



BOARD OF TRUSTEES

Finance and Capital Assets Committee

Minutes

President's Boardroom, The Horace Mann Center

December 11, 2019

MEMBERS PRESENT: Committee Secretary Magovern and Trustees Boudreau, Neves, Queenin and Williams.

MEMBERS EXCUSED: Committee Chair Sullivan and Vice Chair Hagan

TRUSTEE GUESTS PRESENT: Trustees Alvarado, Landrau, Martin and Martinez-Alvarez

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

The meeting was called to order at 11:10 AM by Trustee Queenin, who stated that Committee Chair Sullivan and Vice Chair Hagan were unable to attend the meeting.

MOTION made by Trustee Neves, seconded by Trustee Williams, to elect Trustee Queenin as Chair Pro Tempore of the meeting in accordance with Westfield State University Board of Trustees Bylaws, Article IV, Section 6. **Motion passed unanimously.**

MOTION made by Trustee Magovern, seconded by Trustee Neves, to approve the minutes of the October 10, 2019 meeting. **Motion passed unanimously.**

Ms. Maria Feuerstein, Director of Budget and Financial Planning, gave an update on the FY20 First Quarter Financials, highlighting:

- Factors on historical spending were applied since budgeting is on an annual basis.
- Figures are not a projection but a snapshot for July through September.
- Report shows an approximate \$2.9 million in surplus. The majority of that is related to compensation savings, which will diminish through the year, as well as a delay in capital project spending.
- Departmental operational expenses are trending as in the past years. Seasonality savings show in spending patterns.
- Enrollment was down due to decreasing retention rates and lower enrollment.
- There are 44 vacant positions between Administration and Finance and Academic Affairs, the two largest divisions.

Mr. Stephen Taksar, Vice President of Administration and Finance, gave a FY20 Budget Update as follows:

- Two campus-wide budget presentations were given in the fall with 70 to 80 people attending each session. The first session was informative and the second an open dialogue to solicit feedback and ideas on cost saving and revenue enhancement.

- Mr. Taksar met with the Student Government Association (SGA) twice to give updates on the budget and to give a preview of the FY21 budget.
- The annual enrollment trend is projecting 247 fewer students than budgeted in FY20 and a decline of 669 students over the last several years to now.
- The census data shows the entering fall 2019 class down in both first-time, first-year (FTFY) students and transfers. Lesser students entering classes has a multi-year affect.
- Potential strategies to balance the budget to close the shortfall this year were discussed. Trustee Queenin stated that the Board needs to strategically look at a 5-year window since the deficit is compounded each year and the deficit will not go away until something is done to correct it.

Mr. Taksar continued with the Annual Debt Report and Ratios:

- Outstanding campus debt total approximately \$21 million. Westfield State's portion of the residence hall debt owed to Massachusetts State College Building Authority (MSCBA) is \$116.3 million with an annual debt payment of approximately \$12 million. The debt was refinanced last year for University Hall reducing annual debt service to MSCBA by about \$1M per year.
- Ratios were calculated with and without the GASB Pension and OPEB figures. The structure was changed slightly to be consistent with the Department of Higher Education methodology and now includes Foundation assets in the calculated ratios.
- The graph provided shows a declining Composite Financial Index (CFI) with the GASB figures. Without impact of the pension and OPEB, we are holding our own at 3.8% with a goal to stay above 3%.
- We need to start thinking of a business plan now to have balanced budgets and minimize the use of reserves to help stabilize these ratios.
- Last year we broke even in operations and the surpluses of 6% and 7% in previous years is going away.
- MSCBA debt is excluded from the numbers in the graph.

Mr. Taksar continued with the Parenzo Hall Renovation update:

- The project will stay at \$40 million, with most of the funds being allocated to fix the infrastructure and to renovate the academic space. Scanlon Hall will serve as the interim temporary location for occupants of Parenzo, with the first floor of Scanlon becoming a permanent location for Academic Affairs and Facilities and the second and third floor becoming swing space during construction with very light renovation needed for office use instead of residential. Trustee Magovern left the meeting at 11:48 and returned at 11:56 AM.
- A project planning group consisting of the architect, DCAMM and representatives from campus meet every two weeks and bring their ideas to cabinet. Involvement from the following working groups was included in the planning to manage both the funds and the expectations:
 - General academic affairs (consisting of cross representation from academic departments) with 10-15 members
 - Co-lab space (consisting of community and students) with 10-12 members
 - Student success working group
 - It was recommended to put students on the working groups, especially student success. Most of the work done by these groups was in the summer.

President Torrecilha gave an update on the Voluntary Separation Incentive Program (VSIP):

- After the Department of Higher Education (DHE) entered into negotiations with the APA and AFSCME unions to offer a volunteer separation incentive program, 33 staff members applied for the program. All of them were approved with two separation dates in December and March, with the exception of three applications the University thought should occur later.

- The proposed fill rate will be approximately 54% with a potential savings of \$1.7 million, which includes the benefits of 39% of compensation.
- Human Resources, cabinet, and union representation will figure out how to spread the work or restructure the positions. The divisions of Academic Affairs and Finance and Administration have the most employees taking part in the program.

Mr. Taksar brought forth the FY21 Budget Planning Scenarios, highlighting:

- Scenarios presented are based on information we have in order to discuss ideas and direction.
- Committed to resolving the FY20 shortfall in the FY21 budget to be back in balance for the two years.
- The largest issues are the challenges to the auxiliaries. Scenario A shows a shortfall of over \$200,000 and Scenario B a shortfall of \$2.8 million, without the use of reserves.
- Tuition and fee parameters were previously discussed in the range of 2.0% to 3.0% and we are at 2.7%, which should not change.
- Dining Services revenue is up, but costs are increasing faster than revenues.
- Residence Life will still have a loss of revenue, but has already experienced cuts in the last several years. A bridge strategy is being created to get through another year but a long-term sustainable plan is required.
 - On-campus housing increases retention and positively affects the student experience.
 - Some ideas to increase revenue are to consider making housing mandatory for students outside a certain radius from campus, collapse the rate structure without losing revenue, provide more parking for first-year students, and secure more summer conferencing events.
 - The MSCBA debt was structured to use reserves.
 - Lansdowne has 200 beds and there are 96 students living there. The lease ends in 2022 and it was discussed whether the building could be used in other ways until the end of the lease. Students are encouraged to live on campus for a better experience and the availability of more resources.
 - There are approximately 300 students living off campus in apartments.
 - When occupancy was at 102%, approximately \$5 million was saved and put into reserves, which can only be used for Residence Life, such as covering their deficit, but not Lansdowne losses. The Lansdowne losses are being subsidized through the general fund.
 - Funds have been put aside for financial aid to assist with housing for high-needs students.
 - With residency falling below the break-even number, Residential Life cannot close the gap of \$2 million. It was suggested to do the best to reduce costs where possible, use Residence Life reserves to get through the next year, and develop and implement strategies to turn the corner within a year to bring back to the Board in February or April.

Mr. Taksar moved to the next agenda item and stated that he has been working with the committee chair to generate an annual work plan with yearlong topics for the committee to work on.

Trustee Queenin invited Dr. Susan Leggett, Chief of Staff, to explain the next action item on the agenda, which is to seek board support for the FY21 DCAMM Major Capital Project Proposal. Dr. Leggett stated the project addresses an idea that was brought to cabinet by students. A resource center is needed for marginalized and diverse students. Faculty and staff have been involved in doing this work through Higher Ed, Higher Ground, Diversity across the Curriculum, and Human Resources compliance and training. These can be built into the Center for Equity, Diversity and Inclusion. Funds are being requested to renovate classroom and residential space to develop the Center, which dovetails with two dimensions of the Strategic Plan - student experience and improving culture on campus with diversity and equity. The funds

being requested are for the physical structure. If the funds are not received, the work will continue but will not be as effective without the space as that will give visibility to groups who do not have it.

MOTION made by Trustee Neves, seconded by Trustee Magovern, to approve the submission of a proposal to the Division of Capital Asset Management for the FY21 Major Capital Project Process, to request \$4,843,125 to renovate a portion of the Scanlon building to create a Center for Equity, Diversity and Inclusion and to renovate and upgrade up to 3 - 4 classrooms/labs.

Trustees stated their approval that the proposal incorporates the Strategic Plan and the importance of culture and equity. **Motion passed unanimously.**

There being no further business, **MOTION** made by Trustee Magovern, seconded by Trustee Neves, to adjourn. **Motion passed unanimously.**

Meeting adjourned at 12:45 PM.

Attachments presented at this meeting:

- a. Minutes 10-10-19 (Draft)
- b. First Quarter Financials (Summary)
- c. First Quarter Financials (FY20)
- d. First Quarter Financials (FY19)
- e. FY20 Budget Update Presentation
- f. Annual Debt Report (Summary)
- g. Annual Debt Report (10 Year Ratio Table)
- h. FY21 Budget Planning Scenarios (Summary)
- i. FY21 Budget Planning Scenarios (Model)
- j. Motion – FY21 Major Capital Project