



- Approval of FSU BOT Finance Committee meeting minutes of January 17, 2019 [Attachment](#)
- BOT Finance Committee Discussion Items
 - Introduction of O'Connor & Drew auditing firm.
 - Danforth Line of Credit approved by BOT in January
 - Due to recent gift and transfer of remnant Danforth Art Alliance funds, it is not anticipated that this line of credit will be drawn upon.
 - FY2020 Preliminary Budget Development Discussion [Attachment](#)
 - FY2020 Budget Preliminary Assumptions
 - No changes regarding preliminary state appropriation assumptions
 - Pro forma updated to reflect MSCA collective bargaining agreement
 - No changes regarding student charges assumptions
 - Adjustment in projected enrollment figures based on current recruitment numbers
 - Small downward adjustment on anticipated inflationary adjustments
 - Staffing and compensation adjustments for next fiscal year under consideration (informed by ongoing pay equity study)
 - Strategic capital adaptation and renewal projects prioritization exercise underway.
 - FY2020 Budget development schedule as previously noted with House budget anticipated in April and Senate budget in May (Note: the date of the May BOT Finance Committee meeting may be impacted by announced timing of Senate budget release).
 - FSU Investments Considerations
 - FSU Foundation considering potential allocation to Alternative Strategies investments; could inform FSU future allocations considerations.
- Public Safety Update

Framingham State University (FSU)
Board of Trustees (BOT) Finance Committee Meeting
Minutes
Thursday, January 17, 2019
McCarthy Center, Alumni Room at 8:00 a.m.

Trustees Present: Kevin Foley, Chair; Anthony Hubbard, Trustee; Richard C. Logan, Vice Chair

Zoom Attendee: Michael Grilli, Trustee & Chair of the Finance Committee

University Members Present: F. Javier Cevallos, President; Dale M. Hamel, Executive Vice President, Administration, Finance, and Information Technology; Ann McDonald, Esq., Chief of Staff/General Counsel; Millie Gonzalez, Interim Director, Diversity and Inclusion; Eric Gustafson, Vice President, Development and Alumni Relations; Jeremy Spencer, Dean, Enrollment Management; Rachel Trant, Assist. VP, Finance & Business; Tami Till, Manager, Financial Controls;

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Chair Foley convened and welcomed everyone to the **FSU BOT Finance Committee** meeting. He noted that all votes would be taken by roll call. The first order of business was to call for approval of the meeting minutes of Wednesday, November 14, 2018. Chair Foley called for a motion.

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Motion: (Logan, Hubbard) Move to approve the FSU BOT Finance Committee meeting minutes of Wednesday, November 14, 2018.

Vote: Foley-Aye, Grilli-Aye, Hubbard-Aye, Logan-Aye

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Chair Foley called upon Dr. Dale Hamel to continue the discussion of the material for the meeting.

FY2018 Financial Statements Transmittal Audit Update

- A restated **GASB 75** (OPEB) report was distributed by the Office of the State Comptroller. There were significant allocation changes. Due to the changes, FSU's auditors deemed that it will be necessary to revise and reissue the FY2018 financial statements. The FSU Board of Trustees will need to reapprove the statement at their March 27, 2019 meeting. It was also noted that Governor Baker has appointed a new Comptroller since the previous Comptroller stepped down. The Comptroller's Office will cover the cost of reissuing the financial statements. There will be no net impact to the key financial ratios utilized by the BOT.

Request for Trustee Action

- The Maynard Building Project (that will house the **Danforth Museum at Framingham State University** as well as Danforth and FSU art studio classes) is completed. Classes will begin this semester and the gallery will be set up. There are some issues, largely electrical, which were not accounted for in the budget. The budget has a \$230,000 deficit. FSU will provide partial coverage (\$115,000) through General Operations Trust Fund; it is proposed that the remaining funds be drawn from an approved line of credit. It would then be paid off over time from Danforth operations.
- Also noted: there are two other outstanding issues relating to the project.
 - The first is addressing the lighting in the rear parking lot.
 - The second is an MAAB (Massachusetts Architectural Access Board) necessity to provide access from the back of the building to the front of the property. FSU is working with the City of Framingham to help with this project. FSU will have two years to complete it. FSU will look into other funding to cover these projects.

Chair Foley suggested a new five year budget for expenses at the **Danforth Museum at Framingham State University** be created.

At this time Chair Foley called for a motion.

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Motion: (Logan, Hubbard) Move to forward the request for Trustee Action to access the approved line of credit for costs associated with the **Danforth Museum at Framingham State University** Project to the full FSU Board of Trustees for vote.

Vote: Foley-Aye, Grilli-Aye, Hubbard-Aye, Logan-Aye

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FY2020 Budget Development Discussion

- Page 2: **FY2019 Budget Review-** Two personnel contracts (AFSCME and APA) have been concluded; the MSCBA is still outstanding. President Cevallos informed the members that a meeting is scheduled for Friday, January 18, 2019 between the COP and the MSCBA. Hopefully, measures will be taken to move the process along. The last point: the current FY2019 end-of-year projected deficit is \$0, was highlighted.
- Page 3 - **Context-General Operations Historical Support-** Overtime, the General Operations budget has grown 3% on average annually; but it was not consistent. At this point we are facing fiscal restraints.
- Page 4- **Enrollment Trends and Projections-**The blue bars on the chart showed historical trends in enrollment and the orange bars showed projected enrollments. The goal is to try to reach the "Target" line for projected trend line assumptions. Chair Foley would like to know the transfer student numbers. Dean Spencer responded that more would be known as FSU approached the spring semester.
- Page 5-**Enrollment Assumption Basis for Revised Pro Forma Budget-**It has optimistic assumptions.

- **Page 6-Enrollment Trends, Projections, and "Target" Assumptions-** It still forecasts some deficits over the next five years. If future enrollments come in below targets, other mitigation efforts will need to be made.
- **Pages 7 & 8-FY2019-FY2023 Revised Pro Forma Budget-** They concentrate on expenditure reductions, enrollment assumptions, and strategic priorities "add-backs".
- **Page 9-Context-Historical and Future Key Variables-**Historically the budget is driven by state appropriations, student enrollment, faculty and staff growth, tuition and fees, and institutional student financial aid. Projected expectations show decreases in enrollment, faculty and staff positions, tuition and fees, but a MassGrant+ increase is anticipated beginning FY2020. All state universities will receive \$14M for 2020 from casino generated revenue. It will be need-based and it will impact the formula for financial aid.
- **Page 11-FY2020 Budget Development Parameters-**This page gave a narrative regarding the basis for developing a five year balanced budget plan.
- **Page 12-FY2020 Budget Plan Preliminary Assumptions-**Showed the assumptions used in the support of the projected increase of \$580 for student fees and an increase of \$975 for comprehensive charges which includes room and board adjustments. Also Trust Fund expenditure reductions will be identified in response to anticipated enrollment reduction.
- **Page 13-FY2020 Budget Plan Preliminary Overview-**The major cost drivers were listed with the amount of fee impact each would cause. It is a very preliminary budget overview and the options listed may change. One option to keep the student fee at \$580 would be to use reserve funds if other assumptions are not met. This is something FSU would not want to rely on so other new revenue streams will also be considered. FSU will continue to explore projected deficit remedies. Also, a sliding scale of fee increases could be presented. This would provide scenarios of the budget with different cause and effects. The sliding scale has been presented in past preliminary overviews.
- **Page 14-FY2020 Budget Development Process-**The page showed FSU's process in relation to the State's budget timeline. At this time, the Finance Committee is on board with the preliminary FY2019-FY2023 Revised Pro Forma Budget and its assumptions. Particular attention will be paid to the Governor's budget recommendations in his upcoming speech.

There being no further business to discuss, Chair Foley called for a motion to adjourn.

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Motion: (Grilli, Logan) Move to adjourn.

Vote: Foley-Aye, Grilli-Aye, Hubbard-Aye, Logan-Aye

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Framingham
State University

FY2020 Budget Development Discussion

March 13, 2019



FY2020 Budget Objectives

- Develop the annual budget within the context of a five year balanced budget plan
- Account for impact of continued near term enrollment decreases with stabilization by FY2023
- Minimize impact on student costs
 - Maintain cost position (around the average) within the state university segment
 - Provide additional financial aid to support the most needy students and deploy aid as part of a comprehensive enrollment management strategy
- Maintain reserves and manage debt consistent with Financing Policy financial ratio targets
- Complete “Critical Repairs” capital projects as scheduled within the Five Year Capital Plan
- Fund selective Strategic Priorities initiatives.



FY2020 Budget Development Assumptions

Assumption	Budget Plan
Collective Bargaining	Two out of three contracts (APA, AFSCME) settled; budget assumes settlement of MSCA contract at 2.0% annual salary increases <i>plus known MOU adjustment</i>.
State Appropriations	Budget development plans based on prior years collective bargaining funding built into the base budget; assumption of 3.8% base (including formula reserve portion allocation) increase for FY2020 (represents Governor’s budget).
Student Charges	Tuition and Fees increase of \$580 (5.5%); aggregate comprehensive student cost increase (including room and board adjustments) of \$975 (4.3%).
Enrollment (Day/DGCE) <i>(800/370-350 Model)</i>	Aggregate Day enrollment target of 3,307 UG FTE (fall) students (represents ~200 students decrease, or -5.6%; based on “revised target” new students); Aggregate DGCE enrollment target of 875 FTE (fall) students (represents level enrollment)
Inflation	General assumption of 2%-3% inflation; major exception is fringe benefits chargeback rate that is increasing at a faster rate and student financial aid increase of 5.0%; equates to approximately 2.5% adjustments on average.
Staffing Levels	Current budget assumptions based on planned reduction of -1.0 full time faculty position and -1.0 staff position (will still result in decreasing student/faculty and student/staff ratios)
Strategic Priorities Fund	Strategic Priorities Initiative Fund allocations to support selective FY2020 initiatives (Enrollment; Academic Deans Changes; Pay Equity; Critical Repairs).
Trust Funds Support	Trust fund managers will be directed to submit FY2020 budgets accounting for -3.0% reductions (\$500K in aggregate) to account for impact of anticipated enrollment reduction.



FY2020 Budget Drivers Adjustments

Personnel Costs Adjustments from Preliminary Assumptions	\$330,000
Inflationary/Other Costs Adjustments from Preliminary Assumptions	\$70,000
Enrollment Projections Adjustments from Preliminary Assumptions (Based on revised FY20 enrollment forecast)	<u>(\$300,000)</u>
Net Change (still Preliminary Stage) from Preliminary Assumptions	\$100,000

Budget Development Options:

- Budget Net Income of \$100K at this point (may be utilized during actual budgets buildouts); would provide option if State Appropriations comes in less than budget assumption of 3.8%
- Reduce Targeted Expenditure Reductions (-\$500K in FY20 growing to -\$1.5M by FY22)
- Reduce Student Fee increase by up to \$30 (from \$580 to \$550 or 5.2%)

Long Range Pro Forma Budget Impact:

- Using revised enrollment projections (800/370-350 model), out-year enrollments would be reduced and would level off below 3,000 day students (or ~15% below current levels)
 - This level of enrollment would require additional Expenditure Reductions in FY20-FY22
 - FY20 Reductions Target would remain at \$500K
 - FY21 Reductions Target likely around \$700K (in addition to FY20 reductions)
 - FY22 Reductions Target likely around \$300K (in addition to FY20 & FY21 reductions)
 - These levels may require personnel reductions (through attrition) at levels greater than the one faculty and one staff annual reductions currently identified.



FY2020 Budget Development Process

The University's Five Year (FY2018-FY2022) Strategic Plan identifies strategic priorities with associated budget implications. Development of the FY2020 Budget & Five Year Pro Forma Budget anticipates funding of selective strategic initiatives in support of that plan. Final consideration of the FY2020 University budget will be scheduled for the FSU Board of Trustees meeting in May.

FY2020 Budget Development Process

	<u>FSU Process</u>	<u>State Process</u>
Trust Fund Budget Development Guidelines Issued	February	
Governor's Budget Recommendation		February
Trust Fund Managers Develop Initial Budget Recommendations	February	
Administration, BPC, and BOT Review Budget Assumptions	March	
House Budget Recommendation		April
Administration Refinement of Proposed Budgets	April	
Senate Budget Recommendation		May
Board of Trustees Review/Approval of Final Budgets	May	
Reconciled Budget/Governor Veto Process		June

