

HOLYOKE COMMUNITY COLLEGE
OFFICE OF THE COMPTROLLER
MEMORANDUM

TO: Trustee Finance Committee
FROM: Marcia Mitchell, Comptroller
DATE: October 17, 2019
SUBJECT: First Quarter Statement of Revenues and Expenses (FY 2020)

Attached is the first quarter statement of revenues and expenses for both our state maintenance appropriation and college trust funds covering the period July 1, 2019 through September 30, 2019. I hereby certify that to the best of knowledge and belief all funds expended were in compliance with the rules and regulations for trust funds and state finance law.

Financial Highlights - Overall, total revenues are 6.65% unfavorable (down \$1,106,314) and total expenses are 6.65% favorable (down \$688,679) compared to the same period in the prior year.

Tuition and Fee (T&F) revenue is 6.76% or \$709,773 unfavorable compared to the prior year. This is due to an 8.5% decline in FTE from prior year partially offset by a per credit fee increase of 4% or a \$8 per credit hour. Actual Fall T&F revenue net of waivers in FY19 were \$10,495,128 and represented 49% of the full-year T&F of \$21,626,341. The FY20 T&F budget is \$21,294,387; \$672,599 or 3% lower than prior year. Given the current facts available, we are comfortable projecting a minimum shortfall of \$1 million. Actual data for the second quarter will advise a more accurate projection.

State Appropriation reflects a decrease of 3.7% or \$218,673 and is due to faculty and professional staff retirements. Our unrestricted state appropriation is budgeted at \$22,151,893.

Private gifts and grants revenue is unbudgeted and not reflected in the Statement of Revenues and Expenses. Revenue and Expenses for the first quarter is \$519,706 or \$506,704 lower than prior year and is principally due to timing. We expect FY 2020 operating grant revenue to exceed last year's actual receipts of \$3.5 million.

Investment results are not fully available and will be presented in next quarter's report. We anticipate flat results for the first quarter.

Business and Community Services revenue is unfavorable to the prior year by \$90,426 or 46.5% principally due to timing of rental income payments, and a reduction in non-credit fee income. Revenue is currently at 6.7% of budget.

Administrative Allowance revenue which is derived from indirect cost recovery from grant activity is unfavorable to prior year by \$42,596 or 100%. This variance is due to timing. The full year is projected to be on budget.

Auxiliary enterprises revenue (bookstore) is unfavorable to the prior year, decreasing \$44,846 or 71.3%. This is due to the college store model changing. The current revenue reflects vending commissions, supplies and sundry sales. Fall textbook commissions will be reported in the second quarter. The original intent was to contract out the college store in Fall 2019 however, due to complications resulting from Pacheco legislation, operation of the college store will continue on a limited basis until a contract can be completed.

Compensation and Benefit expense is 3.8% or \$306,382 favorable to the prior year due primarily to the retrenchment or elimination of certain positions and others left vacant for FY 2020 pending further review. Additional reductions are due to lower costs for faculty as a result of lower enrollment. Current year expense is projected to be on budget for the year.

Supplies and Services is 16% or \$330,436 favorable to prior year and is tracking at 14.3% of budget. We anticipate this trend will continue.

Scholarship and Fellowship expenditure is unfavorable by 54.4% or \$9,217. We are projecting this expense to be on budget.

Auxiliary enterprises expenditure (bookstore) is favorable by 39.9% or \$61,078 due to decreased product offerings and merchandise inventory compared to last year. The bookstore is operating with a skeleton staff as it was anticipated to be privatized by the beginning of the second quarter. The entire bookstore loss will be offset by guaranteed commissions from Barnes & Noble.

Recommended Motion: *Move that the Finance Committee recommend to the Board of Trustees to approve the First Quarter Statement of Revenue and Expenses as presented.*

c: President Christina Royal, William Fogarty