

MassArt Board of Trustees

Administration and Finance committee

March 25, 2022

Meeting Minutes

Committee members present: Linda Snyder (co-chair), Peter Nessen (co-chair), Elisa Hamilton, Karen Keane, Mary Grant (ex-officio.)

Committee members absent: None

Trustees present: Pamela Parisi, Greg Stone, Jan Saragoni, Denise Korn

MassArt staff present: Bob Perry, Gina Spaziani, Jack McDonald, Margaret Maki, Howie LaRosee, Lauren Wilshusen, Ellen Carr, Karen Abbott, Justine Caron, John Ashworth-King, Hannah Voit (Secretary to the Board), and Robert Chambers.

1. Call to Order
 - The meeting was called to order by Co-Chair Snyder at 1:30 pm.
2. Approval of the Minutes: January 21, 2022

VOTED: To approve the minutes of the January 21, 2022, Administration and Finance committee meeting.

Roll call: Chair Hamilton: yes, Trustee Keane: absent, Co-Chair Nessen, yes; Co-Chair Snyder, yes

3. Approval of A-133 Single Audit
 - Gina Spaziani and Bob Perry shared that the regular annual audit was presented to the Board in October. The A-133 is due by March 31, and reviews any Federal Funds. The two major sources for MassArt are the U.S. Department of Education funding for Financial Aid and CARES.
 - Gina also added that there was one finding that was not material. A single weekly reporting date was missed for one student in the sample set of 40.
 - The CARES Audit which was conducted separately was clean with no findings.
 - While the single A-133 finding is not material, it is a reminder to review and tighten all processes.
 - Co-Chairs remarked at the overall good result for the \$15M audit including \$2.2M of CARES funding.

VOTED: To accept the FY2021 Independent Auditors' report as required by the Uniform Guidance and Government Auditing Standards and Related Information (A-133).

Roll call: Chair Hamilton: yes, Trustee Keane: yes, Co-Chair Nessen, yes; Co-Chair Snyder, yes

4. Items for Discussion:
 - a) State Audit
 - Bob Perry and Gina Spaziani shared that the state generally audits on a 3-4 year cycle. The state audit was conducted during the Covid/CARES grant cycle and the scope was originally March 2020 – 2021 and expanded the scope to June 1, 2021.
 - MassArt created general ledgers for CARES money and used best practices.
 - The audit with the exception of Cybersecurity is concluded. The state was very complimentary on our process and recording of CARES distribution.
 - There was a finding for not having a documented Cybersecurity policy and that finding is currently being addressed. MassArt is creating that policy as well as requiring and providing cybersecurity training for all employees of the college. The state is including Higher Education in their Executive Branch Policies for cybersecurity standards which we agree with in spirit. All other cybersecurity items were in place.

5. Reports:

a. FY22 Fiscal Update

- Bob Perry and Jack McDonald shared that UG FTE, after being down due to Covid in '21, are at 1,642 for Fall and 1,561 for Spring, which results in being up 2.4% over projection, but not yet back to pre-Covid position.
- We are around the two-thirds point through the fiscal year so housing numbers are not expected to change and the overall numbers are even with the budget.
- Graduate Programs saw declines in FY21 with students taking fewer classes or not enrolling. At present they are almost even with projected budget and expected to surpass it during the summer semester.
- Overall the FY22 July 1 – February 28 report shows budgets are in line and on pace with projected budget.
- There was also discussion of enrollment breakdown between In-State and Out-of-State mix. The mix of more Massachusetts students versus Out-of-State higher-paying students resulted in lower revenues. A P&L would show we are breakeven at \$2.5M revenues/expenses.

b. COVID-19/CARES

- Covid Relief funds for FY20-22 totaled \$8.3M which allowed the college to provide 4 relief payments to all eligible students: two \$400 payments, one payment (ranging from \$1250 – \$1750 per student) and a final payment of \$300. CARES funding had two segments: one intended for direct student aid and the other for institutional aid, MassArt used \$847K to contribute to those payments. Additionally student items paid for including materials kits, software enhancements, and on-line mental health services. There was significant time and thoughtful analysis to be sure that the money made it to our most needy students.

c. FY23 Budget Process

- Bob and Gina shared that new student application information as of March 16, 2022 shows that the numbers are up 13% from last year and flat with 2019. Deposits are flat with first time admits and an increase in transfer admits. The deposit deadline is May 1.
- The FY23 planning estimate is too difficult to put a number on it yet, based on the multiple factors. 1,300 people have been on campus tours and visited.
- Sources of one-time revenue totalling \$1.4M which will not be repeated in FY23 include CARES and the Sodexo signing bonus of \$666K. Revenue sources in FY23 are yet to be determined but should include \$1.3M in collective bargaining, enrollment increase, grants, and student tuition or fee changes. Expense increases which are also yet to be determined include the college's share of collective bargaining, the MSCBA debt service which will continue to climb following the reprieve of COVID refinancing, costs of moving to a more open campus, and inflation.
- The co-chairs would like an A&F working session to go through everything in the budget once it is complete and before it is provided as an item on the agenda. The President is meeting with the A&F Department and the VPs to discuss priority spending in the budget process.
- Summer Housing has two groups coming to campus for the summer with a possible revenue of \$400K.
- **Tuition & Fees discussion** – The President and A&F team would like to put the subject on the table for discussion to understand the Board's position on any increases, as well as have discussions with students. After no increase and COVID funds no longer coming in, the costs of providing a MassArt education is increasingly difficult and there is sensitivity to students and families. There was also discussion of State allocations for the colleges and BHE. The Federal Government is increasing the Pell grant amount by \$400 per student. The State has added an Emergency and Completion grant program. MassArt has done the work of repacking student aid for students 3 and 4 times. Trustees will review the financial aid information, cost analysis, and Peers/AICAD information at the Tuition and Fee discussion. The State allocations will not be known until July 1, 2022. The A&F team is scanning and lining up funding with the strategic plan. The MassArt foundation provides \$600-700K goes through Student Financial Services directly to students in scholarships, and \$600-700K goes to the college in operational support.

d. Tower Update

- As the Tower Update had been presented earlier in the day at the Executive Committee and all Trustees present had attended that meeting the Tower Update was eliminated from the agenda.

6. New Business: No new business.

7. Adjournment: The meeting was adjourned at 2:43 pm.