
Regrets: Jeremy Hitchcock, Robert Duhaime, and Steve Ellis

Also in attendance: Kristyn Van Ostern, Mike Marr, Matt Moore, Amber Wheeler, Bettejean Neveux, Melanie Kirby, Cindy LaCasce, Joanne Berry, Lynn Moore, John Harrington, Shannon Reid, and Kelly Chapman

The meeting was called to order at 9:03 a.m. at NE Delta Dental, 2 Delta Dr., Concord, NH.

1. Approval of Minutes of the June 10 and June 26, 2014 Meeting Minutes

VOTE: The Committee, on motion by Mr. Paquette, seconded by Mr. Calhoun, voted unanimously to approve the June 10, 2014 meetings minutes as presented.

VOTE: The Committee, on motion by Ms. Roussel-Roberge, seconded by Mr. Damren, voted unanimously to approve the June 26, 2014 meetings minutes as presented.

2. FY15 Reserve Requests

Ms. Van Ostern noted that these requests represent cumulative revenue generated greater than expenditures.
Question was raised if there is a policy for maintaining a minimum percentage of reserves by college for emergencies etc. There is not. Discussion followed.

**ACTION:** It was requested that a policy requiring the maintenance of a minimum percentage for emergencies and flexible needs be prepared for review by this committee.

President Arvelo provided history of the reserve account. The last few years colleges were encouraged to have reserves as 100% is now being returned to the colleges. Formerly it was 75% to college, 25% to chancellor’s office for initiatives. President Jordan added that Nashua CC has a 2% reserve line item budgeted for emergencies etc.

Chair Densmore indicated that there is a common theme of the requests being requested today - need to cover health benefit increases, salary increases and unbudgeted positions. The total salary and benefit line for the system is $95 million.

The reserve requests are coming forward at the recommendation of the Chancellor and presidents after thorough review.

Concern was expressed with the immediacy of the requests but it was explained that the current policy is being followed.

Ms. Van Ostern added that the chancellor, CO finance members and presidents have been working diligently for over 5 months addressing the FY15 budget. Many have reduced expenditures etc.

Reserve request were then addressed.

**Lakes Region CC**

CFO John Harrington presented the LRCC reserve request totaling $225,000 from FY13 reserve funds. Although there currently would be a $10,000 balance, the FY14 reserves have not been finalized but anticipate about $400,000. He explained the 5 projects that would be funded.

Discussion followed on having a fleet of vehicles or paying travel reimbursement. Presidents in attendance said a fleet is more cost effective.

**VOTE:** The Committee, on motion of Mr. Paquette, seconded by Ms. Shields, voted unanimously to approve the Lakes Region CC reserve request in the amount of $225,000 for the following projects: creation of math lab and upgraded learning center, admissions area renovations, purchase of two vehicles, purchase of hybrid vehicle for auto program, and academic equipment.
White Mountains CC

CFO Lynn Moore presented the two WMCC requests: $469,941.07 from the Wellness Center fund and $90,000 from the FY13 reserves to balance the college’s FY15 budget. The Wellness Center reserves will leave a balance of $68,000. The FY14 reserves have not been finalized but anticipate about $100,000.

The total budget for WMCC for FY15 is $9.1 million. Discussion followed on the use of student fees. Trustees expressed concern. The Wellness Center has a 20 year bond. This fund is considered an auxiliary fund.

Mr. Marr explained the process that must be followed before we can finalize the FY14 budget process/reserves.

Question was raised about the health insurance increase. It is a 12-13% increase with colleges budgeting for a 10% increase.

It was noted that Interim President Wood started on July 1 and he is working with the leadership team on future planning and looking at a contingency plan.

Discussion followed. Trustees felt it was critical to support White Mountains CC in their request which is also important to the North Country.

VOTE: The Committee, on motion of Mr. Paquette, seconded by Ms. Mahar, voted unanimously to approve the White Mountains CC reserve requests of $469,941.07 and $90,000 to balance their FY15 operating budget.

ACTION: Trustees requested a financial report from White Mountains CC at every Finance Committee and Board meeting.

River Valley CC

Recently hired CFO Cynthia LaCasce was introduced. Ms. Chapman was asked by President Harvey-Smith to present the reserve request in the amount of $261,558. After approval, the remaining balance will be $68,000 plus the FY14 reserves which may amount to $800,000.

VOTE: The Committee, on motion of Ms. Mahar, seconded by Ms. Lucas, voted unanimously to approve the River Valley CC reserve request in the amount of $261,558 to fund items including: HVAC repairs, installation of central air on the second floor, purchase of a truck with plow, IT items(replace servers, replace
switches, replace UPS, replace 9 year old computers) and to balance the FY15 budget.

Great Bay CC

CFO Joanne Barry presented the GBCC request $603,307 to balance the FY15 budget. These funds will come from the projected FY14 reserves. The college is awaiting final enrollment projections. The college is also reviewing the TAACCCT grant for reimbursable expenses.

President Arevalo added that enrollments are currently even but project additional enrollments prior to beginning of classes and anticipate a 4% increase. The college is also looking at new initiatives to increase enrollments. All colleges are facing a challenge for FY15. The college has a $16.9 million budget

VOTE: The Committee, on motion of Mr. Paquette, seconded by Mr. Damren, voted unanimously to approve the Great Bay CC $603,307 reserve request to balance the FY 15 operating budget.

ACTION: Great Bay CC was also asked to provide a finance report at all Finance Committee and Board meetings.

Nashua CC

CFO Amber Wheeler requested $688,906 from reserve funds to balance the FY15 budget. The college left some positions open but did not institute any layoffs, and made operating budget cuts. She projected the college will have about $1 million from FY14 reserves which is due to the 2% budgeted reserve account for emergencies. Enrollment initiatives are also being discussed.

Ms. Jordan added that they are looking at a downtown location for recruiting and increasing class size.

VOTE: The Committee, on motion of Ms. Shields, seconded by Ms. Mahar, voted unanimously to approve the Nashua CC reserve request in the amount of $688,906 to balance the FY15 budget.

Manchester CC

CFO Bettejean Neveux presented the Manchester CC reserve request in the amount of $2,037,070 to fund the FY15 budget shortfall and projects including construction of driveway improvements to Front St., purchase of advising software, renovating the graphic arts department, upfront costs for the building construction program projects and marketing costs.
Manchester CC had a significant enrollment growth and revenue increase last year and anticipates a $293,000 reserve balance from FY14.

Dr. Huard added that all construction projects have been completed and projects fall enrollments look good.

VOTE: The Committee, on motion of Mr. Damren, seconded by Ms. Shields, voted unanimously to approve the reserve request to fund the FY15 budget shortfall and projects including construction of driveway improvements to Front St., purchase of advising software, renovating the graphic arts department, upfront costs for the building construction program projects and marketing costs.

CCSNH Chancellor’s Office

Ms. Van Ostern presented the Chancellor’s office reserve request in the amount of $2,534,567 to fund the credit transfer initiative, fund 5 added positions and additional office space. The CO has two reserve accounts: strategic initiatives fund and the risk & retirement fund. In FY15, the strategic initiative will not be replenished. We will continue to replenish the R&R fund by 2%. Some of the positions relate to identified audit deficiencies.

When asked if the committee should approve positions funded by reserve funds prior to requesting funds, it was noted that the positions were approved and today’s request is to transfer the funds.

As we build the FY16-17 budget, these positions will be incorporated. Trustee Lucas cautioned that we should be mindful of properly explaining the personnel changes when presenting the chancellor’s office budget.

VOTE: The Committee, on motion of Ms. Shields, seconded by Mr. Paquette, voted unanimously to approve the CCSNH Chancellor’s office reserve request in the amount of $2,534,567 to fund the credit transfer initiative, fund 5 added positions/benefits (financial aid analyst, risk management, associate vice-chancellor of human resources, associate vice-chancellor of finance and strategic planning and Foundation); and additional office space.

Question was raised about the Foundation position. Mr. Rioux responded that we continue to work with the foundation to review the structure of the foundation and its needs.

It was noted that NHTI did not submit a request.
3. Approval of the FY15 CCSNH Budget

Ms. Van Osten circulated the proposed FY15 budget. This reflects the reserve requests approved today. Highlights include: tuition and fee revenue down 3%, operating revenue is up 8%; compensation and benefits expenses are up 6%; unbudgeted positions which will be built into the next budget cycle and fewer credits sold than budgeted. Significant work has been underway over five months to address the FY15 budget.

Mr. Rioux added that there have been very focused meetings with each president, their CFO as well as the Chancellor and the CO finance administrators.

**ACTION:** It was requested the Trustees be emailed the updated enrollment report every Friday morning.

**VOTE:** The Committee, on motion of Mr. Damren, seconded by Ms. Shields, voted unanimously to approve the FY15 CCSNH budget as presented.

4. FY16-17 Draft Budget and Review of FY16-17 Process and Assumptions

Ms. Van Osten explained the budget timelines as follows:

**July**
- Week of June 30: Chancellor’s Office provided budget assumptions to colleges.
- July 23: First draft FY16/17 budgets due back to Chancellor’s Office to roll up.
- July 31: Finance Committee meeting to review FY16/17 budget assumptions and approve FY15 budget

**August**
- August 7: Board reviews FY16/17 budget assumptions
- College budget meetings with Chancellor
- August 29: Second draft FY16/17 budgets due back to Chancellor’s Office to roll up

**September**
- September 10: Finance Committee recommends proposed biennial operating request FY16/17 budget
- Late September: Board approves FY16/17 biennial operating request
- September 30: FY16/17 biennial operating request submitted to State of New Hampshire

**October – December:** Budget hearings and meetings with Governor re: CCSNH budget
January: CCSNH Finance Committee reviews FY15 budgets

February: Governor's FY16/17 Budget released

March - May: House and Senate Budget hearings and meetings re: CCSNH budget

June: FY16/17 Budget finalized

She further explained the operating budget assumptions:

The goal is to budget consistent with GAAP accounting to allow for easier and more accurate preparation of and comparison to audited financial statements throughout the year.
- Assume 2.5% compensation increase
- Assume 10% benefits increase

They were asked to prepare two draft budget scenarios:

Conservative Scenario 1:
- In first scenario, hold general fund appropriation flat from FY15
- Assume FY15 tuition levels held constant ($200/credit)
- Expense growth would need to be covered by enrollment increases or other revenue increases
- This is the current scenario the Colleges and Chancellor’s Office are working through. Some colleges have been able to balance this through position reductions or reserve transfers, but others are still working through the ramifications.

Moderate Scenario 2:
- CCSNH asks for an increase in general funds to pay for a tuition reduction to $195 per credit in academic year 2016-2017
- Again, the majority of expense growth would need to be covered by enrollment increases or other revenue increases

Discussion followed on the percentage of benefits and salaries to full budget.

5. Discussion of Floating Budget Policy and FY15 Budget-to-Actual Review

Ms. Van Ostern circulated and explained the proposed Board policy change which is the result of an audit observation. She referred to the Trustee delegation of authority to the finance committee (Board policy 420, section 421 – Trustee Delegation of Authority). There was concern with the wording “approval of ‘major’ current year budget adjustments and/or transfers”. As a result, she reviewed the
number of transfers made which were $300,000 or above. There were 43 transfers. Discussion followed.

VOTE: The Committee, on motion of Ms. Shields, seconded by Mr. Paquette, voted unanimously to approve the changes (in red) to the Trustee delegation of authority to the Finance Committee board policy (Board policy 420, section 421 – Trustee Delegation of Authority) as presented with proposed changes as follows:

The Board of Trustees delegates to the Finance Committee the responsibility and authority for:

- Review and recommendation to the Board of the proposed biennial operating and capital budget requests.
- Approval of the annual operating budgets of the Colleges and System Office
- Approval of any line item transfer in excess of $300,000 from the Colleges and System Office
- Review of budget-to-actual analysis of annual operating budgets twice per year in July and January
- Review and recommendation to the Board of funds to be expended from System or College lapse/reserve accounts
- Review and recommendation to the Board of funds to be expended from the Trustee Reserve Expendable Fund held by the CCSNH Foundation

6 Other

Contract – Great Bay CC

Ms. Berry explained that the current cleaning contract is in its fifth year. This amendment will extend the contract one more year and within that time GBCC will be able to better scope the services necessary for the additional space it will have, including the student success center and the additional square footage at Rochester. President Arvelo added that we are very satisfied with their performance as well as the price.

Trustee Paquette referred to the certificate of insurance for workers compensation and liability section (should be C, rather than B). This section should be reviewed more thoroughly.

VOTE: The Committee, on motion of Mr. Paquette, seconded by Mr. Damren voted unanimously to approve the contract amendment with Prospect Building Services for one additional year at a cost of $129,692 for cleaning services at Great Bay CC.
Next meeting: September 18, 2014 at 10:00

The meeting adjourned at 11:35 a.m.

Respectfully submitted,

Marie Anne Mills
Assistant to the Chancellor