

**HOLYOKE COMMUNITY COLLEGE
OFFICE OF THE COMPTROLLER
MEMORANDUM**

TO: Trustee Finance Committee
FROM: Marcia L. Mitchell, Comptroller
DATE: April 18, 2019
SUBJECT: Third Quarter Statement of Revenues and Expenses (FY 2019)

Attached is the third quarter statement of revenues and expenses for both our state maintenance appropriation and college trust funds covering the period July 1, 2018 through March 31, 2019. I hereby certify that to the best of knowledge and belief all funds expended were in compliance with the rules and regulations for trust funds and state finance law.

Financial Highlights - Overall, total revenues are 4.2% favorable (up \$1,535,391) and total expenses are 4.0% favorable (down \$1,371,405) compared to the same period in the prior year. However, payroll timing of the state appropriation accounted for a \$2.2 million increase over prior year. This will have no budget impact on the full year. Currently, year to date trust fund revenue is \$600,330 lower than prior year.

Tuition and Fee (T&F) revenue is 14.5% or \$564 unfavorable compared to the prior year. This is due to a decline in FTE from prior year of 8.5% in the fall and 7.0% in the spring for a total decline of 7.8%. This decline is partially offset by a per credit fee increase of 3.1% (\$10 per credit hour) along with an increase of \$5 dollars per credit hour for distance learning (online) courses. The FY19 T&F budget is \$21,966,986; \$459,109 or 2% lower than prior year. Based on the year-to-date T&F decline of \$564,049 compared to last year, we are currently projecting T&F revenue to shortfall budget by almost \$1.0 million.

State Appropriation reflects an increase of 14.5% or \$2.2 million is due principally to timing with supplemental funding for salary increases accounting for approximately \$300K, and fully utilizing available state funds accounting for approximately \$800K to maximize available cash. Our unrestricted state appropriation is projected to increase \$228,421 to \$21,575,710; that also reflects a \$70,000 reduction in Out of State retained tuition.

Private gifts and grants revenue and expense are not reflected in this report. Grant activity has negatively impacted the College through the first three quarters, since the state comptroller dictated that state-funded grants be accounted for in the state's accounting system has resulted in funds not being available. Year to date, we have begun to recoup funds from the state, and the College lowered advance payments to approximately \$70,000.

Investment revenue is not reflected in this report. We are reviewing our investment performance and will review at the next meeting.

Business and Community Services revenue is favorable to the prior year by 18% or \$65,137 principally due to testing fees being higher by \$43,821 compared to prior year. Revenue is currently at 49% of budget.

Administrative Allowance revenue which is derived from indirect cost recovery from grant activity is unfavorable to prior year by 55.4% or \$81,517. This variance is due to timing and the change in state accounting procedures. The full year is projected to be on budget.

Auxiliary enterprises revenue (bookstore) is 19.8% unfavorable to prior year principally due to declining enrollment and availability of other less expensive alternatives including open source materials (OER).

Compensation and Benefit expense is 2.0% or \$517,031 favorable to the prior year and is tracking at 75.6% of budget. Also, due to the state grant funding delay mentioned above, the College's compensation expense would have been even lower by \$70,000. Last year at this time the first three quarters represented almost 80% of budget. We are estimating that delaying or not backfilling open positions and reducing part-time staffing will fully offset and even exceed our revenue shortfalls.

Supplies and Services is 10.5% or \$797,301 favorable to prior year and is tracking at 60.9% as a percent of budget. At this rate, we would generate another \$1.0 million in savings compared to budget.

Scholarship and Fellowship expenditure is favorable by 6.0% or \$24,329 compared to prior year. We are projecting this expense to be on budget.

Auxiliary enterprises expenditure (bookstore) is favorable by 6.7% or \$32,744 compared to last year largely due to timing of inventory purchases. We are projecting unfavorable net results to budget of \$50,000.

Recommended Motion: *Move that the Finance Committee recommend to the Board of Trustees to approve the Second Quarter Statement of Revenue and Expenses as presented.*

c: President Christina Royal, William Fogarty

QUARTERLY STATEMENT OF TRUST FUND AND STATE MAINTENANCE APPROPRIATION REVENUE AND EXPENSES

Third Quarter FY 2019 (October 1, 2018 - March 31, 2019)

	Annual Budget		Current Year - 2019		Percent of Budget		Prior Year - 2018		Percentage Inc./Dec.
	Trust Funds	State Approp.	Trust Funds	State Approp.	Total		Trust Funds	State Approp.	
Revenues:									
State Appropriation	21,347,280		17,437,697		17,437,697	81.69%		15,225,258	14.53%
Tuition and Fees	21,966,986		20,217,720		20,217,720	92.04%	20,781,769	20,781,769	(2.71%)
Business and Community Service	873,676		428,282		428,282	49.02%	363,145	363,145	17.94%
Administrative Allowance	295,000		81,517		81,517	27.63%	182,935	182,935	(55.44%)
Total educational and general revenues	44,482,952		17,437,697		38,165,216	85.80%	21,327,849	15,225,258	4.41%
Auxiliary enterprises (Bookstore)	460,000		310,804		310,804	67.57%	387,522	387,522	(19.80%)
Total Revenues	44,942,952		17,437,697		38,476,020	85.61%	21,715,371	15,225,258	4.16%
Expenditures:									
Compensation and Benefits	33,471,697		17,437,697		25,319,153	75.64%	10,610,926	15,225,258	(2.00%)
Supplies and Services	11,137,196		6,779,122		6,779,122	60.87%	7,576,423	7,576,423	(10.52%)
Scholarship and Fellowship	709,600		377,730		377,730	53.23%	402,059	402,059	(6.05%)
Total educational and general expenditures	45,318,493		17,437,697		32,476,005	71.66%	18,589,408	15,225,258	(3.96%)
Compensation and Benefits	324,514		270,053		270,053	83.22%	269,020	269,020	0.38%
Supplies and Services	249,944		183,444		183,444	73.39%	217,221	217,221	(15.55%)
Scholarship and Fellowship	0		0		0	N/A	0	0	N/A
Total Auxiliary enterprises (Bookstore)	574,451		453,497		453,497	78.94%	486,241	486,241	(6.73%)
Total Expenditures	45,892,952		17,437,697		32,929,502	71.75%	19,075,649	15,225,258	(4.00%)
Reserve Draw & Revolving Fund	950,000		950,000		950,000		1,500,000	1,500,000	
Net Revenue/(Expense)			6,496,518		6,496,518	N/A	4,139,722	0	56.93%

Budget Summary

Holyoke Community College					
FY 2020 Budget Summary					
<i>Updated 5/16/19</i>					
		FY 2019	FY 2020	\$ Increase	% Inc.
		Budget	Budget	(Decrease)	(Dec)
REVENUES					
Revenues Supporting Trust Fund Appropriations					
State Appropriation (inc. Out of State Tuition)		\$21,347,289	\$22,181,893	\$834,604	4%
State Appropriation Fringe Benefits		\$7,588,961	\$7,885,663	\$296,702	4%
Tuition & Fees		\$21,966,986	\$21,294,387	(\$672,599)	-3%
College Store		\$460,000	\$194,500	(\$265,500)	-58%
Administrative Allowance		\$295,000	\$295,000	\$0	0%
Business & Community Service		\$1,519,676	\$1,546,500	\$26,824	2%
Reserve Draw		\$950,000	\$1,217,000	\$267,000	28%
Total Revenues		\$54,127,912	\$54,614,943	\$487,031	1%
EXPENDITURES					
ACCOUNT NAME	Account Number			\$ Increase (Decrease)	% Inc. (Dec.)
EXPENDITURE DETAIL - Trust Fund & State Appropriations					
President's Office					
President	T07-1001	\$867,180	\$659,571	(\$207,609)	-24%
Accreditation	T07-1002	\$0	\$26,402	\$26,402	
Affirmative Action	T07-1003	\$134,588	\$151,472	\$16,884	13%
Ombuds Office	T07-1008	\$0	\$125,203	\$125,203	
Center for Excellence	T07-1009	\$0	\$453,410	\$453,410	
Total - President		\$1,001,768	\$1,416,058	\$414,290	41%
Academic Affairs					

Budget Summary

Holyoke Community College					
FY 2020 Budget Summary					
Updated 5/16/19					
		FY 2019	FY 2020	\$ Increase	% Inc.
		Budget	Budget	(Decrease)	(Dec)
VP FOR ACADEMIC & STUDENT AFFAIRS					
Institutional Research	T07-1004	\$443,983	\$529,278	\$85,295	19%
VP for Academic/Student Affairs	T07-2001	\$955,594	\$880,715	(\$74,879)	-8%
Academic Support	T07-6002	\$809,962	\$801,002	(\$8,960)	-1%
English as a Second Language Support	T07-6008	\$232,720	\$236,926	\$4,206	2%
Advising Center	T07-6011	\$1,011,007	\$1,038,383	\$27,376	3%
TOTAL VP ACAD & STUD AFFAIRS		\$3,453,266	\$3,486,304	\$33,038	1%
SCIENCE, TECHNOLOGY ENGINEERING & MATH					
Env. Science & Technology	T07-2204	\$292,356	\$384,492	\$92,136	32%
STEM Administration	T07-2410	\$1,808,331	\$1,759,900	(\$48,431)	-3%
Anatomy & Physiology	T07-2412	\$94,869	\$98,943	\$4,074	4%
Chemistry	T07-2414	\$316,943	\$316,663	(\$280)	0%
Center for Life Sciences	T07-2416	\$110,330	\$110,455	\$125	0%
Engineering	T07-2417	\$165,624	\$176,221	\$10,597	6%
General Biology	T07-2418	\$989,680	\$982,691	(\$6,989)	-1%
Mathematics	T07-2419	\$1,113,496	\$1,020,873	(\$92,623)	-8%
Physics/Astronomy	T07-2420	\$183,163	\$180,930	(\$2,233)	-1%
Plant Science	T07-2421	\$5,749	\$5,548	(\$201)	-3%
Sustainability Studies	T07-2423	\$90,223	\$123,836	\$33,613	37%
Zoology	T07-2424	\$2,925	\$2,850	(\$75)	-3%
Forensic Science	T07-2425	\$117,199	\$113,523	(\$3,676)	-3%
TOTAL STEM		\$5,290,888	\$5,276,925	(\$13,963)	0%
BUSINESS & DIGITAL LEARNING					
B&DL Administration & Programs	T07-2101	\$1,491,173	\$1,488,704	(\$2,469)	0%
Hospitality	T07-2105	\$859,513	\$1,009,345	\$149,832	17%
Online Programs	T07-2801	\$786,752	\$400,879	(\$385,873)	-49%
TOTAL BUSINESS & DIGITAL LEARNING		\$3,137,438	\$2,898,928	(\$238,510)	-8%

Budget Summary

Holyoke Community College					
FY 2020 Budget Summary					
<i>Updated 5/16/19</i>					
		FY 2019	FY 2020	\$ Increase	% Inc.
		Budget	Budget	(Decrease)	(Dec)
ARTS & HUMANITIES					
Arts & Humanities Administration	T07-2301	\$1,590,355	\$1,662,493	\$72,138	5%
Art	T07-2302	\$475,250	\$406,185	(\$69,065)	-15%
Art Gallery	T07-2303	\$18,963	\$18,014	(\$949)	-5%
Deaf Studies	T07-2304	\$169,985	\$98,616	(\$71,369)	-42%
English	T07-2306	\$1,627,413	\$1,482,697	(\$144,716)	-9%
Language Studies	T07-23090	\$187,357	\$186,773	(\$584)	0%
AESL	T07-23091	\$437,485	\$324,080	(\$113,405)	-26%
Music	T07-2310	\$303,869	\$313,506	\$9,637	3%
Jazz Festival	T07-2312	\$8,220	\$2,159	(\$6,061)	-74%
Music Instruction	T07-2313	\$70,252	\$70,486	\$234	0%
Comm/Media/Theater	T07-23140	\$744,431	\$751,903	\$7,472	1%
Theater Activities	T07-23141	\$24,068	\$23,397	(\$671)	-3%
TOTAL ARTS & HUMANITIES		\$5,657,648	\$5,340,309	(\$317,339)	-6%
SOCIAL SCIENCES & INTEGRATIVE LEARNING					
Honors	T07-2003	\$75,543	\$76,068	\$525	1%
Learning Communities	T07-2007	\$34,190	\$32,079	(\$2,111)	-6%
Education	T07-2203	\$332,688	\$329,197	(\$3,491)	-1%
Criminal Justice	T07-2501	\$251,477	\$248,162	(\$3,315)	-1%
Human Services	T07-2502	\$162,850	\$137,584	(\$25,266)	-16%
SS&IL Division	T07-2503	\$1,372,167	\$1,079,058	(\$293,109)	-21%
Critical Cultural Studies	T07-2505	\$603,116	\$591,764	(\$11,352)	-2%
Psychology	T07-2506	\$543,954	\$418,161	(\$125,793)	-23%
Sociology/Anthropology	T07-2507	\$432,918	\$283,194	(\$149,724)	-35%
TOTAL SS&IL		\$3,808,903	\$3,195,267	(\$613,636)	-16%
HEALTH SCIENCES					

Budget Summary

Holyoke Community College					
FY 2020 Budget Summary					
Updated 5/16/19					
		FY 2019	FY 2020	\$ Increase	% Inc.
		Budget	Budget	(Decrease)	(Dec)
Practical Nursing	T07-2206	\$434,497	\$261,955	(\$172,542)	-40%
Medical Assisting	T07-2207	\$8,582	\$56,795	\$48,213	562%
Health, Nutrition & Fitness	T07-2209	\$192,611	\$237,519	\$44,908	23%
Radiologic Technician	T07-2210	\$205,295	\$225,581	\$20,286	10%
Nursing	T07-2211	\$1,403,539	\$1,736,707	\$333,168	24%
Foundations of Health	T07-2212	\$395,299	\$573,840	\$178,541	45%
Health & Sciences Division	T07-2213	\$1,071,548	\$524,100	(\$547,448)	-51%
Veterinary & Animal	T07-2422	\$484,778	\$423,454	(\$61,324)	-13%
TOTAL HEALTH SCIENCES		\$4,196,149	\$4,039,951	(\$156,198)	-4%
LIBRARY					
Library	T07-2701	\$958,028	\$1,028,604	\$70,576	7%
TOTAL LIBRARY		\$958,028	\$1,028,604	\$70,576	7%
Total Academic Affairs					
		\$26,502,320	\$25,266,288	(\$1,236,032)	-5%
Student Affairs					
Commencement	T07-5022	\$102,356	\$101,327	(\$1,029)	-1%
Student Affairs Administration	T07-6001	\$314,974	\$290,155	(\$24,819)	-8%
Admissions	T07-6003	\$1,044,971	\$841,280	(\$203,691)	-19%
Athletics	T07-6005	\$412,090	\$456,173	\$44,083	11%
Co-op & Career Programs	T07-6006	\$349,649	\$325,342	(\$24,307)	-7%
Office for Students with Disabilitis/D	T07-6007	\$1,014,534	\$1,077,244	\$62,710	6%
Financial Aid	T07-6009	\$1,124,250	\$1,153,215	\$28,965	3%
Health Services	T07-6010	\$328,538	\$0	(\$328,538)	-100%
Student Records	T07-6012	\$710,670	\$821,033	\$110,363	16%
Student Work	T07-6014	\$130,800	\$124,000	(\$6,800)	-5%
Student Retention and Success	T07-6015	\$86,208	\$200,236	\$114,028	132%

Budget Summary

Holyoke Community College					
FY 2020 Budget Summary					
Updated 5/16/19					
		FY 2019	FY 2020	\$ Increase	% Inc.
		Budget	Budget	(Decrease)	(Dec)
Student Support	T07-6016	\$367,983	\$367,547	(\$436)	0%
Dual Enrollment	T07-6017		\$484,873	\$484,873	
Transitions	T07-6019	\$384,555	\$298,095	(\$86,460)	-22%
Assessment Center	T07-6021	\$72,057	\$120,615	\$48,558	67%
Thrive Center	T07-6022	\$95,771	\$92,359	(\$3,412)	-4%
HCC Grant	T07-6050	\$369,450	\$279,450	(\$90,000)	-24%
Student Activities	T07-6101	\$274,039	\$239,469	(\$34,570)	-13%
Total Student Affairs		\$7,182,895	\$7,272,413	\$89,518	1%
Institutional Advancement					
Institutional Advancement	T07-7001	\$1,399,057	\$948,640	(\$450,417)	-32%
Marketing and Communications	T07-7004	\$1,043,587	\$1,262,744	\$219,157	21%
Total Institutional Advance.		\$2,442,644	\$2,211,384	(\$231,260)	-9%
Administration & Finance					
Information Technology	T07-3001	\$3,542,350	\$3,589,375	\$47,025	1%
IT Special Projects (designated)	T072-3001	\$275,000	\$275,000	\$0	0%
Vice President for Admin. & Fin.	T07-5001	\$421,374	\$419,935	(\$1,439)	0%
Educational Assistance	T07-5002	\$177,500	\$90,000	(\$87,500)	-49%
Business Office	T07-5004	\$1,984,479	\$1,963,452	(\$21,027)	-1%
Business Services	T07-5005	\$431,043	\$499,281	\$68,238	16%
Facilities Use	T07-5008	\$350	\$17,155	\$16,805	4801%
Human Resources	T07-5009	\$549,447	\$569,552	\$20,105	4%
AFSCME Professional Dev.	T07-5009A	\$4,515	\$4,375	(\$140)	-3%
Facilities Administration	T07-5101	\$223,846	\$453,109	\$229,263	102%
Building Maintenance	T07-5102	\$593,298	\$764,653	\$171,355	29%
Custodial	T07-5104	\$1,901,873	\$1,866,705	(\$35,168)	-2%
Power Plant	T07-5110	\$1,552,114	\$1,431,053	(\$121,061)	-8%
Security	T07-5111	\$1,445,381	\$1,566,110	\$120,729	8%

Budget Summary

Holyoke Community College					
FY 2020 Budget Summary					
Updated 5/16/19					
		FY 2019	FY 2020	\$ Increase	% Inc.
		Budget	Budget	(Decrease)	(Dec)
Special Projects (designated)	T072-5112	\$383,684	\$739,409	\$355,725	93%
Envrionmental Compliance	T07-5113	\$52,830	\$0	(\$52,830)	-100%
Grant Administration (Restricted)	L1100-5004	\$295,000	\$295,000	\$0	0%
College Store	B3100-8001	\$626,017	\$81,242	(\$544,775)	-87%
Total Administration & Finance		\$14,460,101	\$14,625,406	\$165,305	1%
Central Accounts					
TRUST FUND CENTRAL ACCTS.					
Position Vacancy, Salary + Benefits	T07-5501	(\$3,869,884)	(\$1,568,234)	\$2,301,650	-59%
Central Administrative Expenses	T07-5502	\$2,235,224	\$1,908,759	(\$326,465)	-15%
Total Central Accounts		(\$1,634,660)	\$340,525	\$1,975,185	-121%
Bus.&Com. Affairs					
Gateway to College	L2610-4560	\$570,420	\$628,148	\$57,728	10%
Culinary Operations	T07-2106	\$471,021	\$139,572	(\$331,449)	-70%
Cent. For Bus. & Prof. Dev.	T09-4101	\$462,327	\$389,391	(\$72,936)	-16%
Match WCTF Comm. Corp.	T09-41011	\$13,330	\$14,799	\$1,469	
Match Learn to Earn Grant	T09-41012		\$14,799	\$14,799	
Testing & Workforce Certification	T09-4109	\$127,067	\$151,417	\$24,350	19%
Community Services	T09-4301	\$473,087	\$394,228	(\$78,859)	-17%
Adult Basic Education/ESOL	T09-4302	\$647,441	\$581,865	(\$65,576)	-10%
HiSet Testing	T09-4303	\$99,257	\$0	(\$99,257)	-100%
Community Services Transportat.	T09-4304	\$7,067	\$7,091	\$24	0%
V.P. for Business & Com. Affairs	T09-4401	\$345,361	\$354,768	\$9,407	3%
Picknelly Family & Adult Ed Center	T09-4460	\$505,607	\$444,224	(\$61,383)	-12%
Training & Workforce Options-MCCT	T27-4470	\$46,344	\$40,385	(\$5,959)	100%
Training & Workforce Options	T27-4501	\$404,515	\$322,182	(\$82,333)	100%

Budget Summary

Holyoke Community College					
FY 2020 Budget Summary					
<i>Updated 5/16/19</i>					
		FY 2019	FY 2020	\$ Increase	% Inc.
		Budget	Budget	(Decrease)	(Dec)
Total Business & Com. Affairs		\$4,172,844	\$3,482,869	(\$689,975)	-17%
Total Trust Fund & State Appropriation Expenditure		\$54,127,912	\$54,614,943	\$487,031	1%
Balance		\$0	(\$0)	(\$0)	

Holyoke Community College Local Funds Budget Fiscal Year 2019

LOCAL FUNDS BUDGET	FY 2020	REVENUES			EXPENSES		
		Budgeted Revenues FY 19	Recommended Budgeted Revenues FY 2020	Budgeted Expenses FY 19	Recommended Budgeted Expenses FY 2020		
	Updated: 5/17/2019						
General Operating Trust Fund		\$22,181,978	\$21,826,478	\$23,017,520	\$23,156,736		
Credit and Non Credit Offerings							
Student Services							
Institutional Support							
Restricted & Sponsored Activities Trust Fund		\$953,684	\$1,309,409	\$953,684	\$1,309,409		
Gifts							
Scholarships							
Grant overhead							
Facility Renewal & Repair							
Technology Renewal							
Auxiliary Enterprises Trust Fund		\$460,000	\$194,500	\$574,458	\$81,242		
College Store							
Reserve Draw*		\$950,000	\$1,217,000				
Total		\$24,545,662	\$24,547,387	\$24,545,662	\$24,547,387		
*Board of Trustees previously approved \$217,000 for FY 2020.							

DRAFT
FY 2020 BUDGET SUMMARY
(July 1, 2019 to June 30, 2020)

Updated: 5/15/19

MISSION STATEMENT: Educate, Inspire, Connect.

VISION: Holyoke Community College aspires to be a college of academic excellence known for helping students overcome barriers to success.

VALUES: Innovation, collaboration, kindness, inclusion trust. Kindness, inclusion and trust are the foundation of the work that we do together. Innovation and collaboration enable us to explore and implement the ideas that will share our future.

STUDENT EXPERIENCE: Holyoke Community College commits to delivering a transformational student experience characterized by:

- A “connection network” that draws people, services and knowledge together to address students’ fundamental needs and thus ensure their readiness to succeed at HCC.
- An affordable, relevant education provided by talented faculty and resulting in career and transfer opportunities that enable students to thrive.
- An approach to educating the whole person that continuously meets students where they are – socially, financially, educationally and geographically – and engages them in real-world learning experiences.

BUDGETING PHILOSOPHY: In 2017 the HCC community embarked on a Strategic Planning process. With participation from hundreds of faculty, staff, students, trustees and partners in the College’s service region, a detailed plan was submitted to the Massachusetts Department of Higher Education and approved in December 2018. The plan is driven by the mission, vision, values and student experience statements provided above, along with a detailed approach to implementation.

The Strategic Plan was crafted at a time of fiscal stress for the College. Enrollment had declined significantly since peaking in FY 2010. Regional demographic trends suggested further enrollment erosion for the foreseeable future. State support had been erratic. If viewed on a per-student basis and adjusted for inflation it fell well below FY 2001 levels.

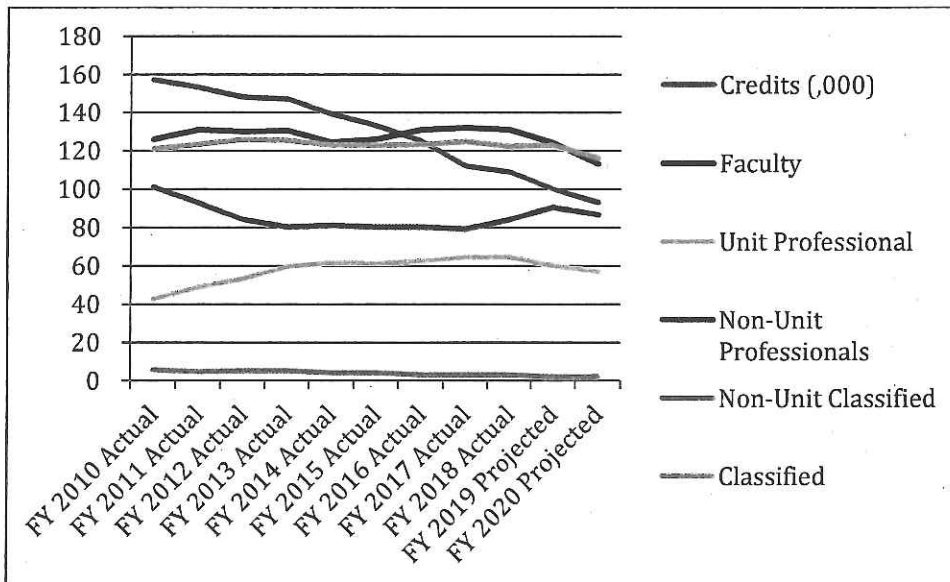
The Strategic Plan, with its emphasis on student success, meeting students where they are, and adapting to the changing employment demands in the service region, provides a blueprint for future stability and growth. But it requires investment just as the College is attempting to “right size” its’ staffing structure in light of economic realities. To meet these challenges HCC restructured the staffing organization in FY 2019 and undertook an approach to developing the FY 2020 budget that bore little resemblance to past practices.

Like every year preceding it, the FY 2020 budget is a fiscal plan that keeps planned expenditures in line with projected revenues. But within a balanced budget, the FY 2020 plan gives special emphasis to identifying resources to support the Strategic Plan and place HCC on a path for future success.

FY 2020 Overview

In FY 2020 the College seeks to align available resources in support of the Strategic Plan. The plan provides a detailed roadmap supporting success by individual students, meeting the needs of the College’s service region, and ultimately placing the institution on a path toward enrollment stability and growth. At the same time, the plan challenges the College to implement cost-saving process improvements and diversify the revenue base to relieve the pressures on student fee income.

These initiatives require investment at a time when HCC is finding its resources stretched thin. The College has suffered significant loss of enrollment since FY 2010, and needs to adjust staffing as a result. Annual enrollment on a credit basis is shown below, and is compared with staffing broken out by employee category:



During FY 2019 the College restructured its staff organization to both “right size” the organization in light of reduced enrollment, deploy staff to most effectively support the Strategic Plan and make resources available to support key strategic initiatives. As a result of these efforts, the FY 2020 budget balances expenditures with available revenues while funding:

- A new Center for Excellence to professional development and innovative approaches to implementing the Strategic Plan, with special emphasis on culturally responsive pedagogy and universal design approaches to program and service delivery and facilities.

- An in-depth review of academic programs, providing a framework for determining which programs to start, stop, sustain or grow.
- Moving course scheduling to an annual basis rather than by semester.
- Implementing an intentional approach to providing students with credit for prior learning.
- Developing a team-based case management approach for academic advising and student support services.
- Aligning and promoting credit and non-credit programs to promote general enrollment growth and pathways degree and certificate attainment.
- Expanding tutoring programs in Holyoke Public Schools and in partnership with Homework House to develop stronger pathways to college.
- Developing the “100 Males to College” program in collaboration with community partners.

Revenues

Total revenues are projected at \$54,614,943 a \$487,031 or 1% increase over FY 2019. Increases of \$834,604 in the state appropriation, \$296,702 in fringe benefit funding on the state appropriation, \$267,000 in the reserve draw and \$26,824 in Business & Community Services (non-credit) receipts are partially offset by decreases of \$672,599 in tuition and fees and \$265,500 in College Store receipts.

State Appropriation: Funding under the state appropriation is projected to be \$22,181,893, an \$834,604 or 4% increase over FY 2019 based on the proposal pending before the Massachusetts Senate and assumptions regarding supplement appropriations to partly cover collective bargaining costs.

State Appropriations Fringe Benefits: The State Appropriation is devoted entirely to funding faculty and staff salaries, and fringe benefits for college employees paid from the State Appropriation are paid by the Commonwealth. In FY 2020 those fringe benefits are valued at \$7,885,663, a \$296,702 or 4% increase over FY 2019 based on the projected State Appropriation and fringe benefits rate for FY 2020.

Tuition & Fees: Total tuition and fee revenue is projected at \$21,294,387, a \$672,599 or 3% decrease under the amount budgeted in FY 2019. The FY 2020 projection assumes enrollment falls 6%, an \$8 per credit increase in the Education Services Fee, of which \$3 per credit is dedicated to physical plan deferred maintenance and a \$10 per semester increase in the Student Services Fee. In addition, fees are consolidated in FY 2020 to reduce the number of fee categories.

College Store: College Store revenues are projected to be \$194,500, a \$265,500 or 58% decrease under FY 2019 due to changes in store operations.

Administrative Allowance: The administrative allowance from federal and state grants is projected at \$295,000, the same as FY 2019.

Business & Community Service: Revenue from the Business and Community Service Division is estimated at \$1,546,500, a \$26,824 or 2% increase over the original FY 2019 revenue projection, based on actual experience in FY 2019.

Reserve Draw: The Board of Trustees voted on November 22, 2016 to authorize up to \$1,900,000 in college reserves to support supplemental rent for the Center for Hospitality & Culinary Arts. Of that amount, approximately \$217,000 is expected to be expended in FY 2020. In addition, the FY 2020 budget includes a request for an additional \$1,000,000 one-time allocation from reserves to support strategic initiatives. In requesting this reserve, the following factors were considered:

- Significant operating cost reductions were implemented as part of a staff restructuring during FY 2019. Further reductions will undermine the College's ability to implement the Strategic Plan, and a one-time infusion from College reserves is needed for investment in initiatives to promote future enrollment growth, process improvements and expansion of the revenue base.
- Due to the staff restructuring and other efforts, we anticipate a year-end operating surplus for the FY 2019 budget roughly equal to the reserve allocation requested for FY 2020. In essence, we will be rolling over the FY 2019 surplus to support strategic initiatives in FY 2020.
- The FY 2020 strategic initiatives include process improvement to reduce administrative and overhead costs as well as an exploration of Foundation fundraising efforts to support the operating budget. Both initiatives are intended to eliminate the need for future reserve draws.
- The College is undertaking a comprehensive review of academic offerings, intended to reduce expenditures on low-demand programs and provide a roadmap to program expansion to increase enrollment. Again, this effort is intended to eliminate the need for future reserve draws.

Expenditures

Total expenditures are projected at \$54,614,943, a \$487,031 or 1% increase over FY 2019. Increases of \$1,975,185 in Central Accounts, \$414,290 in the departments reporting directly to the President, \$165,305 in Administration & Finance and \$89,518 in Student Affairs are partially offset by decreases of \$1,236,032 in Academic Affairs, \$689,975 in Business & Community Services and \$231,260 in Institutional Advancement. The FY 2020 budget is the first in which salaries are shown in cost centers, while in the past most salaries were centrally budgeted.

President

Division Summary: As the Chief Executive Officer for Holyoke Community College, the President provides leadership, oversight and effective communication to carry out the College's

mission, vision and the FY 2019-2022 Strategic Plan. The President reports to the Board of Trustees and supervises a Cabinet of Vice Presidents and through them, all employees. The President assures affirmative action, equal employment and equal educational opportunities for all employees and students through the Interim Affirmative Action Officer/Title IX Coordinator and an Ombudsperson/ Chief Culture Officer. The Chief of Staff provides operational oversight for the office and Cabinet and works with the President to move the Strategic Plan forward. An Executive Assistant manages the President's calendar, travel, appointments and engagement with students, faculty, staff, alumni, and community partners as well as the Board of Trustees, Cabinet and HCC Foundation. The office of the President works with all areas of the College to ensure the implementation of the Strategic Plan and the core values of Innovation, Collaboration, Kindness, Inclusion and Trust.

Development Impacting the FY 2020 Budget: The President's Office primary focus in FY 2020 is the implementation of the Strategic Plan. Division budgets include new funding for the Center for Excellence and the Ombudsperson/Chief Culture Officer. Expenditures in FY 2020 are projected at \$1,416,058, a \$414,290 or 41% increase over FY 2019 due almost entirely to the creation of the Center for Excellence.

Alignment with Strategic Plan: The President's Office will oversee development of the new Center for Excellence in Frost 265 and 269. The Center will spearhead efforts to implement the Strategic Plan and will provide financial support for faculty and staff professional development. Professional development in FY 2020 will support the key strategic initiative of developing culturally responsive approaches to pedagogy and infusing the concepts of universal design in all curricula and support services. The Center will further serve as a focal point for the development and assessment of strategic initiatives.

Academic Affairs

Division Summary: The Academic Affairs Division serves approximately 5,200 students (3,339 full-time equivalents) by providing curricula leading to associate's degree and certificates under the following academic divisions: Science, Technology, Engineering & Math (STEM); Business & Digital Learning; Arts & Humanities; Social Sciences & Integrative Learning; and Health Sciences. The division operates the College Library, provides individualized student assistance through the Center for Academic Program Support (CAPS), provides academic advising and guidance for student transfers to baccalaureate institutions, supports the interdisciplinary Learning Communities Program as well as Integrative Learning, Honors, Service Learning, and Liberal Arts & Sciences programs. The Academic Affairs Division includes the Office of Institutional Research.

Development Impacting the FY 2020 Budget: The FY 2020 budget provides for the restructuring of the academic divisions and embedding online programming in the Business & Digital Learning Division. As a result, certain positions are retrenched or eliminated and others are left vacant for FY 2020 pending further review. Expenditures in FY 2020 are projected at \$25,266,288, a \$1,236,032 or 5% decrease under FY 2019 due to lower costs for full-time and adjunct faculty as a result of lower enrollment.

Alignment with Strategic Plan: With consulting support, the division will undertake a comprehensive review of program and course offerings to determine which programs to start, stop, sustain or grow. Course scheduling will move from a per semester to annual basis, and an initiative to provide students with credit for prior learning will be developed in coordination with Student Affairs. In collaboration with the Business & Community Affairs Division, pathways from non-credit to credit programs will be expanded.

Student Affairs

Division Summary: The Student Services Division provides a comprehensive program of student support services through the Dean of Students, Admissions, Career Services, Athletics, Dual Enrollment, Office for Students with Disabilities & Deaf Services, Financial Aid and Student Records. The division offers specialized services addressing a wide range of student needs, such as orientation and transition to college, multicultural services, financial counseling, and food and housing insecurity.

Development Impacting the FY 2020 Budget: In FY 2020 the Student Affairs Division reorganized cost centers to provide more efficient operations. Expenditures in FY 2020 are projected at \$7,272,413, an \$89,518 or 1% increase over FY 2019 due primarily to expanded funding for dual enrollment.

Alignment with Strategic Plan: Student Affairs will collaborate with Academic Affairs to develop approaches to providing students with credit for prior learning. The division will develop a case-based approach to managing student support services as a top priority. Special emphasis will be devoted to addressing academic and non-academic barriers to student success, such as food and housing insecurity. Further, the division seeks to expand outreach to area school districts, expand dual enrollment and develop community partnerships to promote increased enrollment and support student success.

Institutional Advancement

Division Summary: The Institutional Advancement division is comprised of the departments of Marketing & Communications, Resource Development, and Fundraising. The HCC Foundation, a component unit of the college and a separate 501(c)3 organization, exists to financially support the students and programs of the college and operates within the Institutional Advancement division. Operations include 1) the management of a 45,000-constituent database of alumni, donors and prospects, including prospect research, reporting, and data management; 2) management of the HCC Foundation's annual scholarship award cycle, for which more than 500 HCC students apply and 220 funds are awarded; 3) accounting and stewardship of over 200 endowed scholarship funds; 4) direct solicitation of individuals for financial support; 5) creation and execution of events and communications for the College generally and for the purposes of alumni and donor engagement; 6) acceptance, processing, and acknowledgement of all tax-deductible financial transactions made to support the Foundation (1,625 in FY18); 7) governance for and support of Foundation Board of Directors and Alumni Council; 8) acting as clearinghouse and lead for all grant activity to support the college, including identification of

grant opportunities, coordination of partners, writing and processing of proposals, and tracking and reporting on outcomes.

Development Impacting the FY 2020 Budget: The Institutional Advancement Division consolidates cost centers in FY 2020 for more efficient operations. Expenditures in FY 2020 are projected at \$2,211,384 a \$231,260 or 9% decrease under FY 2019 due to reductions in division overhead costs.

Alignment with Strategic Plan: The Marketing budget increases substantially in order to provide resources to strategic initiatives requiring outreach both within the campus community and to the College's wider service area. Fundraising and grants staff will explore new revenue sources in support of strategic initiatives.

Administration & Finance Division

Division Summary: The Administration and Finance Division provides support to the academic mission of the college through financial administration and accounting, human resources management, information technology, business services support, operation and maintenance of the campus physical plant, campus security, bookstore services and food services operations. Departments within the division are responsible for preparing the college's annual budget and related capital and financial planning, monitoring college investments, overseeing procurement practices, maintaining the campus physical plant, managing construction projects and overseeing security and emergency preparedness.

Development Impacting the FY 2020 Budget: In FY 2020 the Facilities and Information Technology Departments will be tasked with the reopening of the renovated Campus Center and renovation of space vacated by departments moving to that facility. Food Service will use the return to the Campus Center to develop strategies for reducing the college subsidy. The fiscal staff will develop a revised budget process geared toward continued implementation of the Strategic Plan. The College Store will utilize a new online textbook provider, and with state approval will move toward contracting out store operations. Expenditures in FY 2020 are projected at \$14,625,406, a \$165,305 or 1% increase over FY 2019 due primarily to higher funding for custodial services, additional funding to address deferred maintenance and additional information technology costs.

Alignment with Strategic Plan: The division will undertake process improvement in several areas, most notably with the implementation of new budget software. Through dedicated funding provided under the student fee structure, the Facilities Department will support renovations related to the Center for Excellence. With state approval the division will provide a new revenue source by utilizing a new business model for the College Store. Several of strategic initiatives require technology support, and this will be provided through the Technology Special Projects account in this division and the Grants Administration Overhead account under Central Accounts.

Central Accounts

Division Summary: The Central Accounts provide funding for payroll and administrative costs that apply across the College, and provide the temporary position vacancy factors for the total budget. These accounts also include the administrative allowance on state and federal grants.

Development Impacting the FY 2020 Budget: The structure of the Central Accounts changes significantly in FY 2020 will the allocation of salary and benefit funding to the cost centers. Expenditures in FY 2020 are projected at \$340,525, a \$1,975,185 or 121% increase over FY 2019 due to adjustments in the position vacancy assumption, which is budgeted as a negative number.

Alignment with Strategic Plan: The Central Accounts traditionally provide funding in support of memberships and sponsorships, which will be evaluated in FY 2020 to ensure alignment with the Strategic Plan.

Business & Community Services

Division Summary: The Business & Community Services Division serves over 28,000 registrants annually in a variety of non-credits programs. These programs include adult basic education, workforce development, personal enrichment, and testing and assessment. The division supports a Gateway to College program, a hybrid dual-enrollment high school alternative. Through this division the College undertakes workforce training collaboration with Springfield Technical Community College through "Training & Workforce Options" and the "Massachusetts Casino Careers Training Institute."

Development Impacting the FY 2020 Budget: The division is experiencing reduced staffing levels in FY 2020 due to retrenchment and position vacancy. Expenditures in FY 2020 are projected at \$3,482,869, a \$689,975 or 17% decrease under FY 2019 due to reductions in Culinary Operations costs, lower testing expenses, and reductions in costs of various workforce training program costs.

Alignment with Strategic Plan: In FY 2020 the division seeks to expand non-credit offerings and expand pathways from non-credit to credit programs. This division also will take a special role in developing community collaborations that will contribute to expanded enrollment and student success. This division will play a major role in expanding the College's revenue base to take pressure off of student fees.

HOLYOKE COMMUNITY COLLEGE

MEMORANDUM

TO: Board of Trustees Finance Committee
FROM: William J. Fogarty, Vice President for Administration & Finance
DATE: May 21, 2019
SUBJECT: FY 2020 Trust Fund Operating Budget and Spending Plan

Attached please find the recommended local trust fund operating budget for FY 2020, along with a comprehensive spending plan for the year. These documents reflect the following assumptions:

We have estimated that the FY 2020 state appropriation will be \$22,181,893 with an additional \$7,885,663 in employee fringe benefit support based on the version of the budget pending before the Senate and anticipated supplemental appropriations partially covering collective bargaining costs. Our spending plan assumes a consolidation of fee categories, an \$8 per credit increase in the Educational Service Fee with \$3 per credit dedicated to physical plan deferred maintenance and a \$10 per semester increase in the Student Services Fee.

The revenue projection assumes enrollment (credit hours) for the 2019/2020 academic year will decline by 6%.

Trust Fund Guidelines Required Disclosure of Expenditures

	<i>Amount</i>
1. Budgeted expenditures which personally benefit the president	\$0
2. Budgeted expenditures for renovations or repairs of President's office	\$0
3. Budgeted expenditures for individual's membership dues in excess of \$500 for employees other than the President and for amounts in excess of \$1,000 for the president (except for fees or dues associated with professional organizations that directly advance the institution's mission)	\$0
4. Budgeted expenditures for trustee travel	\$6,000
5. Budgeted expenditures for entertainment of guests in President's home	\$0
6. Budgeted expenditures for possible (potential) moving costs	\$0
7. Budgeted expenditures for purchase or lease of motor vehicles (for use by the President or other college employees)	\$23,000
8. Employee attendance at charitable dinner or event	\$7,500
9. Employee and student morale and recognition	\$16,000

