

**HOLYOKE COMMUNITY COLLEGE
BOARD OF TRUSTEES**

Minutes of February 26, 2019

The 374th meeting of the Holyoke Community College Board of Trustees was held on Tuesday, February 26, 2019, in the John T. Hickey Conference Room, Acting Chair Julie Pokela presiding.

MEMBERS PRESENT	Robert Gilbert, Chair (via remote participation) Julie Pokela, Vice Chair Jose Delgado Charles Epstein Ted Hebert Yolanda Johnson Evan Plotkin Haley Wood
MEMBERS ABSENT	Suzanne Parker Lucy Perez Ivonne Vidal
ALSO PRESENT	Olugbemiga Adekunle, Michel Cabral, Karen Desjeans, Veena Dhankher, Mary Dixey, Amy Dopp, Clara Elliott, Bill Fogarty, Curt Foster, Jeff Hayden, Kim Hicks, Clare Lamontagne, Laura Lefebvre, Moira Maguire, Stephanie Marcotte, Marcia Mitchell, Karin Moyano Camihort, Ed Murch, Mary O'Connor, Monica Perez, Kristine Ricker Choleva, JoAnne Rome, Christina Royal, Tony Sbalbi, K.C. Senie, Michele Snizek, Linda Szalankiewicz, Renee Tastad, Ken White, Chris Yurko
CALL TO ORDER	Acting Chair Pokela called the meeting to order at 8:06 a.m.
REMOTE PARTICIPATION	The approved motion to allow remote participation for Robert Gilbert are void due to the absence of a roll-call vote and shall be re-voted on at the Board's March meeting.
APPROVAL OF THE MINUTES	The approved motion to approve the January 22, 2019 meeting minutes are void due to the absence of a roll-call vote and shall be re-voted on at the Board's March meeting.
APPROVAL OF PERSONNEL ACTIONS	<p>MOTION: To approve the Appointments for Non-Unit Professional Staff, MCCC Unit Professional Staff, and Faculty</p> <p>The approved motion to approve the February 26, 2019 Personnel Actions report for Appointments for Non-Unit Professional Staff, MCCC Unit Professional Staff, and Faculty are void due to the absence of a roll-call vote and shall be re-voted on at the Board's March meeting.</p> <p>MOTION: To empower the President of the College to approve all personnel actions prior to the next meeting.</p> <p>The approved motion to empower the President of the College to approve all personnel actions prior to the next meeting are void due to the absence of a roll-call vote and shall be re-voted on at the Board's March meeting.</p>

**FINANCE COMMITTEE
REPORT**

Report of the Finance Committee presented by Comptroller Marcia Mitchell.

- **Financial Highlights** - Overall, total revenues are 2.97% unfavorable (down \$906,270) and total expenses are 0.04% favorable (down \$7,854) compared to the same period in the prior year.
- **Tuition and Fee (T&F) revenue** is 5.87% or \$1,155,231 unfavorable compared to the prior year. This is due to a decline in FTE from prior year of 8.5% in the fall and 7.6% in the spring as of January 14th. This decline is partially offset by a per credit fee increase of 3.1% or a \$10 per credit hour along with an increase of \$5 dollars per credit hour for distance learning (online) courses. The FY19 T&F budget is \$21,966,986; \$459,109 or 2% lower than prior year. Based on the first half T&F decline compared to last year, we are currently projecting T&F revenue to shortfall budget by \$1.2 million.
- **State Appropriation** reflects an increase of 2.89% or \$293,334 is due to timing and fully utilizing available state funds to maximize available cash. Our unrestricted state appropriation is projected to be at the budgeted \$21,347,289.
- **Private gifts and grants revenue and expense** are not reflected in this report. Grant activity has negatively impacted the College in the first half of the year as the state comptroller dictated that state funded grants be accounted for in the state's accounting system that has resulted in funds not being available. Year to date, the College has had to advance approximately \$125,000.
- **Investment** revenue is not reflected in this report. Estimated returns to date are a market loss of \$220,000.
- **Business and Community Services revenue** is favorable to the prior year by 14.13% or \$37,325 principally due to higher testing fees. Revenue is currently at 34.51% of budget.
- **Administrative Allowance revenue** which is derived from indirect cost recovery from grant activity is unfavorable to prior year by 57.25% or \$81,486. This variance is due to timing. The full year is projected to be on budget.
- **Auxiliary enterprises revenue (bookstore)** is comparable to prior year.
- **Compensation and Benefit expense** is 2.89% or \$495,613 favorable to the prior year and is tracking slightly favorable as a percent of budget at 49.72%. Also, due to the state grant funding delay mentioned above the Colleges compensation expense would have been even lower by \$125,000. Last year at this time the first half represented almost 53% of budget. We are analyzing closely our full and part-time staffing to determine opportunities to offset our revenue shortfalls. This may entail delaying or not backfilling open positions and carefully reviewing part-time staffing requests.
- **Supplies and Services** is 10.26% or \$455,910 unfavorable to prior year and are tracking at 49.72% as a percent of budget. While tracking at budgeted levels, we will be investigating eliminating or delaying expenses to offset the revenue shortfall.
- **Scholarship and Fellowship expenditure** is favorable by 25.62% or \$39,317. We are projecting this expense to be on budget.
- **Auxiliary enterprises expenditure (bookstore)** is unfavorable by 2.6% or \$8,240 compared to last year largely due to timing of inventory purchases. We are projecting favorable net results to budget of \$50,000.

Discussion ensued regarding what the plan is to recuperate from the \$900K deficit and how is this impacting the quality of services. Mr. Fogarty mentioned that currently there are a lot of vacant positions and if left unfilled this should help make up for the shortfall. In order to accomplish this they will be evaluating the need to fill these vacancies.

MOTION: To approve the Second Quarterly Statement of Revenue and Expenses for FY 2019 as presented.

The approved motion to approve the Second Quarterly Statement of Revenue and Expenses for FY 2019 as presented at the February 26, 2019 Board meeting are void due to the absence of a roll-call vote and shall be re-voted on at the Board's March meeting.

**REVISED FY 18
AUDITED FINANCIAL
STATEMENTS**

Report of the Revised FY 18 Audited Financial Statements presented by Assistant Comptroller Curt Foster

The following is a summary of the changes to the financial statements previously approved by the Board of Trustees. The net impact of the Restated Postemployment Benefits Other Pension (OPEB) Plan on the HCC's financial position is a decrease of \$2,275,790 in OPEB Liability and an increase of \$2,607,906 in Net Position. The restatement also impacted the Statement of Revenue and Expenses reducing operating expenses by \$38,357 resulting in a corresponding increase in Total Change in Net Position in the current year.

Commonwealth of Massachusetts

Schedule of OPEB Amounts by Employer and Nonemployer Fiscal Year Ended 2018

	Previous	Restated	Change
June 30,2016 Net OPEB Liability	\$21,838,357,000	\$18,955,600,000	\$ (2,882,757,000)
June 30,2017 Net OPEB Liability	\$19,774,929,000	\$17,484,500,000	\$ (2,290,429,000)
Total Deferred Outflows of Resource	\$44,724,919	\$38,821,038	\$ (5,903,881)
Total Deferred Inflows of Resources	\$2,676,816,919	\$2,091,221,038	\$ (585,595,881)
Total Employer OPEB Expense	\$1,034,905,000	\$1,047,600,000	\$12,695,000

KPMG Audit Report of Commonwealth's OPEB Plan Note 3

The Schedule of OPEB Amounts by Employer and Nonemployer has been restated to correct an error in the calculation of net OPEB liability. Specifically, the original calculation did not include projected pay increases for employees in the attribution (allocation) of the actuarial present value of projected benefit payments to past and future service.

Holyoke Community College

Statement of Net Position Year ended June 30,2018

Total Deferred Outflows of Resources	\$4,947,707	\$4,703,835	\$(243,872)
NET OPEB liability	\$19,648,543	\$17,372,753	\$(2,275,790)
Total Non-current Liability	\$40,429,802	\$38,154,012	\$(2,275,790)
Total Deferred Inflows of Resources	\$5,160,949	\$4,584,961	\$(575,988)
Unrestricted Net Position	\$(16,446,982)	\$(13,839,076)	\$2,607,906
Total Net position	\$33,923,378	\$36,531,284	\$2,607,906

Statement of Rev and Exp Year ended June 30,2018

Total Operating Expense:	\$62,327,696	\$62,289,339	\$(38,357)
Total Change in Net Position	\$12,351,430	\$12,389,787	\$38,357

MOTION: To approve the Revised FY18 Audited Financial Statements as approved by the Audit & Finance Committee on October 23, 2018, with subsequent revisions related to allocations by the Commonwealth of Massachusetts regarding retiree benefits.

The approve motion to approve the Revised FY18 Audited Financial Statements as approved by the Audit & Finance Committee on October 23, 2018, with subsequent revisions related to allocations by the Commonwealth of Massachusetts regarding retiree benefits and presented at the February 26, 2019 Board meeting are void due to the absence of a roll-call vote and shall be re-voted on at the Board’s March meeting.

SPRING 2019 HIGHER EDUCATION RESOLUTION

Presented by Stephanie Marcotte, HCC/MCCC Chapter President
 The Spring 2019 Resolution in Support of Increased Funding for Public Education is compose of two pieces of legislation. The Cherish Act aims to improve the funding for public higher education, and The Promise Act aims to improve funding or public K-12 schools across Massachusetts. The Cherish Act would establish in state law a minimum funding level for public higher education, which is no less than the per-student funding level in fiscal 2001. Fiscal 2001 was the highest level of state funding the public education system has seen.

Spring 2019 Resolution in Support of Increased Funding for Public Higher Education

- WHEREAS, public education that is available to all students from prekindergarten through higher education is foundational to our democracy; and
- WHEREAS, all of our students, no matter where they live or study, deserve access to an affordable public college or university, which prepares them for fulfilling careers and to be contributing members of their communities; and
- WHEREAS, the Commonwealth’s per-student funding for public higher education has declined by 32 percent since 2001; and
- WHEREAS, student debt for public higher education has reached staggering levels, impoverishing students and families, and preventing many from completing their degree programs; and
- WHEREAS, faculty and staff in community colleges, state universities and the University of Massachusetts system are experiencing the elimination of programs, service cuts, and increased use of part-time faculty and staff; and
- WHEREAS, the Higher Education Finance Commission found in 2014 that our public colleges and universities are underfunded by more than \$500 million a year; and
- WHEREAS, the vast majority of students who attend our public colleges and universities live and work in Massachusetts after they graduate, contributing their knowledge and skills to our economy and our communities;
- THEREFORE, be it resolved that the Holyoke Community College Board of Trustees urges the Legislature to approve and fund a foundation budget for our public higher education system that guarantees all students access to high-quality, debt-free public higher education.

MOTION: To approve the Spring 2019 Resolution in Support of Increased Funding for Public Higher Education as presented at today’s meeting.

The approve motion to approve the Spring 2019 Resolution in Support of Increased Funding for Public Higher Education as presented at the February 26, 2019 meeting are void due to the absence of a roll-call vote and shall be re-voted on at the Board’s March meeting.

President Royal thanked Stephanie for her work and dedication to our students and acknowledged her for being selected to attend the National Teacher’s Leadership Institute.

REPORT OF THE CHAIR

None to report.

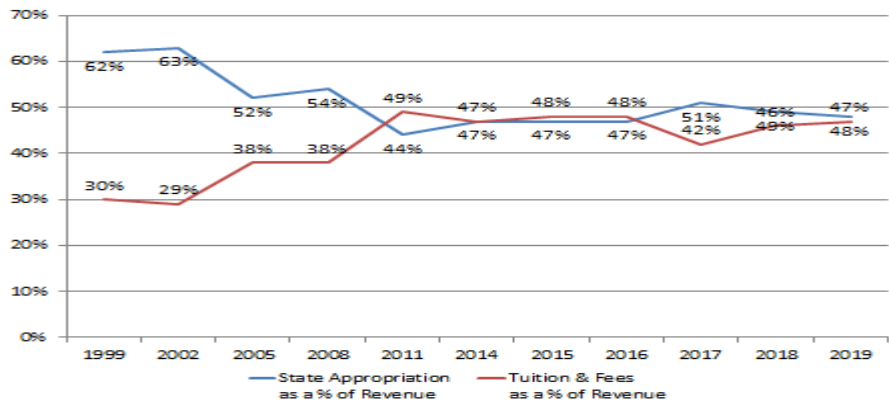
PRESIDENT'S REPORT

Strategic Plan In-Depth: Understanding Financials of Higher Education presentation provided by William Fogarty, Vice President of Administration and Finance

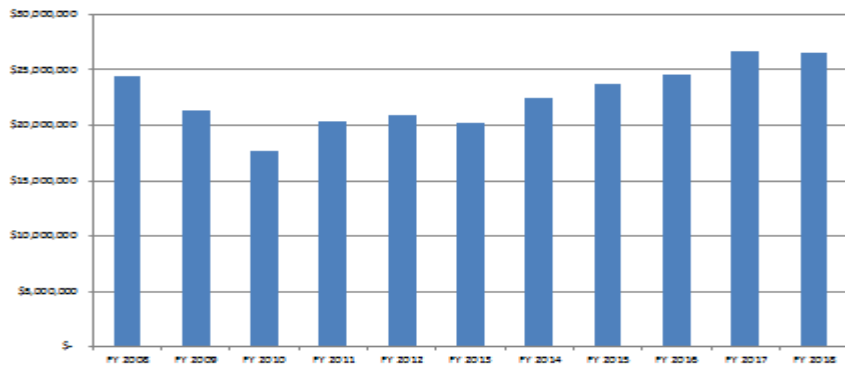
FINANCIAL OVERVIEW

Holyoke Community College
February 2019

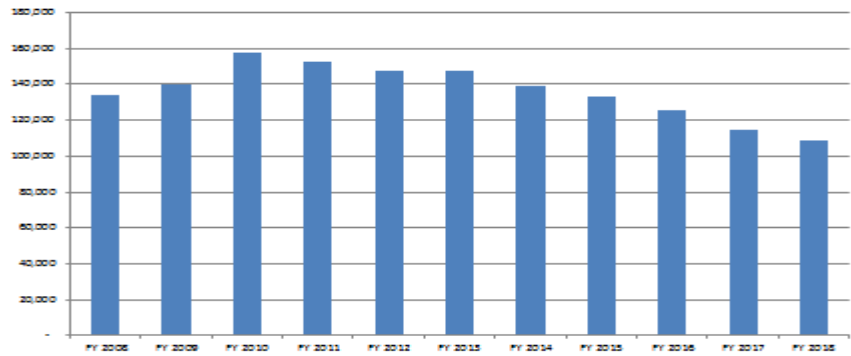
Financial Sources



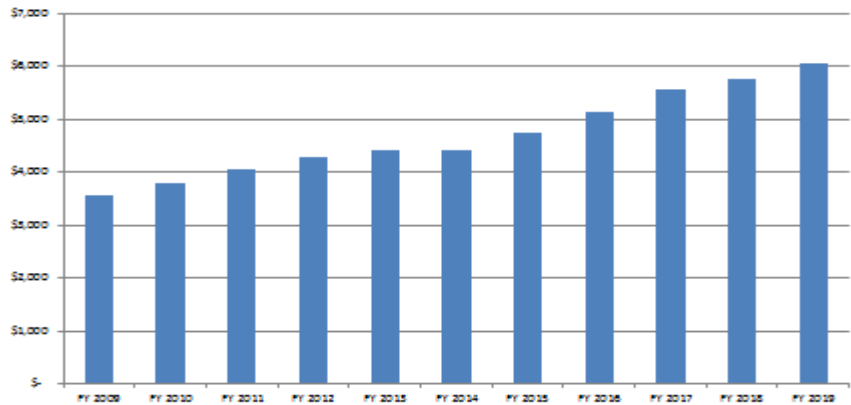
History of State Appropriation



Credits Billed



Mandatory Tuition & Fees



A Few Additional Points

Despite serving one of the lowest-income regions in the Commonwealth, HCC has the lowest per-pupil state appropriation of the four Western Massachusetts community colleges, and is well below the statewide average.

- HCC: \$5,474
- State Av: \$6,116
- STCC: \$6,976
- GCC: \$9,478
- BCC: \$10,232
-

Holyoke Community College is also the fourth least expensive community college in the system and the least expensive in Western Massachusetts.

- HCC: \$6,060
- STCC: \$6,306
- State Av: \$6,380
- BCC: \$6,750
- GCC: \$6,932

Advocacy

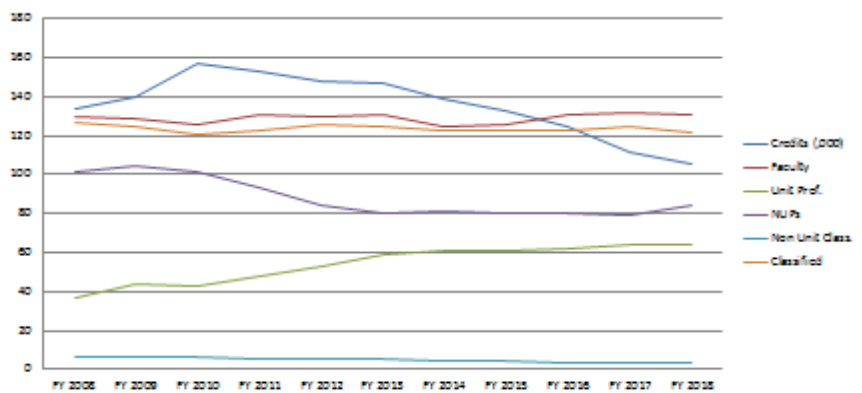
- Keep it Simple
- HCC Needs More State Support
- State Appropriation Per Student – Back to the Future
- Fully Fund Collective Bargaining
- Address Deferred Maintenance
- Need Flexibility to Innovate – Release the Choke Hold

New Business Model

- Adapt to New Reality
- Position HCC for Growth
- Provide Focus for Resource Allocation

New Reality

Credits & Staffing



Position HCC for Growth

- Strategic Plan
- Student Growth & Success = College Growth & Success
- Regional Growth & Success = College Growth & Success
- Focus on Resources

What This Does and Does Not Mean

- Does mean we bring greater focus to what we do and do not do.
- Does not mean we abandon the liberal arts or our traditional focus on a broad-based comprehensive educational experience and transfer.

Focus Resource Allocation

- Aligning annual budget to the Strategic Plan
- Paying attention to data and metrics
- Fostering research and innovation
- Fiscal discipline: asking the hard questions and having the hard conversations
- Being results-driven

	<p style="text-align: center;">Ultimate Goal</p> <ul style="list-style-type: none"> • Setting our own course in a time of rapid change. <p>Acting Chair Pokela thanked Mr. Fogarty for his presentation.</p> <p><u>Washington, D.C. National Legislative Summit</u> President Royal updated the Board on her recent trip to Washington, D.C. where she attended the National Legislative Summit for the Association of Community College Trustees. The group participated with a large delegation of Massachusetts Community College Presidents, Board Chairs, Board Members, and Student Trustees in an extensive series of meetings on Capitol Hill to promote students and the work done by dedicated faculty and staff. The topics of conversation this year included funding for critically-needed Pell grants, reauthorization of the Higher Education Act (HEA), immigration, and food insecurity and homelessness issues facing our students.</p>
ADJOURNMENT	The meeting was adjourned at 9:21 a.m.

Respectfully submitted,

Haley Woods, Secretary
Board of Trustees

Approved: Julie Pokela, Acting Chair, March 26, 2019