



Board of Trustees

Finance and Capital Assets Committee

11:00 a.m.

December 16, 2021

Conference Room A (Garden Level), Horace Mann Center

A live stream of the meeting for public viewing will also take place on YouTube at the following link: <https://www.westfield.ma.edu/live>

COVID-19 Procedures: Masks are required when indoors at Westfield State University, regardless of vaccination status. For more information about Westfield State's COVID-19 procedures, visit: <https://www.westfield.ma.edu/fall-2021-opening/fag>

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| 1. Called to Order | Trustee Salehi |
| 2. Minutes | |
| a. October 13, 2021 | Trustee Salehi |
| 3. President's Remarks | President Thompson |
| 4. Items for Information | |
| a. FY22 First Quarter Financials | Lisa Freeman |
| b. Annual Debt Report and Ratios | Stephen Taksar/Lisa Freeman |
| c. FY22 Early Retirement Incentive Program (ERIP)
Funding Plan and Results | Stephen Taksar/Lisa Freeman |
| 5. Items for Discussion | |
| a. FY23 Budget Planning Scenarios | President Thompson/Stephen Taksar |
| 6. Items for Action | |
| a. Motion – Investment Policy (0430) | Trustee Queenin/Stephen Taksar |
| b. Motion – MSCBA Bond Approval (Dish Machine) | Stephen Taksar |
| c. Motion – Use of Reserves Request (Police Vehicle) | Stephen Taksar |
| d. Motion – Trust Fund Management Policy (0604) | Stephen Taksar/Maureen Socha |

Attachment(s):

- a. Minutes 10-13-21 (Draft)

- b. First Quarter Financials (Summary)
- c. First Quarter Financials (FY22)
- d. First Quarter Financials (FY21)
- e. Annual Debt Report (Summary)
- f. Annual Debt Report (Ratio Table)
- g. FY22 ERIP Funding Plan and Results
- h. FY23 Budget Planning Scenarios (Summary)
- i. FY23 Budget Planning Scenarios (Model)
- j. FY23 Budget Planning Scenarios (Assumptions and Timeline)
- k. Motion – Investment Policy
- l. Policy – Investment (Track Changes)
- m. Policy – Investment (No Track Changes)
- n. Motion – MSCBA Bond Approval
- o. MSCBA Bond Approval (Memo)
- p. MSCBA Bond Approval (Project Financing)
- q. MSCBA Bond Approval (Financing Options)
- r. Motion – Use of Reserves Request
- s. Use of Reserves Request (Memo)
- t. Motion – Trust Fund Management Policy
- u. Policy – Trust Fund Management (Memo)
- v. Policy – Trust Fund Management (Track Changes)
- w. Policy – Trust Fund Management (No Track Changes)



BOARD OF TRUSTEES

Finance and Capital Assets Committee

October 13, 2021

Minutes

Owl's Nest (Room 018), Ely Campus Center

A live stream of the meeting for public viewing also took place on YouTube.

MEMBERS PRESENT: Committee Chair Ali Salehi, Vice Chair Theresa Jasmin, Secretary Paul Boudreau, and Trustees Madeline Landrau, Kevin Queenin, and Chloe Sanfacon

TRUSTEE GUESTS PRESENT: Trustees Dr. Robert Martin (entered at 11:14 AM), William Reichelt (entered at 11:11 AM), and Dr. Gloria Williams (entered at 11:08 AM)

Dr. Linda Thompson, President of Westfield State University, was also present.

Committee Chair Salehi called the meeting to order at 11:05 AM and committee members participating were announced as listed above.

MOTION made by Trustee Queenin, seconded by Trustee Boudreau, to approve the minutes of the June 29, 2021 meeting. There being no discussion, **Motion passed unanimously.**

Travel Expenses of the President and the President's Direct Reports: July 1, 2020 – June 30, 2021. Ms. Lisa Freeman, Associate Vice President for Administration and Finance, stated there were no travel expenses for the last year due to COVID-19, but this report is required to be presented to the Board.

Fixed Assets Inventory Progress Report. Mr. Steven Scibelli, Director of Financial Accounting, summarized the progress report, stating inventory results were improved from 2020 at 97 percent compliance. All assets are tagged, with two-thirds being technology based. The biggest challenge was inventorying assets taken off campus, but they now accept photos of the asset showing a current date.

FY22 Operating Budget. Mr. Stephen Taksar, Vice President for Administration and Finance, stated the flexibility to assess changes on the campus from June to October to assist in presenting a final budget has proved important. Presented today is a balanced budget to temporarily close the deficit gap. There is still a structural deficit since there is not enough ongoing revenue to cover ongoing costs. The proposed budget is the result of a working group constructing a budget strategy through the summer with President's Cabinet approval.

FY22 Final Budget Assumptions were shared:

- Continued uncertainty affecting budget planning. Predicting melt rate from fall to spring. COVID-19 expenses are ongoing. Labor shortages are affecting the ability to hire staff in dining and facilities.
- UEAAC reductions total approximately \$2.1 million (permanent and temporary).

- There is \$1.6 million of targeted divisional cost avoidance through vacancy savings.
- A structural deficit remains at \$2.8 million and HEERF III Grant funds will not solve this problem.

Projected annual enrollment of 3,173 (before spring admits) is close to the budgeted enrollment for FY22 of 3,215. The College of Graduate and Continuing Education (CGCE) enrollment summary showed credit hours down 6.8 percent for Summer I and the fall term, but revenue is tracking slightly higher.

FY22 Final Budget Summary. Maria Feuerstein, Assistant Vice President of Strategic Finance and Institutional Planning, highlighted the material changes from the provisional budget approved in June.

Revenue:

- An additional state appropriation of \$500,000 is expected.
- Residential Life has increased by 50 students and the demand is higher for premium single rooms.
- Dining participation rates, including commuter participation, increased.
- The HEERF III Grant of \$600,000 was added to the budget.
- Revenue was up by \$2.5 million.

Expenses:

- There was \$651,000 of savings from the first version of the budget.
- Increased Residential Life and Dining revenue results in higher expenses.
- Reversal of UEAAC savings added back \$300,000 from the provisional budget.
- After permanent reductions were offset by increased cost and use of reserves, we still carry a temporary (one year) structural deficit of \$2.8 million.
- Savings will partially offset the Residential Life deficit as the campus is required to resolve any deficits in the Residential Life budget and carry reserves for that purpose. If there are no reserves, it needs to be backfilled. If not, the MSCBA can claim our state appropriations.
- Contributions from CGCE should be \$3.25 million in FY22 and \$2.75 million in FY23, which are higher than previous years. There is a permanent reduction to their expense line due to adjunct faculty reductions.
- Dining Services is contributing 13 percent (\$1.1 million) of their meal plan revenue to campus in support of overhead provided by the campus.
- Permanent and temporary adjustments made show how a balanced budget was achieved for FY22.
- UEAAC savings were shifted from permanent to temporary during the validation process, and it is hoped they will become permanent. The deficit gap was reduced from \$3.1 million to \$2.8 million this year due to permanent savings. The Board and administration need to look at alternative ways to close the gap and cannot rely on the UEAAC proposed savings of \$6.9 million.
- Final budget deficit reduction strategies were presented, resulting in a savings of \$2.6 million.
- Unbudgeted salary/bonus impact was modeled due to collective bargaining. The state never fully funds collective bargaining increases and does not fund CGCE and auxiliaries. The increases and bonuses would be for full-time benefited employees.
- The FY23 structural deficit needs to be addressed. This year UEAAC will focus on recommendations that target revenue growth, enrollment, and efficiencies.

MOTION made by Trustee Landrau, seconded by Trustee Jasmin, to approve the FY22 Operating Budget as presented and to authorize the President to make budget adjustments to these funds.

Discussion: We all need to be aware of how much work is being done during a very challenging time.

There being no further discussion, **Motion passed unanimously.**

FY23 Budget Planning Assumptions and Timeline. Mr. Taksar outlined the process of creating next year's budget, sharing parameters and assumptions for the context of modeling. Based on today's discussion, scenarios will be created to start crafting a budget. President Thompson shared that the assumptions are based on what it is believed can be achieved through enrollment growth and fees for majors. Enrollment strategy will be focused to match curriculum to workforce needs.

Revenues:

- The services of an IT/Enrollment Management company has been retained to help integrate data management and enhance the efficient use of multiple technology solutions.
- The current Consumer Price Index (CPI) is over 5 percent. Last year, fees were held flat. With prices increasing, it is uncertain if fees can remain flat this year; otherwise, costs will have to be cut elsewhere or the structural deficit will increase. At the December meeting, it can be shown how we compare with sister institutions on current comprehensive fees. We are in the middle of the pack. Most will move to some increase based on the CPI. It was highly recommended to contact Westfield Gas and Electric to negotiate as there will be a major shortage of delivery or price increases due to the looming energy crisis.
- Investment income use is being discussed with the President.
- A differentiated fee structure for designated majors is being discussed. Chair Martin stated that if fees increase, financial aid will be critical to help with that rise and questioned what impact fee increases have had on attendance and whether there was any way to model how attendance might be affected. Mr. Taksar stated changes in the cost of attendance compared to enrollment is very hard to track. The best approach is asking what the value proposition for a public institution is in this part of the state and making sure we are in alignment with competitors.
- President Thompson shared the need to create partnerships and research grant opportunities through foundations, state, and federal funding to help support programs. Our partnership needs to be more strategic with community colleges and high schools to create a clear pathway to us. President Thompson left the meeting at 12:04 and returned at 12:09.

Expenses:

- Expenses have increased in several operational areas on campus.
- Strategic Plan investment funding will be limited, and most department operating budgets will not increase.
- Mandatory contractual increases for service and technology contracts and non-collective bargaining salary increases will be modeled and assumed.
- The benefit rates set by the state will likely increase.
- A continued deficit is expected in Residential Life due to an increase in MSCBA assessments and occupancy challenges.

Reserves:

- It is hoped that if the University has a surplus this year, a portion could be used as a one-time investment in the following year to reap a positive impact going forward.

The FY22 budget timeline was shared for the year. Trustee Boudreau left the meeting at 12:18 PM.

UEAAC Financial Update. Mr. Taksar provided a draft UEAAC Tracker Update to financially track recommendations and give a current snapshot of what is happening with the committee. The majority of costs are net neutral, with the exception of the conversion of the JEDI officer to a vice president position. Amounts shown indicate actions taken and the impact to the budget. The tracker will be a living, breathing document as decisions are made.

There being no further business, **MOTION** made by Trustee Jasmin, seconded by Trustee Landrau, to adjourn. There being no discussion, **Motion passed unanimously.**

Meeting adjourned at 12:22PM.

Attachments presented at this meeting:

- a. Minutes 6-29-21 (Draft)
- b. Travel Expenses of the President and the President's Direct Reports
- c. Fixed Assets Inventory Progress Report
- d. Motion – FY22 Operating Budget
- e. Presentation on FY22 Budget
- f. FY22 Operating Budget (Narrative)
- g. FY22 Operating Budget (Final Budget)
- h. FY22 Operating Budget (Capital Projects)
- i. FY22 Operating Budget (Vehicle Lease, Purchase Program)
- j. FY22 Operating Budget (CGCE Narrative)
- k. FY22 Operating Budget (CGCE Narrative) Non-Credit
- l. FY23 Budget Planning Assumptions and Timeline
- m. FY23 Budget Planning Assumptions and Timeline (CGCE)
- n. UEAAC Financial Update

Secretary's Certificate

I hereby certify that the foregoing is a true and correct copy of the approved minutes of the Westfield State University Board of Trustees Finance and Capital Assets Committee meeting held on October 13, 2021.

Paul Boudreau, Secretary

Date

Westfield State University
Finance and Capital Assets Committee

FY22 Quarterly Financial Update

December 16, 2021

First Quarter (Q1) Ending September 30, 2021

FY22 Quarterly Financial Update and Overview

Tuition and fee revenue is reported at 50% of the actual fall semester revenue for the day division and for summer II and 50% of actual fall semester revenue for CGCE. Expenses are actual expenses incurred through the end of the first quarter (September 30th, 2021). Since the campus does not develop a quarterly budget, the financial report normalizes for the timing of expenditures and calculates a quarterly budget for the purpose of reporting.

The University's net variance to budget is \$2.4M at the end of the quarter with 26.8% of the University's revenues realized and 20.1% of the budget expended. The current variance is the result of a lag in expenses and capital projects due to timing issues.

With the October approval of the annual budget, it allowed the campus to integrate adjusted budgets based on more accurate data after the start of the semester, thereby reducing the overall variances. Undergraduate enrollment was lower than budget by 28 students or less than 1% as reported for the first quarter. Residential Life experienced a slightly higher than planned occupancy of 24 students or 1.3%. The number of participants in Dining Services is also favorable to the budget by 49 students or 2.4%. CGCE total enrollment, reported in number of credit hours, is favorable to the budget by 4%, which is the net result of an increase in graduate enrollment.

Enrollment

- Full-time Day Division enrollment was approximately 1% below budgeted enrollment for the quarter. This decline affected total fall semester budgeted revenue by approximately \$156,000. Enrollment for the fall was budgeted at 3,389 versus actual enrollment of 3,361, a difference of 28 students.

Revenue

- Total revenue is trending slightly above target (4.8%) for Q1 mainly due to the timing of federal HEERF grant funding offset by slightly lower tuition and fee revenue. CGCE, Dining and Residential Life are all trending on target in Q1 with no major revenue variances to report.

Expenses

- Overall expenses are trending favorably versus the Q1 projection by \$1.0M or 4.3% with contributions of approximately \$0.3M each from university operations and CGCE and \$0.2M each from Residential Life and Dining Services. Significant variances are discussed below.

Expenses-continued

- University – Compensation expense is below budget by \$1.3M or 10.8% due to savings from vacant positions and hiring lower than plan. Other expenses, the largest being construction expense (pool NN) in the amount of \$0.6M, are trending below budget due to timing delays in starting capital projects. Grant expenses are higher by \$1.7M due to the timing of federal HEERF grant spending – these grant expense increases are offset by grant revenue increases, making them net neutral to the overall financial results.
- CGCE – Compensation expense is below budget by \$0.3M or 14.9% due to vacant positions as well as lower utilization of contract workers and special employees. Other variances are minor and are due to timing issues. Total expenses are trending below budget by \$0.3M or 11.0%.
- Residential Life – Total expenses are below budget by \$0.2M or 16.0% partly due to vacancy savings of \$0.1M; other variances are due to timing issues.
- Dining Services – Total expenses are tracking favorable to budget by \$0.2M or 12.9% partly due to vacancy savings and other variances are due to timing issues.

Summary for Q1

- Enrollment challenges and the pandemic continue to have a significant effect on the campus budget. One-time funding from federal HEERF grant funds provided a funding source for one-time initiatives and pandemic-related costs in this fiscal year however, these funds are not a solution to the structural budget deficit and will not exist in the future.
- Auxiliary budgets also continue to be challenged with declines in occupancy of on campus housing and rising costs due to inflation and energy increases. The University will be closely monitoring the effects of rising costs and utilities on the total budget and will provide financial updates in future quarterly reports.

Fiscal Year : July 1st - June 30th

Financial Report (Consolidated)
Quarter Ending September 30, 2021

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	<u>Annual FY22</u>	<u>FY22</u>	<u>FY22</u>	<u>Budget</u>	<u>Percent</u>	<u>Percent</u>
	<u>Budget</u>	<u>1st Qtr. Budget</u>	<u>1st Qtr. Actual</u>	<u>Variance</u>	<u>Variance</u>	<u>Realized/</u>
						<u>Expended</u>
<u>Enrollment</u>						
University (Headcount)	3,215	3,389	3,361	(28)	-0.8%	
CGCE (Credit Hours)	31,181	14,182	14,755	573	4.0%	
<u>Auxiliaries</u>						
Meal Plan Participants	1,998	2,067	2,116	49	2.4%	
Housing Occupancy	1,769	1,860	1,884	24	1.3%	
<u>Staffing</u>						
Administrative	451	451	422	(29)	-6.3%	
Full-time Faculty	228	228	213	(15)	-6.6%	
Total	679	679	635	(44)	-6.4%	
<u>Revenue</u>						
University/SGA	\$ 76,777,685	\$ 19,560,646	\$ 20,926,504	\$ 1,365,858	7.0%	27.3%
CGCE	12,024,757	3,006,189	3,042,275	36,086	1.2%	25.3%
Residential Life	14,659,945	3,877,330	3,825,221	(52,109)	-1.3%	26.1%
Dining Services	8,799,412	2,281,597	2,318,850	37,253	1.6%	26.4%
Total Revenue	\$ 112,261,799	\$ 28,725,762	\$ 30,112,851	\$ 1,387,089	4.8%	26.8%
<u>Expenses/Transfers</u>						
University/SGA	\$ 77,090,650	\$ 18,189,594	\$ 17,893,809	\$ 295,785	1.6%	23.2%
CGCE	12,024,757	3,073,131	2,733,570	339,561	11.0%	22.7%
Residential Life	16,165,966	1,272,720	1,068,718	204,002	16.0%	6.6%
Dining Services	8,799,412	1,474,506	1,284,886	189,620	12.9%	14.6%
Total Expenses/Transfers	\$ 114,080,785	\$ 24,009,951	\$ 22,980,983	\$ 1,028,968	4.3%	20.1%
<u>Net</u>						
University/SGA	\$ (312,965)	\$ 1,371,051	\$ 3,032,695	\$ 1,661,644	121.2%	
CGCE	0	(66,941)	308,706	375,647	-561.2%	
Residential Life	(1,506,021)	2,604,610	2,756,503	151,893	5.8%	
Dining Services	-	807,091	1,033,964	226,873	28.1%	
Total	\$ (1,818,986)	\$ 4,715,811	\$ 7,131,868	\$ 2,416,057	51.2%	

Notes:

- (1) This report provides an internally compiled summary of the revenues and expenses of Westfield State University for the subject period. This information is unaudited and is for internal management purposes only.
- (2) This report represents an estimate of the expected results based on allocating revenue and expenditures by quarter using a variety of metrics.
- (3) CGCE enrollment represents credit hours.

University/SGA Financial Report
Quarter Ending September 30, 2021

	Annual FY22 Budget	FY22 1st Qtr. Budget	FY22 1st Qtr. Actual	Budget Variance	Percent Variance
Enrollment					
Total Undergraduate Enrollment (Billable)	3,215	3,389	3,361	(28)	-0.8%
Staffing					
Administrative	318	318	304	(14)	-4.4%
Full-time Faculty	211	211	196	(15)	-7.1%
Total	529	529	500	(29)	-5.5%
Revenue					
State Appropriation	\$ 31,988,905	\$ 7,997,226	\$ 7,905,369	\$ (91,857)	-1.1%
Tuition Retention	2,483,753	658,195	629,338	(28,857)	-4.4%
General Fee	29,629,440	7,808,256	7,737,013	(71,243)	-0.9%
Technology Fee	2,346,950	618,493	612,762	(5,731)	-0.9%
DGCE Fees (technology/capital planning)	250,000	62,500	45,364	(17,136)	-27.4%
Capital Improvement Fee	321,500	84,725	83,940	(785)	-0.9%
Bookstore Commissions	216,973	97,638	60,859	(36,779)	-37.7%
Interest Earnings	325,000	81,250	29,455	(51,795)	-63.7%
Nursing Fee	269,100	67,275	62,162	(5,113)	-7.6%
Parking Decals	213,166	90,596	93,346	2,750	3.0%
Wellness Center	386,186	101,258	96,431	(4,827)	-4.8%
Res Life Dorm Fee	88,450	23,439	-	(23,439)	-100.0%
Dunkin' Donuts & Vending Commissions	116,480	89,120	85,939	(3,181)	-3.6%
Miscellaneous Fees/Revenue	929,369	109,842	149,335	39,493	36.0%
Student Government Association	324,715	85,573	84,779	(793)	-0.9%
Federal, State and Private Grants	15,894,351	3,973,588	4,990,235	1,016,648	25.6%
Scholarship Allowance	(10,690,448)	(2,672,612)	(1,978,092)	694,520	-26.0%
Other Auxiliary revenues	844,795	211,199	165,182	(46,017)	-21.8%
Foundation Support	839,000	73,087	73,087	-	0.0%
Total Revenue	\$ 76,777,685	\$ 19,560,646	\$ 20,926,504	\$ 1,365,858	7.0%
Expenses					
AA - Regular Employee Compensation	\$ 41,588,808	\$ 9,879,334	\$ 9,089,892	\$ 789,442	8.0%
CC - Special Employees	3,653,675	730,735	512,701	218,034	29.8%
DD - Pension and Fringe Benefits	4,784,807	1,078,947	821,312	257,635	23.9%
Compensation expense subtotal	50,027,290	11,689,015	10,423,904	1,265,111	10.8%
BB - Employee Related expenses	611,337	67,926	38,265	29,661	43.7%
EE - Administrative Expenses	1,530,905	382,726	427,286	(44,560)	-11.6%
FF - Facility Operations	1,113,346	278,337	254,299	24,037	8.6%
GG - Energy Costs and Space Rental	2,546,695	540,086	534,244	5,842	1.1%
HH - Consultant Services	924,630	231,158	187,515	43,642	18.9%
JJ - Operational Services	1,126,705	281,676	119,348	162,328	57.6%
KK - Equipment Purchases	268,700	67,175	15,138	52,037	77.5%
LL - Equipment Leases and Rental	872,245	218,061	193,448	24,613	11.3%
MM - Purchased Client Services	282,631	31,403	15,945	15,458	49.2%
NN - Construction and Improvements	2,687,297	671,824	45,117	626,707	93.3%
RR - Entitlement Programs (Scholarships)	4,228,299	1,099,358	1,139,909	(40,551)	-3.7%
SS - Debt Payments and Contingency	1,897,007	256,448	256,448	-	0.0%
UU - Information Technology	3,551,443	1,427,504	1,628,427	(200,923)	-14.1%
Student Government	453,115	66,960	86,335	(19,374)	-28.9%
Athletics - Sport Accounts	521,966	57,996	48,330	9,666	16.7%
Academic Educational Services (ESTF)	346,743	48,159	40,918	7,241	15.0%
Grants	5,203,903	1,300,976	3,012,144	(1,711,168)	-131.5%
Other Trust Funds	1,479,658	312,398	266,381	46,017	14.7%
University Hall support payment	150,000	150,000	150,000	-	0.0%
Lansdowne support payment	104,893	104,893	104,893	-	0.0%
Unallocated	1,112,515	-	-	-	-
University Contingency	427,270	-	-	-	-
Transfer from Dining	(1,121,753)	(280,438)	(280,438)	-	0.0%
Transfer from CGCE	(3,256,191)	(814,048)	(814,048)	-	0.0%
Other Expense/Transfers Total	27,063,360	6,500,579	7,469,905	(969,326)	-14.9%
Total Expenses/Transfers	\$ 77,090,650	\$ 18,189,594	\$ 17,893,809	\$ 295,785	1.6%
Net	\$ (312,965)	\$ 1,371,051	\$ 3,032,695	\$ 1,661,644	121.2%

Note:

Net of (\$.3M) refers to Capital rollover, approved use of reserves, and other trust fund rollovers.

CGCE Financial Report
Quarter Ending September 30, 2021

Fiscal Year : July 1st - June 30th

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Enrollment (Number of Credits)

	Annual FY22 Budget	FY22 1st Qtr. Budget	FY22 1st Qtr. Actual	Budget Variance	Percent Variance	Percent Realized/ Expended
Graduate	10,950	4,868	6,004	1,136	23.3%	
PA	3,600	1,920	1,900	(20)	-1.0%	
Undergraduate	16,631	7,394	6,851	(543)	-7.3%	
Total	31,181	14,182	14,755	573	4.0%	

Staffing

Administrative	32	32	28	(4)	-11.1%	
Full-time Faculty	17	17	17	-	0.0%	
Total	49	49	45	(4)	-7.2%	

Revenue

Tuition (Including Educational Services Fee)	\$ 2,511,322	\$ 627,831	\$ 665,398	\$ 37,568	6.0%	26.5%
Instructional Fee	8,861,587	2,215,397	2,213,591	(1,806)	-0.1%	25.0%
Registration Fee	384,790	96,197	81,157	(15,041)	-15.6%	21.1%
Miscellaneous	259,958	64,989	78,759	13,770	21.2%	30.3%
Transcripts	7,100	1,775	3,370	1,595	89.9%	47.5%
Total Revenue	\$ 12,024,757	\$ 3,006,189	\$ 3,042,275	\$ 36,086	1.2%	25.3%

Expenses

AA - Regular Employee Compensation	\$ 3,522,436	\$ 836,747	\$ 743,443	\$ 93,304	11.2%	21.1%
CC - Special Employees	2,578,275	773,482	615,908	157,574	20.4%	23.9%
DD - Pension and Fringe Benefits	1,454,415	345,493	305,384	40,109	11.6%	21.0%
Compensation expense subtotal	7,555,126	1,955,723	1,664,735	290,988	14.9%	22.0%
BB - Employee Related expenses	86,507	21,627	2,233	19,393	89.7%	2.6%
EE - Administrative Expenses	333,363	83,341	64,470	18,870	22.6%	19.3%
FF - Facility Operations	32,240	8,060	22,122	(14,062)	-174.5%	68.6%
HH - Consultant Services	530,360	132,590	114,552	18,038	13.6%	21.6%
JJ - Operational Services	96,615	24,154	142	24,012	99.4%	0.1%
KK - Equipment Purchases	5,000	1,250	-	1,250	100.0%	0.0%
LL - Equipment Leases and Rental	8,000	2,000	-	2,000	100.0%	0.0%
RR - Entitlement Programs (Scholarships)	75,000	18,750	29,582	(10,832)	-57.8%	39.4%
UU - Information Technology	46,355	11,589	21,685	(10,096)	-87.1%	46.8%
Transfer to the University	3,256,191	814,048	814,048	-	0.0%	25.0%
Other Expense/Transfers Total	4,469,631	1,117,408	1,068,834	48,574	4.3%	23.9%
Total Expenses/Transfers	\$ 12,024,757	\$ 3,073,131	\$ 2,733,570	\$ 339,561	11.0%	22.7%

Net

Net	\$ -	\$ (66,941)	\$ 308,706	\$ 375,647	-561.2%	
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Fiscal Year : July 1st - June 30th

**Residential Life Financial Report
Quarter Ending September 30, 2021**

Fav/(Unfav)

Metrics

	Annual FY22 Budget	FY22 1st Qtr. Budget	FY22 1st Qtr. Actual	Budget Variance	Percent Variance	Percent Realized/ Expended
Fall Semester Occupancy	1,860	1,860	1,884	24	1.3%	
Spring Semester Occupancy	1,678	-	-	-	0.0%	
Percentage of Capacity	73.8%	77.6%	78.6%			

Staffing

Administrative	45	45	40	(5)	-11.1%	
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Revenue

Room Rent Fall	\$ 7,589,800	\$ 3,794,900	\$ 3,780,650	\$ (14,250)	-0.4%	49.8%
Room Rent Spring	6,845,425	-	-	-	0.0%	0.0%
Room Rent Summer	35,000	35,000	27	(34,973)	-99.9%	0.1%
Commissions	40,000	10,000	1,442	(8,558)	-85.6%	3.6%
Guest Fees/other	109,720	27,430	27,913	483	1.8%	25.4%
Deposits Forfeited	15,000	3,750	15,200	11,450	305.3%	101.3%
Room Damages	25,000	6,250	(13)	(6,263)	-100.2%	-0.1%

Total Revenue

Total Revenue	\$ 14,659,945	\$ 3,877,330	\$ 3,825,221	\$ (52,109)	-1.3%	26.1%
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Expenses

AA Employee Compensation	\$ 2,202,210	\$ 512,916	\$ 437,374	\$ 75,542	14.7%	19.9%
CC Special Employees/Students	561,800	112,360	111,233	1,127	1.0%	19.8%
DD Fringe Benefits, Insurance	866,605	201,766	162,373	39,392	19.5%	18.7%
Compensation expense subtotal	3,630,615	827,042	710,980	116,062	35.3%	19.6%
BB Employee Related Expenses	6,750	1,350	546	804	59.6%	8.1%
EE - Administrative Expenses	44,550	8,910	6,768	2,142	24.0%	15.2%
FF - Facility Operations	259,458	51,892	42,643	9,248	17.8%	16.4%
GG - Energy Costs and Space Rental	1,790,758	391,489	360,733	30,756	7.9%	20.1%
HH - Consultant Services	5,000	1,000	-	1,000	100.0%	0.0%
JJ - Operational Services	480,680	96,136	73,222	22,914	23.8%	15.2%
KK - Equipment Purchases	38,246	7,649	6,949	701	9.2%	18.2%
LL - Equipment Leases and Rental	234,037	46,807	15,776	31,032	66.3%	6.7%
NN - Construction and Improvements	11,200	2,240	-	2,240	100.0%	0.0%
RR - Entitlement Programs (Scholarships)	485,094	85,673	85,673	-	0.0%	17.7%
SS - Debt Payments and Contingency	9,392,542	-	-	-	-	0.0%
UU - Information Technology	29,700	7,425	20,322	(12,897)	-173.7%	68.4%
Unallocated	12,229	-	-	-	-	0.0%
Transfer from the University	(254,893)	(254,893)	(254,893)	-	0.0%	100%

Total Expenses/Transfers

Total Expenses/Transfers	\$ 16,165,966	\$ 1,272,720	\$ 1,068,718	\$ 204,002	16.0%	6.6%
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Net

Net	\$ (1,506,021)	\$ 2,604,610	\$ 2,756,503	\$ 151,893	5.8%	
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Fiscal Year : July 1st - June 30th

**Dining Services Financial Report
Quarter Ending September 30, 2021**

				Fav/(Unfav)		
	<u>Annual FY21 Budget</u>	<u>FY21 1st Qtr. Budget</u>	<u>FY21 1st Qtr. Actual</u>	<u>Budget Variance</u>	<u>Percent Variance</u>	<u>Percent Realized/ Expended</u>
Metrics						
Meal Plan Participants - Fall % Participation	1,998	2,067	2,116 63%	49	2.4%	
Staffing						
Full-time	56	56	50	(6)	-10.7%	
Revenue						
Board Revenue	\$ 8,174,412	\$ 2,125,347	\$ 2,174,507	\$ 49,160	2.3%	26.6%
Catering Sales - Internal	150,000	37,500	94,749	57,249	152.7%	63.2%
Catering Sales - External	50,000	12,500	1,019	(11,481)	-91.8%	2.0%
Retail Sales	425,000	106,250	36,257	(69,993)	-65.9%	8.5%
Miscellaneous Revenue	-	-	12,317	12,317	-	-
Total Revenue	\$ 8,799,412	\$ 2,281,597	\$ 2,318,850	\$ 37,253	1.63%	26.4%
Expenses						
AA - Regular Employee Compensation	\$ 2,350,342	\$ 423,062	\$ 356,702	\$ 66,359	15.7%	15.2%
CC - Special Employees	786,000	157,200	150,028	7,172	4.6%	19.1%
DD - Pension and Fringe Benefits	955,585	164,805	134,624	30,181	18.3%	14.1%
Compensation expense subtotal	4,091,927	745,067	641,355	103,712	13.9%	15.7%
BB - Employee Related expenses	19,000	4,750	1,110	3,640	76.6%	5.8%
EE - Administrative Expenses	36,000	9,000	4,869	4,131	45.9%	13.5%
FF - Facility Operations	2,791,757	335,011	273,923	61,088	18.2%	9.8%
GG - Energy Costs and Space Rental	700	175	57	118	67.5%	8.1%
HH - Consultant Services	2,000	500	-	500	100.0%	0.0%
JJ - Operational Services	28,788	7,197	7,126	71	1.0%	24.8%
KK - Equipment Purchases	42,643	10,661	-	10,661	100.0%	0.0%
LL - Equipment Leases and Rental	64,077	9,612	3,427	6,185	64.3%	5.3%
SS - Debt Payments and Contingency	312,774	55,846	55,846	-	0.0%	17.9%
UU - Information Technology	65,000	16,250	16,736	(486)	-3.0%	25.7%
Unallocated	222,993	-	-	-	-	-
Transfer to the University	1,121,753	280,438	280,438	-	0.0%	-
Other Expense/Transfers Total	4,707,485	729,439	643,531	85,908	11.8%	13.7%
Total Expenses/Transfers	\$ 8,799,412	\$ 1,474,506	\$ 1,284,886	\$ 189,620	12.9%	14.6%
Net	\$ -	\$ 807,091	\$ 1,033,964	\$ 226,873	28.1%	

Fiscal Year : July 1st - June 30th

Financial Report (Consolidated)
Quarter Ending September 30, 2020

				Fav/(Unfav)		
	<u>Annual FY21 Budget</u>	<u>FY21 1st Qtr. Budget</u>	<u>FY21 1st Qtr. Actual</u>	<u>Budget Variance</u>	<u>Percent Variance</u>	<u>Percent Realized/ Expended</u>
Enrollment						
University (Headcount)	3,552	3,739	3,707	(32)	-0.9%	
Enrollment						
CGCE (Credit Hours)	31,026	14,113	15,540	1,426	10.1%	
Staffing						
Administrative	456	456	431	25	5.5%	
Full-time Faculty	238	238	234	4	1.7%	
Part-time Dining Services	0	0	0	0	0.0%	
Adjuncts (University Only) FTE	146	146	146	-	0.0%	
Total	840	840	811	29	3.5%	
Revenue						
University/SGA	\$ 71,396,184	\$ 20,602,110	\$ 20,830,768	\$ 228,658	1.1%	29.2%
CGCE	12,222,687	3,055,672	3,073,583	17,912	0.6%	25.1%
Residential Life	9,692,044	2,224,819	2,146,809	(78,010)	-3.5%	22.2%
Dining Services	5,197,401	1,231,034	1,070,171	(160,863)	-13.1%	20.6%
Total Revenue	\$ 98,508,316	\$ 27,113,635	\$ 27,121,332	\$ 7,697	0.0%	27.5%
Expenses/Transfers						
University/SGA	\$ 73,460,953	\$ 21,255,855	\$ 21,118,183	\$ 137,672	0.6%	28.7%
CGCE	12,222,687	3,428,570	3,305,394	123,176	3.6%	27.0%
Residential Life	10,571,787	1,737,414	1,601,061	136,353	7.8%	15.1%
Dining Services	7,113,002	1,401,918	1,149,998	251,920	18.0%	16.2%
Total Expenses/Transfers	\$ 103,368,429	\$ 27,823,757	\$ 27,174,635	\$ 649,122	2.3%	26.3%
Net						
University/SGA	\$ (2,064,769)	\$ (653,745)	(287,415)	\$ 366,330	-56.0%	
CGCE	-	(372,899)	(231,811)	141,088	-37.8%	
Residential Life	(879,743)	487,405	545,748	58,343	12.0%	
Dining Services	(1,915,601)	(170,884)	(79,827)	91,058	-53.3%	
Total	\$ (4,860,113)	\$ (710,123)	(53,304)	\$ 656,819	-92.5%	

Notes:

- (1) This report provides a internally compiled summary of the revenues and expenses of Westfield State University for the subject period. This information is unaudited and is for internal management purposes only.
- (2) This report represents an estimate of the expected results based on allocating revenue and expenditures by quarter using a variety of metrics.
- (3) CGCE enrollment represents credit hours.

**University/SGA Financial Report
Quarter Ending September 30, 2020**

	Annual FY21 Budget	FY21 1st Qtr. Budget	FY21 1st Qtr. Actual	Budget Variance	Percent Variance
Enrollment					
Total Undergraduate Enrollment (Billable)	3,552	3,739	3,707	(32)	-0.9%
Staffing					
Administrative	323	323	305	18	5.6%
Full-time Faculty	222	222	216	6	2.7%
Adjuncts (FTE)	146	146	146	-	0.0%
Total	691	691	667	24	3.5%
Revenue					
State Appropriation	\$ 26,516,934	\$ 8,750,588	8,750,588	\$ -	0.0%
Tuition Retention	2,658,593	704,527	757,591	53,064	7.5%
General Fee	32,732,527	8,614,656	8,542,456	(72,200)	-0.8%
Technology Fee	2,592,719	682,368	676,455	(5,913)	-0.9%
DGCE Fees (technology/capital planning)	250,000	111,111	96,412	(14,699)	-13.2%
Capital Improvement Fee	355,167	93,475	92,665	(810)	-0.9%
Bookstore Commissions	239,694	107,862	44,348	(63,515)	-58.9%
Interest Earnings	635,188	158,797	91,725	(67,072)	-42.2%
Nursing Fee	269,100	67,275	58,305	(8,970)	-13.3%
Parking Decals	235,488	100,082	57,503	(42,579)	-42.5%
Wellness Center	426,627	111,862	65,761	(46,101)	-41.2%
Cable TV	227,447	58,863	44,852	(14,011)	-23.8%
Res Life Dorm Fee	133,793	34,625	26,384	(8,242)	-23.8%
Phone Service	133,793	34,625	26,384	(8,242)	-23.8%
Dunkin' Donuts & Vending Commissions	128,677	92,169	80,365	(11,804)	-12.8%
Miscellaneous Fees/Revenue	522,532	107,831	108,943	1,112	1.0%
Student Government Association	341,280	89,057	93,592	4,535	5.1%
Federal, State and Private Grants	11,876,998	2,969,250	3,363,478	394,228	13.3%
Scholarship Allowance	(10,285,448)	(2,571,362)	(2,330,481)	240,881	-9.4%
Other Auxiliary revenues	960,075	240,019	139,013	(101,005)	-42.1%
Foundation Support	445,000	44,431	44,431	-	0.0%
Total Revenue	\$ 71,396,184	\$ 20,602,110	\$ 20,830,768	\$ 228,658	1.1%
Expenses					
AA - Regular Employee Compensation	\$ 41,955,909	\$ 13,393,617	\$ 13,032,555	\$ 361,062	2.7%
CC - Special Employees	3,257,230	912,024	1,085,544	(173,520)	-19.0%
DD - Pension and Fringe Benefits	6,803,704	1,629,829	1,148,313	481,516	29.5%
Compensation expense subtotal	52,016,843	15,935,471	15,266,413	669,058	4.2%
BB - Employee Related expenses	305,188	33,910	39,703	(5,793)	-17.1%
EE - Administrative Expenses	1,249,782	312,445	303,388	9,058	2.9%
FF - Facility Operations	914,753	228,688	288,366	(59,678)	-26.1%
GG - Energy Costs and Space Rental	2,308,595	501,085	406,340	94,746	18.9%
HH - Consultant Services	732,992	183,248	318,219	(134,970)	-73.7%
JJ - Operational Services	835,668	208,917	128,540	80,377	38.5%
KK - Equipment Purchases	164,398	41,100	35,201	5,898	14.4%
LL - Equipment Leases and Rental	763,332	190,833	180,163	10,670	5.6%
MM - Purchased Client Services	211,537	23,504	-	23,504	100.0%
NN - Construction and Improvements	2,680,064	670,016	852,297	(182,281)	-27.2%
RR - Entitlement Programs (Scholarships)	3,753,553	975,924	779,476	196,448	20.1%
SS - Debt Payments and Contingency	800,098	8,640	8,640	-	-
UU - Information Technology	3,419,958	1,473,083	1,509,045	(35,962)	-2.4%
Student Government	421,780	62,330	62,194	136	0.2%
Athletics - Sport Accounts	443,474	49,275	40,021	9,254	18.8%
Academic Educational Services (ESTF)	257,771	35,801	61,604	(25,802)	-72.1%
Grants	1,660,003	415,001	1,032,996	(617,996)	-148.9%
Other Trust Funds	1,400,118	210,512	109,506	101,005	48.0%
University Hall support payment	150,000	150,000	150,000	-	0.0%
Lansdowne support payment	1,422,807	355,702	355,702	-	0.0%
Unallocated	381,491	-	-	-	-
University Contingency	405,267	-	-	-	-
Transfer from Dining	-	-	-	-	-
Transfer from CGCE	(3,238,519)	(809,630)	(809,630)	-	0.0%
Other Expense/Transfers Total	21,444,110	5,320,384	5,851,770	(531,386)	-10.0%
Total Expenses/Transfers	\$ 73,460,953	\$ 21,255,855	\$ 21,118,183	\$ 137,672	0.6%
Net	\$ (2,064,769)	\$ (653,745)	\$ (287,415)	\$ 366,330	-56.0%

Notes:

- 1) Adjunct FTE Calculation represents term FTE Calc
- 2) Net of (\$2.06M) refers to Capital rollover, approved use of reserves, and other trust fund rollovers.

CGCE Financial Report
Quarter Ending September 30, 2020

Fiscal Year : July 1st - June 30th

Fav/(Unfav)

	<u>Annual FY21</u>	<u>FY21</u>	<u>FY21</u>	<u>Budget</u>	<u>Percent</u>	<u>Percent</u>
	<u>Budget</u>	<u>1st Qtr. Budget</u>	<u>1st Qtr. Actual</u>	<u>Variance</u>	<u>Variance</u>	<u>Realized/</u>
						<u>Expended</u>
Enrollment (Number of Credits)						
Graduate	10,781	4,793	6,007	1,214	25.3%	
PA	3,600	1,919.88	1,932	12	0.6%	
Undergraduate	16,645	7,400	7,601	200	2.7%	
Total	31,026	14,113	15,540	1,426	10.1%	
Staffing						
Administrative	32	32	30	2	6.3%	
Full-time Faculty	16	16	18	(2)	-12.5%	
Total	48	48	48	-	0.0%	
Revenue						
Tuition (Including Educational Services Fee)	\$ 2,874,390	\$ 718,597	\$ 706,316	\$ (12,281)	-1.7%	24.6%
Instructional Fee	8,700,741	2,175,185	2,216,624	41,438	1.9%	25.5%
Registration Fee	377,880	94,470	85,345	(9,125)	-9.7%	22.6%
Miscellaneous	262,576	65,644	60,924	(4,720)	-7.2%	23.2%
Transcripts	7,100	1,775	4,375	2,600	146.5%	61.6%
Total Revenue	\$ 12,222,687	\$ 3,055,672	\$ 3,073,583	\$ 17,912	0.6%	25.1%
Expenses						
AA - Regular Employee Compensation	\$ 3,416,692	\$ 1,090,713	\$ 1,016,949	\$ 73,764	6.8%	29.8%
CC - Special Employees	2,944,741	883,422	926,301	(42,879)	-4.9%	31.5%
DD - Pension and Fringe Benefits	1,414,220	342,676	303,914	38,762	11.3%	21.5%
Compensation expense subtotal	7,775,652	2,316,812	2,247,165	69,647	3.0%	28.9%
BB - Employee Related expenses	78,157	19,539	2,908	16,631	85.1%	3.7%
EE - Administrative Expenses	394,071	98,518	93,519	4,999	5.1%	23.7%
FF - Facility Operations	30,428	7,607	24,140	(16,533)	-217.3%	79.3%
HH - Consultant Services	494,310	123,578	101,937	21,641	17.5%	20.6%
JJ - Operational Services	88,712	22,178	-	22,178	100.0%	0.0%
KK - Equipment Purchases	7,700	1,925	-	1,925	100.0%	0.0%
LL - Equipment Leases and Rental	2,000	500	-	500	100.0%	0.0%
RR - Entitlement Programs (Scholarships)	75,000	18,750	15,935	2,816	15.0%	21.2%
UU - Information Technology	37,455	9,364	10,161	(797)	-8.5%	27.1%
Unallocated	683	171	-	171	100.0%	-
Transfer to the University	3,238,519	809,630	809,630	-	0.0%	25.0%
Other Expense/Transfers Total	4,447,035	1,111,759	1,058,229	53,530	4.8%	23.8%
Total Expenses/Transfers	\$ 12,222,687	\$ 3,428,570	\$ 3,305,394	\$ 123,176	3.6%	27.0%
Net	\$ -	\$ (372,899)	\$ (231,811)	\$ 141,088	-37.8%	

Fiscal Year : July 1st - June 30th

Fav/(Unfav)

Residential Life Financial Report
Quarter Ending September 30, 2020

	Annual FY21 Budget	FY21 1st Qtr. Budget	FY21 1st Qtr. Actual	Budget Variance	Percent Variance	Percent Realized/ Expended
Metrics						
Fall Semester Occupancy (Excludes Lansdowne)	1,385	1,385	1,353	(32)	-2.3%	
Spring Semester Occupancy (Excludes Lansdowne)	1,291			-	0.0%	
Percentage of Capacity	48.6%	50.3%	49.2%	-1.2%	-2.3%	
Staffing						
Administrative	46	46	41	5	10.9%	
Revenue						
Room Rent Fall	\$ 4,267,637	\$ 2,133,819	\$ 2,107,792	\$ (26,027)	-1.2%	49.4%
Room Rent Spring	5,165,407	-	(1,713)	(1,713)	0.0%	0.0%
Room Rent Summer	35,000	35,000	-	(35,000)	-100.0%	0.0%
Commissions	90,000	22,500	1,119	(21,381)	-95.0%	1.2%
Guest Fees/other	94,000	23,500	39,725	16,225	69.0%	42.3%
Deposits Forfeited	15,000	3,750	8,150	4,400	117.3%	54.3%
Room Damages	25,000	6,250	(8,265)	(14,515)	-232.2%	-33.1%
Total Revenue	\$ 9,692,044	\$ 2,224,819	\$ 2,146,809	\$ (78,010)	-3.5%	22.2%
Expenses						
AA Employee Compensation	\$ 2,068,591	\$ 660,358	\$ 643,709	\$ 16,649	2.5%	31.1%
CC Special Employees/Students	872,187	104,662	63,713	40,949	39.1%	7.3%
DD Fringe Benefits, Insurance	742,868	180,003	173,975	6,028	3.3%	23.4%
Compensation expense subtotal	3,683,646	945,023	881,397	63,626	45.0%	23.9%
BB Employee Related Expenses	14,000	3,500	1,851	1,649	47.1%	13.2%
EE - Administrative Expenses	30,000	7,500	1,084	6,416	85.5%	3.6%
FF - Facility Operations	580,400	145,100	158,133	(13,033)	-9.0%	27.2%
GG - Energy Costs and Space Rental	2,895,111	796,118	747,738	48,381	6.1%	25.8%
HH - Consultant Services	447,168	111,792	116,791	(4,999)	-4.5%	26.1%
JJ - Operational Services	358,080	89,520	95,408	(5,888)	-6.6%	26.6%
KK - Equipment Purchases	29,000	7,250	-	7,250	100.0%	0.0%
LL - Equipment Leases and Rental	110,000	27,500	26,215	1,285	4.7%	23.8%
NN - Construction and Improvements	2,500	625	236	389	62.3%	9.4%
RR - Entitlement Programs (Scholarships)	386,704	96,676	65,472	31,205	32.3%	16.9%
SS - Debt Payments and Contingency	3,557,940	-	-	-	-	0.0%
UU - Information Technology	35,045	8,761	12,439	(3,677)	-42.0%	35.5%
Unallocated	15,000	3,750	-	3,750	100.0%	0.0%
Transfer from the University	(1,572,807)	(505,702)	(505,702)	-	0.0%	32%
Total Expenses/Transfers	\$ 10,571,787	\$ 1,737,414	\$ 1,601,061	\$ 136,353	7.8%	32.2%
Net	\$ (879,743)	\$ 487,405	\$ 545,748	\$ 58,343	12.0%	

Fiscal Year : July 1st - June 30th

Fav/(Unfav)

**Dining Services Financial Report
Quarter Ending September 30, 2020**

	<u>Annual FY21 Budget</u>	<u>FY 11 1st Qtr. Budget</u>	<u>FY21 1st Qtr. Actual</u>	<u>Budget Variance</u>	<u>Percent Variance</u>	<u>Percent Realized/ Expended</u>
Metrics						
Meal Plan Participants - Fall	1,432	1,508	1,430	(78)	-5.2%	
% Participation			40%			
Staffing						
Full-time	55	55	55	-	0.0%	
Part-time (including students)				-	0.0%	
Total	55	55	55	-	0.0%	
Revenue						
Board Revenue	\$ 4,707,401	\$ 1,108,534	\$ 1,048,186	\$ (60,348)	-5.4%	22.3%
Catering Sales - Internal	200,000	50,000	-	(50,000)	-100.0%	0.0%
Catering Sales - External	-	-	9	9	-	-
Retail Sales	290,000	72,500	21,318	(51,182)	-70.6%	7.4%
Miscellaneous Revenue	-	-	659	659	-	-
Total Revenue	\$ 5,197,401	\$ 1,231,034	\$ 1,070,171	\$ (160,863)	-13.07%	20.6%
Expenses						
AA - Regular Employee Compensation	\$ 1,982,294	\$ 495,574	526,191	\$ (30,618)	-6.2%	26.5%
CC - Special Employees	704,760	176,190	69,945	106,245	60.3%	9.9%
DD - Pension and Fringe Benefits	737,773	184,443	133,760	50,683	27.5%	18.1%
Compensation expense subtotal	3,424,827	856,207	729,896	126,311	14.8%	21.3%
BB - Employee Related expenses	20,740	5,185	1,680	3,505	67.6%	8.1%
EE - Administrative Expenses	36,000	9,000	6,576	2,424	26.9%	18.3%
FF - Facility Operations	1,868,863	467,216	363,982	103,234	22.1%	19.5%
GG - Energy Costs and Space Rental	700	175	-	175	100.0%	0.0%
HH - Consultant Services	2,000	500	-	500	100.0%	0.0%
JJ - Operational Services	31,400	7,850	1,488	6,363	81.1%	4.7%
KK - Equipment Purchases	51,000	12,750	17,552	(4,802)	-37.7%	34.4%
LL - Equipment Leases and Rental	64,077	16,019	5,105	10,915	68.1%	8.0%
NN - Construction and Improvements	1,402,125	-	-	-	-	0.0%
RR - Entitlement Programs (Scholarships)	4,000	1,000	-	1,000	100.0%	0.0%
SS - Debt Payments and Contingency	103,204	-	-	-	-	0.0%
UU - Information Technology	50,500	12,625	23,720	(11,095)	-87.9%	47.0%
Unallocated	53,566	13,392	-	13,392	100.0%	-
Transfer to the University	-	-	-	-	-	-
Other Expense/Transfers Total	3,688,175	545,712	420,102	125,610	23.0%	11.4%
Total Expenses/Transfers	\$ 7,113,002	\$ 1,401,918	\$ 1,149,998	\$ 251,920	18.0%	16.2%
Net	\$ (1,915,601)	\$ (170,884)	\$ (79,827)	\$ 91,058	-53.3%	

Westfield State University

Board of Trustees

Finance and Capital Assets Committee

December 16, 2021

Prepared by:

Steve Taksar, Vice President of Administration and Finance

Mark St. Sauveur, Interim Assistant Vice President, SFIP

Lisa Freeman, Associate Vice President of Finance

Agenda

- FY21 Financial Ratios
- FY22 Budget Themes & Priorities
- Enrollment
- FY23 Planning Scenarios
- Multi-Year Financial Strategy
- Campus Fee Setting Process
- Next Steps
- Q & A

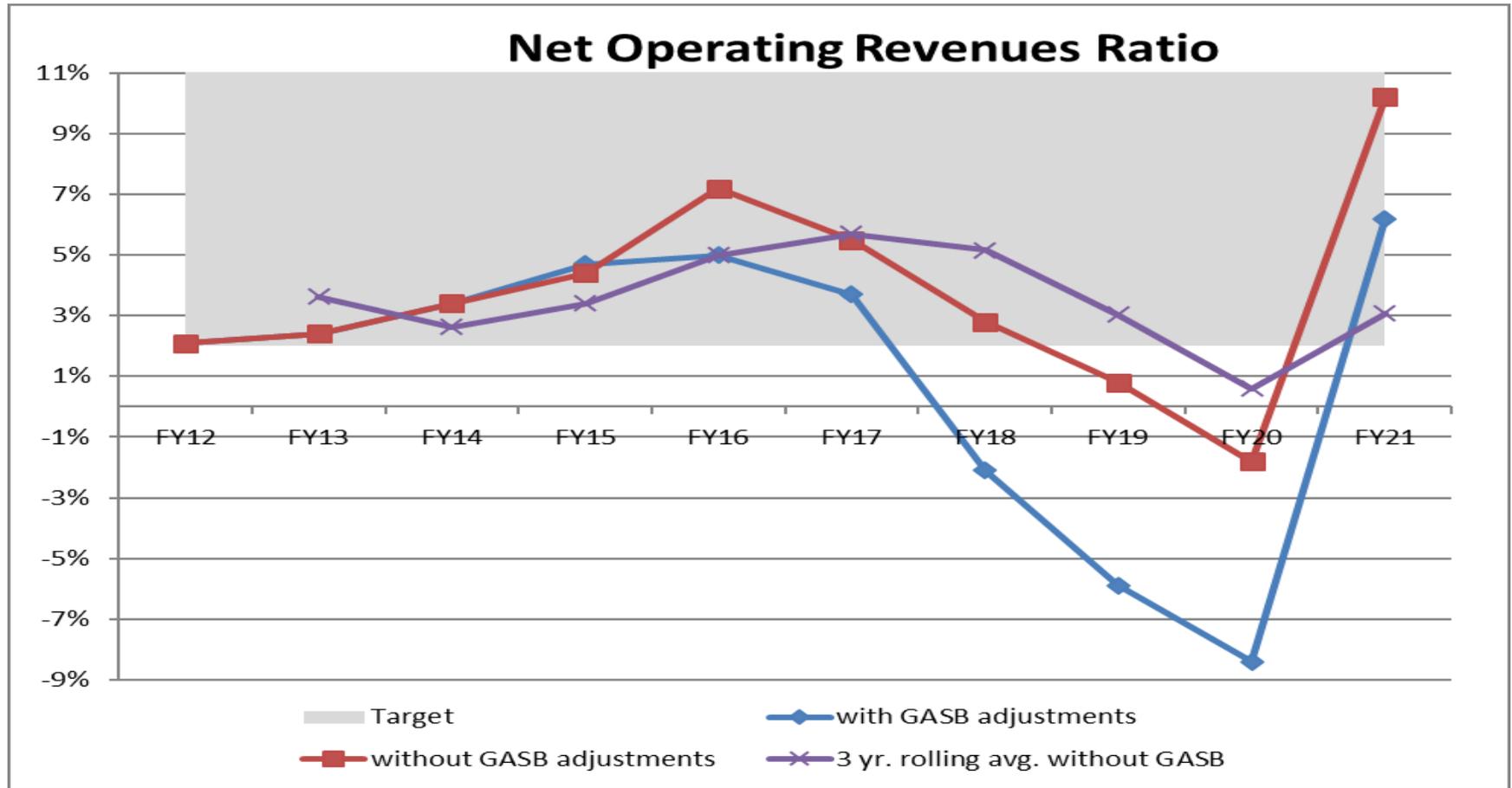
FY21 Financial Ratios

<u>Ratio *</u>	<u>FY 2021 with GASB 68 and GASB 75</u>	<u>FY 2021 without GASB 68 and GASB 75</u>	<u>Adjusted - FY 2021 without GASB's, Foundation and and HEERF Grant</u>	<u>Target</u>
Debt Burden Ratio	0.7%	0.7%	0.8%	< 5%
Viability Ratio	-1.2	3.6	2.9	>1
Primary Reserve Ratio	-22.0%	67.0%	54.3%	25%
Return on Net Assets Ratio	30.9%	14.0%	6.9%	>2%
Net Operating Revenues Ratio	6.2%	10.2%	1.2%	>2%
Composite Financial Index	2.0	7.0	4.7	3.0

* Excludes MSCBA debt

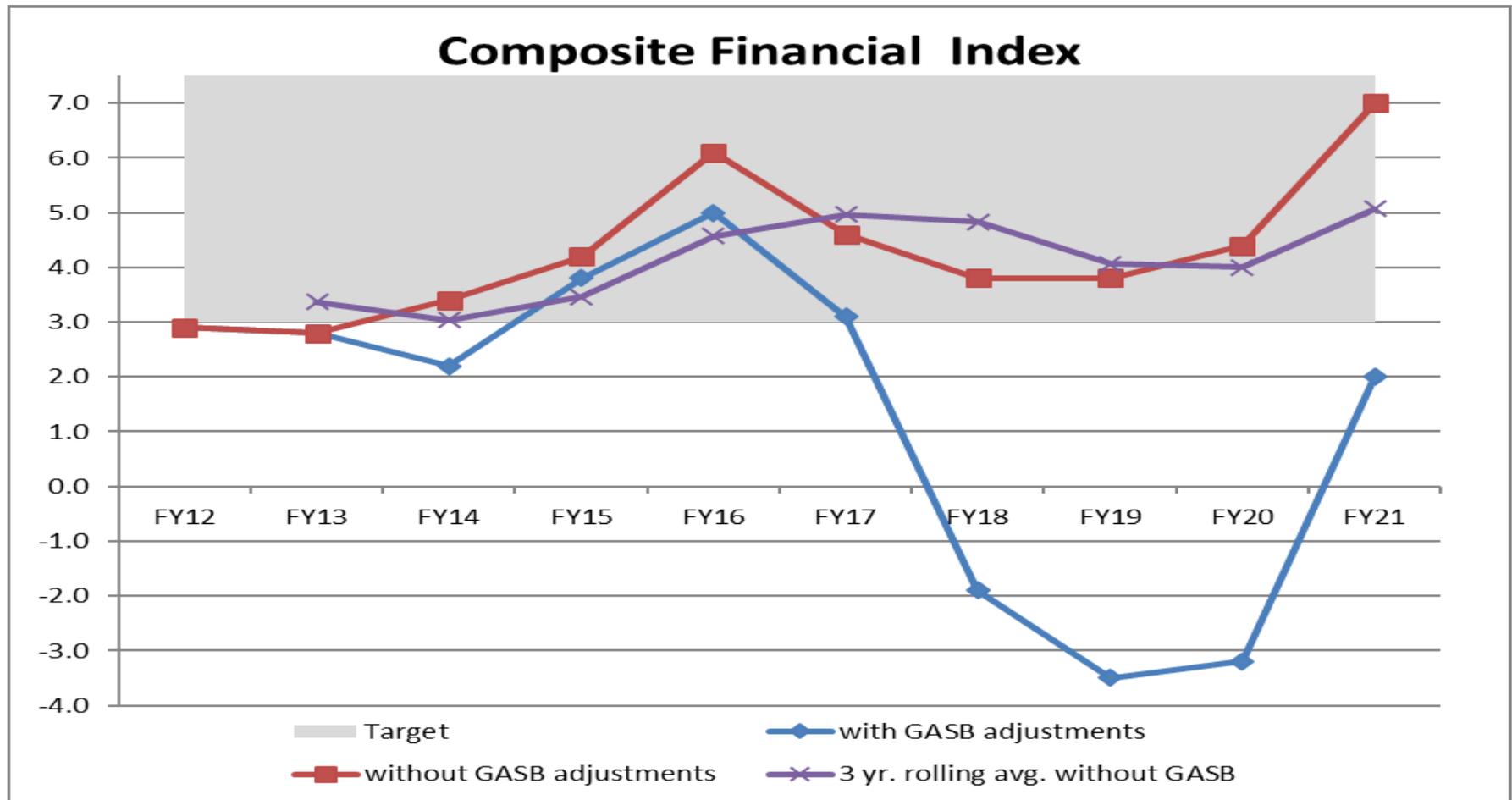
** Green shading indicates the ratio is within the target while the red shading indicates the university did not meet the target.

FY21 Net Operating Revenues Ratio



This ratio indicates whether operating activities resulted in a surplus or deficit.

FY21 Composite Financial Index



This index provides a more complete picture of the University's financial health by combining into a single measure the strength of four separate ratios.

FY23 Budget Themes and Priorities

- Financial sustainability
- Presidential Priorities/Strategic Plan Initiatives
- Re-align functions and structure
- Increased transparency
- Exploring new models, programs, partnerships
- Presidential/Leadership Transition Year
- Enrollment Enrollment Enrollment

Enrollment

- **FY22**
 - Fall census was 3,352 on 10/19/21
 - Projected to meet overall enrollment (budgeted/billed) of 3,215
 - First time first year students = 784
 - New transfers = 200
- **FY23**
 - Assume flat overall enrollment (budgeted/billed) of 3,215 (Scenario B)
 - First time first year students = 1,023
 - New Transfers = 210

Note: Budgeted enrollment is average of fall and spring less conversion of full-time to part-time at census date.

FY23 Scenario B – Significant Changes

Key Projection Assumptions	Variance*	Comments
Compensation / Fringe	(1,630,729)	FY22 Vacancy Savings, Fringe rate 1.2% increase
Residential Life / MSCBA	(1,453,395)	Increased debt service from temporary savings
Utilities	(1,019,136)	Utility company rate increase + 25% above FY21
HEERF Grant / Expenses	(1,500,000)	Grant ends in FY22, but assume COVID support
<u>All Other</u>	<u>137,417</u>	
Total FY23 Projected Deficit	(5,465,843)	

* Positive variances are favorable, (negative) variances are unfavorable

FY23 Planning Scenarios: Assumptions

Assumptions:	FY22 Final Budget	Scenario A - Worst Case	Scenario B - Middle Case	Scenario C - Best Case
Revenue Assumptions				
Billable Students	3,215	2,900	3,215	3,500
% Change YoY	-9.5%	-9.8%	0.0%	8.9%
Housing Students	1,769	1,595	1,768	1,925
% Change YoY	32.2%	-9.8%	0.0%	8.8%
Occupancy Rate	73.0%	65.8%	72.9%	79.4%
In-State Tuition and Fees Incr.	-	-	-	-
General Fee Increase	-	-	-	-
Residential COA Increase	0.0%	3.0%	3.0%	3.0%
State Appropriation as % of Revenue	28.5%	31.3%	29.6%	28.3%
Investment Earnings	325,000	115,000	115,000	115,000
Operating Reserve / Contingency	650,000	650,000	650,000	650,000
Contractual Increases	-	375,000	375,000	375,000
Expense Assumptions				
All Collective Bargaining Units	No CBA increases	-	-	-
Strategic Plan Funding	100,000	100,000	100,000	100,000
Strategic Plan Financial Aid Increase	200,000	200,000	200,000	200,000
UEAAC Savings	1,886,114	1,886,114	1,886,114	1,886,114
Operating Budget Contributions				
Dining Contribution	1,100,000	1,030,671	1,134,020	1,227,526
CGCE Contribution	3,250,000	3,256,191	3,256,191	3,256,191
CGCE & Auxillary Surplus / Deficit				
CGCE Surplus	-	-	-	-
Residential Housing Deficit	(1,506,021)	(4,470,207)	(2,788,819)	(1,728,453)
Residential Housing Reserve Balance Deficit	576,546	819,309	819,309	819,309
Lansdowne Deficit	100,000	-	-	-

FY23 Planning Scenarios: Revenue

Line Item	FY22 Final Budget	FY23 Budget Planning Scenarios		
		Scenario A - Worst Case	Scenario B - Middle Case	Scenario C - Best Case
Revenue:				
State Appropriation	31,988,905	31,988,905	31,988,905	31,988,905
Total Tuition/Fee Revenue	36,100,094	32,639,828	36,093,533	39,218,313
Other Revenue	2,645,783	1,823,557	1,877,114	1,925,570
CGCE	12,024,757	12,024,757	12,024,757	12,024,757
Residential Life	14,659,945	13,477,270	15,158,658	16,219,023
Dining Services	8,799,412	7,928,235	8,723,230	9,442,510
Foundation	839,000	839,000	839,000	839,000
Grant Revenue	1,535,937	1,535,937	1,535,937	1,535,937
HEERF Grant	3,667,966	-	-	-
Total Revenue	\$ 112,261,799	\$ 102,257,489	\$ 108,241,132	\$ 113,194,016

FY23 Planning Scenarios: Expense

Line Item	FY23 Budget Planning Scenarios			
	FY22 Final Budget	Scenario A - Worst Case	Scenario B - Middle Case	Scenario C - Best Case
Expense:				
Compensation	43,040,061	44,095,017	44,095,017	44,095,017
Fringe	5,043,794	5,619,567	5,619,567	5,619,567
Department Operations	14,542,147	14,917,147	14,917,147	14,917,147
Strategic Investments	351,581	451,581	451,581	451,581
Financial Aid	4,299,221	4,578,971	4,587,634	4,595,471
Debt Service	2,099,258	1,481,315	1,481,315	1,481,315
Contingency	650,000	650,000	650,000	650,000
Capital Investments	2,575,000	2,575,000	2,575,000	2,575,000
CGCE	8,768,566	8,768,566	8,768,566	8,768,566
Residential Life	16,270,859	17,947,477	17,947,477	17,947,477
Dining Services	7,677,659	6,897,565	7,589,210	8,214,984
Utilities	2,370,619	3,195,940	3,195,940	3,195,940
All Other	4,610,169	4,033,623	4,033,623	4,033,623
HEERF Expenses	3,667,966	1,500,000	1,500,000	1,500,000
UEAAC Savings	(1,886,114)	(1,886,114)	(1,886,114)	(1,886,114)
Total Expense	\$ 114,080,785	\$ 114,825,653	\$ 115,525,961	\$ 116,159,573
Unadjusted Net Profit/(Loss)	\$ (1,818,986)	\$ (12,568,164)	\$ (7,284,828)	\$ (2,965,557)
Revised Structural Deficit	\$ (2,883,584)			
Net Profit/(Loss)	\$ (4,702,570)	\$ (12,568,164)	\$ (7,284,828)	\$ (2,965,557)
Reserve Funding:				
Planned Use of Reserves	950,958	950,958	950,958	950,958
Capital Rollover	868,028	868,028	868,028	868,028
Total Use of Reserves	\$ 1,818,986	\$ 1,818,986	\$ 1,818,986	\$ 1,818,986
Temporary Structural Deficit Offset	\$ 2,883,584			
Adjusted Surplus/(Deficit)	-	\$ (10,749,179)	\$ (5,465,843)	\$ (1,146,571)

FY23 Planning Scenario B: Auxiliaries

Residential Life

- Housing Rates are projected to have a weighted average increase of 3.7%
- Projected loss based on scenario B is 2.8M
- Res Hall Trust Fund Reserves required or Campus Operating Budget to fund loss

Dining Services

- Revenue and Expense are projected to remain flat (<\$90K)
- Dish Machine debt service included in model
- Contribution will be consistent with FY22 at \$1.1M

CGCE

- Expenses and Contribution assumed to be consistent with FY22 (includes \$300K UEAAC Adjunct Reductions from FY22)

Facilities & Operations

- Utility Expense is projected to increase \$1.0M or 25.4%

Multi-Year Financial Strategy

	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Category	7/1/22-6/30/23	7/1/23-6/30/24	7/1/24-6/30/25
Cost Reductions	Moderate	Moderate	Low
Use of Reserves	Moderate	Low	None
Enrollment Growth	Low	Moderate	High

**Presented to Board of Trustees on 11/30/21
Financial Strategy Session**

Multi-Year Strategy with FY23 Scenarios

	<u>Scenario A</u>	<u>Scenario B</u>	<u>Scenario C</u>
	Worst Case	Middle Case	Best Case
Strategy	Amount	Amount	Amount
Projected Deficit - Scenarios A and B	(10,800,000)	(5,500,000)	(1,150,000)
Increase General Fee	1,000,000	1,000,000	1,000,000
Adjusted Deficit (w/Fee Increase)	(9,800,000)	(4,500,000)	(150,000)
Permanent Budget Reductions	4,900,000	2,250,000	150,000
Use of Reserves	4,900,000	2,250,000	0
Total Projected Expenses	114,800,000	115,500,000	116,000,000
% Budget Reduction with reserves/fees	4.3%	1.9%	0.1%
% Budget Reduction without reserves/fees	9.4%	4.8%	1.0%
Enrollment Scenario Assumptions	2,900	3,215	3,500
Note- Excluded from Scenario Models			
1. Investment income from the investment portfolio could be used to fund one-time enrollment and retention strategies. Esimated available funding could be \$800,000 +/-.			
2. Projections do not include funding the Residence Hall Trust Fund Reserve requirement of \$819,000.			

Campus Fee Setting Process

- Establish planning parameters (completed)
- Receive Requests (completed)
- Review and recommend fees to President (in process)
- President approves non-mandatory fees (e.g., testing fees, equipment fees, laboratory fees, transcript fee, etc.)
- President recommends mandatory/auxiliary fees to Board of Trustees for approval (e.g., general fee, technology fee, student activity fee, room, board, fitness center, etc.)
- Seek fee approvals in February 2022.
- Approval process follows the current Trust Fund Management Policy (# 604), pg 2.

Next Steps – Near Term (next 60 days)

- Affirm Multi-Year Strategy and Scenario Model B with Board of Trustees
- Finalize fee recommendations
- Conduct open campus budget hearings
- Present final fee recommendations to SGA
- Adjust FY23 Planning scenario as appropriate

Q&A?

Westfield State University
Finance and Capital Assets Committee

Annual Debt Report and Ratios
December 16, 2021

This information is being provided to comply with the reporting requirement of the University's Debt policy (#0480). The performance ratios and debt information presented below demonstrates that the University is in compliance with the policy. The University is also required to meet financial covenants associated with the Bank of America debt. As of June 30, 2021, the University met all Bank of America covenants.

The University's future annual debt service payments on bonds payable is as follows:

<u>Fiscal Year</u>	<u>Amount</u>	<u>Fiscal Year</u>	<u>Amount</u>	<u>Fiscal Year</u>	<u>Amount</u>
2022	\$ 2,043,945	2031	\$ 1,489,563	2040	\$ 774,170
2023	\$ 1,666,191	2032	\$ 1,138,921	2041	\$ 757,033
2024	\$ 1,811,307	2033	\$ 1,096,291	2042	\$ 753,590
2025	\$ 1,803,365	2034	\$ 1,098,288	2043	\$ 732,394
2026	\$ 1,802,111	2035	\$ 1,079,139	2044	\$ 711,197
2027	\$ 1,798,256	2036	\$ 1,084,556		
2028	\$ 1,577,310	2037	\$ 822,956		
2029	\$ 1,776,116	2038	\$ 803,341		
2030	\$ 1,771,312	2039	\$ 781,711		
				Total	<u>\$ 29,173,063</u>

The University's bonds payable balance was \$22,389,848 at June 30, 2021 and consisted of the following:

<u>Financing Source</u>	<u>Project</u>	<u>Balance</u>	<u>Maturity</u>
MSCBA	Stevens Science and Innovation Center	\$ 12,685,615	FY 2044
MSCBA	Ely Hall Renovation Project	\$ 5,806,512	FY 2034
Mass Development	Solar Array	\$ 79,788	FY 2027
MSCBA	Dining Hall Renovation Project	\$ 2,973,237	FY 2037
Mass HEFA	Woodward Center	\$ 844,696	FY 2022
	Total Bonds Payable at 6/30/21	<u>\$ 22,389,848</u>	

MSCBA Debt for Westfield State Residence Halls and Bond Refinancing

The University is also responsible for bond debt issued to the MSCBA for the debt associated with the residence halls and residence hall improvements. This debt is included in the MSCBA's financial statements since the buildings are owned by them. The current outstanding balance on Westfield State-specific debt and the University's portion of the MSCBA's system debt is \$112.8 million with the final debt obligation maturing during fiscal year 2044. Total debt service payments on this debt through fiscal year 2044 amounts to \$165.6 million. The University pays the debt service along with other state-wide assessments semi-annually from student rents collected. The fiscal year 2021 payments totaled \$4.4 million which was much lower in FY21 due to the MSCBA's debt restructuring and its debt service release.

<u>Campus Debt & Obligations</u>	<u>Amount</u>	<u>%</u>
*University Debt	\$ 22,389,848	17.0%
*Residence Halls Obligations	112,800,000	83.0%
Total	<u>\$ 135,189,848</u>	<u>100.0%</u>

*Includes refinancing that occurred in FY20 and FY21.

Financial Ratio Calculations (as of 6/30):

All ratios are calculated to include Westfield State University's Foundation as a component unit of the university, unless otherwise noted. The Department of Higher Education requires that each university include the foundation in their reported ratio analysis.

<u>Ratio</u> *	<u>FY 2021 with GASB 68 and GASB 75</u>	<u>FY 2021 without GASB 68 and GASB 75</u>	<u>Adjusted - FY 2021 without GASB's, Foundation and and HEERF Grant</u>	<u>Target</u>
Debt Burden Ratio	0.7%	0.7%	0.8%	< 5%
Viability Ratio	-1.2	3.6	2.9	>1
Primary Reserve Ratio	-22.0%	67.0%	54.3%	25%
Return on Net Assets Ratio	30.9%	14.0%	6.9%	>2%
Net Operating Revenues Ratio	6.2%	10.2%	1.2%	>2%
Composite Financial Index	2.0	7.0	4.7	3.0

* Excludes MSCBA debt

**Green shading indicates the ratio is within the target while the red shading indicates the university did not meet the target.

The third column in the above chart was added for illustrative purposes to show the impact of significant one-time funding or single-year financial events which skews the standard ratio reporting format. Excluding HEERF grant funds in the amount of \$5.3M and the Foundation's financials from our ratio calculations presents a more accurate picture of the University's fiscal health last year. Without these adjustments, the interpretation of fiscal health may be misleading.

Debt Burden Ratio - This ratio expresses annual debt service payments as a percent of total annual expenses. It measures the University's ability to repay debt service on all outstanding debt and its impact on the University's overall budget. The standard is <5% debt burden of total expenses. The University is well within the target.

Viability Ratio - This ratio measures the availability of expendable net assets to pay off long-term debt. A ratio of 1.0 or higher indicates the University has sufficient net assets to satisfy debt requirements. The University (excluding GASB adjustments) is well within the target.

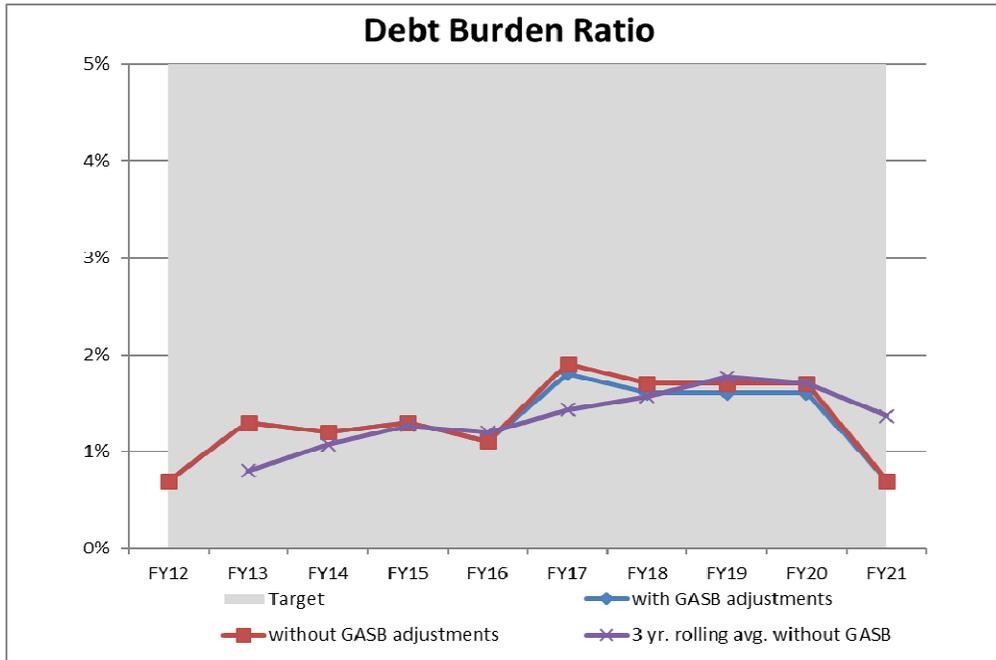
Primary Reserve Ratio – This ratio provides a snapshot of the University's financial strength and flexibility. It indicates how long the University could operate using expendable reserves without relying on additional new assets generated by operations. Trend analysis indicates whether the University has increased its net worth in proportion to its rate of growth. The University has seen a positive trend over the years (excluding GASB adjustments).

Return on Net Assets Ratio – This ratio reports whether university resources are growing and if it is financially better off than in previous years. A positive trend analysis would indicate an increase in net assets and an increased likelihood that the University is able to set aside financial resources to strengthen future flexibility. Single year events, like a significant state capital appropriation for example, can cause significant year-to-year volatility. The University has historically seen positive trends over the years (exclusive of GASB adjustments).

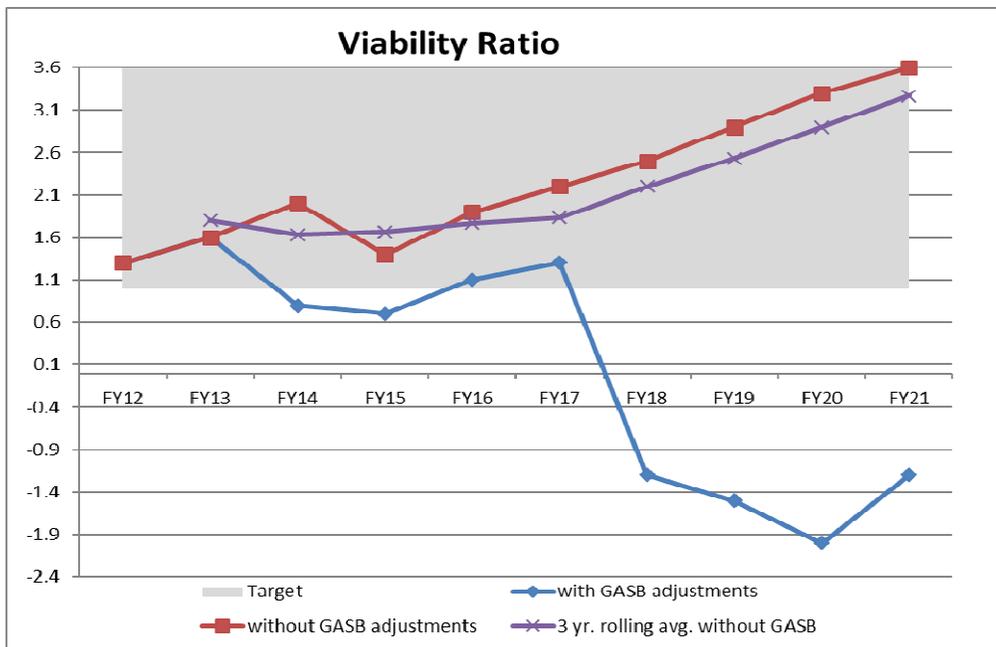
Net Operating Revenues Ratio – This ratio indicates whether operating activities resulted in a surplus or deficit. A positive ratio indicates the University experienced an operating surplus while a continuing decline or pattern of deficits indicates financial problems. The standard is a positive five-year trend which the University had met (exclusive of GASB adjustments) until FY20. In FY20, without the GASB adjustments, the University experienced a loss of \$2.7M before capital appropriation revenue causing the ratio to fall to -1.8%. If not for the loss of revenue in FY20 due to the closure of the residence halls, this ratio would have been calculated at 1.5% and the positive trend would have continued. In FY21, the ratio continued on the positive trend in large part due to HEERF federal funding, impact of the foundation financials, and fiscal management of the university to develop a balanced budget.

Composite Financial Index – This index provides a more complete picture of the University’s financial health by combining into a single measure the strength of four of the ratios mentioned above. This score offers a stable long-term view of financial performance and it is less susceptible to year-to-year volatility. Generally a CFI score of 3 is the threshold of institutional financial strength. The University’s CFI in FY21 (exclusive of GASB adjustments) was 7.0.

Westfield State University
Ratio Analysis Comparing GASB Impact FY12-21
As of June 30, 2021



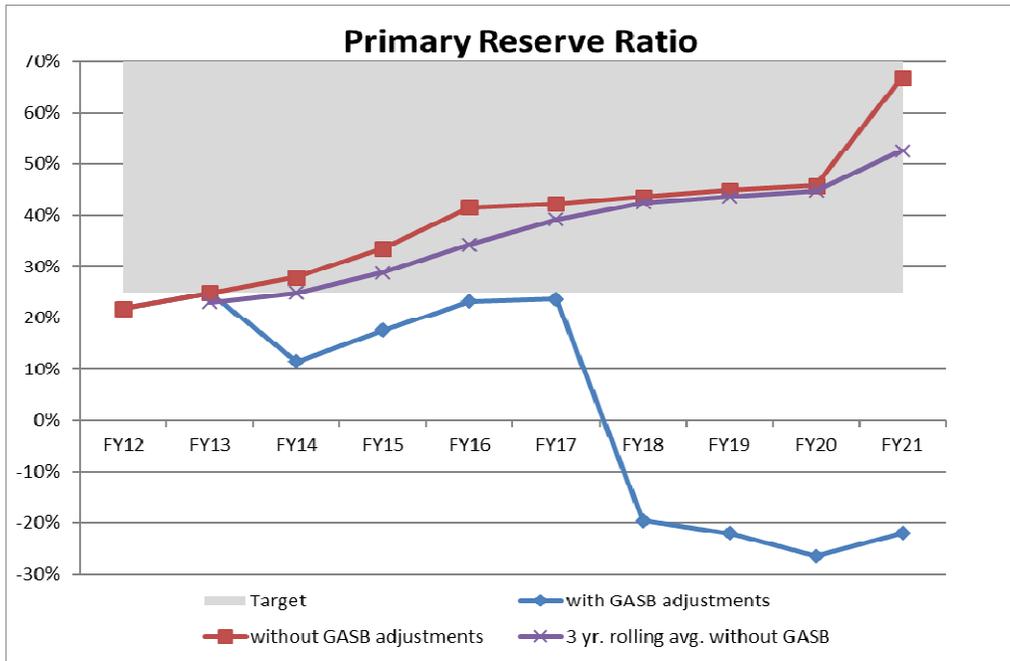
This ratio expresses annual debt service payments as a percent of total annual expenses.



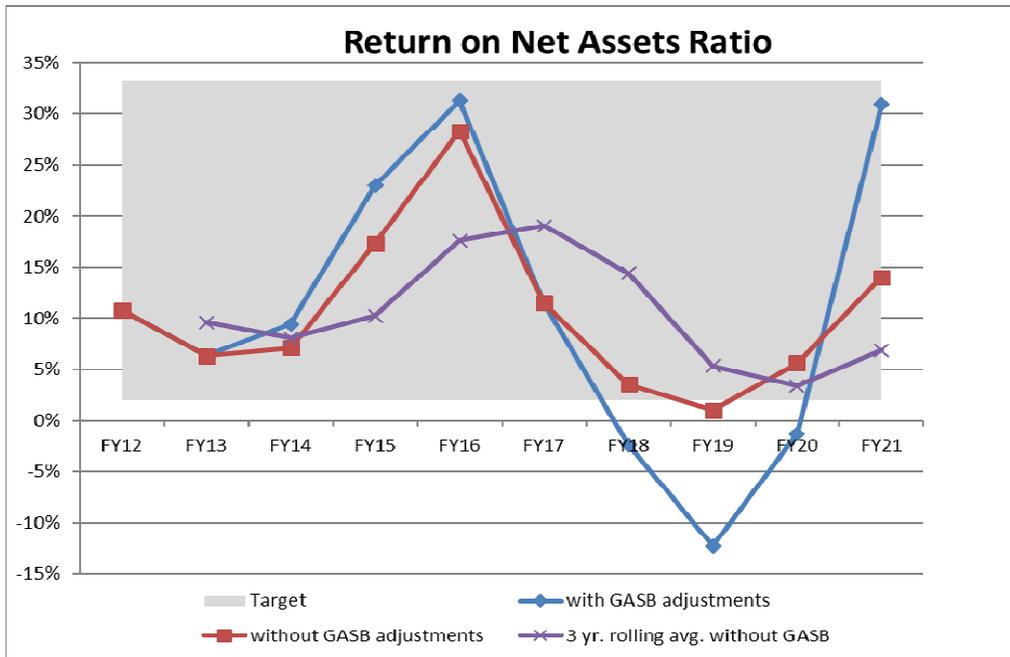
This ratio measures the availability of expendable net assets to pay off long-term debt.

Notes: Ratios exclude MSCBA debt
 FY17-FY21 ratios include Westfield State Foundation, Inc.
 The Department of Higher Education Metrics will now include Foundations in Ratios

Westfield State University
Ratio Analysis Comparing GASB Impact FY12-21
As of June 30, 2021



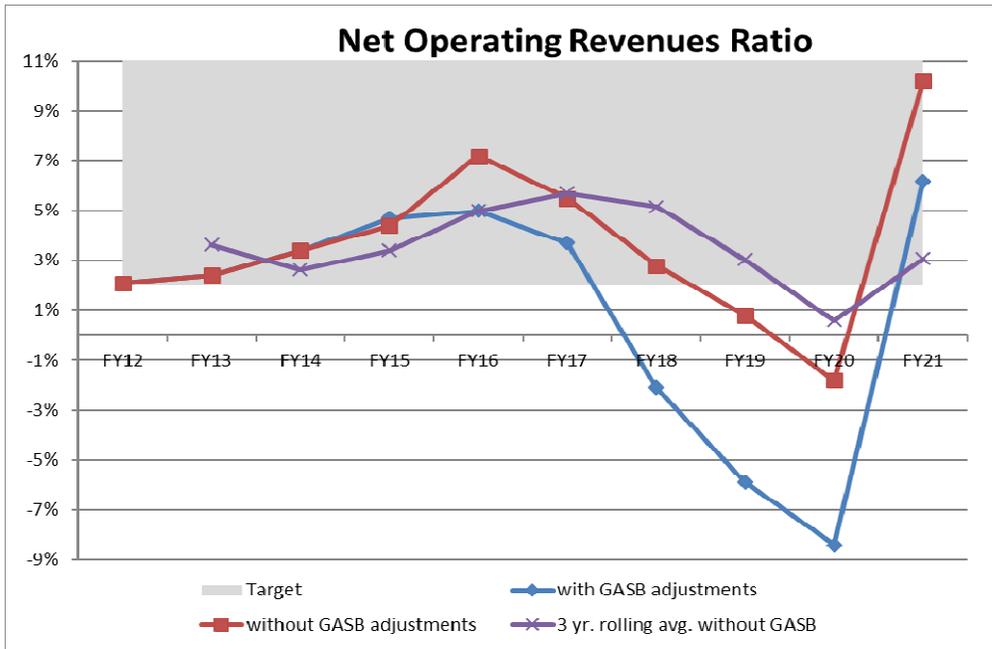
This ratio provides a snapshot of the University's financial strength and flexibility.



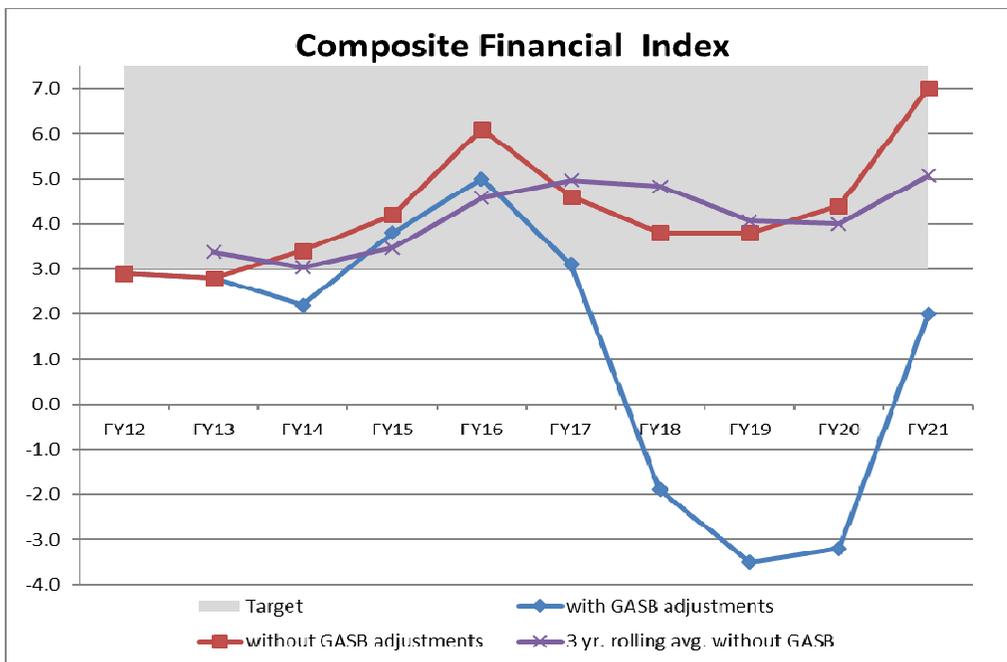
This ratio reports whether university resources are growing and if it is financially better off than in previous years.

Notes: Ratios exclude MSCBA debt
 FY17-FY21 ratios include Westfield State Foundation, Inc.
 The Department of Higher Education Metrics will now include Foundations in Ratios

Westfield State University
Ratio Analysis Comparing GASB Impact FY12-21
As of June 30, 2021



This ratio indicates whether operating activities resulted in a surplus or deficit.



This index provides a more complete picture of the University's financial health by combining into a single measure the strength of four of the ratios above.

Notes: Ratios exclude MSCBA debt
 FY17-FY21 ratios include Westfield State Foundation, Inc.
 The Department of Higher Education Metrics will now include Foundations in Ratios

Westfield State University
Finance and Capital Assets Committee

FY22 Early Retirement Incentive Program (ERIP) Funding Plan and Results

December 16, 2021

Overview

On February 18, 2021, a motion to use cash reserves in the amount up to \$975,000 to fund the upfront costs for the FY21 Voluntary Retirement/Separation Program was approved by the Board of Trustees. The proposal included a commitment by the University to replace the use of reserves by no later than the end of FY23. Overall, 16 employees participated in the ERIP program for a total one-time cost of \$881,247.

This update is being provided to the Board to confirm that the University did not have to use reserves in FY21 to fund these costs and therefore there is no reason to replace reserves. Campus operating reserves, excluding capital appropriations, increased by \$1.6M, despite the payments made to fund the ERIP expenses. Campus budget savings and payroll accounts were used to fund the full ERIP obligation.

Detail Summary of FY21 Financial Statement Impact

	Includes GASB Adjustments
Total Operating Revenues	\$ 65,901,611
Total Operating Expenses	<u>(118,609,458)</u>
Operating Loss	(52,707,847)
Net Non-Operating Revenues	<u>54,339,410</u>
Increase in Net Position Before Other Revenues	1,631,563
Capital Appropriations (Restricted)	<u>8,169,150</u>
Increase in Net Position	<u><u>\$ 9,800,713</u></u>

At the end of FY21, the University's increase in net position before other revenues was \$1,631,563 after the GASB pension and OPEB adjustments. This analysis shows that the University actually added to reserves in FY21 and therefore would not be required to reimburse the \$400,000 of incentive payouts back to reserves. The University also covered the additional costs of accumulated sick and vacation time payouts in the amount of \$481,247 using funds budgeted annually for that purpose along with using vacancy savings accumulated throughout FY21.

Using the total increase in net position including capital appropriations revenue in this analysis would not be accurate as these capital funds (provided by the Commonwealth) are restricted in use and are included in a separate net position category titled 'Net investment in capital assets' which are not available for spending.

Westfield State University
Finance and Capital Assets Committee

FY23 Budget Planning Scenarios

December 16, 2021

Overview

The campus has prepared three budget planning scenarios based on the preliminary assumptions shared with the Finance and Capital Assets Committee at the October meeting (see attached). Planning Scenarios A, worst case, B, mid-case, and C, best case were constructed similarly using various assumptions based on the highest and best information known at the time of planning. An updated model is expected to be presented in February when the spring enrollment melt rate and projected retention rates are better known.

Key Planning Assumptions:

- FY22 enrollment (Billable Students) was budgeted at 3,215. The FY23 scenario models assume a range of enrollment factoring a 10% decline in the worst case scenario, flat to FY22 in the middle case scenario and a 9% increase in the best case scenario with enrollment assumed within a range of 2,900 to 3,500.
- The UEAAC restructuring and efficiencies process is continuing but further reductions are unknown at this time. All models carry forward permanent FY22 UEAAC known reductions.
- Residential Life fees are assumed to increase 3% using a weighted average model. The campus has submitted these rates to the MSCBA for review. The campus is continuing to implement its flat fee structure in order to attract upper class students and increase revenue. All models assume the same increase but occupancy rates vary based on projected enrollment. There was no increase in rates last year using the weighted average approach. All scenarios project a deficit until occupancy reaches 94%.
- Dining fees are projected to increase 4% due to unusually high Consumer Price Index (CPI) trends, currently running over 6% from last year. This calculation is also a weighted average approach to better identify total increases vs individual plan increases. Dish Machine must also be replaced next year with an estimated cost of \$1.3M which will impact the Dining operating budget. Dining contribution is tied to revenue to support indirect expenses not charged directly to the program.
- State appropriation is projected to be flat in all three scenarios from FY22 at \$32.0M, which is a 1.2% increase from FY21. Adjustments are expected to fund collective bargaining salary increases, and once known, will be included in the final budget.
- Collective bargaining salary increases and bonuses are not assumed in the scenario models for the general fund, nor are the expenses related to state funding of those agreements. Salary increases for NUP's and the unfunded collective bargaining expenses are included in all scenarios.

- Fringe benefit rates including payroll taxes are expected to increase to (until new union contracts are completed), and a fringe/tax benefit rate of 39.43% to 40.63%.
- The strategic plan is funded at \$300k in order to advance critical initiatives at the university. It is assumed that \$200k would be used to increase financial aid (part of the campus's 5 year strategic plan) and \$100k would be available to fund one-time initiatives.
- New HEERF funding is not expected for FY23 and not included in our budget models. What is included is \$1.5M in pandemic related expenses despite not formalizing any testing or logistical support decisions yet.
- Fees are still in flux. A general fee increase is expected in the range of 2.5% to 3.5% but has not yet been reviewed or finalized and is not included in these scenarios. Other fee structures are also being considered.
- CGCE is expected to maintain their subsidy to the university at \$3.26M.
- Capital project budget is expected to remain flat at \$2.6M.

Conclusions:

Enrollment is expected to continue to be challenging given shifting regional demographics and a shift in recruitment strategy. Even assuming flat overall enrollment with FY22, the entering class must be larger to offset the impact of retention of continuing students. Building partnerships with local community colleges to increase enrollment as well as the HSI designation, will take time to implement and realize. Enrollment/retention issues will continue to put pressure on the university to reduce its cost structure to align with overall revenues.

At this time, the middle case scenario, assuming flat overall enrollment of 3,215 yields an overall deficit of \$5.4M is the most likely model to utilize going forward. As the assumptions and planning moves forward, an integrated multi-year glide path strategy is important to ensure fiscal stability while implementing new programs and strategies to stabilize enrollment.

The newly formed President's Council, will be the campus forum to listen to budget proposals, in terms of cost reductions and enrollment related strategies, through an open formal hearing process to optimize transparency.

A presentation has been scheduled with SGA to review and provide feedback on the FY23 planning assumptions and pricing plans for residence life and meal plans.

The university expects to recommend FY23 fees at the February Trustee meeting and propose a preliminary budget at the April 2022 board meeting.

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Westfield State University
FY23 Planning Scenario Model

FY23 Budget Scenarios	FY23 Budget Planning Scenarios			
	FY22 Final Budget	Scenario A - Worst Case	Scenario B - Middle Case	Scenario C - Best Case
Revenue:				
State Appropriation	31,988,905	31,988,905	31,988,905	31,988,905
Total Tuition/Fee Revenue	36,100,094	32,639,828	36,093,533	39,218,313
Other Revenue	2,645,783	1,823,557	1,877,114	1,925,570
CGCE	12,024,757	12,024,757	12,024,757	12,024,757
Residential Life	14,659,945	13,477,270	15,158,658	16,219,023
Dining Services	8,799,412	7,928,235	8,723,230	9,442,510
Foundation	839,000	839,000	839,000	839,000
Grant Revenue	1,535,937	1,535,937	1,535,937	1,535,937
HEERF Grant	3,667,966	-	-	-
Total Revenue	\$ 112,261,799	\$ 102,257,489	\$ 108,241,132	\$ 113,194,016
Expense:				
Compensation	43,040,061	44,095,017	44,095,017	44,095,017
Fringe	5,043,794	5,619,567	5,619,567	5,619,567
Department Operations	14,542,147	14,917,147	14,917,147	14,917,147
Strategic Investments	351,581	451,581	451,581	451,581
Financial Aid	4,299,221	4,578,971	4,587,634	4,595,471
Debt Service	2,099,258	1,481,315	1,481,315	1,481,315
Contingency	650,000	650,000	650,000	650,000
Capital Investments	2,575,000	2,575,000	2,575,000	2,575,000
CGCE	8,768,566	8,768,566	8,768,566	8,768,566
Residential Life	16,270,859	17,947,477	17,947,477	17,947,477
Dining Services	7,677,659	6,897,565	7,589,210	8,214,984
Utilities	2,370,619	3,195,940	3,195,940	3,195,940
All Other	4,610,169	4,033,623	4,033,623	4,033,623
HEERF Expenses	3,667,966	1,500,000	1,500,000	1,500,000
UEAAC Savings	(1,886,114)	(1,886,114)	(1,886,114)	(1,886,114)
Total Expense	\$ 114,080,785	\$ 114,825,653	\$ 115,525,961	\$ 116,159,573
Unadjusted Net Profit/(Loss)	\$ (1,818,986)	\$ (12,568,164)	\$ (7,284,828)	\$ (2,965,557)
Revised Structural Deficit	\$ (2,883,584)			
Net Profit/(Loss)	\$ (4,702,570)	\$ (12,568,164)	\$ (7,284,828)	\$ (2,965,557)
Reserve Funding:				
Planned Use of Reserves	950,958	950,958	950,958	950,958
Capital Rollover	868,028	868,028	868,028	868,028
Total Use of Reserves	\$ 1,818,986	\$ 1,818,986	\$ 1,818,986	\$ 1,818,986
Temporary Structural Deficit Offset	\$ 2,883,584			
Adjusted Surplus/(Deficit)	-	\$ (10,749,179)	\$ (5,465,843)	\$ (1,146,571)

Assumptions:	FY22 Final Budget	Scenario A - Worst Case	Scenario B - Middle Case	Scenario C - Best Case
Revenue Assumptions				
Billable Students	3,215	2,900	3,215	3,500
% Change YoY	-9.5%	-9.8%	0.0%	8.9%
Housing Students	1,769	1,595	1,768	1,925
% Change YoY	32.2%	-9.8%	0.0%	8.8%
Occupancy Rate	73.0%	65.8%	72.9%	79.4%
In-State Tuition and Fees Incr.	-	-	-	-
General Fee Increase	-	-	-	-
Residential COA Increase	0.0%	3.0%	3.0%	3.0%
State Appropriation as % of Revenue	28.5%	31.3%	29.6%	28.3%
Investment Earnings	325,000	115,000	115,000	115,000
Operating Reserve / Contingency	650,000	650,000	650,000	650,000
Contractual Increases	-	375,000	375,000	375,000
Expense Assumptions				
All Collective Bargaining Units	No CBA increases	-	-	-
Strategic Plan Funding	100,000	100,000	100,000	100,000
Strategic Plan Financial Aid Increase	200,000	200,000	200,000	200,000
UEAAC Savings	1,886,114	1,886,114	1,886,114	1,886,114
Operating Budget Contributions				
Dining Contribution	1,100,000	1,030,671	1,134,020	1,227,526
CGCE Contribution	3,250,000	3,256,191	3,256,191	3,256,191
CGCE & Auxillary Surplus / Deficit				
CGCE Surplus	-	-	-	-
Residential Housing Deficit	(1,506,021)	(4,470,207)	(2,788,819)	(1,728,453)
Residential Housing Reserve Balance Deficit	576,546	819,309	819,309	819,309
Lansdowne Deficit	100,000	-	-	-

Notes:

A portion of the overall Utility expense increase is included in the Residential Life expense budget of \$1.8M. Campus wide, Utilities are expected to increase by 25.4% or \$1M.

DRAFT - VERSION 4 - 12/9/2021**Westfield State University
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Westfield State University
Finance and Capital Assets Committee

FY23 Budget Planning Assumptions and Timeline

October 13, 2021

The development of a campus budget for FY23 will follow a process similar to prior years for Trustee input, review and final approval. Discussion on preliminary planning assumptions is necessary to prepare and evaluate multiple budget scenarios for selection as the basis for the FY23 Budget. It is anticipated that UEAAC recommendations will still be integrated with the budget process throughout FY22 and have a direct impact on the budget for FY23, given the current structural deficit. The campus will begin the planning process in the fall to work towards developing financial models for the next budget cycle. While much is still unknown at this point, the process must begin soon to lay the foundation to support an effective resource allocation model.

FY23 Planning Assumptions and Timeline:

FY23 Major Planning Assumptions

Revenues

- Enrollment – strategies are underway to increase enrollment but conservative estimates will be used for budget planning purposes.
- Cost of attendance with a range of 2.0% - 4.5% (CPI for last 12 months through August is 5.3%).
 - Assume differential fee structure for high demand programs
 - Assume alignment of CGCE part time fees to full time equivalent fees
 - Assume limited academic fee increases for specific courses/degrees
- State Appropriation – flat, except for FY22 supplemental appropriation.
- CGCE contribution funding to remain fixed at \$2.75M.
- Investment income – align budget to actual and adjust for policy allocation.
- Dining program contribution to remain at 13% of meal plan revenue.

Expenses

- Limited strategic plan investment funding; at a minimum, allocate support for financial aid.
- Department Operating Budgets – assume no across the board increase.
- Fund mandatory contractual increases for services, facilities and technology contracts.
- Salary Increases – assume non-collective bargaining expense increases (NUP's, CBA shortfall, auxiliaries, CGCE)
- Benefit Rate - assume historical average annual increase over prior year or Comptrollers projection.
- Residence life – Expect continued deficit due to an increase in MSCBA assessments and occupancy challenges.
- UEAAC cost reductions are expected and ongoing

Reserves

- Anticipate use of FY22 surpluses to fund critical one-time enrollment and revenue producing initiatives carried over.
- Capital Projects – Rollover funding for capital projects not finished by year end.

Board of Trustees Budget Planning Timeline FY23

October 2021	<ul style="list-style-type: none">• Preliminary Planning Assumptions – General Consensus• Budget Planning Calendar Distributed
December 2021	<ul style="list-style-type: none">• Review Preliminary Financial Scenarios• Review Enrollment Projection• Discuss Strategy for Efficiencies and Restructuring
February 2022	<ul style="list-style-type: none">• Approve Fee Recommendations (based on parameters)
April 2022	<ul style="list-style-type: none">• Draft Operating Budget Presented• Draft CGCE Budget presented• Draft Capital Budget Presented
June 2022	<ul style="list-style-type: none">• Final Budget Review and Approval• Update 5-year plan



Board of Trustees

December 16, 2021

MOTION

To approve the changes and accept the newly revised Investment Policy (0430), as presented.

Robert A. Martin, Ph.D., Chair

Date

INVESTMENT POLICY

STATEMENT OF PURPOSE

Chapter 15A of Massachusetts General Laws provides that the Westfield State University Board of Trustees (Trustees) has the authority to establish and manage trust funds. The administration of these funds will comply with MGL Chapter 73 § 14 and with MGL Chapter 180A; also known as the Uniform Management of Institutional Funds Law. This Investment Policy is intended to serve as a basis for actions of management in carrying out its investment duties, and for the Trustees in monitoring management's investment activities. A concurrent responsibility of the management of the funds is the thoughtful investment of trust monies. The University may use the services of one or more investment management firms and/or a bank trust department (Investment Manager(s)) to carry out the University's investment activities. The basic responsibility of the Investment Manager(s) will be to keep management of the University abreast of the economy and market conditions and to invest in a mix of eligible instruments within the context of laws, regulations and this investment policy. The Investment Manager(s) shall be approved by the Board of Trustees as part of this policy. University management may delegate authority to the Investment Manager(s) to act within the boundaries of this policy.

SCOPE

This Investment Policy applies to funds that are not appropriated by the Commonwealth of Massachusetts and specifically excludes federal or other restricted allocations. All funds are accounted for in the University's financial reports. The overall goal is to establish and maintain an investment portfolio which is designed to provide for the University's cash flow requirements and principal growth of certain fund balances.

INVESTMENT SUBCOMMITTEE

A subcommittee will be formed called the Investment Subcommittee and will oversee the investment portfolio, policy and the selection of an investment advisor. The subcommittee is established under the Finance and Capital Assets Committee who has formal authority over investments, as provided in the Trustee by Laws. The composition of the Investment Subcommittee may have members other than trustees who can provide guidance but will not be voting members of the subcommittee. The subcommittee will be staffed by the Vice President for Administration and Finance and or their designee.

INVESTMENT OBJECTIVE

It is the investment objective of the University to establish and maintain an investment portfolio which is designed to provide for the University's cash flow requirements while also achieving long-term capital growth and appreciation of the portfolio. The basic objectives of the Investment Policy are:

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- a. Preservation of Capital and Safety of Principal – Investment of Westfield State University funds shall be undertaken in a manner that seeks to ensure the preservation of capital and safety of principal. Implicit in this objective is the financial goal of preserving and enhancing the portfolio's inflation adjusted purchasing power.
- b. Minimizing Price Volatility – This Investment Policy prohibits investments in securities with the potential for wide price volatility. (See Prohibited Investments).
- c. Return on Investment - Investment income is an integral part of the University's annual budget and long term viability. The portfolio of Westfield State University shall be designed to attain an optimal rate of return under shifting economic conditions and investment cycles.

ASSET ALLOCATION

The responsibility for establishing periodic asset allocation that is consistent with the objectives of the overall Investment Policy is under the purview of the Trustees Finance and Capital Asset Committee with recommendations from the Investment Subcommittee and with specific responsibilities assigned to the Vice President for Administration and Finance. The Investment Subcommittee shall review the allocations twice a year and will report up to the Finance and Capital Assets Committee with its findings. The investment mix selected should reflect the risk level periodically determined to be appropriate for the University investment portfolio. It is recognized that over the long-term, the allocation between the equity and fixed income allocation will be the single most important determinate of the portfolio's investment performance.

Asset allocation of the University portfolio should be equivalent to approximately 60% in equities, 38% in fixed income and 2% in cash. Managed funds that include both equity and fixed income underlying investments shall be distributed to the appropriate portfolio category for the purpose of reviewing asset allocation. Recognizing that from time-to-time during the course of business it is not realistic to expect complete compliance with this guideline, an acceptable range follows:

	<u>Goal</u>	<u>Acceptable Range</u>
Equities	60%	45-70%
Fixed Income	38%	30-60%
Alternative Investments	---	---
Cash	2%	0-10%

Any asset allocation not within these ranges should be communicated by the Investment Managers(s) to management as soon as practicable, but no later than the next quarterly status report to the University. The portfolio should be re-balanced to fit within the acceptable ranges defined in this policy as soon as practical, taking investment risks into consideration.

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The Investment Manager(s) is expected to rebalance the portfolio at least annually. Rebalancing recommendation discussions will be part of the ongoing dialogue between the investment manager and the investment committee. Rebalancing is allowed if it is within the acceptable range.

PROHIBITED INVESTMENTS

Investment in derivative securities, forwards, swaps, futures of any type are explicitly prohibited via direct or indirect involvement under this policy.

DELEGATION OF AUTHORITY

Oversight responsibility for the investment program is delegated to the Finance and Capital Assets Committee and includes asset allocation, and active management decisions consistent with this policy. No University official may execute or cause any investment transaction except as allowed or provided under the terms of this Investment Policy and specific investment procedures that may be periodically established by the Finance and Capital Assets Committee at the recommendation of the Investment Subcommittee. The University's investments shall be secured through third party custody and safe keeping procedures. Bearer instruments shall be held only through third party institutions (i.e. a custodian or a trustee).

Roles and Responsibilities

The Vice President for Administration and Finance (VPAF), with oversight from the Finance and Capital Assets Committee, shall have the overall responsibility for implementing the management of the Investment Policy. The Associate Vice President for Finance shall have the responsibility of implementing the investment program, including executing the related transactions, accounting and reporting of the activity. The Finance and Capital Assets Committee, upon recommendation by the Investment Subcommittee and University Management, will appoint the investment advisor/manager. The Investment Policy's related procedures shall comply with the University's Internal Control Plan.

ETHICS AND CONFLICT OF INTEREST

The Trustees, officers and employees of Westfield State University involved in the investment process are prohibited from personal business activities that could impair their ability to make impartial investment decisions. The perception of a conflict of interest must be avoided. All ethics rules and laws of the Commonwealth of Massachusetts are hereby incorporated by reference into this policy.

REPORTING

University management shall provide quarterly reports from the investment advisor, summarizing investment activity and detail to the Finance and Capital Assets Committee through the Investment Subcommittee.

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AUDITS

The University retains the option to request an independent audit of the funds invested through the investment advisor.

INVESTMENTS

With stability, capital growth and total return as essential objectives in this Investment Policy, available funds will be invested in instruments consistent with the objective and asset allocation methodology.

The University's investment portfolio, for purposes of this policy statement, shall consist of three major categories of financial investments: (1) fixed income - short and long term (bonds); (2) equity (stocks/managed funds); (3) cash or cash equivalents.

Total fees (advisory and expenses) for the Investment Advisor/Manager will be limited to 100 basis points unless approved by the Finance and Capital Assets Committee.

1. Fixed Income - short term and long term (bonds):

(a) *Fixed Income – short-term.* These are investments which have maturities of no longer than one year. The purpose of the fixed income short-term investment portfolio shall be to provide sufficient liquidity to meet institutional objectives. The use of this portion of the portfolio shall be consistent with management's anticipated cash flow needs and future investment opportunities.

(b) *Fixed Income – long-term.* These are investments which have maturities of more than one year from the date of investment. The purpose of the long-term portion of the investment portfolio shall be to maximize return within the context of other recognized needs and risks. The portfolio shall be considered for purposes of capital growth and the provision of long term funding of capital needs. Eligible securities and other restrictions are as follows:

1. U.S. Treasury and Federal Agency Securities

- a. Maximum size of portfolio - no limit
- b. Maximum lot size - no limit
- c. Mutual funds or ETFs consisting of individual securities that meet the above characteristics

2. Corporate Bonds

- a. Aggregate limit of all corporate bonds: 35% of capital (prudently diversified)
- b. All individual corporate bonds shall have a rating of Baa3/BBB- or better as published by Moody's or Standard & Poor's at the time of purchase. If a bond is downgraded below Baa3/BBB-, the manager shall sell as soon as prudently possible.

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- c. Mutual funds or exchange traded funds (ETFs) consisting of individual securities that meet the above characteristics
- d. Mutual funds or ETFs holding broadly diversified portfolios of bonds with credit ratings above Baa3/BBB- as published by Moody's or Standard & Poor's at the time of purchase.

3. Municipal/Other Tax Exempt Issues

- a. Municipal bonds and other tax exempt bond issues offer an opportunity that allows investors to avoid payment of taxes on income or capital gains resulting from the investment. Since the University is a tax-exempt entity that does not pay taxes, municipal bonds and other tax exempt bond issues are generally not advantageous to the investment portfolio although not necessarily prohibited within the portfolio. Depending on market conditions, these instruments may be appropriate and attractive even without the benefit of the tax shelter.

4. Preferred Stocks (Considered Fixed Income)

- a. Aggregate limit of preferred stocks of 15% of total portfolio (prudently diversified).
- b. All individual preferred have a rating of Baa3/BBB- or better as published by Moody's or Standard & Poor's at the time of purchase.

2. **Equity (stocks):**

The purpose of the equity investment portfolio shall be to maximize return and provide a hedge against inflation through a diversified approach in compliance with applicable Massachusetts statutes. Eligible securities, appropriate rating service and dividend policy follow.

Equities generally refer to the common or preferred stock in publicly-traded companies, but they may also be in the form of managed funds, which include such investment vehicles as mutual funds, exchange traded funds (ETFs) and other types of funds that function in a managed way but are not directly managed by the University's Investment Manager. Managed funds of this sort are acceptable in the University's portfolio if they are consistent with the standards that otherwise apply to equities.

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Westfield State Custom Benchmark		
		Policy Benchmark
Barclays U.S Government Credit Intermediate	Fixed Income	35%
BofAML 0-3 Month US T-Bill Index	Cash	5%
Fixed Income		40%
S&P 500	Large Cap	30%
MSCI EAFE (NET)	Developed	15%
MSCI Emerging Markets	Emerging	6%
Russell 2000 Index	Small Cap	5%
Russell 2500 Index	Mid Cap	4%
Equity		60%

“Alternative Investments” may include private (unregistered) securities such as hedge funds, private equity funds, venture capital funds, commodities, precious or industrial metals, etc. While these are not expressly prohibited in this policy, it is anticipated that they will be used sparingly if at all. This provision also applies to registered “liquid alternative” mutual funds that are designed to mimic private unregistered funds. To the extent that any Alternative Investments are used, they will be counted as Equities for the purpose of reviewing asset allocation.

3. Cash and Cash Equivalents:

Cash and cash equivalents are instruments that are relatively “liquid” in nature and are available for operational and/or investment opportunities. This component of the portfolio should be minimal.

4. Prohibited Investments:

Investment in derivative securities, forwards, swaps, futures of any type are explicitly prohibited via direct or indirect involvement under this policy.

5. Fossil Fuel and Alternative Investment Strategy:

The university’s investment advisors are instructed to consider further divestment from direct holdings in the balance of the Carbon Underground 200 list to the

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extent the advisers believe it is financially prudent with the goal of achieving full divestment. The advisors are further instructed to invest in alternative and/or renewable energy companies, consistent with the parameters of this investment policy as they may deem financially prudent.

Note: It is not a requirement that the State Colleges and Universities must avoid the Carbon Underground 200 list. Imposing the requirement will impact investment performance.

SPENDING POLICY

The University has adopted the following spending policy, which will apply to the WSU investment portfolio.

1. This Policy seeks an appropriate balance among the following goals:
 - a. Provide the University with a predictable and stable stream of revenue
 - b. Ensure the real value (defined as purchasing power) of the invested assets and its revenue stream does not decline over the long term
 - c. Base the spending policy on best practices for similar organizations or market segments (e.g., treat the invested funds as endowment like).
2. Authorized expenditures during an upcoming fiscal year shall be limited to four percent (4%) of the average total market value of the investment portfolio over a trailing twelve quarter period ending June 30 fiscal year, not to include additions during the current fiscal year. In the event the average annualized total return for the trailing three year period fails to equal or exceed 4%, then the University shall calculate the new percentage and seek approval from the Finance and Capital Assets Committee for an exception to the 4% threshold. The amount for the upcoming fiscal year is to be calculated each June 30th and will be reviewed and approved annually by the Finance and Capital Assets committee with a recommendation from the Investment Sub-Committee.
3. In making such distributions, the University is authorized to use both Net Income and Net Capital Appreciation (defined as realized and unrealized appreciation in the fair market value of the investments) in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA).
4. Exceptions to or changes in this spending policy shall only be made by approval of the Board of Trustees based on recommendations from the WSU Finance and Capital Assets Committee (and the Investment Subcommittee).

REVIEW

This policy shall be reviewed annually by the Vice President for Administration and Finance and the Investment Subcommittee with changes approved by the Finance and Capital Assets Committee.

INVESTMENT POLICY

STATEMENT OF PURPOSE

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- c. Return on Investment - Investment income is an integral part of the University's annual budget and long term viability. The portfolio of Westfield State University shall be designed to attain an optimal rate of return under shifting economic conditions and investment cycles.

ASSET ALLOCATION

The responsibility for establishing periodic asset allocation that is consistent with the objectives of the overall Investment Policy is under the purview of the Trustees Finance and Capital Asset Committee with recommendations from the Investment Subcommittee and with specific responsibilities assigned to the Vice President for Administration and Finance. The Investment Subcommittee shall review the allocations twice a year and will report up to the Finance and Capital Assets Committee with its findings. The investment mix selected should reflect the risk level periodically determined to be appropriate for the University investment portfolio. It is recognized that over the long-term, the allocation between the equity and fixed income allocation will be the single most important determinate of the portfolio's investment performance.

Asset allocation of the University portfolio should be equivalent to approximately 60% in equities, 38% in fixed income and 2% in cash. Managed funds that include both equity and fixed income underlying investments shall be distributed to the appropriate portfolio category for the purpose of reviewing asset allocation. Recognizing that from time-to-time during the course of business it is not realistic to expect complete compliance with this guideline, an acceptable range follows:

	<u>Goal</u>	<u>Acceptable Range</u>
Equities	60%	45-70%
Fixed Income	38%	30-60%
Alternative Investments	---	---
Cash	2%	0-10%

Any asset allocation not within these ranges should be communicated by the Investment Managers(s) to management as soon as practicable, but no later than the next quarterly status report to the University. The portfolio should be re-balanced to fit within the acceptable ranges defined in this policy as soon as practical, taking investment risks into consideration.

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The Investment Manager(s) is expected to rebalance the portfolio at least annually. Rebalancing recommendation discussions will be part of the ongoing dialogue between the investment manager and the investment committee. Rebalancing is allowed if it is within the acceptable range.

PROHIBITED INVESTMENTS

Investment in derivative securities, forwards, swaps, futures of any type are explicitly prohibited via direct or indirect involvement under this policy.

DELEGATION OF AUTHORITY

Oversight responsibility for the investment program is delegated to the Finance and Capital Assets Committee and includes asset allocation, and active management decisions consistent with this policy. No University official may execute or cause any investment transaction except as allowed or provided under the terms of this Investment Policy and specific investment procedures that may be periodically established by the Finance and Capital Assets Committee at the recommendation of the Investment Subcommittee. The University's investments shall be secured through third party custody and safe keeping procedures. Bearer instruments shall be held only through third party institutions (i.e. a custodian or a trustee).

Roles and Responsibilities

The Vice President for Administration and Finance (VPAF), with oversight from the Finance and Capital Assets Committee, shall have the overall responsibility for implementing the management of the Investment Policy. The Associate Vice President for Finance shall have the responsibility of implementing the investment program, including executing the related transactions, accounting and reporting of the activity. The Finance and Capital Assets Committee, upon recommendation by the Investment Subcommittee and University Management, will appoint the investment advisor/manager. The Investment Policy's related procedures shall comply with the University's Internal Control Plan.

ETHICS AND CONFLICT OF INTEREST

The Trustees, officers and employees of Westfield State University involved in the investment process are prohibited from personal business activities that could impair their ability to make impartial investment decisions. The perception of a conflict of interest must be avoided. All ethics rules and laws of the Commonwealth of Massachusetts are hereby incorporated by reference into this policy.

REPORTING

University management shall provide quarterly reports from the investment advisor, summarizing investment activity and detail to the Finance and Capital Assets Committee through the Investment Subcommittee.

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AUDITS

The University retains the option to request an independent audit of the funds invested through the investment advisor.

INVESTMENTS

With stability, capital growth and total return as essential objectives in this Investment Policy, available funds will be invested in instruments consistent with the objective and asset allocation methodology.

The University's investment portfolio, for purposes of this policy statement, shall consist of three major categories of financial investments: (1) fixed income - short and long term (bonds); (2) equity (stocks/managed funds); (3) cash or cash equivalents.

Total fees (advisory and expenses) for the Investment Advisor/Manager will be limited to 100 basis points unless approved by the Finance and Capital Assets Committee.

1. Fixed Income - short term and long term (bonds):

(a) *Fixed Income – short-term.* These are investments which have maturities of no longer than one year. The purpose of the fixed income short-term investment portfolio shall be to provide sufficient liquidity to meet institutional objectives. The use of this portion of the portfolio shall be consistent with management's anticipated cash flow needs and future investment opportunities.

(b) *Fixed Income – long-term.* These are investments which have maturities of more than one year from the date of investment. The purpose of the long-term portion of the investment portfolio shall be to maximize return within the context of other recognized needs and risks. The portfolio shall be considered for purposes of capital growth and the provision of long term funding of capital needs. Eligible securities and other restrictions are as follows:

1. U.S. Treasury and Federal Agency Securities

- a. Maximum size of portfolio - no limit
- b. Maximum lot size - no limit
- c. Mutual funds or ETFs consisting of individual securities that meet the above characteristics

2. Corporate Bonds

- a. Aggregate limit of all corporate bonds: 35% of capital (prudently diversified)
- b. All individual corporate bonds shall have a rating of Baa3/BBB- or better as published by Moody's or Standard & Poor's at the time of purchase. If a bond is downgraded below Baa3/BBB-, the manager shall sell as soon as prudently possible.

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- c. Mutual funds or exchange traded funds (ETFs) consisting of individual securities that meet the above characteristics
- d. Mutual funds or ETFs holding broadly diversified portfolios of bonds with credit ratings above Baa3/BBB- as published by Moody's or Standard & Poor's at the time of purchase.

3. Municipal/Other Tax Exempt Issues

- a. Municipal bonds and other tax exempt bond issues offer an opportunity that allows investors to avoid payment of taxes on income or capital gains resulting from the investment. Since the University is a tax-exempt entity that does not pay taxes, municipal bonds and other tax exempt bond issues are generally not advantageous to the investment portfolio although not necessarily prohibited within the portfolio. Depending on market conditions, these instruments may be appropriate and attractive even without the benefit of the tax shelter.

4. Preferred Stocks (Considered Fixed Income)

- a. Aggregate limit of preferred stocks of 15% of total portfolio (prudently diversified).
- b. All individual preferred have a rating of Baa3/BBB- or better as published by Moody's or Standard & Poor's at the time of purchase.

2. **Equity (stocks):**

The purpose of the equity investment portfolio shall be to maximize return and provide a hedge against inflation through a diversified approach in compliance with applicable Massachusetts statutes. Eligible securities, appropriate rating service and dividend policy follow.

Equities generally refer to the common or preferred stock in publicly-traded companies, but they may also be in the form of managed funds, which include such investment vehicles as mutual funds, exchange traded funds (ETFs) and other types of funds that function in a managed way but are not directly managed by the University's Investment Manager. Managed funds of this sort are acceptable in the University's portfolio if they are consistent with the standards that otherwise apply to equities.

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Westfield State Custom Benchmark		
		Policy Benchmark
Barclays U.S Government Credit Intermediate	Fixed Income	35%
BofAML 0-3 Month US T-Bill Index	Cash	5%
Fixed Income		40%
S&P 500	Large Cap	30%
MSCI EAFE (NET)	Developed	15%
MSCI Emerging Markets	Emerging	6%
Russell 2000 Index	Small Cap	5%
Russell 2500 Index	Mid Cap	4%
Equity		60%

“Alternative Investments” may include private (unregistered) securities such as hedge funds, private equity funds, venture capital funds, commodities, precious or industrial metals, etc. While these are not expressly prohibited in this policy, it is anticipated that they will be used sparingly if at all. This provision also applies to registered “liquid alternative” mutual funds that are designed to mimic private unregistered funds. To the extent that any Alternative Investments are used, they will be counted as Equities for the purpose of reviewing asset allocation.

3. Cash and Cash Equivalents:

Cash and cash equivalents are instruments that are relatively “liquid” in nature and are available for operational and/or investment opportunities. This component of the portfolio should be minimal.

4. Prohibited Investments:

Investment in derivative securities, forwards, swaps, futures of any type are explicitly prohibited via direct or indirect involvement under this policy.

5. Fossil Fuel and Alternative Investment Strategy:

The university’s investment advisors are instructed to consider further divestment from direct holdings in the balance of the Carbon Underground 200 list to the

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extent the advisers believe it is financially prudent with the goal of achieving full divestment. The advisors are further instructed to invest in alternative and/or renewable energy companies, consistent with the parameters of this investment policy as they may deem financially prudent.

Note: It is not a requirement that the State Colleges and Universities must avoid the Carbon Underground 200 list. Imposing the requirement will impact investment performance.

SPENDING POLICY

The University has adopted the following spending policy, which will apply to the WSU investment portfolio.

1. This Policy seeks an appropriate balance among the following goals:
 - a. Provide the University with a predictable and stable stream of revenue
 - b. Ensure the real value (defined as purchasing power) of the invested assets and its revenue stream does not decline over the long term
 - c. Base the spending policy on best practices for similar organizations or market segments (e.g., treat the invested funds as endowment like).
2. Authorized expenditures during an upcoming fiscal year shall be limited to four percent (4%) of the average total market value of the investment portfolio over a trailing twelve quarter period ending June 30 fiscal year, not to include additions during the current fiscal year. In the event the average annualized total return for the trailing three year period fails to equal or exceed 4%, then the University shall calculate the new percentage and seek approval from the Finance and Capital Assets Committee for an exception to the 4% threshold. The amount for the upcoming fiscal year is to be calculated each June 30th and will be reviewed and approved annually by the Finance and Capital Assets committee with a recommendation from the Investment Sub-Committee.
3. In making such distributions, the University is authorized to use both Net Income and Net Capital Appreciation (defined as realized and unrealized appreciation in the fair market value of the investments) in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA).
4. Exceptions to or changes in this spending policy shall only be made by approval of the Board of Trustees based on recommendations from the WSU Finance and Capital Assets Committee (and the Investment Subcommittee).

REVIEW

This policy shall be reviewed annually by the Vice President for Administration and Finance and the Investment Subcommittee with changes approved by the Finance and Capital Assets Committee.



Board of Trustees

December 16, 2021

MOTION

To approve the FY22 capital project request of \$1,300,000 to replace the dish washing machine/conveyor system in Tim & Jeanne's Dining Commons. The funding source will be a combination of unspent capital project funds from the Dining Commons FY22 floor replacement project at \$300,000 and bond funding of \$1.0 million.

Robert A. Martin, Ph.D., Chair

Date

DINING SERVICES

Memorandum

To: Stephen Taksar, Vice President, Administration and Finance

From: Bill Connor, Director, Dining Services

Date: December 16, 2021

RE: Dish Machine Repair | Tim & Jeanne's Dining Commons (DC)

The current Hobart Dishwashing Machine/Conveyer System in the DC was installed in August of 2007 (15.5 Years old). The unit was disassembled, moved, and reassembled during the 2021 Summer Structural Floor Project. The machine was nearing end of life but the summer construction project negatively impacted the machine in ways that we could not predict nor repair.

This fall, we experienced weeks of using paper products due to the machine not being operable and staffing shortages. Students expressed dissatisfaction in using paper products and plastic silverware and were also bothered with the environmental impact of single use items. The unit in its current state is unreliable and has broken down recently resulting in multiple meals of serving on paper and a \$7,000 repair charge to be operational.

The estimated cost to remove, replace and install a new dish machine/conveyer system is projected to be \$1.3M. The current lead time to order and install a new system is estimated to be 6-8 months. If ordered soon, we hope a new machine can be operational before the fall of 2022. Time is of the essence to bid and order a new machine given supply chain challenges and escalating prices.

The Dining Commons floor project completed this year will result in underspending of approximately \$300,000 which I recommend be redirected to fund part of the dish machine/conveyer system. Additionally, we are seeking MSCBA bond funding of \$1M, amortized over 10 years, to fund the rest of the project. Borrowing rates very low right now and it will be a good opportunity to maximize capital market funding given a low interest rate environment. Our proposed FY23 Dining Services budget assumes the projected annual debt service of \$115,000.

Please let me know if you have any questions so we can proceed with the appropriate approvals to expedite the acquisition of this critical equipment for the dining services operation.

WESTFIELD STATE UNIVERSITY
Dish Machine & Tray Line Replacement

11/3/2021 MS

Description of Work	Cost
Demolition of the existing dishwasher & tray line	57,500
Dish Machine (purchase & delivery)	133,604
Tray accumulator (purchase & delivery)	161,000
Foodservice equipment assembly, installation & training	57,500
Wall repairs at former tray conveyor / New FRP	28,750
MEP Installation (mech, electrical & plumbing)	115,000
Floor, ceiling & roof (exhaust) modifications	28,750
Sub Total	632,500
General Contractor OH&P (10%)	94,875
General Contractor Bond (1.5%)	10,911
Sub Total	738,286
Escalation 5% per rear (1 year carried)	36,914
Sub Total	775,200
Soft Costs (25% per DCAMM standard)	193,800
Construction Contingency	149,500
55 weeks of OPM @20 hrs/week services at \$165/hour	181,500
Total Project Cost	1,300,000

MSCBA Estimate - \$1MM Borrowed		
Total Project	\$ 1,300,000	Total Interest
Floor Surplus	\$ 300,000	(\$262,187.50)
<u>Loan Amount</u>	<u>\$ 1,000,000</u>	
		Total Debt Service
Rate	5.00%	(\$1,117,187.50)
Term	10 years	
		Avg. Annual Debt Service
		(\$110,500.00)

* Amount borrowed = \$1MM but premium in coupon will reduce total principal owed.
 Total principal paid back = \$855K.

Massachusetts State College Building Authority
 Proposed Project Revenue Bonds, Series 2022
 Preliminary, Subject to Change

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
05/01/2022			10,687.50	10,687.50	
06/30/2022					10,687.50
11/01/2022			21,375.00	21,375.00	
05/01/2023	70,000	5.000%	21,375.00	91,375.00	
06/30/2023					112,750.00
11/01/2023			19,625.00	19,625.00	
05/01/2024	70,000	5.000%	19,625.00	89,625.00	
06/30/2024					109,250.00
11/01/2024			17,875.00	17,875.00	
05/01/2025	75,000	5.000%	17,875.00	92,875.00	
06/30/2025					110,750.00
11/01/2025			16,000.00	16,000.00	
05/01/2026	80,000	5.000%	16,000.00	96,000.00	
06/30/2026					112,000.00
11/01/2026			14,000.00	14,000.00	
05/01/2027	85,000	5.000%	14,000.00	99,000.00	
06/30/2027					113,000.00
11/01/2027			11,875.00	11,875.00	
05/01/2028	85,000	5.000%	11,875.00	96,875.00	
06/30/2028					108,750.00
11/01/2028			9,750.00	9,750.00	
05/01/2029	90,000	5.000%	9,750.00	99,750.00	
06/30/2029					109,500.00
11/01/2029			7,500.00	7,500.00	
05/01/2030	95,000	5.000%	7,500.00	102,500.00	
06/30/2030					110,000.00
11/01/2030			5,125.00	5,125.00	
05/01/2031	100,000	5.000%	5,125.00	105,125.00	
06/30/2031					110,250.00
11/01/2031			2,625.00	2,625.00	
05/01/2032	105,000	5.000%	2,625.00	107,625.00	
06/30/2032					110,250.00
	855,000		262,187.50	1,117,187.50	1,117,187.50



Board of Trustees

December 16, 2021

MOTION

To approve the request to use \$12,000 from University reserves to assist in the purchase of a 2022 SUV for the Department of Public Safety in FY22. Should the vehicle be unable to be delivered by June 30, 2022, Public Safety will work with Finance to request a rollover of the allocated funds to FY23.

Robert A. Martin, Ph.D., Chair

Date

Memorandum

To: Stephen Taksar, Vice President, Administration and Finance

From: Tony Casciano, Director, Public Safety

Date: December 16, 2021

RE: Police Cruiser

The Department of Public Safety has a 2011 police cruiser that did not pass inspection and no longer runs. With mechanical/onboard computer issues, the cruiser has been taken out of service. Public Safety would like to purchase a 2022 SUV as a replacement to the 2011 police cruiser, in accordance with the Motor Vehicle Acquisitions and Replacements Policy (0280). An SUV is a safer option when compared to a typical cruiser, mostly due to the need to patrol the campus in inclement weather.

For FY22, \$41,000 was allocated towards the purchase of a replacement police cruiser. The quote for a 2022 SUV comes in at \$53,000. A difference of \$12,000. Public Safety is seeking approval to use the accumulated reserves in the vehicle replacement account, which are adequate, to fund the \$12,000 difference in FY22. Should the vehicle be unable to be delivered by June 30, 2022, Public Safety will work with Finance to request a rollover of the allocated funds to FY23.

If Public Safety is unable to replace the 2011 police cruiser in a timely manner, we anticipate experiencing an increase in mechanical issues with the three SUV's that are currently used for patrolling the campus grounds, seven days a week, 24 hours a day, from past experience.



Board of Trustees

December 16, 2021

MOTION

To approve the changes and accept the newly revised Trust Fund Management Policy (0604), as presented.

Robert A. Martin, Ph.D., Chair

Date

Memorandum

To: Board of Trustees, Finance and Capital Assets Committee
From: Stephen Taksar, Vice President, Administration and Finance
Date: December 16, 2021
RE: Capital Project Budget Changes

Current market conditions are fluid and unpredictable with respect to completing capital projects on campus. Supply chain issues, labor shortages, overall project pricing, and longer project timelines is a challenge to manage during a pandemic. As such, time is of the essence and a shift in policy approval is critical in order to complete capital projects on time. Any significant delays in project approval or awarding bids risks restarting the bid process and or losing funding provided by the State for our five year deferred maintenance plan.

As a follow up to the November 30, 2021 Board of Trustee meeting, regarding the approval process for capital projects, I recommend the following strategies:

- a. Update the Trust Fund Management Policy – Increase the threshold to request an exception to the bid cost from 10% to 25%. Change the language from bid cost to project cost.
- b. Request an emergency Executive Committee Meeting of the Board of Trustees if the project cost exceeds 25% and timely awarding of the bid is critical.

These measures are recommended as a way to keep our several capital projects moving while ensuring the Board of Trustees maintains proper fiscal oversight of their fiduciary function.

TRUST FUND MANAGEMENT

PURPOSE

The term “trust funds” as used in public higher education refers to non- state appropriated funds held by the university. The statutory authority for trust funds is found in Massachusetts General Laws Chapter 15A, Section 9 (N) and 22 (E), Chapter 73 Section 14 and Chapter 75 Section 11. This policy sets forth trust fund guidelines, fees associated with trust funds, types of funds held in university trust, the manner for approving fees and funds, and financial institutions where trust funds are held.

POLICY

General Guidelines:

- A. The Board of Trustees has the responsibility for all university trust funds.
- B. The Board of Trustees, or designee as detailed below, approves relevant fees that support trust funds.
- C. The Board of Trustees, or designee as detailed below, approves the establishment of a trust fund or modification of an existing trust fund.
- D. The Board of Trustees approves all bank accounts holding university trust funds.
- E. The Board of Higher Education’s *Standards for the Expenditure of Trust Funds* provides minimum standards for the administration of university trust funds, but the Board of Trustees may develop more restrictive institutional guidelines and standards.
- F. Trust funds are not permitted to deficit spend and funds may only be moved out of trust funds as detailed below.
- G. All expenditures of trust funds will adhere to all state regulations and all university policies and procedures.
- H. The Board of Trustees authorizes trust fund expenditures as follows:
 - 1.) The President may spend up to \$500,000 for any single item and/or contract that is part of the annual budget. Any item and/or project in excess of \$500,000 must have the approval of the Board of Trustees.

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- 2.) The Vice President of Administration and Finance may spend up to \$250,000 for any single item and/or contract that is part of the annual budget.
- 3.) Other Vice Presidents and employees that have been delegated Department Head Signature Authorization (DHSA) may spend up to \$25,000 for any single item and/or contract that is part of the annual budget.
- 4.) The following are exceptions to the aforementioned limitations for the President and Vice President of Administration and Finance: Dining Services expenditures, utilities, and the biweekly Payroll Expenditure Approval Form.
 - I. All trust fund activities are subject to regular audit and inspection by the Office of the State Auditor and the Board of Higher Education.
 - J. The President or the Board of Trustees may also request separate audits of the trust funds or of a particular trust fund.

Types of Fees and Approval Authority:

Mandatory Student Fees - required fees charged to students enrolled in credit coursework. This type of fee applies to a large proportion of students, with few exceptions. Examples include: general fee, technology fee, capital improvement fee, student activity fees, and DGCE's tuition, educational service fee, and registration fee. The Board of Trustees approves mandatory student fees at the annual June meeting.

Auxiliary Operations Charges – charges for auxiliary operations funded by student fees or auxiliary revenues. Auxiliary operations are managed as self-supporting activities though the fees they charge their customers for goods or services rendered. Examples include: room, board, fitness center. The Board of Trustees approves the establishment of major auxiliary operations charges at the annual June meeting.

Non-Mandatory Fees – optional or one-time fees charged to students for a specific purpose or special program/course offering. This fee is not required of the majority of students each year. Examples of non-mandatory fees include: non-credit courses, summer programs, testing fees, equipment fees, laboratory fees, transcript fee, late registration fee, late payment fees, parking fee. The President approves non-mandatory fees. A schedule of all non-mandatory fees will be provided to the Board of Trustees at the annual June meeting.

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Types of Trust Funds and Approval Authority

General Trust Fund – Accounts within this trust fund are allocated across University departments and are used to account for the general operations of the

University. The Board of Trustees approves the general trust fund and its annual budget. Funds may be transferred between accounts within the general trust fund following university policy. Funds may be transferred from the general trust fund to the capital project fund or other trust funds with approval of the Vice President of Administration and Finance. The President will be notified of all fund transfers on a quarterly basis.

Capital Project Fund – Accounts within this trust fund are used to account for expenses related to facilities renewal and replacement, deferred maintenance, and capital asset acquisition.

Once the Board of Trustees has voted and approved the total annual budget, including capital projects, this will act as the formal project approval to move forward on all projects within the approved total budget. The only signature authority required for individual project documents (e.g., contracts, award documents, requisitions, invoices) will be the Executive Director of Facilities and Capital Planning and the Vice President of Administration and Finance, regardless of the total amount per project.

Due to the uncertainty of estimating construction costs, individual capital budget project costs may vary from the initial estimate. The Executive Director of Facilities and Capital Planning, in consultation with the Vice President of Administration and Finance, may reallocate funds from one capital project to another but will not exceed the total approved capital budget. However, if the ~~project cost~~bid comes in ~~2510~~% over the original amount approved by the Board of Trustees, the project will go back to the Board of Trustees for explanation and approval.

For new or emergency projects that do not fall within the annual approved budget, the President is the designated authority to establish accounts within the capital projects trust fund under \$500,000. Any project over \$500,000, which is not part of the annual budget or an emergency, requires Board of Trustees approval. Funds may be transferred between accounts within the capital project fund following university policy.

Other Trust Funds – Other trust funds receive direct revenue to cover expenses within the fund. Each is considered its own trust fund. These funds are used to

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track activities not otherwise classified. The Board of Trustees establishes other trust funds. Revenue may not be transferred between or out of other trust funds, unless approved by the President and the Vice President of Administration and Finance.

Auxiliary Operation Funds - An auxiliary operation is an entity that exists to furnish goods or services primarily to benefit students, faculty or staff, and that charges a fee directly related to, although not necessarily equal to, the cost of the goods or services. Auxiliary activities support the educational endeavor of the University and enhance its functioning. The Board of Trustees establishes these trust funds. Funds from auxiliary operations may not be transferred unless approved by the Vice President of Administration and Finance.

Grants and Contracts – These trust funds are used to account for the proceeds of federal, state, and/or private funds that are restricted or committed to expenditures for specified purposes. The President is designated authority to establish these trust funds as grant and contract funding is awarded. Grants and contract funds must be used in accordance with the submitted budget. A listing of all grants and contracts will be provided to the Board of Trustees at the annual June meeting.

Agency Funds – Agency trust funds are used to account for resources held and administered by the University in a purely custodial capacity for private organizations or individuals, such as honor society and health insurance accounts. The President is designated authority to establish these trust funds as necessary.

Funds in agency trust funds may not be transferred. A listing of all agency funds will be provided to the Board of Trustees at the annual June meeting.

Bank Accounts

University trust funds are held in the accounts on page 5. Any changes to this list must have the approval of the Board of Trustees.

REVIEW

This policy shall be reviewed annually by the Vice President for Administration and Finance.

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Institution	Account Number	Account Inception	Purpose	Description
<u>Investments</u>				
United Bank Glastonbury, CT	XXX246468	2016	Investment	Certificate of Deposit
Westfield Bank Westfield, MA	XXX31431	2016	Reserve	Government Banking Money Market Account
Westfield Bank Westfield, MA	XXX31449	2016	Reserve	Government Banking Money Market Account
Schwab Investments (Eaton Vance) Boston, MA	XXXX-X182	2019	Investment	Market Investment Account
<u>Operating</u>				
Berkshire Bank- Federal Fund Pittsfield, MA	XXX5658	2007	Operating	MA Municipal NOW Checking Account
People's United Bank Springfield, MA	XXXXXX4501	2017	Payroll- Dynacash	Municipal Checking- Commonwealth of Massachusetts
Berkshire Bank Pittsfield, MA	XXX219	2012	Forfeiture- public safety	Business Checking
Berkshire Bank Pittsfield, MA	XXX26453	2008	OCA	Business Checking- Zero balance account to parent XXX5658
Berkshire Bank Pittsfield, MA	XXX5674	2007	State Fund	Corporate Checking TRE sweeps money from this account
US Bank	Various	2008	Debt Service Reserve MAHEFA bond pool activity	Debt Service

TRUST FUND MANAGEMENT

PURPOSE

The term “trust funds” as used in public higher education refers to non- state appropriated funds held by the university. The statutory authority for trust funds is found in Massachusetts General Laws Chapter 15A, Section 9 (N) and 22 (E), Chapter 73 Section 14 and Chapter 75 Section 11. This policy sets forth trust fund guidelines, fees associated with trust funds, types of funds held in university trust, the manner for approving fees and funds, and financial institutions where trust funds are held.

POLICY

General Guidelines:

- A. The Board of Trustees has the responsibility for all university trust funds.
- B. The Board of Trustees, or designee as detailed below, approves relevant fees that support trust funds.
- C. The Board of Trustees, or designee as detailed below, approves the establishment of a trust fund or modification of an existing trust fund.
- D. The Board of Trustees approves all bank accounts holding university trust funds.
- E. The Board of Higher Education’s *Standards for the Expenditure of Trust Funds* provides minimum standards for the administration of university trust funds, but the Board of Trustees may develop more restrictive institutional guidelines and standards.
- F. Trust funds are not permitted to deficit spend and funds may only be moved out of trust funds as detailed below.
- G. All expenditures of trust funds will adhere to all state regulations and all university policies and procedures.
- H. The Board of Trustees authorizes trust fund expenditures as follows:
 - 1.) The President may spend up to \$500,000 for any single item and/or contract that is part of the annual budget. Any item and/or project in excess of \$500,000 must have the approval of the Board of Trustees.

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- 2.) The Vice President of Administration and Finance may spend up to \$250,000 for any single item and/or contract that is part of the annual budget.
- 3.) Other Vice Presidents and employees that have been delegated Department Head Signature Authorization (DHSA) may spend up to \$25,000 for any single item and/or contract that is part of the annual budget.
- 4.) The following are exceptions to the aforementioned limitations for the President and Vice President of Administration and Finance: Dining Services expenditures, utilities, and the biweekly Payroll Expenditure Approval Form.
 - I. All trust fund activities are subject to regular audit and inspection by the Office of the State Auditor and the Board of Higher Education.
 - J. The President or the Board of Trustees may also request separate audits of the trust funds or of a particular trust fund.

Types of Fees and Approval Authority:

Mandatory Student Fees - required fees charged to students enrolled in credit coursework. This type of fee applies to a large proportion of students, with few exceptions. Examples include: general fee, technology fee, capital improvement fee, student activity fees, and DGCE's tuition, educational service fee, and registration fee. The Board of Trustees approves mandatory student fees at the annual June meeting.

Auxiliary Operations Charges – charges for auxiliary operations funded by student fees or auxiliary revenues. Auxiliary operations are managed as self-supporting activities though the fees they charge their customers for goods or services rendered. Examples include: room, board, fitness center. The Board of Trustees approves the establishment of major auxiliary operations charges at the annual June meeting.

Non-Mandatory Fees – optional or one-time fees charged to students for a specific purpose or special program/course offering. This fee is not required of the majority of students each year. Examples of non-mandatory fees include: non-credit courses, summer programs, testing fees, equipment fees, laboratory fees, transcript fee, late registration fee, late payment fees, parking fee. The President approves non-mandatory fees. A schedule of all non-mandatory fees will be provided to the Board of Trustees at the annual June meeting.

Types of Trust Funds and Approval Authority

General Trust Fund – Accounts within this trust fund are allocated across University departments and are used to account for the general operations of the

University. The Board of Trustees approves the general trust fund and its annual budget. Funds may be transferred between accounts within the general trust fund following university policy. Funds may be transferred from the general trust fund to the capital project fund or other trust funds with approval of the Vice President of Administration and Finance. The President will be notified of all fund transfers on a quarterly basis.

Capital Project Fund – Accounts within this trust fund are used to account for expenses related to facilities renewal and replacement, deferred maintenance, and capital asset acquisition.

Once the Board of Trustees has voted and approved the total annual budget, including capital projects, this will act as the formal project approval to move forward on all projects within the approved total budget. The only signature authority required for individual project documents (e.g., contracts, award documents, requisitions, invoices) will be the Executive Director of Facilities and Capital Planning and the Vice President of Administration and Finance, regardless of the total amount per project.

Due to the uncertainty of estimating construction costs, individual capital budget project costs may vary from the initial estimate. The Executive Director of Facilities and Capital Planning, in consultation with the Vice President of Administration and Finance, may reallocate funds from one capital project to another but will not exceed the total approved capital budget. However, if the project cost comes in 25% over the original amount approved by the Board of Trustees, the project will go back to the Board of Trustees for explanation and approval.

For new or emergency projects that do not fall within the annual approved budget, the President is the designated authority to establish accounts within the capital projects trust fund under \$500,000. Any project over \$500,000, which is not part of the annual budget or an emergency, requires Board of Trustees approval. Funds may be transferred between accounts within the capital project fund following university policy.

Other Trust Funds – Other trust funds receive direct revenue to cover expenses within the fund. Each is considered its own trust fund. These funds are used to

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track activities not otherwise classified. The Board of Trustees establishes other trust funds. Revenue may not be transferred between or out of other trust funds, unless approved by the President and the Vice President of Administration and Finance.

Auxiliary Operation Funds - An auxiliary operation is an entity that exists to furnish goods or services primarily to benefit students, faculty or staff, and that charges a fee directly related to, although not necessarily equal to, the cost of the goods or services. Auxiliary activities support the educational endeavor of the University and enhance its functioning. The Board of Trustees establishes these trust funds. Funds from auxiliary operations may not be transferred unless approved by the Vice President of Administration and Finance.

Grants and Contracts – These trust funds are used to account for the proceeds of federal, state, and/or private funds that are restricted or committed to expenditures for specified purposes. The President is designated authority to establish these trust funds as grant and contract funding is awarded. Grants and contract funds must be used in accordance with the submitted budget. A listing of all grants and contracts will be provided to the Board of Trustees at the annual June meeting.

Agency Funds – Agency trust funds are used to account for resources held and administered by the University in a purely custodial capacity for private organizations or individuals, such as honor society and health insurance accounts. The President is designated authority to establish these trust funds as necessary.

Funds in agency trust funds may not be transferred. A listing of all agency funds will be provided to the Board of Trustees at the annual June meeting.

Bank Accounts

University trust funds are held in the accounts on page 5. Any changes to this list must have the approval of the Board of Trustees.

REVIEW

This policy shall be reviewed annually by the Vice President for Administration and Finance.

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Institution	Account Number	Account Inception	Purpose	Description
<u>Investments</u>				
United Bank Glastonbury, CT	XXX246468	2016	Investment	Certificate of Deposit
Westfield Bank Westfield, MA	XXX31431	2016	Reserve	Government Banking Money Market Account
Westfield Bank Westfield, MA	XXX31449	2016	Reserve	Government Banking Money Market Account
Schwab Investments (Eaton Vance) Boston, MA	XXXX-X182	2019	Investment	Market Investment Account
<u>Operating</u>				
Berkshire Bank- Federal Fund Pittsfield, MA	XXX5658	2007	Operating	MA Municipal NOW Checking Account
People's United Bank Springfield, MA	XXXXXX4501	2017	Payroll- Dynacash	Municipal Checking- Commonwealth of Massachusetts
Berkshire Bank Pittsfield, MA	XXX219	2012	Forfeiture- public safety	Business Checking
Berkshire Bank Pittsfield, MA	XXX26453	2008	OCA	Business Checking- Zero balance account to parent XXX5658
Berkshire Bank Pittsfield, MA	XXX5674	2007	State Fund	Corporate Checking TRE sweeps money from this account
US Bank	Various	2008	Debt Service Reserve MAHEFA bond pool activity	Debt Service