



Finance Committee

CCSNH BOARD OF TRUSTEES

Meeting of September 26, 2019

Present: Trustee Alison Stebbins (Chair), Trustee Paul Holloway, Trustee Edwin Smith, Trustee Tricia Lucas, MCC President Susan Huard, WMCC President Charles Lloyd, COO Charles Ansell, CCSNH Controller John Harrington, CCSNH Director of Facilities Matt Moore, CCSNH Director of Financial Operations Kim Brent

Others in Attendance: NCC President Lucille Jordan, RVCC President Alfred Williams, NHTI President Gretchen Mullin-Sawicki, LRCC President Larissa Baia, Interim GBCC President Cathryn Addy (teleconference), LRCC CFO Marsha Bourdon, MCC CFO Kelly Chapman, NHTI Budget Officer Melanie Kirby, WMCC CBAO Scott Fields, CCSNH Legal Counsel Jeanne Herrick, David Kessner (Fidelity)

Chair Stebbins called the meeting to order at 10:00 am in room 308 at Manchester Community College, Manchester, NH.

Approval of June 20, 2019 Minutes

VOTE: The Committee, on motion of Mr. Holloway and seconded by Mr. Smith, voted unanimously to approve the minutes of the June 20, 2019 meeting as written.

Financial Summary

Mr. Ansell reviewed unaudited actuals for FY19, noting that CCSNH continues to grow savings and promote financial sustainability. Credits activity decreased two percent on the year, which is close to the national average. Operating revenue, driven mostly by enrollment, was under budget -1 percent. The colleges saved on expenses. Regarding the operating budget, net income before debt service was \$5.6M.

For FY2020, fall enrollment will not be final until Running Start activity has been calculated, and it is not yet clear what the allocation for CCSNH will be.

Committee Goal Updates

Mr. Ansell provided an update on shared services work continues in the areas of online learning, marketing, enrollment management, data and institutional research, and enabling operations. On enrollment management, CCSNH has made progress moving towards a commonly authored online application, including for Running Start and Workforce Development, and a common customer relationship management (CRM) system will be available for the Fall 2020 registration cycle. Ms. Stebbins and Mr. Ansell continue to work with the University System's procurement team on potential areas of shared services, including the CRM and advising tools, Target X and Navigate, and possibly dining and bookstore services.

Regarding structured schedules, Mr. Ansell noted the significant savings that can come from scheduling innovations, as seen at Nashua CC. Scheduling improvements are student-driven and also improve retention and completion.

Colleges continue to pay significant attention to auxiliary services. Across all auxiliaries, CCSNH brought in a combined \$168,000 after debt service. Many funds reporting deficits last year, including two childcare centers, are not financial concerns in FY 2020. Items of continued focus due to deficits in FY19 include



housing at Lakes Region, and childcare at NHTI. CCSNH also continues to strategize on the future of GBCC's ATAC Center in Rochester.

Regarding the fourth committee goal, financial education, audited financial statements from Berry-Dunn will be available in 2-3 months. CCSNH system and Board trustee finance leadership would like to use this as an opportunity to educate Board members, including those not on this Committee, on basics on our income statement, balance sheet, pension liability and where CCSNH's financials sit in statewide and national contexts.

Ms. Stebbins noted that CCSNH may need to develop a different strategy for Running Start, taking into account that competition in the Running Start space is increasing and throughput in enrollment from Running Start to colleges is low.

FY20 Budgets and College Updates

Interim GBCC President Cathryn Addy highlighted the challenge facing GBCC regarding competing with a nearby state that offers less expensive tuition. The college is operating within budget, and enrollment is slightly down as budgeted, with increases in new students and retention despite declining demographics. Rochester will be further discussed at the next committee meeting.

LRCC President Baia announced that by freezing operating expenses, the college was able to come in under budget by \$300,000 despite the enrollment decline. The college has seen an increase of 30% in credits sold and 25% in headcount. Culinary students are now taking classes on campus, and the college expects a reduction in lease cost following occupation of campus housing in January.

MCC President Huard provided an update on Spark Academy at the college and building renovations. College enrollment was down 10% in summer as budgeted, and President Huard noted that there are more students needing more help for mental health and physical disabilities.

NCC President Jordan reported that the adult learners population at NCC has increased due to offering a degree program that can be obtained within two years by taking Friday-Saturday classes. The college now has a full admissions team and director of admissions, which is producing significant results. The 2% enrollment decline was offset by other reductions in adjunct and faculty overload. The college's debt service is decreasing, and contracting with an outside vendor has provided further decreases in food service expenses.

NHTI President Gretchen Mullin-Sawicki reported that the college budgeted for a flat enrollment, which is now down over 10%. In response, the college has frozen staff positions and is looking at operating margins for all programs and to philanthropy for support of the dental program expenses. The college has seen an increase in collections and a decrease in per-diem costs; and they are nudging students with a text program that has impacted fall enrollment numbers. NHTI is making progress on auxiliaries and seeking alternative sources of revenue, including grants, a weekend academy, and scheduling innovations to resolve serious budget issues.

RVCC President Alfred Williams announced that the college received a 5-year NECHE approval. The college must use excess funds to hire strategically. The issues cited for two programs on probation last year have been addressed through the hiring of additional faculty members, and staffing is also needed in student services position. Enrollment decreased more than budgeted, although new students have increased.



WMCC President Lloyd reported that the college's transitioning of the childcare facility to a 501c in FY19 has almost resolved the \$1M deficit. Last year the college received a Northern Border grant and this year received another grant around welding and IT programs.

Fidelity Investments

Mr. Kessler from Fidelity provided an overview of issues that affect the stock and bond market. The country is in the midst of the largest economic expansion ever seen, and there are signs and signals of being in a late business cycle. Mr. Kessler provided a market overview of stock and bond growth in the 2018-2019 FY, and Fidelity expects to see more volatility in stock and bond markets that is characteristic of being in a late business cycle.

As of August 31, the year-to-date personal rate of return of the Fidelity investment portfolio for UNIQUE fund has been 12.5%, and the 3-year average is 6.75%. Regarding operating account balances over the last 12 months, dividends and interests have improved slightly. Mr. Kessler provided an overview of the conservative income bond fund portfolio performance, which has a 30-day yield of 2.25% as of 8/31/19, and an overview of the money market government portfolio performance, which has a 7-day yield of 2.01% as of 8/31/19.

Non-Public Session

VOTE: The Committee, on motion of Ms. Stebbins and seconded by Mr. Holloway, voted by roll call to conduct a non-public session according to the provisions in RSA 91-A:3, II (d), in order to discuss consideration of the acquisition, sale, or lease of real or personal property which, if discussed in public, would likely benefit a party or parties whose interests are adverse to those of the general community .

The Board entered non-public session at 12:16 pm and returned to public session at 12:47 pm. No votes were taken in the non-public session.

VOTE: The Board, on motion of Ms. Stebbins and seconded by Mr. Holloway voted by roll call to seal the minutes based upon RSA 91-A:3, III that divulgence of the information likely would render the proposed action ineffective.

No further business was stated. The committee meeting adjourned at 12:50 pm.

Follow-Up Items

- Update on receivables and collections
- summary by college of bond debt owed
- Update on Rochester recommendation
- Update on super user groups with University System--EAB, Banner
- Focus on reserves to total expenses
- Goal is to focus this meeting on the balance sheet vs P&L. Let's also include the approved Policy on the reserves in the agenda material

Respectfully Submitted,

Meghan Eckner
Executive Assistant to the Chancellor and Board of Trustees