projects and related funding. Due to this change, the campus is able to anticipate funding amounts as well as plan multi-year projects. A snapshot of the five year funding arrangement is provided below:

DCAMM Funds + University Matching = $9,496,980 over 5 Years

	68%	32%	
	DCAMM	**WSU**	**Total**
FY19 Year 1	1,112,073	528,907	$ 1,640,980
FY20 Year 2	1,457,029	692,971	$ 2,150,000
FY21 Year 3	1,670,501	794,499	$ 2,465,000
FY22 Year 4	1,251,012	594,988	$ 1,846,000
FY23 Year 5	945,375	449,625	$ 1,395,000
Total Funding	**6,435,990**	**3,060,990**	**9,496,980**

PLANNED USE OF RESERVES

Planned use of reserves is an estimate based on the assumption that reserves will be needed next year. For FY20, the estimated amount is $1.5M mainly due to a deficit in Residential Life of approximately $800K. Residential Life has accumulated reserves which can be used to support its operation. Other requests for use of reserves include approximately $600K from across various campus groups including Athletics, CURCA, Counseling Center, and SGA Fundraising.

STRATEGIC PLAN INVESTMENT

Overall the campus has allocated $788K in strategic plan funding. Due to anticipated budget favorability in FY19, the campus was able to advance $203K of funding for the plan in support of one-time high impact investments. The campus has allocated $585K for strategic plan funding in FY20 in support of the following goals: 1) student experience; 2) enrollment; 3) culture; and 4) institutional resources. The following themes were viewed as high priority to the campus: core curriculum, academic programs, student support, enrollment, retention, diversity, optimizing resources, and investing in technology solutions (refer to attached summary *FY19 & FY20 Strategic Plan Cabinet Funding Recommendations*).

SUMMARY

The campus has carefully evaluated the balance between affordability, enrollment, and strategic investments. The highest priorities in FY20 are going to be: 1) creating financial stability through enhanced planning; 2) developing ways to attract and retain students; and 3) investing in the strategic plan which will position the campus to be an institution of choice in a highly competitive market. It is expected that enrollment will continue to decline through FY23 and level off in FY24.

Westfield State University
FY20 Campus Budget
Final Budget as of 6/20/19

	FY20 Budget	FY19 Budget	$ Change	% Change
Revenue				
Scholarship Allowance	(10,610,448)	(10,310,448)	(300,000)	3%
Tuition and Fees	59,002,807	57,114,036	1,888,771	3%
Federal Grants and Contracts	9,271,568	8,958,252	313,316	3%
State Grants and Contracts	2,585,000	2,515,000	70,000	3%
Private Grants and Contracts	478,000	378,000	100,000	26%
Residence Fees	19,411,659	19,634,195	(222,536)	-1%
Dining Fees	10,636,124	11,082,010	(445,886)	-4%
Other Operating Revenues	2,255,890	2,389,680	(133,790)	-6%
Commissions	550,000	545,500	4,500	1%
State General Appropriations	29,463,260	27,364,967	2,098,293	8%
Foundation Support	430,000	425,000	5,000	1%
Investment Income	677,400	370,000	307,400	83%
Total Revenue	**124,151,260**	**120,466,192**	**3,685,068**	**3%**
Expenses				
Personnel	54,766,124	51,929,167	2,836,957	5%
Fringe Benefits	10,527,350	9,804,671	722,679	7%
Operations	31,342,404	30,967,990	374,414	1%
Strategic Investments	500,000	1,200,000	(700,000)	-58%
Utilities	4,541,635	4,512,929	28,706	1%
Debt Payments	2,465,435	2,447,335	18,100	1%
Operating Contingency	1,309,799	980,952	328,847	34%
Capital Projects	4,592,092	4,020,677	571,415	14%
Scholarships	4,270,134	3,867,872	402,262	10%
Transfers	-	-	-	-
MSCBA Assessment	12,897,864	11,996,343	901,521	8%
Total Expense and Transfers	**127,212,838**	**121,727,936**	**5,484,902**	**5%**
Net Revenue over Expense	**(3,061,579)**	**(1,261,744)**	**(1,799,835)**	**143%**
Planned Use of Reserves	1,529,486	261,744	1,267,742	484%
Capital Rollover	1,532,092	1,000,000	532,092	53%
	3,061,579	**1,261,744**	**1,799,835**	**143%**
Net Surplus/(Loss)	-	-	-	-

Westfield State University
FY20 Detailed Budget by Trust Fund
Final Budget as of 6/20/19

	Operating Budget	Grants	Capital Project Fund	CGCE	Residential Life	Dining Services	Other Trust Funds	FY20 Budget All Funds	Notes
Revenue									
Scholarship Allowance		(10,610,448)						(10,610,448)	
Tuition and Fees	46,660,681			12,142,126			200,000	59,002,807	
Federal Grants and Contracts		9,271,568						9,271,568	
State Grants and Contracts		2,585,000						2,585,000	
Private Grants and Contracts		200,000					278,000	478,000	
Residence Fees					19,411,659			19,411,659	
Dining Fees						10,636,124		10,636,124	
Other Operating Revenues	952,760				325,000		978,130	2,255,890	(1)
Commissions	438,000				112,000			550,000	
State General Appropriations	29,463,260							29,463,260	
Foundation Support	430,000							430,000	
Investment Income	677,400							677,400	
Total Revenue	78,622,101	1,446,120	-	12,142,126	19,848,659	10,636,124	1,456,130	124,151,260	
Expenses									
Personnel	46,458,638	275,000		3,425,727	2,324,842	2,230,751	51,166	54,766,124	
Fringe Benefits	7,380,589	105,508		1,373,379	808,928	835,089	23,857	10,527,350	
Operations	16,840,616	741,112		4,309,581	3,042,853	4,750,111	1,658,131	31,342,404	(2)
Strategic Investments	500,000							500,000	
Utilities	2,899,330				1,642,305			4,541,635	
Debt Payments	2,152,431					313,004		2,465,435	
Operating Contingency	650,000			501,998		79,771	78,031	1,309,799	
Capital Projects			4,432,092			160,000		4,592,092	
Scholarships	3,438,875	324,500		65,000	350,169	26,590	65,000	4,270,134	
Transfers	(1,679,473)	133,573	(2,900,000)	2,466,441	(421,349)	2,400,808		-	(3)
MSCBA Assessment					12,897,864			12,897,864	
Total Expense and transfers	78,641,007	1,579,693	1,532,092	12,142,126	20,645,612	10,796,124	1,876,184	127,212,838	
Net Revenue over Expense	(18,906)	(133,573)	(1,532,092)	-	(796,953)	(160,000)	(420,054)	(3,061,579)	
Planned Use of Reserves	18,906	133,573			796,953	160,000	420,054	1,529,486	
Capital Rollover			1,532,092					1,532,092	
Total Reserves	18,906	133,573	1,532,092	-	796,953	160,000	420,054	3,061,579	
Net Surplus/(Loss)	-	-	-	-	-	-	-	-	

Notes:

1. Other Operating Revenues consist of parking revenues, application fees, phone fee, non-credit program revenue and other miscellaneous fees
2. Includes $250k for contractual increases and health and safety priorities.
3. Transfers represent the movement of cash from one trust fund to another (for example, dining services will transfer $2.4m to the University's Operating Budget).
4. Planned Use of Reserves may require immaterial adjustments due to year end account validation.

WESTFIELD STATE UNIVERSITY
Schedule of Annual Tuition and Fees
FY19 - FY20 Comparison

Final Approved as of June 20, 2019

	FY19 Approved	FY20 Preliminary	$ Change	% Change
TUITION:				
√ Resident	**970**	**970**	**-**	**0.0%**
Proximity	1,455	1,455	-	0.0%
Non-Resident & Foreign	7,050	7,050	-	0.0%
MANDATORY FEES:				
Student Activity	123	123	-	0.0%
General Fee*	8,506	8,926	420	4.9%
Capital Improvement Fee	100	100	-	0.0%
Technology Fee	730	730	-	0.0%
√ Total Mandatory Fees	**9,459**	**9,879**	**420**	**4.4%**
Total In-State Tuition/Fees	**10,429**	**10,849**	420	4.0%
ROOM:				
Apartments	8,610	8,860	250	2.9%
√ Dormitories	**6,660**	**6,850**	**190**	**2.9%**
New Dorm (single)	9,910	10,200	290	2.9%
New Dorm (double)	8,710	8,960	250	2.9%
University Hall (single)	9,380	9,650	270	2.9%
University Hall (double)	8,170	8,400	230	2.8%
Lansdowne (one bedroom - premium)	9,460	9,744	284	3.0%
Lansdowne (two bedroom)	8,480	8,734	254	3.0%
BOARD:				
Unlimited Meal Plan (NEW)	4,243	4,371	128	3.0%
On the Go Meal Plan (commuters/apt. residents only)(NEW)	1,409	1,451	42	3.0%
√ 14-Meal Plan (DC Basic Plan)	**4,010**	**4,131**	**121**	**3.0%**
Total Residential Cost of Attendence	**21,099**	**21,840**	**741**	**3.5%**
OTHER FEES:				
Student Teaching (practicum) Fee	250	250	-	0.0%
Nursing Fee	1,158	1,194	36	3.1%
Late Registration Fee	25	25	-	0.0%
Late Payment Fee	100	100	-	0.0%
Bad Check Fee	25	25	-	0.0%
Reinstatement Fee	50	50	-	0.0%
ID Card Replacement Fee	30	30	-	0.0%
Parking	100	100	-	0.0%
Parking-DGCE	60	60	-	0.0%
WAIVABLE FEES:				
Student Health Insurance	2,985	3,444	459	15.4%
Wellness Center	185	185	-	0.0%
Lifetime Owls (opt in fee)	75	75	-	0.0%

√ Average student annual cost is calculated using the gray shaded areas.

Westfield State University
FY19 & FY20 Strategic Plan
Cabinet Funding Recommendations

FY19

Goal	Initiative	Action Item	Lead Implementor	Lead Assessor	Division	FY19 1-Time Funding	Notes / Expense Type
1 - Student Experience	Student Support / Success	Orientation Software	WSE working committee Orientation Coordinator	Orientation Coordinator	SA	26,000	Orientation software
2 - Enrollment	Retention	Blackbaud Software	Lisa McMahon, Director Institutional Advancement	Erica Broman	IA	12,000	Utilize Blackbaud/Academic Works Software to cultivate donors and increase endowed scholarships
4 - Institutional Resources	Diversify and expand revenue sources	IA Consultant	Erica Broman	Erica Broman	IA	50,000	Feasability study to assess institutional capacity for comprehensive campaign
4 - Institutional Resources	Diversify and expand revenue sources	Pathways/Data Cleaning	Erica Broman	Erica Broman	IA	35,000	Data Accuracy and Increased Data Capture
4 - Institutional Resources	Upgrading Technology	Ely Network	Alan Blair	Steve Taksar	A&F	80,000	Network Upgrades
				Total FY19		**203,000**	

FY20

Goal	Initiative	Action Item	Lead Implementor	Lead Assessor	Division	FY20	Notes
1 - Student Experience	Core Curriculum	Core Reform	Dean of Undergraduate Studies	Provost	AA	33,000	
1 - Student Experience	Academic Programs	Program Dev./Lab Techs	College Deans	Provost	AA	41,000	Program Growth is accelerated
1 - Student Experience	Student Support / Success	Multiple Initiatives	Dean of Faculty and Dean of Students	Provost	AA	51,000	Ready Education Campus App and First Year Read
2 - Enrollment	Enrollment	Financial Aid	EM Team	EM Team	EM	60,000	Financial Aid increase
2 - Enrollment	Enrollment	Financial Aid Position	Director of Athletics, Dick Lenfest	Director of Athletics, Dick Lenfest, and VP EM, Dan Forster	EM	46,000	Engage Campus in Recruitment: Athletics Recruiter to focus on recruitment, retention, mentoring and support of coordinating a total program of Student-Athlete recruitment. NCAA Grant
2 - Enrollment	Retention	Westfield State Experience - Multiple Initiatives			SA	19,000	
3 - Culture	Diversity & Inclusion	Investigator / Restructure	Diversity Officer	AVPHR/Chief of Staff	A&F	100,000	Additional roles, duties, and responsibilities taken on by HR Staff as well as the Office of Diversity
3 - Culture	Diversity & Inclusion	Diversity Op Budget	Diversity Officer	AVPHR/Chief of Staff	A&F	20,000	Diversity Office Operating Budget
3 - Culture	Employer of Choice	OnBoarding	AVP HR	VPAF	A&F	4,000	
3 - Culture	Employer of Choice	Food Campus Events	Director of Dining Services	Chief of Staff	A&F	17,000	Build Community through support for Holiday Lunch, Convocation BBQ, Homecoming & Family Weekend.
3 - Culture	Employer of Choice	Campus Culture	AVP HR, Jalisa Williams	VPAF/Chief of Staff: Steve Taksar / Susan Leggett	A&F	30,000	
4 - Institutional Resources	Optimize use of current resources	Budget Software	Maria Feuerstein	Steve Taksar	A&F	40,000	
4 - Institutional Resources	Optimize use of current resources	Innovation Fund	Director of Budget	VPAF	A&F	20,000	Special Innovation Fund
4 - Institutional Resources	Upgrading Technology	Digitial Inst Repository	ITS / AIS	VPAF / Provost	A&F	11,000	The digital Institutional Repository will serve as a platform for public academic and archival documents of the university. It will include the University Archives, student capstone, research projects, and theses, faculty works, and learning objects.
4 - Institutional Resources	Upgrading Technology	Event calendar	ITS / AIS	VPAF / Provost	A&F	-	
4 - Institutional Resources	Upgrading Technology	Camera Maintenance Phase 2	Alan Blair	Steve Taksar	A&F	8,000	
				Total FY20		**500,000**	

Transfer to FY20 Due to Timing Issues; Swap timing to Advance Fund Academic Affairs Purchases

Goal	Initiative	Action Item	Lead Implementor	Lead Assessor	Division	FY20	Notes
3 - Culture	Employer of Choice	Campus Culture	Susan Leggett	Susan Leggett	A&F	10,000	Campus Climate Workforce Survey
4 - Institutional Resources	Optimize use of current resources	Budget Software	Maria Feuerstein	Steve Taksar	A&F	75,000	Improve Financial Planning through modernization, automation, and predicitve modeling; Improve transparency through robust reporting capabilities
				Total Transfer to FY20		**85,000**	

Board of Trustees

June 20, 2019

MOTION

To approve FY20 capital projects, as presented in the FY20 Capital Projects Summary Plan.

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Kevin R. Queenin Date

Westfield State University
FY20 Capital Funding Plan

	Deferred Maintenance	Campus	DCAMM	MSCBA	Dining *Funded from Use of Reserves*	Total	Comment
			Funding Source				
Physical Plant Projects							
1. Deferred Maintenance	Y	692,971	2,468,804	686,429		3,848,204	
2. Dower A/C	Y	48,500				48,500	
3. Academic Space Renovations	Y	137,800				137,800	Wilson, Math Tutoring Center, Dower
4. Freight Elevator Cab & Jack Upgrade	Y	75,000				75,000	Dining Commons
5. Infrastructure Repairs/Maintenance	Y	225,000				225,000	
6. Wilson Café Renovation					145,000	145,000	Includes $20k for Catering Office Renovations
7. Critical Repair Contingency		151,886				151,886	
Sub-total		1,331,157	2,468,804	686,429	145,000	4,631,390	
Information Technology							
1. Classroom technology		368,200				368,200	
2. Life Cycle Computers - Labs		139,050				139,050	
3. Life Cycle - faculty/staff		127,050				127,050	
4. Ely Network Upgrade		220,000				220,000	
5. Banner Portal		175,000				175,000	
6. Budget and Financial Planning Software		75,000				75,000	
Sub-total		1,104,300	-	-	-	1,104,300	
Other Projects							
1. Fitness Center Equipment		53,532				53,532	
2. Furniture Upgrades / Space Improvements	Y	172,564				172,564	
3. Vehicle Leases - Enterprise		221,054				221,054	Refer to Lease/Purchase Motor Vehicle List
4. Athletic Dept Equipment		13,393				13,393	Fitness and training equipment
5. TV Upgrade w/ Text N' Tell Installation					15,000	15,000	
6. Replacement of Lock System		4,000				4,000	
Sub-total		464,543	-	-	15,000	479,543	
Total		2,900,000	2,468,804	686,429	160,000	6,215,233	
Projects Funded via Rollover							
Rollover Facility Projects		612,738				612,738	Master Plan, Paving & Drainage, Camera Installation
Rollover for DCAMM Projects		481,205				481,205	Multiple Deferred Maintenance Projects
Rollover for IT Projects		261,522				261,522	Banner Project & IT Server Replacements
Rollover for Dining Services					176,627	176,627	Wilson Café Renovations
Sub-total		1,355,465	-	-	176,627	1,532,092	
Grand Total		**4,255,465**	**2,468,804**	**686,429**	**336,627**	**7,747,325**	

Notes:

Westfield
STATE UNIVERSITY

Board of Trustees

June 20, 2019

MOTION

To authorize the University to spend up to $30,000 in FY20 on sponsorship and/or attendance at community events, consistent with University guidelines for the expenditure of such funds. The University will report all expenditures made under this umbrella approval no later than the June 2020 meeting of the Board of Trustees.

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Kevin R. Queenin Date

Westfield STATE UNIVERSITY

Board of Trustees

June 20, 2019

MOTION

To approve the FY20 expenditures for the vehicle lease/purchase program, as presented.

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Kevin R. Queenin Date

Westfield State University
FY20 Budget
Leases and Motor Vehicle Purchases

Vehicle Summary	Quantity	Cost/ Month	Annual Cost
Existing Lease Commitments:			
Facilities, Public Safety, Media Services, Mail Services, Catering	22	$ 648	$ 171,000
Program Service fee			$ 5,342
Total			**$ 176,342**
New Lease Commentments FY20:			
Ford Transit 250(Plumber)	1	$ 564	$ 6,768
Ford Transit 250(Carpenter)	2	$ 569	$ 13,656
Ford F350 dump w/plow/sander(Grounds)	2	$ 1,012	$ 24,288
Total			**$ 44,712**
FY20 Total Lease Expense			**$ 221,054**
FY20 New Purchases			
2019 Police Cruiser			$ 41,000
(Funded via Parking Fines & Other Revenue)			

Westfield
STATE UNIVERSITY

Board of Trustees

June 20, 2019

MOTION

To approve and adopt the updated Westfield State University policy on Fixed Assets, Capitalization, and Inventory Control (0601), as presented, to be effective July 1, 2019.

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Kevin R. Queenin, Chair Date

Westfield STATE UNIVERSITY

Recommendation to Increase Capitalization Threshold

June 2017

Beginning in FY18, the campus is proposing to increase the asset capitalization threshold from $1,000 to $10,000 reaching the $50,000 threshold in 5 years. The impact of this change does not affect the overall budget; it is a year-end financial statement impact. By raising the threshold, we will effectively be expensing more costs in the year they are purchased rather than spreading the cost over multiple years via depreciation. The capitalization threshold of the Commonwealth of Massachusetts is currently $50,000 and has been for several years. All of our sister state universities use the $50,000 threshold. This transition will result in the following estimated increase in the average yearly expenditures, moving from the balance sheet to the Statement of Revenues, Expenses, and Changes in Net Position (income statement):

Model: 5-year shift	**FY2018**	**FY2019**	**FY2020**	**FY2021**	**FY2022**	**FY2023**
New Non-Capitalized Expense	$593,000	580,000	490,000	391,000	277,000	220,000
Annual Threshold	$10,000	$17,500	$25,000	$40,000	$50,000	$50,000

The recommended model proved to be the least impactful of the multiple scenarios analyzed. Over the next several years, we will finish depreciating previously purchased items and expense new items in the year purchased. Over time, older items will finish depreciating and the impact to the income statement diminishes.

This approach is being recommended by the Vice President for Administration and Finance and was approved by the President. Additionally, our audit firm recommends moving to the $50,000 level as soon as is practical. The Fixed Assets Policy will be changed annually to reflect the new capitalization schedule.

Section Administrative

Westfield State University

number

Policy concerning:

APPROVED: April 2015

REVIEWED: June 201~~8~~9

FIXED ASSETS, CAPITALIZATION, AND INVENTORY CONTROL

PURPOSE

The purpose of this policy is to ensure that Westfield State University complies with state laws; communicates expectations; and encourages ethical practices, socially responsible behavior, and fiscal responsibility regarding the university's fixed assets.

POLICY

Accurate records must be created and maintained for each fixed asset with a value of $1,000 or more and an expected useful life longer than one year, in line with the Comptroller's Fixed Assets Acquisition policy. An asset's value is determined by the cost to acquire the new asset and place it into service. This amount includes freight and installation less any rebates, refunds, or credits. Additionally, all technology devices capable of storing personally identifiable information, as well as all firearms are added to the fixed assets inventory system regardless of cost.

All fixed assets must be physically inventoried at least once during each fiscal year in accordance with the Comptroller's Fixed Assets Accounting and Management policy. Any changes to fixed asset records, including but not limited to location and custodian, must be immediately reported to the Inventory Control office in order to comply with Comptroller policy on annual inventory.

All assets, regardless of the funding source used to purchase them, remain the property of the university for their entire lives and may only be disposed of by the university.

CAPITALIZATION

All non-collection items with a unit cost of $25,000~~17,500~~ or greater are capitalized. Library materials are generally expensed during the year. University capital assets, with the exception of land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives, which can range from three to 40 years. The cost of maintenance and repairs that do not either add to the value of the asset or materially extend the asset's life are not capitalized.

Commented [SSC1]: Incremental increase per fiscal year to eventually get to $50,000 threshold used by Commonwealth and all sister state institutions.

RESPONSIBILITIES AND ENFORCEMENT

Employees are considered the official custodians of all assets assigned to them and bear the ultimate responsibility regarding the welfare of those assets. All assets are restricted to use for official University business. For assets in use by multiple employees, this responsibility lies with the department head. Assets cannot be assigned to non-benefitted employees or students.

It is the responsibility of each custodian to report all asset status changes which they execute. Status change events are described in Section D of Procedures. Information must be reported to the Inventory Control Office within 7 days.

Human Resources and Division Vice Presidents are responsible for consistent enforcement of this policy. Failure to comply with this policy may result in disciplinary action up to and including suspension, termination, or legal action.

At the close of each fiscal year, the Financial Accounting office will provide to the Board of Trustees a progress report of the annual physical inventory conducted at each department.

PROCEDURES

A. ANNUAL PHYSICAL INVENTORY

A physical inventory of all fixed assets must be taken annually in every department. The Inventory Manager will keep a log of each department’s inventory including the date the inventory was taken and the signature of the respective department head/designee. This log will be regularly shared with Human Resources, Division Vice Presidents, and other necessary personnel.

a. The Inventory Control Office will arrange to visit each department. The department head/designee must make all assets centrally located and easily accessible. A hand-held scanner will be used to scan the barcode of each room/area and all associated fixed assets. The scanned information will be used to generate a report which indicates all information regarding the assets which were scanned as well as any assets which were not located.

b. The department is provided a copy of the report. If there are any assets which were not scanned the department has fourteen (14) days to locate the items or provide an explanation by completing Inventory Control forms indicating special circumstances (such as items being out for repair, relocated elsewhere, etc.) A meeting between the Inventory Manager and the department head will be held to review the reconciled report and rescan any previously un-scanned assets.

c. Assets which are still not scanned are classified as “missing” and will be reported to the Division Vice President as well as the Vice President for Administration and Finance.

d. After an additional fourteen (14) days, any remaining items classified as “missing” will be forwarded to the Vice President for Administration and Finance who, at his/her discretion, may freeze departmental funds, open purchase orders, and online ordering privileges, as well as taking additional appropriate action.

B. ACQUISITION

1. Requisitions must be entered in Banner by the department funding the acquisition. Items categorized as fixed assets must be line item specific and charged to the correct account code. The requisition must also include information relating to the cost of freight, installation, and/or expected rebates.

2. Assets to be traded in must be identified by their barcode number during the requisition process, as approval is required from the Commonwealth of Massachusetts’ Operational Services Division (OSD). Their approval must then be forwarded to the Inventory Control office.

3. The invoice for the asset will be paid by the line item and that information is captured and sent to the fixed assets inventory system. Any subsequent rebates, refunds, or credits must be subtracted from the total cost.

4. When an asset is acquired by lease purchase it is barcoded and entered in the fixed assets system at inception of the lease. The asset “cost” is the outright purchase amount plus costs of putting the asset into use (e.g. freight and installation). Since there is no Banner-generated notice to Inventory Control of these acquisitions, the Procurement office must immediately notify Inventory Control and Financial Accounting of all pertinent information.

5. Equipment may not be purchased with a P-Card (see Policy 0560: *Procurement Card Use and Process*).

6. Equipment may not be purchased with personal funds and qualify for reimbursement (see Policy 0300: *University Business Expenses and Petty Cash Funds*).

C. RECEIPT AND RELOCATION

1. All equipment deliveries must check in at Central Receiving before being delivered elsewhere on campus. Departments ordering equipment are responsible for notifying their vendors of this requirement. Central Receiving will notify Inventory Control of all equipment deliveries, who will then schedule time for barcoding. Departments ordering equipment which will be delivered AND installed by the vendor must give significant advanced notice to the Inventory Control office. Ordering departments and Central Receiving must share in the responsibility of unboxing items for barcoding by the Inventory Control office.

2. Technology, Media, Facilities, and any staff receiving assets must notify Inventory Control when new equipment is ready to be tagged, have serial numbers recorded, and linked to the barcode and location. They must also provide a copy of the packing slip as it contains the serial numbers for verification. Assets are not permitted to be deployed until they are barcoded.

3. Technology, Media, Facilities, and any staff moving assets are required to promptly report location information for all assets they deploy, relocate, or retrieve to the Inventory Control office. Technology and Media staff are issued hand-held scanners to easily and efficiently report frequent asset movements.

D. INVENTORY CONTROL

1. Certain assets cannot have a barcode physically attached due to the type of item, including but not limited to non-physical items such as software and items with a lack of a physical surface where a barcode can be adhered. In cases such as these the item is assigned a sequential asset tag number in the inventory system. All items of this nature must have a department code and location assigned to the inventory record. These items will be reviewed annually to ensure that they are still in use or if disposal is necessary.

2. Computing devices make up a significant portion of the University's fixed assets. They are capable of storing information of a confidential, sensitive, and/or personally identifiable nature. These assets must have a custodian assigned if use is restricted to a single employee. Additionally, device names within their operating system must include the device's University inventory control barcode number to allow identification on the University's internal computer network. Custodians must exercise due care in the use of University computing devices, adhering to this policy as well as all applicable Information Technology policies and procedures.

3. In order to maintain proper control of fixed assets, all changes must be communicated promptly to the Inventory Control office and other departments where applicable. The **Inventory Control – Action Report Form**, located on the myWestfield Documents site under Administration and Finance, is used to transmit the necessary information. The following points describe actions which necessitate the use of this form.

    a. **Off-campus use –** It is assumed that all mobile computing devices will be taken off-campus on an occasional or more frequent basis for the purpose of conducting University business. Every employee must bring all University equipment in their possession to the campus at least once annually for verification and physical inventory, as required by the Comptroller's Fixed Assets Accounting and Management policy.

    b. **Loss or theft** – As soon as an asset is lost or stolen its custodian must notify the offices of Inventory Control, Public Safety, Financial Accounting, the Information Security Officer, and the appropriate Division Vice President. An investigation will be conducted by Public Safety and further action may be taken. Refer to Policy 0490: *Unaccounted for Variances, Losses, Shortage, or Theft of Funds or Property Reporting*. If an employee is found to be negligent in the care and custody of a University asset, they will be subject to discipline and restitution as described in the Responsibilities and Enforcement section and as allowed by law.

    c. **Equipment Relocation** – Any time that an asset is moved from its documented location, the new location information must be submitted so that electronic records can be updated accordingly, as required by the Comptroller's Fixed Assets Accounting and Management policy.

    d. **Exchange/Repair** – Any time an asset is exchanged or returned to the vendor/repair facility. In the case of exchange, the Inventory Control Office must be contacted to set up a time when the new asset can be inventoried. In the case of repair, a copy of any pertinent paperwork must be sent to the Inventory Control Office when the asset has been returned to campus.

    e. **Employee Departure –** When the Human Resources Office becomes aware of a benefitted employee's resignation, retirement, or termination, they will forward their departure form to that employee's supervisor. Included in this process will be confirmation of all assets and return of all off-campus equipment to the proper department (Technology, Media, or Facilities).

E. SURPLUS PROPERTY

1. If a department no longer has use for University equipment in their possession, they must submit a request to surplus that item using the Inventory Control form. Upon receipt Inventory Control staff will schedule time to view the asset, confirm its status. The department is responsible for submitting a request to Central Receiving staff to remove the equipment.

2. Assets that are of no use to the university but are not worthless may be transferred to another State agency, Massachusetts municipality, or non-profit firm, or they may be sold at public auction. This process is outlined and governed by OSD and must be completed at no cost to the university.

3. Technology, Media, and Facilities are the only departments authorized to dismantle assets for parts salvage.

4. The Chief Information Security Officer (CISO) governs the process for destroying or otherwise sanitizing data storage contained within technology equipment.

REVIEW

This policy shall be reviewed annually by the Associate Vice President of Finance.

Westfield
STATE UNIVERSITY

Board of Trustees

June 20, 2019

MOTION

To engage the services of Eaton Vance in accordance with the Investment Management Services RFP (2019-004), rescinding the April 24, 2019 motion approved by the Board of Trustees engaging the services of Vanguard.

____ ____________________

Kevin R. Queenin Date

MEMORANDUM

Date: June 2, 2019

To: Stephen Taksar, Vice President, Administration and Finance

From: Gary Duggan, Director of Procurement and Administrative Services

Subject: Contract Negotiations with Vanguard

In November of 2018, Westfield State University issued a Request For Proposals for Investment Management Services. When all of the responses to this RFP were evaluated, Vanguard was select as the vendor that would provide the best overall value to the University.

During this past week I have been working with Gary Folk from the Vanguard Institutional Investor Group to establish a contract for these services. Mr. Folk sent me the Vanguard contract documents which I reviewed. After reviewing these documents, I identified several changes that need to be made to these documents before we could sign a contract with Vanguard. I have listed these changes below and identified the changes we agreed to make to the contract documents and which issues we could not resolve.

Contract Changes That We Agreed to Make

- **Term of Contract** – Mr. Folk agreed to change the term of the contract from an evergreen clause to the terms in our RFP which are 3 years with 2 annual renewals at the discretion of the University.

  Indemnification Clause - We agreed to remove the indemnification clause in section 13 D in their Discretionary Investment Management Agreement.

Contract Issues That Can't Be Resolved

- **Governing Law** - Vanguard uses Pennsylvania and New York law as the governing law in their agreements. They will only agree to use one of these two states.

- **Arbitration -** I asked if we could remove arbitration from the contract and resolve any disputes in courts of law. I was told that Vanguard will not agree to make this change to the contract.

The most significant issue that we couldn't resolve is the governing law of the contract. Massachusetts General Laws Chapter 180A, Section 4, Delegation of Management and Investment of an Institutional Fund, Item D states "By accepting delegation of a management or investment function from an institution that is subject to the laws of the commonwealth, an agent submits to the jurisdiction of the courts of the commonwealth in all proceedings arising from or related to the delegation or the performance of the delegated function." This law requires the University to have Massachusetts law as the governing law for these services. Since Vanguard refuses to accept Massachusetts law as the governing law for our contract, we will have to move to the next highest rated vendor that submitted a response to this RFP which is Eaton Vance. We will not face this governing law issue with Eaton Vance because they already agreed to Massachusetts law in their response to the RFP.

Please have the University Board of Directors rescind their vote for Vanguard to provide these services and vote to establish a contract with Eaton Vance.

Let me know if you have any questions regarding the information contained in this memorandum.

Regards,

Gary

Gary Duggan

Digitally signed by Gary Duggan
DN: cn=Gary Duggan, o, ou, email=gsduggan57@gmail.com, c=US
Date: 2019.06.02 13:10:32 -04'00'

Westfield
STATE UNIVERSITY

Board of Trustees

June 20, 2019

MOTION

To support the development of a voluntary separation incentive plan for Westfield State University, based on the recently approved Salem State University plan.

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Kevin R. Queenin, Chair Date