

FINANCE & CAPITAL COMMITTEE MINUTES

BOARD OF TRUSTEES

Meeting of January 11, 2022

Finance & Capital Committee members 2021-2022

John DeGrace, Chair

John Durso

Linda Green

Wanda Jackson

Edward Powers

The meeting of the Finance and Capital Committee of the Board of Trustees was called to order by Trustee Wanda Jackson via Zoom meeting at 5:04 p.m.

Committee Members present: Wanda Jackson

Committee Members absent: John DeGrace
John Durso
Linda Green
Edward Powers

Other Trustees in attendance: Kathy Weiss (ad hoc)
George Siberon (ad hoc)
Donna Tuman (ad hoc)
Carl Henry Denaud, Student Trustee (ad hoc)

Also in attendance: President Williams
VP Izquierdo, Kerrigan, Conzatti, Lausch
AVP's Hahn, Cappello, Friedman
General Counsel Haugen

Note: 4 added as ad hoc to all committee meetings for today because of absentees.

1. **Minutes** – Minutes of the November 9, 2021 Finance and Capital meetings were approved. Motion made by Trustee Tuman and seconded by Trustee Siberon.
2. **The Following Pending College Procurement Agreements were presented for Board Approval**
 - A. Marshall & Sterling Upstate: \$280,000 Insurance and Brokerage Services – Included in package was what College paid for last year for different types of insurance.
 - B. Total Environments \$250,000, Mold Remediation.
 - C. Belfor Long Island \$250,000 Mold Remediation.
 - D. L. Martone & Sons \$200,000, Roof repairs.
 - E. Watermark Insights LLC \$52,000, Assessment software as required by Middle States to do an assessment of programs and other areas identified within the strategic plan.

Trustee Siberon: Was there opportunity for minority businesses to bid on these contracts. Has the outreach been done to ensure that minority business at least have the opportunity to know about these contracts, hopefully to increase the number of minority contractors for the College?

VP Izquierdo: When we did the RFP we put MWBE as part of a point system to have selection committee rate the vendors, this allows MWBE to have additional points for meeting this criteria. This also gives contractors

incentive to subcontract with MWBE to obtain the additional points in the selection process. All these bids have gone through the process except Watermark, they are a legacy vendor.

AVP Cappello: With Marshall & Sterling, the insurance broker, we did find 8 MWBE firms that we invited, but they did not respond.

Trustee Weiss: I appreciate seeing that on the paperwork that we got. You can't make somebody apply, all you can do is give them the information. I agree with Trustee Siberon, the more we can do in this area the better, that's one of the goals of the Board.

Motion made by Trustee Weiss and seconded by Trustee Tuman, motion carried.

3. **Comptroller's Office Report** – Presented by VP Izquierdo

The Office of the Comptroller performed an examination of OTPS expenditures based on reports generated from Banner for October and November. Reviews were in conformity with criteria referred to in Section C of the report, there were no recommendations.

Page 4 of 5: **Accounts Receivable Aging Report**. As of December, we are at 90.5% collection rate, we were at 89.1% same time last year. Still doing well on collections despite the Pandemic. Part of it may have to do with HEERF Funds distributed to students.

Page 5 of 5: Accounts Receivable report, we are still collecting on the County audit numbers, as noted before, we are doing very well for 2022 collections.

4. **Updates on Budgets vs Actual**

Budget vs Actual for 2021 still a projection as we are still finishing up 2021. The Audit is starting in a couple weeks. Student Revenues were down by 5.8%. Service fees usually go along with it, but we had service fee reductions, we stopped collecting parking fees and some lab fees due to the pandemic and remote learning. Revenue sponsor share was up 1.4%, mostly County charge backs, we had a better-than-expected charge back rate. Revenue to offset expenses were at -48.4%. This is Continuing Education and Workforce Development portion of revenue. We got hit hard because of the Pandemic and we are working hard to get that back to FY 2019 revenue level. Rental Recoveries shortfall, partly due to lost rental for the Endo Building to the Westbury Board of Education as well as not collecting rent on the food service. Food service is operating rent free, not making enough money to operate and pay rent, so to keep them here we are not charging rent, we are tracking their revenue and expense statements. Once they start making enough profits, we will start charging rent again.

State aid went down by 3.4%, the State reduced aid by 5% in FY 2020 and was withheld from FY 2021 funds, this reduction was offset by a more favorable FTE count leading to a net 3.4% shortfall.

Use of Fund Balance, The College will use \$5.4 million of Fund Balance in order to cover the losses projected.

Budgeted salaries for FY 2021 had a more aggressive salary reduction plan, due to the HEERF funds available for use of lost revenue, the College was able to maintain salaries. Reduction of the salaries was through natural attrition; the attrition fell short of the amount budgeted. Fringe benefits shortfall was due to the same as salaries.

Equipment line 81.1% decrease, equipment purchases to support both remote learning and staff working remotely were made through Cares and HEERF grant funds. The equipment needed on campus was greatly reduced as we shifted to working remotely.

General expenses down 11.7%. Most of our staff worked remotely, so our expenses were not as high as in previous years.

Contractual expenses down 32% due to staff not on campus, contracts with the cleaning, housekeeping and maintenance were reduced.

Utility costs -3.2% decrease was due to lower utilization of building space.

Interfund charges -16% - this is part of utility cost. Decrease was due to lower utilization of building space.

Recruitment and Retention - \$425,000 used for direct expenses, remaining funds used for salaries. There was not a real shortfall as the funds were not transferred from salaries to Recruitment and Retention to ensure proper reporting of salaries.

The College is projecting a \$5.4 million loss. Reserve Fund Balance will be transferred to unreserved, offsetting the loss by \$2.5 million; additionally, the College also drew down \$14.6 million for loss revenue from HEERF funds. Net impact was an increase to Funds Balance of \$11.7 million. The College projects to have an ending Fund Balance of \$31.7 million. The College plans to accumulate Fund Balance in order to offset future losses.

Budget vs Actual for 2022- Student revenues decrease 8.3%. Service fees are -13.3% decreasing at a higher rate than student revenues as some fees are not collected for remote students.

Revenue Offset to Expense: 53.1% less than budget. We are still being hit hard by pandemic in this area, students are not taking continuing education courses.

Rent & Recoveries -94.6% we are not getting rent from Westbury school district, the rental agreement has not been renewed, additionally we have lower commissions from the bookstore due to lower enrollment and remote learning; and food service vendor is not being charged rent to maintain the cafeteria open with low and remote enrollment.

Investment income -71% the interest rate dipped down this current year, we are trying to keep more money in the County because the County rates are higher than our rates.

State aid and property taxes, expecting to be on budget.

Use of Fund balance, the College had budgeted use of \$12 million, we are projecting to use \$13.5 million. We do have more savings in salaries from attrition, we are looking into what positions need to be hired back and how we allocate our resources. Same thing with fringe benefits, they go hand in hand. Everything else is too early to look at, OTPS is trending to be at budget, currently looking at \$13.3 million-dollar loss, looking to draw down to \$12 million in HEERF funds, leaving the Fund Balance at \$30 million.

A discussion ensued regarding the use of HEERF Funds to offset losses. Trustee Weiss indicated HEERF won't be around very much longer. We need to find ways to decrease our operating expenses, or we will be in trouble.

Trustee Siberon indicated that cutting expense and personnel cost is not the only solution. The College needs to bring in some additional funds, best way is to increase enrollment.

President Williams indicated we are working on a 4-year model to share with the Board that will illustrate where we are in the years to come. The College will focus on looking at a lowering expense and increasing revenues. Those issues are continuing.

Trustee Siberon asked If our largest expense is personnel, is there any thought this year on another retirement package?

President Williams indicated further discussion with the Board will be needed, but there was no plan at this time.

Chairman Gardyn: Questioned the amount of the Fund Balance minimum requirement and the ability to maintain it after the elimination of the HEERF funds. Discussion followed.

Trustee Weiss indicated that based on projection we would have a Fund Balance ratio of 16.7%.

Chairman Gardyn indicated When the HEERF funds go away, we will have very little buffer to maintain the minimum Fund Balance ratio of 4%. Last year we used \$5 million of Fund Balance in one shot. We have to fix this budget; it is not sustainable.

VP Izquierdo gave an update on HEERF Funds

The College just released \$9 million to students for Fall 2021. We have \$10 million left, which we will use in the Spring. That will be the last of student monies that we will be using, we are setting 5% aside for fees or special circumstances. Per the federal guidelines we are not able to tell students to use the funds to offset any monies owed to the College, they can use it the funds for whatever they want, but some do use it for tuition.

On the institutional side we have \$28 million, drawing down \$9 million tomorrow, \$19 million left for the following years, that goes into Fund Balance. The key here is to make sure that we are trying to use the funds for items we need and limit the funds for what we can do without. Bumping up Fund Balance to keep Fund Balance at a level so the College can sustain projected losses and give us time to turn the College around.

HEERF fund accountability is very regulated. SUNY looks at spending on a weekly basis. We send PO's and invoices; they look at it to be sure we are spending the money as required by the HEERF Grant and SUNY guidelines. We also report student distributions of HEERF funds to SUNY, they ensure we are following SUNY guidelines. The Federal government requires us to post this on our website as well, where you will find a detailed report on how we use these funds. The final review is done by our external auditor, they review to ensure funds were properly used as per federal guidelines.

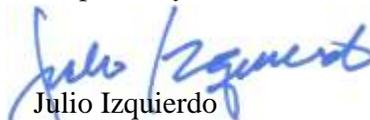
Chairman Gardyn asked if the HEERF Grants can be used for administrative purposes?

VP Izquierdo indicated the institutional portion of HEERF grants can be used for lost revenue. The institutional portion can also be used for equipment, lab kits, computers, and filters. The funds cannot be used to offset salaries unless they are specifically for pandemic related work.

AVP Cappello made a health and safety presentation. Trustees Siberon, Weiss and Jackson asked if we could share this presentation with staff as it appears to show how we are working to remediate the mold issues. VP Izquierdo indicated that we will share the presentation as well as draft Cannon report once it is ready. AVP Cappello and President Williams indicated that information has been shared with union leadership as well as creating a health and safety committee with union and administration representatives.

The meeting adjourned at approximately 5:58 p.m.

Respectfully submitted,



Julio Izquierdo

Vice President of Finance and Administration