



BOARD OF TRUSTEES

Finance and Capital Assets Committee

April 30, 2020

Minutes

Meeting held virtually via Zoom

In accordance with Massachusetts Gov. Charlie Baker's Executive Order Suspending Certain Provisions of the Open Meeting Law, G.L. c. 30A, § 20 dated March 12, 2020.

A live stream of the meeting for public viewing also took place on YouTube.

MEMBERS PARTICIPATING REMOTELY: Committee Chair Sullivan, Vice Chair Hagan, Secretary Magovern, Trustees Boudreau, Neves, Queenin and Williams

TRUSTEE GUESTS PARTICIPATING REMOTELY: Trustees Alvarado, Landrau, and Martin

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

The meeting was called to order at 12:16 PM by Committee Chair Sullivan.

MOTION made by Trustee Boudreau, seconded by Trustee Sullivan, to approve the minutes of the February 6, 2020 meeting.

ROLL CALL VOTE:

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| Trustee Boudreau | Yes |
| Trustee Hagan | Yes |
| Trustee Magovern | Yes |
| Trustee Neves | Yes |
| Trustee Queenin | Yes |
| Trustee Sullivan | Yes |
| Trustee Williams | Yes |

Motion passed unanimously.

Items for Information:

IT Remote Learning Update: Mr. Thomas Raffensperger, Dean of Academic Information Services, gave an update on remote learning. Mr. Raffensperger commended the academic services and technology departments and stated that the faculty and students have worked the hardest to change the way of teaching and learning so quickly. The existing programs are working and much activity has gone into increasing these services and maintaining technology. Zoom licenses have increased from 15 to 270. Over 100 devices have been loaned out. Most instruction is one-on-one point of need instruction. It has been a complete team effort for operational efficiency. On behalf of the Board, Chair Queenin thanked the entire team for supporting online learning.

FY20 Third Quarter Financials: Ms. Maria Feuerstein, Director of Budget and Financial Planning, shared the FY20 Third Quarter financial reports, stating that the Voluntary Separation Incentive Program (VSIP) payouts and refunds due to the remote learning environment are reflected in the third quarter figures. She shared the significant revenue decline compared to last year resulting in a deficit of \$4.1 million. The major contributing factors on revenue were the \$6.4 million of refunds for housing, international student trips and dining plans due to the campus shifting to remote learning. This will have a multi-year impact on financials. The decline was also due to a significant decline in retention and 25% from not meeting the entering class enrollment.

For expenses, there was a significant amount of vacancy savings resulting in the timing delays with hiring, vacancy and fringe savings, offset by the VSIP payout. There is a spending freeze to the end of the fiscal year to maximize savings and a hiring freeze on existing vacant positions to help offset loss of revenue. CGCE, Residential Life and Dining Services also tracked expenses below budget.

Mr. Joshua Hettrick, Associate Director of Residential Life, stated that COVID-19 was taken into consideration with the significant difference between the budgeted and actual enrollment. The spring semester started with 2,230 students and 1,143 students is reflective of the March 31 date after they had checked out of campus.

Investment Update: Mr. Stephen Taksar, Vice President for Administration and Finance, gave an update on the invested funds with Eaton Vance, showing a decline of 4.4% in the portfolio since inception. The approved transition plan is being followed and Eaton Vance is taking a slightly more conservative approach with the volatility of market. The portfolio is highly liquid and can be cashed out quickly if necessary, although that will not be done unless it is absolutely needed with no other options. These funds are invested for the long term. The investment subcommittee will review the portfolio, benchmarks and policy in the coming months.

Student Refund Update: Mr. Taksar stated that 50% of spring costs were refunded with approximately \$6.4 million paid. The refunds were processed as credits to student accounts, with 4,500 credits issued between housing and dining. Cash was only given if there was no balance on an account. Ninety-one percent of students received refunds and 7% of the refunds were applied to outstanding balances.

We have applied for emergency grant funding for students and are projecting a receipt of \$4.5 million from the CARES Act, but all of it has not been received. The second term of the CARES Act consisting of approximately \$2.3 million has not yet been applied for. President Torrecilha shared that CARES Act funds were released with very little guidance and compliance with how the funds can be spent needs to be determined. CARES Act funds are not reflected in the third quarter financials. Funds that were distributed directly to students may be reflected in FY20 and FY21 funds will be allocated after legal review.

Items for Discussion:

Residence Life Operating Plan: Mr. Daniel Forster, Vice President for Enrollment Management and Mr. Hettrick shared a presentation on Residential Life.

- The program was hit hard by COVID-19 due to the refunds paid. New occupancy projections, expenses and costs being covered by the Residence Hall Trust Fund (RHTF) for FY21 were shared. The projected deficit will be carried through to FY23/FY24, and various strategies for savings and/or revenue to overcome deficits were shown. Westfield State's residential campus is integral to its identity. Before COVID-19, we were working toward 100% occupancy with Scanlon Hall coming offline and an increase in students returning to campus. Residential Life is already below its

required reserve and hopes to return to a break-even budget by FY24, assuming the worst-case scenario.

- President Torrecilha shared that the Council of Presidents (COP) was having conversations with the Massachusetts State College Building Authority (MSCBA) to attempt to restructure the debt for FY20 and FY21, giving institutions a reprieve for one year.
- Mr. Forster stated there was an improvement in the demand for on-campus housing for new and returning students after listening more to students and what their needs were. Because expenses are still more than revenue, at some point there needs to be an analysis of the debt portion and loans of Residential Life.
- It was questioned whether there was a way to become more competitive with the apartments downtown. The apartments and suites on campus are more expensive housing. The pricing of the most expensive residence halls is being considered so there is not such a large increase in the cost of a traditional room to an apartment. If rent is decreased in that area, there needs to be an increase elsewhere to pay the expenses.
- There has been a larger digital and social media marketing presence in the eastern part of the state this past year highlighting our residential program more effectively.

FY21 Budget Scenarios:

- Mr. Taksar highlighted key points of the FY20 year-end projection. The significant savings will not offset the losses, having a significant impact on the budget. There was previous discussion on the use of reserves when implementing the VSIP, which may need to be done.
- Key points on the surplus and deficit expectations for the FY20 projected financial impact due to COVID-19 were given. The numbers are still changing, but with the use of some CGCE savings to offset the Dining Services and Residential Life losses, a deficit of approximately \$2.7 million is expected.
- FY20 Residence Life projection/reserves were shared. After applying campus savings from cost avoidance and the use of some reserves, there will be additional reserves left for next year. CARES Act funding is not included in this projection nor are Lansdowne losses, which are included in the general budget. The VSIP is an expense this year but will be a benefit next year. There would be another \$1.8 million in reductions next year without the VSIP.
- FY21 New Planning Scenario B was discussed. The previous budget model for FY21 is no longer valid and we cannot wait until September to generate a new plan and budget.
- It is known that:
 - Enrollment is reduced
 - The Federal government will provide some relief through the CARES Act
 - We are in uncharted waters
- It is not known:
 - When the pandemic will subside
 - How students will react
 - How social distancing will continue
 - How this will affect trends of more students going to college
- The previous FY21 Budget Scenario A was compared to the new FY21 Budget Scenario B, showing a \$15 million loss in revenue based on assumptions, equaling an overall projected decline in revenue of 12%. The Scenario B Planning model expenses already assumed cost reductions of \$4.4 million before the new model. After adding reserve funding to the deficit, there is a projected net loss of \$11,908,653.
- FY21 Preliminary Budget Strategies were shown in two tiers for July and October.

- Chair Queenin suggested that if the state appropriation is reduced more than 5% we'll need to understand the ramifications. At this point, there are too many unknowns to create a known budget.
- Mr. Taksar believes the tiered approach to implement strategies is the best format with considerable communication needed (written, open meetings, targeted conversations with employees and units on campus). There will be approximately one month to pull a budget plan together.
- Trustee Martin suggested it is a good opportunity for the new college structure with conversations being held closer to all the employees affected, building departmental budgets with the variables.

There being no further business, **MOTION** made by Trustee Magovern, seconded by Trustee Queenin, to adjourn.

ROLL CALL VOTE:

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| Trustee Boudreau | Yes |
| Trustee Hagan | Not audible. Disconnected at 1:43 PM. |
| Trustee Magovern | Yes |
| Trustee Neves | Yes |
| Trustee Queenin | Yes |
| Trustee Sullivan | Yes |
| Trustee Williams | Yes |

Motion passed unanimously.

Meeting adjourned at 1:44 PM.

Attachments presented at this meeting:

- Minutes 2-6-2020 Finance and Capital Assets Committee Draft
- Third Quarter Financials FY20 (Update and Year-End Projection)
- Third Quarter Financials (FY20)
- Third Quarter Financials (FY19)
- Budget PowerPoint
- FY20 Year End Projection
- FY20 COVID-19 Financial Impact Analysis
- FY20 Residential Life Reserve Funding Balance
- Investment Summary
- Residential Life Operating Plan Presentation
- FY21 Budget Planning Scenarios
- FY21 Scenario Planning