



Board of Trustees

Finance and Capital Assets Committee

11:00 AM
June 25, 2020

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|---|-------------------------------------|
| 1. Called to Order | Trustee Sullivan |
| 2. Minutes | |
| a. April 30, 2020 | Trustee Sullivan |
| 3. Items for Information | |
| a. FY20 Sponsorships | Tricia Oliver/Lisa Freeman |
| b. Investment Subcommittee Update | Trustee Queenin/Stephen Taksar |
| c. New Residential Dining Plan | Stephen Taksar |
| 4. Items for Discussion | |
| a. FY21 Capital Projects Update | Stephen Taksar/Maureen Socha |
| b. Multi-Year Planning Model | Stephen Taksar |
| 5. Items for Action | |
| a. Motion – FY21 Provisional Operating Budget | President Torrecilha/Stephen Taksar |
| b. Motion – Capital Projects greater than \$500,000 | Stephen Taksar |
| c. Motion – Vehicle Lease/Purchase Program | Stephen Taksar |
| d. Motion – FY21 Sponsorships | Stephen Taksar |
| e. Motion – Fixed Assets, Capitalization, and Inventory Control Policy (0601) | Steven Scibelli |

Attachment(s):

- a. Minutes 4-30-20 (Draft)
- b. FY20 Sponsorships
- c. Motion – FY21 Provisional Operating Budget
- d. FY21 Provisional Operating Budget (Narrative)
- e. FY21 Provisional Operating Budget (Campus)
- f. FY21 Provisional Operating Budget (Trust Fund)

- g. FY21 Provisional Operating Budget (Scenario Planning)
- h. FY21 Provisional Operating Budget (Scenario Assumptions)
- i. FY21 Provisional Operating Budget (Tuition and Fees)
- j. Motion – Capital Projects Greater 500K
- k. Capital Projects (Funding Plan)
- l. Capital Projects (Facilities Plan)
- m. Motion – Vehicle Lease Program
- n. Vehicle Lease Program
- o. Motion – FY 21 Sponsorships
- p. Motion – Fixed Assets Capitalization and Inventory Control Policy
- q. Fixed Assets Capitalization and Inventory Control Policy (Narrative)
- r. Fixed Assets Capitalization and Inventory Control Policy (Revised)



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:

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:

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

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 30, 2020.

Robert Magovern, Secretary

Date

UNIVERSITY SPONSORSHIPS AND COMMUNITY EVENTS HISTORY

ACTUAL EXPENSES FY 2019 & FY 2020

(Event presence included)

FY 2020

Stanley Park Annual Fundraiser "Birthday in the Park" Bronze Level Sponsor	\$2,500
Springfield Public Forum "You Make Today Better: A Candid Conversation on Mental Health" Co-Sponsor with CCGS	\$1,250
The Community Music School of Springfield, Inc. Dr. King Day Celebration	\$1,000
Western New England University Unity Fest Sponsor	\$650
Business West Women of Impact Awards Luncheon	\$130
Westfield Chamber of Commerce Pancake Breakfast	\$60
Westfield Chamber of Commerce Annual Meeting	\$59
Westfield Chamber of Commerce Annual Meeting & Awards Dinner	\$54
Westfield Chamber of Commerce September Breakfast	\$28
Total	\$5,731
FY 2020 Board of Trustees Approved	\$30,000

Examples of Non-Ticketed Sponsorships/Charitable Advertising

FY2020

CAN DO Nursing Partnership	\$5,000
Albert & Amelia Ferst Scoreboard Sponsorship	\$5,000
Springfield Thunderbirds Sponsorship	\$3,000
Greater Westfield Babe Ruth League	\$300
Lake George Opera Festival Association	\$650
National Association of Social Workers MA Chapter Calendar Sponsorship	\$1,000
Total	\$14,950

(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 60th Diamond Celebration	\$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	\$20,908
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

Westfield State University
Board of Trustees
Finance and Capital Assets Committee

FY21 Capital Projects - Facilities

June 25, 2020

Prepared by:

Maureen Socha, Executive Director of Facilities and Capital Planning

Campus Facility Project Updates

Agenda

- FY21 Capital Projects
- Parenzo Renovation Project
- Scanlon Project Update
- Facilities Campus Project Update

FY 21 Capital Projects - Facilities

DCAMM Projects	
Water Emergency Slope & Ely Infrastructure Repair	\$1,000,000
Dower Roof Replacement (Phase 1)	\$835,000
Dower Boiler Replacement	\$570,000
Horace Mann Garage Roof Replacement	\$797,379
Horace Mann Air Conditioning Replacement	\$500,000
Horace Mann Mass Notification Installation	\$200,000
Bates Mass Notification Installation	\$140,000
Trades Building Roof Replacement	\$100,000
Campus Steam Tunnel Roof Replacement	\$200,000
Power Plant Condensate Receiver Tank	\$100,000

FY 21 Facilities Capital Projects

WSU Funded

Security Camera Update (Grant funded)	\$117,564
Mechanical, Electrical, Plumbing, Fire Campus Master Plan	\$200,000
Campus Arc Flash Study	\$200,000
Dining Commons Floor Replacement and Stabilization	\$1,300,00

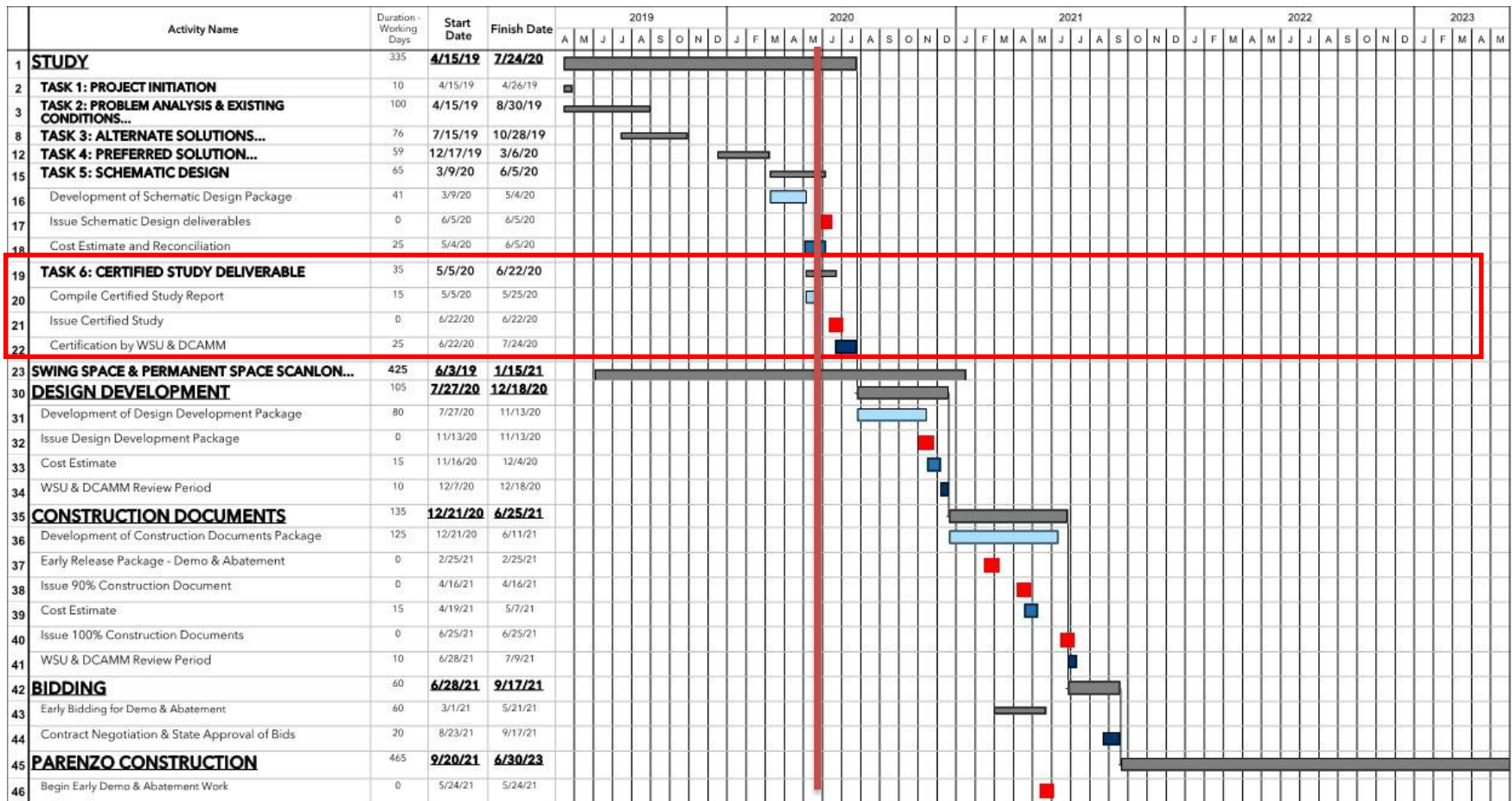
Parenzo Renovation Project Update

- Construction Managers
 - Walsh Brothers from Boston has been awarded the CM contract by MSCBA for Scanlon Renovation Project
 - Daniel O’Connells Sons, from Holyoke has been awarded the CM contract for the Parenzo Renovation Project by DCAMM

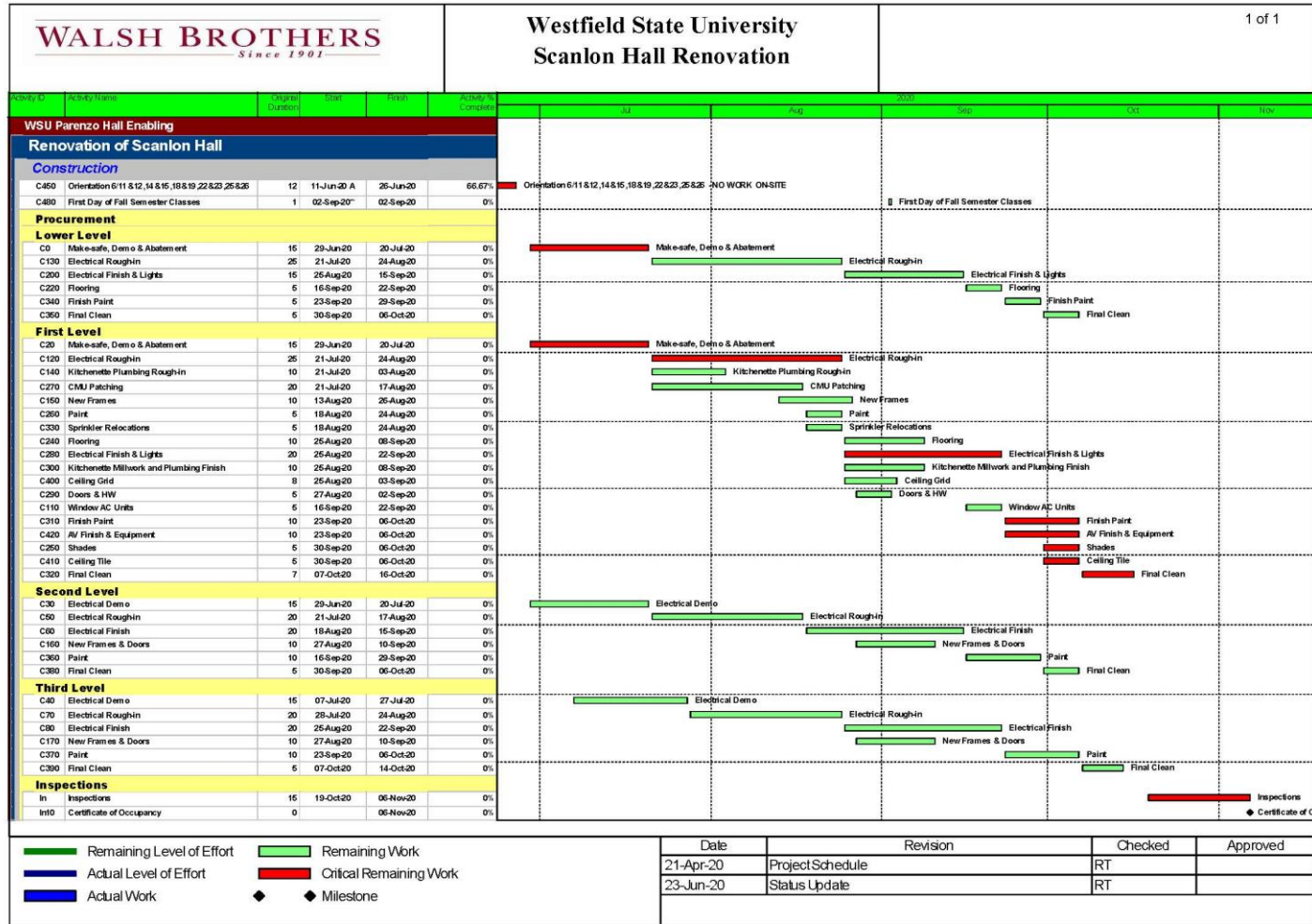
Parenzo Renovation Project Update

- Parenzo Schematic Design almost complete
- Certified Study to be completed by end of July
- Construction begins 1 year from now
- Project is on budget
 - \$40M plus \$200k for fundraising for Dever seating replacement.

Parenzo Renovation Project Update



Scanlon Hall, Project Schedule



Facilities Project Updates

- **Security Cameras**
 - Next phase will consist of an additional 17 cameras
 - To date 567 security cameras have been installed in buildings and on the grounds
- **Cell Tower Installation (MSCBA PM)**
 - Anticipated Completion in August
 - \$24k revenue the first year with an additions 3% each year thereafter; all to res life

Facilities Project Updates

- Campus Steam Line Replacement Project nearing completion. Substantial Completion on or before Sept 1st
- Courtney Hall Mass Notification Installation nearing completion. Anticipated Completion in early August

Q and A

Westfield State University

Board of Trustees

Finance and Capital Assets Committee

June 23, 2020

Prepared by:

Steve Taksar, Vice President of Administration and Finance

Maria Feuerstein, Director of Budget and Financial Planning

Agenda

- Budget Context & FY21 Planning Scenarios
- FY21 Provisional Budget Assumptions
- Enrollment
- FY21 Budget Overview: Revenue & Expenses
- Budget Balancing Strategy
- Potential Financial Relief
- FY21 Capital Budget Summary
- Closing \$7M budget gap
- Next Steps

FY21 Budget Context

- Significant uncertainty
- Broad negative economic influences
 - State level and for students/families
- Impact of COVID-19
- Multiple scenario planning models
- Need beginning budget to operate
- Propose provisional budget today
- Final budget in October

FY21 Planning Scenarios

	FY20 Budget	Scenario B FY21 Base Budget No Reductions	Scenario B-1 Provisional Budget Partial Reductions	Scenario B-2 Potential Worst Case
Total Revenue	\$ 124,151,260	\$ 107,099,387	\$ 106,156,775	\$ 93,243,113
Total Expense	\$ 125,680,746	\$ 125,571,990	\$ 117,344,298	\$ 117,297,238
Profit/(Loss)	\$ (1,529,486)	\$ (18,472,603)	\$ (11,187,523)	\$ (24,054,125)
Reserve Funding	\$ 1,529,486	\$ 4,092,740	\$ 2,035,959	\$ 2,035,959
Capital Rollover			\$ 1,698,681	\$ 1,698,681
Net Profit/(Loss)	-	(14,379,863)	(7,452,882)	(20,319,485)

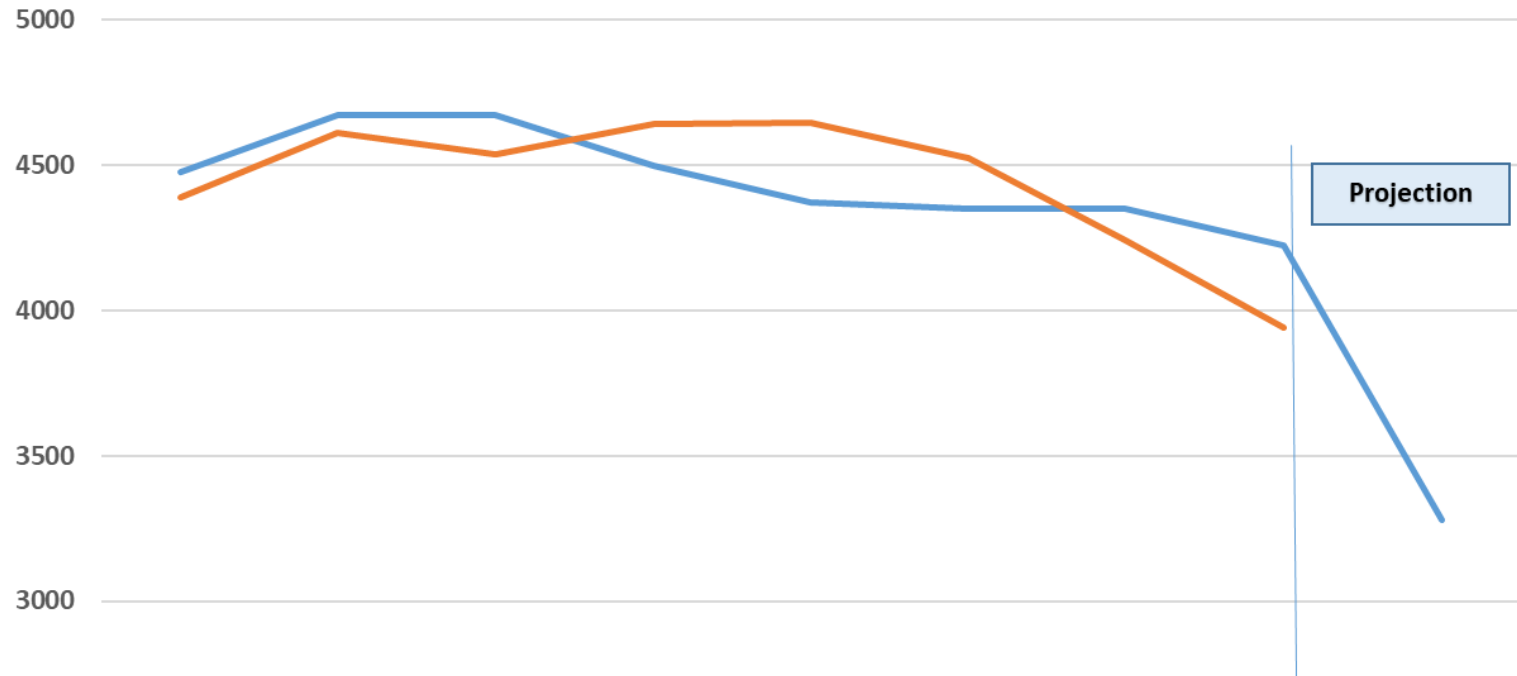
- Scenario B - **Baseline**; Open in the Fall; Billable students 3,280; Housing Students 1,978; Base reductions of \$3.3M; Residential Housing Deficit \$2.9M.
- Scenario B2 – FY21 **Provisional Budget**; Open in the Fall; Housing Students 1,882; Base reductions of \$11M; No Residential Housing deficit due to MSCBA Relief, neutral impact is \$3.6M.
- Scenario B3 **Worst Case** – Housing Students for half-year; Residential Housing Deficit \$8.0M; Dining Deficit \$4.6M

FY21 Provisional Budget: Key Assumptions

- **Projected Enrollment**
 - 3,280 Billable Students
 - FY21 shortfall – 660 students
 - FY20 shortfall – 283 students
 - Total FY20 to FY21 budget shortfall – 943 students or 22%
- **Projected State Appropriation**
 - 10% decrease (plus benefit impact)
- **Expense Reductions**
 - FY20 \$3.3M permanent reductions; \$1.7M VSIP, \$958k Dept. Operations; \$675k Budget Model Reductions.
 - FY21 – Current reductions total \$7.6M;
 - Part-time employees, Temporary Employees, and Department Operations
 - \$4.07M Annual vacancy savings due to hiring freeze
- **Residential Life is reserve neutral**

Enrollment: Budget / Projection vs. Actual

Westfield State University
Enrollment: Budgeted vs. Actual/(Projected)



	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
— Budget	4475	4675	4675	4500	4372	4350	4350	4223	3280
— Actual	4391	4612	4540	4643	4645	4526	4241	3940	

— Budget — Actual

FY21 Provisional Budget – Revenue

	FY21 Budget	FY20 Budget	\$ Change	% Change
<u>Revenue</u>				
Tuition and Fees	49,470,231	59,002,807	(9,532,576)	-16%
State General Appropriations	26,516,934	29,463,260	(2,946,326)	-10%
Residence Fees	15,789,402	19,411,659	(3,622,256)	-19%
Dining Fees	9,232,436	10,636,124	(1,403,688)	-13%
Other Operating Revenues	5,147,772	5,637,410	(489,638)	-9%
Total Revenue	106,156,775	124,151,260	(17,994,484)	-14%

FY21 Provisional Budget - Expense

	FY21 Budget	FY20 Budget	\$ Change	% Change
Total Revenue	106,156,775	124,151,260	(17,994,484)	-14%
Expenses				
Compensation & Fringe	62,268,629	65,293,474	(3,024,846)	-4.6%
Operations	36,665,091	40,159,273	(3,494,182)	-9%
Capital Projects	4,498,681	4,592,092	(93,411)	-2%
Scholarships	4,789,554	4,270,134	519,420	12%
MSCBA Assessment	9,122,343	12,897,864	(3,775,521)	-29%
Total Expense and Transfers	117,344,298	127,212,838	(9,868,540)	-8%
Net Revenue over Expense	(11,187,523)	(3,061,579)	(8,125,944)	265%
Planned Use of Reserves	2,035,959	1,529,486	506,473	33%
Capital Rollover	1,698,681	1,532,092	166,589	11%
Total Use of Reserves	3,734,641	3,061,579	673,062	22%
Net Surplus/(Loss)	(7,452,882)	-	(7,452,882)	

FY20-FY21 Budget Strategy-To Date

	FY20/FY21 Reductions for		
	Structural Deficit	Tier 1 Reductions	Total
Permanent Reductions:			
Adjunct Costs		2,049,838	2,049,838
VSIP	1,696,084		1,696,084
Divisional Budgets - Operating	958,387	600,000	1,558,387
Reduce Strategic Plan	250,000	400,000	650,000
Temporary Employees		500,000	500,000
Reduce Campus Contingency	200,000		200,000
Reduce Contractual Allocation	125,000		125,000
Reduce Capital Budget	100,000		100,000
Permanent Reductions:	3,329,471	3,549,838	6,879,309
Temporary Reductions:			
Hiring Freeze		4,069,400	4,069,400
Total Reductions	3,329,471	7,619,238	10,948,710

FY21 Potential Financial Relief

- **Cares Act Grant Funding Total - \$4.7M**
 - \$2.25 directly to students
 - \$2.25 for institutional support; enhance remote learning and offset spring 2020 refunds; 6.4M; Dept of Ed restrictions on use.
 - \$221k Supplemental Award – enhance remote learning
- **MSCBA debt restructure/refinance - \$8.3M overall**
 - \$6M for debt refinance/restructure
 - \$2.3M from MSCBA reserves to pay fall interest

DCAMM Small Project Fund - \$20M One time funds

- Can use in lieu of campus match
- Total available is \$975k

FY21 Capital Budget Summary

- Trimmed capital budget by \$100k this year (permanent)
- Many critical projects; roofs, safety, HVAC, technology
- Several projects funded through DCAMM with University match 68% (DCAMM) to 32% (campus)
- Funding emergencies reduces investment in deferred maintenance
- Parenzo project still on track; construction starts -June 2021.

Closing the \$7M Structural budget gap

- Review and Reconsider all options:
 - Additional non-personnel reductions
 - Do not fill any future vacancies
 - Evaluate part-time positions
 - If available:
 - Consider furloughs
 - Restructuring
 - Use of reserves (finite resource)

Next Steps - FY21 Budget process

- Ongoing - campus continues to model fall scenario/budget
- July/August – campus develops tiered budget balancing strategies
- August - Confirm enrollment
- September - State confirms appropriation and budget
- October – Propose final FY21 budget

Q&A?



Board of Trustees

June 25, 2020

MOTION

To approve the FY21 provisional operating budget as presented and to authorize the President to make budget adjustments to these funds.

Kevin R. Queenin, Chair

Date

Westfield State University
Finance and Capital Assets Committee

FY21 Provisional Budget Narrative

June 13, 2020

EXECUTIVE SUMMARY

The FY21 budget cycle presents a significant amount of uncertainty with the COVID-19 pandemic and its effect on campuses across the country. Every campus has been impacted by this event and providing definitive plans for the next year is nearly impossible. Given these circumstances, the campus is proposing a provisional budget for approval now and will submit a final annual budget at the October board meeting. State appropriation and enrollment are the primary revenue drivers for the university and without a stable understanding of those revenue categories, developing a realistic budget is problematic. By September, we will have a much better idea on those revenue categories and their impact on our resources.

This budget approach also includes a variety of budget reductions, temporary and permanent, of over \$10M compared to the FY20 budget but there is still a ways to go. While the first set of reductions have been made in the provisional budget represented today, the budget still results in a projected loss of \$7.4M. Our goal is to refine the projected loss as new information becomes available and work to close that gap by the October board meeting in the most prudent manner possible. The health and safety our of students and community is of utmost importance as we prepare for a fall opening.

It is important to note that the residential life budget is represented as a neutral impact to our budget. As of this writing, a decision has not been made on how the residential program will operate in FY21. But, we do know that MSCBA will provide financial relief of approximately \$8M in the form of debt restructuring, refinancing and release of reserves to fund interest payments, for one year (there will be some reductions in FY22 but not at the level in FY21). The overall impact of these events make it difficult to accurately predict the impact on our budget until decisions are made during the summer months and the debt restructuring has been finalized.

The two step approach to developing an annual budget makes the most logical sense to the campus to ensure that our resources can align with external factors which impact developing our annual budget. Careful consideration must be given to ensure the quality of our programs balanced with available resources and a long term view to sustain the university in very challenging times.

CAMPUS STRATEGY TO BALANCE BUDGET

FY21 Cost Reduction Strategy

The campus implemented a 3-Tiered cost reduction strategy, executing \$7.6m of reductions across multiple funds for Tier 1. The reductions included a hiring freeze totaling \$4.0M; a

\$2.0M reduction to the adjunct budget; a \$500k reduction to temporary workers; \$600k reduction to department operating budgets; and \$400k reduction to strategic plan funding. A decision on implementing Tiers 2 & 3 is dependent upon additional indication of key factors affecting the revenue budget such as State Appropriation, Enrollment, and a potential change to the campus operating modality following further guidance from the state as it pertains to Covid-19.

In addition to the Tiered budget balancing strategy mentioned above, the campus implemented the following permanent savings totaling \$3.3M in December in response to the FY20 enrollment shortfall:

- \$920k of divisional budget reductions.
- FY21 VSIP savings of \$1.7M
- \$700k of various funding categories were reduced from the FY21 Provisional Budget.

ENROLLMENT

FY20 enrollment was budgeted at 4,223 average annual billable students, however, the FY21 Provisional Budget reflects an undergraduate enrollment decrease of approximately 943 average billable students. The previous fall entering class was expected to be comprised of 1,050 new entering students and 340 transfer students for a total of 1,390 students. The FY21 enrollment target is a fall entering class of 978 new entering students and 234 transfer students for a total of 1,212. Current deposits are tracking significantly lower than prior year; as of June 2nd, the Admission Funnel Report reflected 888 deposits and 183 transfers, for a total of 1,122; resulting in a current gap of 90 students (1,212 – 1,122) compared to budget. It is expected that the final enrollment budget will be lower than the FY21 Provisional Budget based on current enrollment data.

REVENUES

Total Revenues are projected to decrease by 14% or \$17.9m over last year's budget mainly due to a significant decrease in Tuition and Fee Revenue totaling \$9.5m, a 10% reduction in State Appropriations totaling \$2.9m; a 19% reduction in Residence Fees totaling \$3.6m; and a 13% reduction in Dining Fees totaling \$1.4m. The FY21 Provisional Budget assumes a 10% decrease in State Appropriations compared to the FY20 Budget, an entering class enrollment decline of 15%, and a 7% reduction in enrollment due to retention issues.

Board approved fee increases for undergraduate and CGCE have been integrated in the budget (refer to FY21 *Schedule of Annual Tuition and Fees – Approved and Revised as Final 5/27/2020*). Total cost of attendance increase for an in-state on campus residential student would be 2.6% or \$583 and 2.7% or \$290 for a commuter student. This increase places Westfield's relative "sticker price" in the median range compared to other Massachusetts state universities.

- Residential Life rent revenue is expected to be significantly lower than prior year due to a decrease in occupancy rates offset by a 3% increase in room rates.

- Dining Services revenue is projected to decline by 13% or approximately \$1.4M due to the decline in occupancy in housing which requires a meal plan.
- CGCE revenue is decreasing by approximately \$0.3M or approximately 2.7% over last year's budget for a total of \$11.8M due to the COVID-19 pandemic for all undergraduate and graduate programming. Based upon preliminary enrollment data, it is projected there will be a decline in the following areas: (1) 10% in credits in overall undergraduate (except RN-BSN) and graduate (except MSW and PA), (2) 8% decline in RN-BSN, (3) 5% reduction in MSW, (4) 20% in XRG, (5) 10% in waivers, and (6) 5% in ed service fees.

EXPENSES

Operating expenses are decreasing by \$8.1M or roughly 8% below FY20 as a result of the following:

- Compensation and fringe expenses are \$3.0M lower than FY20 due to \$1.7M of VSIP savings and \$4.0M due to the hiring freeze offset by a \$2.9M increase in campus payroll obligation due to lower state appropriation, which is applied directly to base compensation. The fringe rate increased from 37.99% to 39.18%.
- No increases in salaries are assumed in this budget.
- Operating budgets decreased by \$3.1M mainly due to implementing the Tier 1 cost reductions which included \$2.0M in Adjunct costs; \$0.6m in Department Operating Expense; and \$500k in temporary worker expenses.
- Strategic investments were reduced from \$500k in FY20 to \$350k in FY21 and will be allocated mainly to increasing Financial Aid by \$250k, \$100k for One-time initiatives, and funding \$20k for the Innovation Fund.
- Early indications from MSCBA are that roughly \$8M of debt service relief will likely be provided through restructuring in order to support housing operations following the impact of the Covid-19. As a result, the MSCBA Assessment was reduced as a temporary placeholder until a more accurate amount is provided and the fall opening model is determined.

While expenses exceed revenues by \$11.18M, it is important to note the following:

- 1) Capital rollover funds represents approximately \$1.7M due to several projects that are expected to remain incomplete by year-end including \$900k for DCAMM funded projects, \$360k for ITS projects, and \$400k for other University funded projects.
- 2) Operating contingency of \$760k is built into the expense category and is a combination of true contingency which includes \$425k in operating contingency for the campus and a projected surplus of \$290k 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 totaling \$2.03M is mainly due to Dining use of reserves to fund capital projects including the Dining Common floor replacement (structural issue) and Wilson Café. Additional use of reserves totaling \$630k represents CURCA, SGA, Residential Life, Grants, and Athletics.

COLLEGE OF GRADUATE AND CONTINUING EDUCATION (CGCE)

FY21 revenue of \$11.8M represents a decrease of \$300k when compared to prior year based on a projected decline in credits counts affecting both graduate and undergraduate. Expenses are decreasing by \$300k as CGCE has made efforts to balance their budget across multiple operational expense lines. In alignment with the campus operating assumption, the CGCE budget does not include increases for collective bargaining. CGCE has added one new faculty line to support accreditation requirements for the PA program. The net result for CGCE is a projected surplus of \$300k.

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 minor surplus of \$28k which is also identified as an operating contingency.

AUXILIARIES (RESIDENTIAL LIFE AND DINING SERVICES)

- **Residential Life** – Rates are increasing by 3% in FY21 while occupancy rates are projected to decline by 19% from prior year. Residential Life will require debt service relief from MSCBA in order to balance its budget in FY21 mainly because the Covid-19 pandemic coupled with declining enrollment and a competitive off-campus housing market are expected to further cause financial limitations. In FY20, Housing Operations provided refunds totaling \$4.2M and expected an additional enrollment related revenue decline of \$1.2M. Covid-19 may have an additional impact on housing operations in FY21, but the full impact is currently unknown. Due to Covid-19, Residential Life will not have additional summer conference revenue as summer conferences have been cancelled.
- **Dining Services** - Despite a 3% increase to the average meal plan, revenue is expected to be \$1.4M lower than prior year mainly due to lower on campus housing occupancy. For instance, revenue was projected at \$10.6M in FY20 and \$9.2M in FY21. Budget adjustments have been made to produce a balanced budget. While Dining Services historically contributes \$2.4M to the campus through a university assessment, at this time, the contribution has been reduced to \$2.0M. Dining commons floor requires structural repairs and is targeted as a priority capital improvement \$1.3M project for Dining Services, in addition to \$100k for the Wilson Cafe project; both projects are funded by reserves.
 - Dining services proposed, and the board approved a one meal plan option for residential students next year in lieu of multiple meal plan options in response to the requirements to operate under COVID -19 parameters.

CAPITAL BUDGET

The capital budget is projected to be approximately \$5.9M, which includes \$4.5M of new/incomplete capital projects and \$1.4M of capital for the dining commons project. The

campus base budget for capital was reduced as part of the cost reduction plan by \$200k and is now \$2.8M.

The projected capital budget excludes funding for the renovation of Parenzo Hall as the campus portion will be funded from cash reserves later in FY21/FY22.

Major capital investments include:

- Several deferred maintenance projects as partially funded by DCAMM - \$720k
- Campus Website Redesign - \$250k
- Campus Electrical System Arc Flash Study - \$200k
- Classroom technology - \$160k
- Lifecycle Computers for Faculty, Staff, and Labs - \$220k

FY20 Capital Rollover includes DCAMM Funding for emergency projects including the water slope \$180k and the Horace Mann Garage Roof for \$290k

FY21 DCAMM Matched Deferred Maintenance Projects are as follows:

	67.8%	32.2%	100.0%
Project Title	DCAMM Funded	WSU Match	FY21 total
Sprinkler Study	40,500		40,500
Dower Center Roof Replacement Construction	406,800	193,200	600,000
Horace Mann Garage Roof	339,000	161,000	500,000
Horace Mann Mass Notification System	135,600	64,400	200,000
Trades (Maintenance) Building roof replacement -Jan doc May start	67,800	32,200	100,000
Campus Steam Tunnel roofs	135,600	64,400	200,000
Horace Mann Center AC replacements Work Study Oct Const March	339,000	161,000	500,000
Horace Mann Center Sewer Ejector replacement- January	33,900	16,100	50,000
Power Plant Condensate Receiver Tank	67,800	32,200	100,000
Wilson Roof Study	32,340		32,340
Total	1,598,340	724,500	2,322,840

PLANNED USE OF RESERVES

Planned use of reserves is an estimate based on the assumption that reserves will be needed next year. For FY21, the estimated amount is \$2.0M mainly due to \$1.4M in Dining Capital projects, which are funded from Dining Reserves, and \$630k of Other Trust Fund rollovers which represents other requests for use of reserves from across various campus groups including Athletics, CURCA, Grants, and SGA Fundraising to name a few. Despite a significant decline in occupancy, it is unclear that Residential Life will use reserves to support its operation mainly as a result of the anticipated MSCBA debt service restructure which is expected to

provide significant financial relief for Housing Operations. The residential life impact on reserves will be revisited prior to the October board meeting.

STRATEGIC PLAN INVESTMENT

Overall the campus has allocated a total of \$802k in Strategic Investments of which \$470k represents FY20 strategic plan funding which is permanent and therefore remains in the budget on a cumulative basis each year. An additional \$350k was allocated in FY21 toward strategic plan funding of which \$250k was applied toward increasing financial aid and the remaining is aligned to multiple divisional one-time initiatives that support fundraising and creating operational efficiencies, and most notably, a \$51k investment in a free winter and summer course incentive program.

SUMMARY

The campus has undergone perhaps one of the most significant obstacles in recent history given the Covid-19 pandemic coupled with declining enrollment. Through diligent planning, the campus has been able to reducing overall expense by a total of \$10.9M since the start of FY20. The campus continues to carefully evaluate the balance between affordability, enrollment, and strategic investments while striving to balance the budget. The FY21 Provisional Budget was developed keeping in mind there are several critical planning elements that are still uncertain. Until key revenue indicators such as enrollment and state appropriation are better known, it is going to be challenging to predict whether additional cost reductions will be necessary. The highest priorities in FY21 are going to be: 1) Campus safety for both students and employees; 2) creating financial stability through enhanced planning which may include further budget reductions; 3) developing ways to attract and retain students; and 3) continuing to invest in the strategic plan in order to remain competitive.

Westfield State University
FY21 Campus Provisional Budget
Provisional Budget as of June 13, 2020

	FY21 Budget	FY20 Budget	\$ Change	% Change
<u>Revenue</u>				
Scholarship Allowance	(10,285,448)	(10,610,448)	325,000	-3%
Tuition and Fees	49,470,231	59,002,807	(9,532,576)	-16%
Federal Grants and Contracts	8,963,998	9,271,568	(307,570)	-3%
State Grants and Contracts	2,728,000	2,585,000	143,000	6%
Private Grants and Contracts	435,000	478,000	(43,000)	-9%
Residence Fees	15,789,402	19,411,659	(3,622,256)	-19%
Dining Fees	9,232,436	10,636,124	(1,403,688)	-13%
Other Operating Revenues	1,760,840	2,255,890	(495,050)	-22%
Commissions	430,194	550,000	(119,806)	-22%
State General Appropriations	26,516,934	29,463,260	(2,946,326)	-10%
Foundation Support	480,000	430,000	50,000	12%
Investment Income	635,188	677,400	(42,212)	-6%
Total Revenue	106,156,775	124,151,260	(17,994,484)	-14%
<u>Expenses</u>				
Personnel	51,570,997	54,766,124	(3,195,127)	-6%
Fringe Benefits	10,697,631	10,527,350	170,282	1.6%
Operations	28,232,246	31,342,404	(3,110,158)	-10%
Strategic Investments	820,000	500,000	320,000	64%
Utilities	4,364,183	4,541,635	(177,452)	-4%
Debt Payments	2,486,784	2,465,435	21,349	1%
Operating Contingency	761,878	1,309,799	(547,922)	-42%
Capital Projects	4,498,681	4,592,092	(93,411)	-2%
Scholarships	4,789,554	4,270,134	519,420	12%
Transfers	-	-	-	
MSCBA Assessment	9,122,343	12,897,864	(3,775,521)	-29%
Total Expense and Transfers	117,344,298	127,212,838	(9,868,540)	-8%
Net Revenue over Expense	(11,187,523)	(3,061,579)	(8,125,944)	265%
Planned Use of Reserves	2,035,959	1,529,486	506,473	33%
Capital Rollover	1,698,681	1,532,092	166,589	11%
Total Use of Reserves	3,734,641	3,061,579	673,062	22%
Net Surplus/(Loss)	(7,452,882)	-	(7,452,882)	

Westfield State University
FY21 Detailed Provisional Budget by Trust Fund
Provisional Budget as of June 13, 2020

	Operating Budget	Grants	Capital Project Fund	CGCE	Residential Life	Dining Services	Other Trust Funds	FY21 Budget All Funds	Notes
Revenue									
Scholarship Allowance		(10,285,448)						(10,285,448)	
Tuition and Fees	37,560,644			11,809,587			100,000	49,470,231	
Federal Grants and Contracts		8,963,998						8,963,998	
State Grants and Contracts		2,728,000						2,728,000	
Private Grants and Contracts		185,000					250,000	435,000	
Residence Fees					15,789,402			15,789,402	
Dining Fees						9,232,436		9,232,436	
Other Operating Revenues	740,008				19,000		1,001,832	1,760,840	(1)
Commissions	340,194				90,000			430,194	
State General Appropriations	26,516,934							26,516,934	
Foundation Support	480,000							480,000	
Investment Income	635,188							635,188	
Total Revenue	66,272,968	1,591,550	-	11,809,587	15,898,402	9,232,436	1,351,832	106,156,775	
Expenses									
Personnel	43,650,537	275,000		3,416,692	2,057,846	1,982,294	188,629	51,570,997	
Fringe Benefits	7,589,081	106,648		1,414,220	755,330	758,274	74,079	10,697,631	
Operations	13,368,196	829,902		4,097,618	2,845,527	5,551,778	1,539,225	28,232,246	
Strategic Investments	820,000							820,000	
Utilities	2,678,323				1,685,860			4,364,183	
Debt Payments	2,173,763					313,021		2,486,784	
Operating Contingency	425,000			286,683		25,194	25,000	761,878	
Capital Projects			4,498,681			-		4,498,681	
Scholarships	3,847,995	380,000		105,855	386,704	4,000	65,000	4,789,554	
Transfers	(801,765)	68,453	(2,800,000)	2,488,519	(955,207)	2,000,000		-	(2)
MSCBA Assessment					9,122,343			9,122,343	
Total Expense and transfers	73,751,130	1,660,003	1,698,681	11,809,587	15,898,403	10,634,561	1,891,933	117,344,298	
Net Revenue over Expense	(7,478,162)	(68,453)	(1,698,681)	-	(0)	(1,402,125)	(540,101)	(11,187,523)	
Planned Use of Reserves	25,280	68,453		-	0	1,402,125	540,101	2,035,959	(3)
Capital Rollover			1,698,681					1,698,681	
Total Use of Reserves	25,280	68,453	1,698,681	-	0	1,402,125	540,101	3,734,641	
Net Surplus/(Loss)	(7,452,882)	-	-	-	-	-	-	(7,452,882)	

Notes:

1. Other Operating Revenues consist of parking revenues, application fees, phone fee, non-credit program revenue and other miscellaneous fees
2. Transfers represent the movement of cash from one trust fund to another (for example, dining services will transfer \$2.0m to the University's Operating Budget).
3. Planned Use of Reserves may require immaterial adjustments due to year end account validation.

Westfield State University
 FY21 Scenario Planning

6/13/2020

	FY21 Planning Scenarios			
	FY20 Budget	Scenario B FY21 Base Budget No Reductions	Scenario B-1 Provisional Budget Partial Reductions	Scenario B-2 Potential Worst Case
Revenue:				
State Appropriation	\$ 29,463,260	\$ 26,516,934	\$ 26,516,934	\$ 26,516,934
Total Tuition/Fee Revenue	46,660,681	37,595,843	37,560,644	37,212,401
Other Revenue	3,524,290	3,171,520	3,067,222	3,067,222
CGCE	12,142,126	12,670,567	11,809,587	11,809,587
Residential Life	19,848,659	16,210,985	15,898,402	7,949,201
Dining Services	10,636,124	8,861,989	9,232,436	4,616,218
Foundation	430,000	480,000	480,000	480,000
Grant Revenue	1,446,120	1,591,550	1,591,550	1,591,550
Total Revenue	\$ 124,151,260	\$ 107,099,387	\$ 106,156,775	\$ 93,243,113
Expense:				
Compensation	\$ 46,458,639	\$ 45,671,829	\$ 43,650,537	\$ 43,650,537
Fringe	7,380,588	8,381,062	7,589,081	7,589,081
Department Operations	21,139,607	21,200,412	17,982,172	17,982,172
Strategic Investments	500,000	750,000	350,000	350,000
Financial Aid	3,048,875	3,207,751	3,452,995	3,405,935
Debt Service	2,152,431	2,173,763	2,173,763	2,173,763
Contingency	650,000	425,000	425,000	425,000
Capital Investments	2,900,000	2,800,000	4,498,681	4,498,681
CGCE	9,675,685	10,182,048	9,321,068	9,321,068
Residential Life	21,066,961	20,705,305	16,853,610	16,853,610
Dining Services	8,395,317	7,661,988	8,634,561	8,634,561
All Other	2,312,643	2,412,830	2,412,830	2,412,830
Total Expense	\$ 125,680,746	\$ 125,571,990	\$ 117,344,298	\$ 117,297,238
Profit/(Loss)	\$ (1,529,486)	\$ (18,472,603)	\$ (11,187,523)	\$ (24,054,125)
Reserve Funding	\$ 1,529,486	\$ 4,092,740	\$ 2,035,959	\$ 2,035,959
Capital Rollover			\$ 1,698,681	\$ 1,698,681
Net Profit/(Loss)	(1)	(14,379,863)	(7,452,882)	(20,319,485)

Westfield State University
FY21 Scenario Planning Assumptions

	FY20 Budget	Scenario B FY21 Base Budget No Reductions	Scenario B-1 Provisional Budget Partial Reductions	Scenario B-2 Potential Worst Case
Revenue Assumptions:				
Billable Students	4223	3,280	3,280	3,280
% Change YoY	-3%	-22%	-22%	-22%
Housing Students	2331	1,978	1,882	941
% Change YoY	-3%	-15%	-19%	-60%
Modality		Open in the Fall	Open in the Fall	No Housing Students in the Fall; 50% Reduction to Auxiliary Revenue
Residential Student COA Incr.	3.5%	2.8%	2.6%	2.6%
In-State Tuition and Fees Incr.	4.0%	2.7%	2.7%	2.7%
General Fee Increase	\$ 420	\$ 290	\$ 290	\$ 290
State Appropriation		10% Decrease	10% Decrease	10% Decrease
State Appropriation as % of Revenue	24%	25%	25%	28%
Investment Earnings	\$ 677,400	\$ 635,188	\$ 635,188	\$ 635,188
Operating Reserve / Contingency	\$ 650,000	\$ 425,000	\$ 425,000	\$ 425,000
Expense Assumptions				
Salary Increases	2% COLA Adj	None Planned	None Planned	None Planned
Expense Reductions	Level Funded	\$3.3m Reduction	Add'l \$7.6M Reduction	Add'l \$7.6M Reduction
Add'l Strategic Plan Funding	\$500k	\$750k	\$350k	\$350k
Contributions to Operating Budget				
Dining Contribution	\$2.4m	\$1.2m	\$2.0m	\$2.0m
CGCE Contribution	\$2.45m	\$2.49m	\$2.49m	\$2.49m
CGCE & Auxiliary Surplus / Deficit				
CGCE Surplus	\$518k	\$317k	\$287k	\$287k
Residential Housing Deficit	\$800k	\$2.99M	Break-Even	\$8.1M
Lansdowne Deficit	\$271k	\$805k	\$805k	\$805k
Dining Deficit	-	-	-	\$4.6M
Use of Reserves			No use of reserves for campus housing operations; Reserves reflects Other Trust Funds & Dining Capital Project.	

FY21 Scenarios includes budget reductions already assumed into the model.

WESTFIELD STATE UNIVERSITY
Schedule of Annual Tuition and Fees
FY20-21 Comparison

	FY20	FY21	\$	%
	Approved	Recommended	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	8,926	9,216	290	3.2%
Capital Improvement Fee	100	100	-	0.0%
Technology Fee	730	730	-	0.0%
√ Total Mandatory Fees	9,879	10,169	290	2.9%
Total In-State Tuition/Fees	10,849	11,139	290	2.7%
ROOM:				
Apartments (single)	9,800	10,100	300	3.1%
Apartments (double)	8,860	9,130	270	3.0%
√ Traditional Hall Standard - Dormitories	6,850	7,050	200	2.9%
Traditional Hall Premium Single	8,850	9,100	250	2.8%
New Hall (single)	10,200	10,490	290	2.8%
New Hall (double)	8,960	9,220	260	2.9%
University Hall (single)	9,650	9,930	280	2.9%
University Hall (double)	8,400	8,640	240	2.9%
Lansdowne (one bedroom - premium)	9,810	10,000	190	1.9%
Lansdowne (two bedroom)	8,800	10,000	1,200	13.6%
BOARD:				
√ Unlimited Meal Plan with \$250 Dining Dollars	4,371	4,502	131	3.0%
On the Go Dining Plan	1,451	1,509	58	4.0%
DC Basic Plan with \$150 Dining Dollars	4,131	4,214	83	2.0%
Total Residential Cost of Attendance	22,070	22,691	621	2.8%
OTHER FEES:				
Student Teaching (practicum) Fee	250	250	-	0.0%
Nursing Fee	1,194	1,794	600	50.3%
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	40	10	33.3%
Parking	100	100	-	0.0%
Parking-DGCE	60	60	-	0.0%
WAIVABLE FEES:				
Student Health Insurance (see note below)	3,444	3,444	-	0.0%
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.

Note:

1. It is estimated that the Student Health Insurance Rate (SHIP) will be available by May 2020.
2. The residential room rates include a \$370.00 infrastructure fee for all residential students.
3. The calculation for Board/Meal Plans uses the Unlimited Meal Plan in FY21, rather than the DC Plan.
4. The Nursing Fee increase includes coverage for increased clinical requirements by healthcare facilities and a change to the payment for Assessment Technology Institutes (ATI)
5. Lansdowne (2 bedroom) is changing from a double and a premium double to two single bedrooms



Board of Trustees

June 25, 2020

MOTION

To approve the FY21 proposed capital budget and capital projects greater than \$500,000, as presented in the FY21 Major Capital Projects for Facilities Plan.

Kevin R. Queenin, Chair

Date

	Deferred Maintenance	Funding Source				Total	Comment
		Campus	DCAMM	MSCBA	Dining Funded from Use of Reserves		
<u>Physical Plant Projects</u>							
1. Deferred Maintenance	Y	724,500	1,598,340	1,660,714	1,302,125	5,285,679	Dining Common floor replacement & structural improvement
2. Infrastructure Repairs/Maintenance		225,000				225,000	
3. Campus Electrical System Arc Flash Study	Y	200,000				200,000	
4. Road & Sidewalk Repair	Y	55,000				55,000	
5. Wilson Café Renovation					100,000	100,000	
6. Critical Repair Contingency		550,947				550,947	
Sub-total		1,755,447	1,598,340	1,660,714	1,402,125	6,416,626	
<u>Information Technology</u>							
1. Campus Website Redesign		250,000				250,000	
2. Classroom technology		165,166				165,166	
3. Faculty/Staff Computers		142,767				142,767	
4. Life Cycle Computers - Labs		80,667				80,667	
5. Other Academic Technology Equipment		36,890				36,890	
6. Virtual Host Replacement		35,000				35,000	
7. DegreeWorks Upgrade		20,000				20,000	
Sub-total		730,490	-	-	-	730,490	
<u>Other Projects</u>							
1. Vehicle Leases - Enterprise		202,341				202,341	Refer to Lease/Purchase Motor Vehicle List
2. Athletics Equipment	Y	60,403				60,403	
3. Scanlon Hall Window A/C & Dumpsters	Y	50,000				50,000	
4. Health Services Equipment		1,319				1,319	
Sub-total		314,063	-	-	-	314,063	
Total		2,800,000	1,598,340	1,660,714	1,402,125	7,461,179	
<u>Projects Funded via Rollover</u>							
Rollover Facility Projects		415,859				415,859	
Rollover for DCAMM Projects	Y	925,943				925,943	Multiple Deferred Maintenance Projects
Rollover for IT Projects		356,879				356,879	Banner Project & IT Server Replacements
Rollover for Dining Services						-	
Sub-total		1,698,681	-	-	-	1,698,681	
Grand Total		4,498,681	1,598,340	1,660,714	1,402,125	9,159,861	

Westfield State University
 FY21 Major Capital Projects for Facilities
 (Projects Greater than 100,000)

6/13/2020

Item	Project	Amount	DCAMM Project	Note
1	Dining Commons Kitchen Floor	1,300,000		Funded from Dining Reserves
2	Water Slope Emergency	1,000,000	Y	
3	Dower Center Roof Replacement	835,000	Y	
4	Horace Mann Garage Roof	797,379	Y	
5	Dower Boilers	570,000	Y	
6	Horace Mann Center A/C Replacements	500,000	Y	
7	Campus Electrical System Arc Flash Study	200,000		Required
8	Horace Mann Mass Notification System	200,000	Y	
9	Campus Steam Tunnel roofs	200,000	Y	
10	Mechanical, Electrical, Plumbing Campus Study	200,000		Part of Master Plan Study
11	Bates Hall Mass Notification System	140,000	Y	
12	Camera Installation Project	117,564		
13	Trades (Maintenance) Building Roof Replacement	100,000	Y	
14	Power Plant Condensate Receiver Tank	100,000	Y	
15	Wilson Café Renovation	100,000		Funded from Dining Reserves
	Total	6,359,943		

Note:

1. Projects greater than \$500,000 require specific approval by the Board of Trustees
2. Funding may be from multiple sources; DCAMM, rollover funding from prior year, FY21 Campus Capital Budget



Board of Trustees

June 25, 2020

MOTION

To approve FY21 expenditures for the vehicle lease/purchase program, as presented.

Kevin R. Queenin, Chair

Date

Westfield State University
 FY21 Lease and Motor Vehicle Schedule

6/13/2020

Existing Vehicle Summary	Quantity	Cost/ Month	Annual Cost
Existing Lease Commitments:			
Facilities, Public Safety, Media Services, Mail Services, Catering	22	\$ 14,250	\$ 171,000
5% Escalation			\$ 8,550
Program Service fee			\$ 8,082
Total	22		\$ 187,633
FY20 Approved New Lease Commitments			
2020 Transit F250 Cargo (Van)	1	\$ 537	\$ 6,448
2020 F-350 Chassis (Truck)	1	\$ 688	\$ 8,260
Total	2		\$ 14,708
FY21 Lease Schedule			\$ 202,341

Notes:

Monthly Lease Agreements Include Maintenance Charges



Board of Trustees

June 25, 2020

MOTION

To authorize the University to spend up to \$30,000 in FY21 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 2021 meeting of the Board of Trustees.

Kevin R. Queenin

Date



Board of Trustees

June 25, 2020

MOTION

To approve and adopt the updated Westfield State University policy on Fixed Assets, Capitalization, and Inventory Control (0601), as presented, increasing the capital threshold to \$40,000, effective July 1, 2020.

Kevin R. Queenin, Chair

Date

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.

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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 ~~\$40,000~~ **\$25,000** 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

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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.

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- 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*).

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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.

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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).

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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.