

**Springfield Technical Community College
Committee on Ways and Means Report
April 11, 2022**

Present: Trustees MacArthur Starks, Jr., Jeffrey Sattler, Marikate Murren, Samalid Hogan and Maurice Lindsay.

Also present:

President John B. Cook and CFO/Vice President of Administration, Andrea Nathanson

Trustee Starks called the meeting of the Committee on Ways and Means to order at 5:02 p.m.

FY 2022 Financial Update & Outlook

Cash Flow Projection

Mr. Tudryn presented the cash flow projection for FY 2022. The College currently has approximately \$6.7M available at TD Bank. The projected year end cash balance is approximately \$4.9M, which is about one half million higher than reported last month due to utilization of HEERF funding to assist students with their outstanding balances, resulting in no cash outflow.

FY 2022 Revenue & Spending and Projection

Jason Cohen, Senior Director of Finance and Budgets presented the FY 2022 Revenue and Spending Report through March 31, 2022. The projected net surplus at year end is \$970,859. This surplus comes primarily from a combination of an increase in the State Appropriation due to formula funding along with projected underspending in Full-time Salaries, Workers Comp, and Overtime.

FY 2023 Budget

Follow Up from Previous Meeting

VP Nathanson provided a progress update on the FY 2023 budget process and a recap of previous budget discussions. She reviewed the key budget considerations including the enrollment goal of -3% compared to FY 2022 projected credits and the need to flex expenses with enrollment, with consideration of full-time salaries as the College's largest expense at 50% of the total budget.

In response to questions from the March meeting, VP Nathanson shared data specific to enrollment by fiscal year matched to fee increases; there was no clear relationship. When asked to share an outlook, President Cook commented on the many factors that drive enrollment beyond COVID considerations, including unemployment as well as demographics such as high school graduates. To a question from the March meeting, VP Nathanson also provided examples of previous expense reduction efforts from FY 2015 through FY 2022, as well as the recent history of trustee-approved uses of reserves.

FY23 Budget Draft #2

VP Nathanson presented a detailed second draft of the FY 2023 budget as well as a summary of the major changes from the first draft. This draft of the budget reflects a deficit of \$380,874, which will be reconciled to a balanced budget to be presented for approval at the May Committee

meeting. The total net improvement in the second draft totaled about \$849,000, with significant reductions in full-time salary expense, chargebacks, and operational expense lines. VP Nathanson discussed strategies for balancing the budget, including a continued detailed analysis of expenses and consideration of potential revenue opportunities to be determined.

Recognizing the enrollment assumption as the single largest inherent risk area in the College's budget, VP Nathanson discussed approaches to closing a potential budget gap due to lower enrollment, including a reliance on the \$500,000 contingency, additional operational expense reductions, and personnel expense reductions if necessary.

Discussion Regarding Considerations for Draft #3

There was a discussion regarding the budgeted enrollment decline of -3% and whether a goal of -5% was considered. Encouragement regarding budget assumptions from Trustee Starks including considering if and how the -3% enrollment decline should be where the college lands. President Cook appreciated the question and noted that the -3% goal is not arbitrary, but is based on modeling (an average of scenarios) from Institutional Research, and also provides a goal (proactive), as opposed to a projection (reactive). He also reinforced the need for continued efforts at expense reduction to stay on track with the multi-year approach to sustainability.

Date of the next meeting

May 9, 2022 at 5:00 p.m.

Adjournment:

A roll call vote was taken to adjourn at 5:37 p.m. Approved by Trustees Starks, Murren, Lindsay, Hogan, and Sattler.

Respectfully submitted by: Dorothy Ungerer