

**Springfield Technical Community College  
Committee on Ways and Means Report  
February 21, 2024**

**Present:** Trustees MacArthur Starks, Jr., Laurie Martin, Jeffrey Sattler, Jynai McDonald and Norman Roldan. Also present: President John B. Cook.

**Unable to Attend:** Trustee Samalid Hogan

Trustee Starks called the meeting of the Committee on Ways and Means to order at 5:01 p.m.

**Investment Subcommittee Report**

Trustee Martin reviewed highlights of the investment sub-committee report from the February 1, 2024 meeting (enclosed).

**FY 2023 4th Quarter & FY 2024 1<sup>st</sup> and 2<sup>nd</sup> Quarter Trust Fund Reports**

Jonathan Tudryn, Assistant VP of Administration and Controller, presented the reports in accordance with trust fund guidelines. Background regarding the timing of the reports and context of the funds was described; also noted how student tuition and fee revenue was up for the 4<sup>th</sup> quarter of FY 2023 and the 2<sup>nd</sup> quarter of FY 2024 due to enrollment coming in above budget. Mr. Tudryn also noted that the College does not recognize the use of reserves until the funds are needed. Reserves have not been needed during the periods presented, so these actual amounts are reported to be zero. Mr. Tudryn also presented the related vendor expenditure reports.

**Financial Update and Outlook**

**Cash Flow Projection**

Mr. Tudryn presented the cash flow projection for FY 2024. The College had approximately \$13.9M available at TD Bank as of February 3, 2024. Since the College is in a healthy cash position, and after consulting with Fiducient Advisors, there are plans to transfer \$5M to the College's short-term investment account; Trustee Starks offered support for this approach. After the transfer, the projected year end cash balance will be approximately \$5M.

**Enrollment Update – Spring 2024**

Andrea Nathanson, VP of Administration and Chief Financial Officer, updated the Committee on possible scenarios for Spring 2024 credits as they relate to financial outlook. While Spring 2024 enrollment is not yet final, it is projected to be up 15% compared to budget. Combined with Fall enrollment also being favorable to budget, the resulting net financial impact is projected to be approximately \$2.3M.

**FY 2024 Budget Outlook**

Jason Cohen, Senior Director of Finance and Budgets, presented the FY 2024 Revenue and Spending report, noting that there is a projected \$831,000 favorable variance for the fiscal year. The most significant factors impacting the net income are the addition of FY24 formula funding of \$504K and actual fall and projected spring enrollment being favorable to budget for an impact of \$3.1M, and personnel vacancies contributing \$1.13M to the bottom line, slightly offset by an increase in adjunct faculty salaries of \$984K and other unbudgeted increases of \$595K. The budgeted use of reserves is not anticipated to be needed.

## **FY 2024 Budget Process and Perspective**

President Cook offered comments, including indicating the work to continue rightsizing the college. The example provided is how much enrollment has helped the current fiscal year, but that the positive variance is still under \$1 million. Also noted that MassReconnect, key to the enrollment rebound, is subject to a legislative process and annual funding support. These is context for the upcoming FY25 budget process.

### **Multi-Year Scenario & Analysis**

VP Nathanson presented the Committee with a comprehensive description of the budget-development process, including a multi-year scenario/analysis that models a 3-year financial projection. There are a number of factors, with fiscal assumptions articulated, that include but not limited to state appropriation; credits (enrollment); full-time employees (non-grant funded); deferred maintenance; and student fees.

With budget assumptions that continue to be honed, including carrying certain operations cost estimates constant over the next three years, a \$3.8M and \$4.8M deficit is projected for FY26 and FY27, respectively. The goal by administration remains arriving at a balanced budget in FY 2027 that does not require Trustee-supported use of reserves. VP Nathanson discussed the impact of various enrollment scenarios on the results of the 3-year financial projection. In order to eliminate the college's projected structural deficit, there would need to be 10% annual growth in enrollment for 3 consecutive years (FY25-27), which translates to approximately 115,000 credits by FY27, a figure that is comparable to the level of enrollment in FY 2017. That notion of such significant growth to eliminate the structural deficit alone is not realistic; again, administration has been, and will continue to, seek a combination of cost saving and enrollment strategies. Trustee Sattler offered appreciation for the longer-term outlook, and encouraged a focus on the FY 2025 budget that remains primary.

Also shared was an overview of key drivers that will be considered throughout the FY25 budget process, including student enrollment projections, student tuition and fees, program-specific student fees, alignment of expenses with enrollment/revenue, and infrastructure/capital spending (facilities and IT/cyber security). She emphasized that balancing the budget will require alignment of expenses with revenue, recognizing that salary-related expense is approximately 67% of the total expense budget. Trustees engaged in a discussion about the effective use of fee increases to contribute to a balanced budget in FY25, with the positive impact carrying into future years. Presentation of the Draft 1 budget at the March meeting will further address Trustee questions about the impact of various assumptions on the FY25 budget. Multiple Trustees encouraged examination of raising student fees; President Cook offered gratitude for the Committee being clear with their expectations and support for this approach.

### **Old/New Business**

#### **Date of the next meeting**

March 11, 2024 at 5:00 p.m.

#### **Adjournment:**

A roll call vote was taken to adjourn at 6:00 p.m.

Respectfully submitted by: Dorothy Ungerer

**Springfield Technical Community College**  
**Investment Subcommittee Report**  
**February 1, 2024**

**Attendees:** Laurie Martin, Matthew Fratini, President Cook, Andrea Nathanson, Christopher Thuot, Jonathan Tudryn, Dorothy Ungerer, and Nanette Flores.

The committee met with Fiducient Advisors on February 1, 2024 for the quarterly investment subcommittee meeting.

Mr. Fratini presented the Quarterly Investment Review Report for the fourth quarter of 2023. The Fiduciary Governance Calendar for the fourth quarter contains an asset allocation focus:

- Capital Market Assumptions
- Frontier Engineer Asset Allocation Modeling

Mr. Fratini proceeded to provide a 2024-2033 ten-year outlook comparison between 2023 and 2024 and related portfolio implications. He presented an analysis of annualized net returns, both forecasted and historical. Mr. Fratini also reviewed the target investment allocations of both the long term and short term funds for both 2023 and 2024. He also provided updates on market themes, asset class returns and manager performance.

Investments managed by Fiducient totaled \$36,451,678 at December 31, 2023. This value includes a fiscal year to date gain of \$1,742,947.

The long-term investment account totaled \$28,155,458 at December 31, 2023. A summary of the STCC Long Term Investment Account as compared to the L/T STCC Hybrid benchmark is listed below by quarter, fiscal year to date, and since inception (11/1/2014).

	<b>QTR</b>	<b>FYTD</b>	<b>Inception</b>
STCC Long Term	9.3	5.5	5.3
L/T STCC Hybrid benchmark	9.5	6.0	5.5

The L/T STCC Hybrid benchmark consists of:

	<b>Weight (%)</b>
Bloomberg U.S. Aggregate Index	25.0
Russell 3000 Index	34.5
MSCI AC World ex USA (Net)	24.5
HFRI Fund of Funds Composite Index	7.5
FTSE EPRA/NAREIT Developed Index (Net)	4.0
Diversified Real Asset Blended Index	4.5

The short-term liquid account totaled \$8,296,220 at December 31, 2023. A summary of the STCC Short Term Investment Account as compared to the S/T STCC Hybrid benchmark is listed below by quarter, fiscal year to date, and since inception (11/1/14).

	<b>QTR</b>	<b>FYTD</b>	<b>Inception</b>
STCC Short Term	1.9	3.1	1.4
S/T STCC Hybrid benchmark	2.0	2.9	1.4

The S/T STCC Hybrid benchmark consists of:

	<b>Weight (%)</b>
90 Day U.S. Treasury Bill	40.0
Bloomberg Short-Term Government/Corporate	50.0
Bloomberg U.S. Aggregate	10.0

An estimated fee analysis was also provided:

Long-Term Investment Account Fee	44 basis points
Short-Term Liquid Account Fee	15 basis points

Mr. Tudryn commented that the local cash position is being reviewed and that the college will reach out to Mr. Fratini next week to explore ways in which it may take advantage of excess cash within the investment policy guidelines.

The meeting adjourned at 5:08 PM.

Respectfully submitted by: Dorothy Ungerer