



**Board of Trustees
Financial Affairs Committee
Minutes**

October 21, 2025, 1:45 p.m.
President's Boardroom, Horace Mann Center

A live stream of the meeting for public viewing will also take place at the following
link: <https://www.westfield.ma.edu/live>

Committee Members Present:, Committee Chair George Gilmer, Vice Chair Jason Queenin, Secretary Chris Montemayor, and Trustees Barney Garcia, Theresa Jasmin and Board Chair Ali Salehi, ex-officio.

Also present and participating were Westfield State University President, Dr. Linda Thompson; Vice President of Administration & Finance, Stephen Taksar; Associate Vice President of Financial Accounting, Lisa Freeman; Associate Vice President of Facilities & Capital Planning, Tomas Therrien; and Stephen Haines from Fund Evaluation Group.

Committee Vice Chair Queenin called the meeting to order at 1:55 p.m., did a roll call of attendees listed above, and stated the meeting was being livestreamed and recorded.

MOTION made by Trustee Jasmin and seconded by Trustee Montemayor, to approve the minutes of the June 11, 2025, meeting. There being no discussion, a roll call was taken, **motion passed unanimously**.

Rebalance Investment Funds

Stephen Haines from Fund Evaluation Group presented about the following:

- Public equities make up roughly 53% and fixed income 47%.
- The portfolio appreciated \$2.1 million in the third quarter, marking the second consecutive quarter of this growth.
- The account is up roughly \$4.2 million to the University's bottom line, and this number has increased month-to-date in October.
- US equities were up around 9% in the third quarter, international up 7%, and emerging markets up 18%.
- US markets outperformed, developed due to the dissipation of currency movements.
- US small-cap equities outperformed, up around 12% in the third quarter, and this has continued month-to-date.
- The fixed income allocation was up 1.2% in the third quarter.

Forward Investment Outlook

- The market is pricing in a roughly 95% chance that the Fed cuts rates in the next two meetings and two more cuts in 2026.
- Government shutdown: it could spur lower interest rates and reduce inflation.
- Strong quarter for mergers and acquisitions: There was about \$1.3 trillion in M&A activity, potentially driven by artificial intelligence.

- Leading indicators, credit spreads: Tight credit spreads signal bullishness for the broader marketplace.
- Strong economic tailwinds coming in February 2026: Tax rate changes and carve-outs could bring cash to consumers and benefit consumer discretionary stocks.

Performance Numbers

- The fixed income account was up 1.2% in the third quarter.
- The investment account, a mix of equities and fixed income, was up 6.8%.
- Since the account inception, the fixed income account is up 5.6% annualized.
- The investment account is up 14.4% annualized.
- The account is up 11.2% year to date.

Account Summary

- The University started the year at \$38.5 million. The net gain for the university is \$4,231,000.
- The estimated income for the forward 12 months is \$1.9 million.
- If rates start to come down, fixed income prices move inversely, leading to returns from total return rather than income.

Investor Behavior

- In early 2025, individual retail investors bought the dip, while institutions pulled money out.
- The St. Louis Fed website tracks the total amount of money market cash in the system.
- There's a record \$7.5 trillion sitting on the sidelines in cash.
- Universities were rebalancing in on the lows, watching credit spreads.

Portfolio Rebalancing and Market Conditions

- The biggest fear is June political conflict, which will be used to rebalance the portfolio.
- The asset allocation was 50% equities, 50% fixed income, but was asked to pause until there was more clarity.
- The investment policy statement has a target of 60% equities, 40% fixed income.

MOTION made by Trustee Jasmin and seconded by Trustee Queenin, the Financial Affairs Committee recommends approval to the full Board: to approve rebalancing the asset allocation mix, currently at 52.6% equities, 46.6% fixed income, and 0.8% cash and equivalents, to align with the goal in the Investment Policy (0430) of 60% equities, 39.5% fixed income, and 0.5% cash and equivalents. There being no discussion, a roll call was taken, **motion passed unanimously**.

FY24 to FY25 Budget Comparison

- FY25 pretty much broke even, but there were variations.
- There was an excess of projected income of about \$5 million due to increased enrollment.
 - Tuition fee revenues were up \$2.5 million.
 - Auxiliary revenue (Residence life and dining) also had \$2.5 million.
- Expenses were about \$11 million more than the prior year.
 - Increase in compensation due to collective bargaining assets.
 - Increase in debt service of about \$3.9 million.
 - Additional \$1.6 million invested in financial aid.

University Cash Reports

- Standard cash reports are now presented quarterly instead of monthly.
- Over the last 12 months, investments increased by \$3.9 million, but cash resources decreased by \$4.6 million.
- The University has a \$7 million operating account as of the end of the fiscal year for restrictive purposes, including capital.
- Investment returns are increasing, but the use of operating cash is increasing at a faster rate than the earnings.

Fiscal Year 26 Operating Budget

- The materials provided contain summarized information, with all the details available for review.
- The budget was balanced through a collective effort.
- Enrollment is calculated by including DGCE enrollment and full-time day management.
 - Last year's enrollment was 4,247, the digital budget projected 4501, and the current enrollment is 4301, about 200 students short.
 - The main reason for the deficit is the overestimation of returning student retention.
- The October budget was reset based on the best available information, projecting 2949 students for the year.

Enrollment Trends

- A five-year chart shows enrollment trends, indicating stabilization in recent years.
- Full-time undergraduate enrollment is hovering just below 3,000, while DGCE enrollment remains steady.
- Preliminary budget estimates can vary, sometimes resulting in surprises, but the two-step process allows for adjustments before formalization.
- Budget planning includes considering optimistic and pessimistic enrollment scenarios.
- The guiding principle for budget planning is to live within our means, ensuring revenues cover expenses.

Budgeting and Strategic Plan Alignment

- The budget still includes some limited use of reserves for previously approved projects.
 - There is some unspent strategic funding and unfinished capital projects.
- The strategic plan will form more of a basis as the university moves into the next fiscal year (2027).
 - The cabinet tried to align the budget with the strategic plan during the review process.
 - There will be a greater emphasis on aligning resource allocation with the strategic plan moving forward.

Budget Overview

- The cream-colored column in the budget document represents the final October budget.
- The budget is organized to show the difference between the 2025 actuals and the current October budget.
- The university had to find approximately \$4 million to balance the budget due to changes in revenues.
 - Revenues are down compared to the 2025 budget by about \$2 million.
 - Grants revenue has been removed from the operating budget and placed in a separate category.
 - Total resources are down by about \$4 million.

Budget Adjustments

- Adjustments were made in compensation fringe and the Department of Operations to balance the budget.
 - Right-sizing efforts are ongoing.
 - Utility costs were overstated, and the closure of Landers was factored in.
- The revenue budget without using reserves for capital investments is \$125 million.
 - Adding unfinished capital projects brings the total to \$129 million.

Collective Bargaining Agreements

- Auxiliary units (DGCE, residential life, and dining) pay for their own collective bargaining costs out of pocket.
- The state funding is insufficient to cover all collective bargaining costs, requiring prioritization and diversity in processing.
 - There is a shortfall, and top-side adjustments in the compensation line help cover some of it.
- The gap in funding versus collective bargaining is an annual issue.

- Agreements are negotiated over a multi-year period.
- Retro payments are funded in the year they are paid, ideally.
- State funding is unpredictable, making it difficult to determine the exact amount until it arrives.

Strategic Investments and Capital Projects

- Strategic investments related to previous applications from reserves have been pulled out of the 2026 budget view.
 - There is about \$1 million left in the strategic investment fund.
- Capital projects are funded by taking money out of the reserve.
- Major capital projects include:
 - Water main project: A multi-year investment to correct a failing water main.
 - Replacing the chemical used for refrigeration purposes.
- The University is working through infrastructure studies and partnering with DCAN to address critical infrastructure needs.

Budget and Finances

- Offsetting the loss in the residential life budget with gains in the operating budget to balance to zero.
- State has the legal authority to reduce appropriation dollar for dollar if debt is defaulted on in the residence life project.
- Debt will drop off by a couple million dollars in 2028 as old debt gets paid off and not reissued.
- Other revenue sources include foundation funds (\$114 million), conditions (enrollment student driven, about \$200,000), interest income (\$2.3 million), and innovation fund (\$400,000).

Balancing the Budget

- Aggressively managing vacant positions and instituting a short-term hiring pause of 90 days.
- Reducing utilities and operating budgets and reducing the capital budget.
- Assuming a 1% increase in the retention rate.
- Received a one-time refund from the NSCBA for about \$100,000 and swapped out financial aid for foundation funding.

MOTION made by Trustee Montemayor and seconded by Trustee Jasmin, the Financial Affairs Committee recommends approval to the full Board: To approve the FY26 campus budget, as presented, including, but not limited to the following elements: operating budget, capital budget, vehicle lease/purchase program and sponsorships (\$50,000). Further, to authorize the President and/or the Vice President for Administration and Finance to make budget adjustments to these funds as allowed in the Trust Fund Management Policy (0604). There being no discussion, a roll call was taken, **motion passed unanimously**.

Travel Expenses of the President and the President's Direct Reports: July 1, 2024 – June 30, 2025
Not discussed.

Software and Hardware Acquisition and Usage Policy (0602)
Not discussed.

Information Security Passphrases Policy (0600)
Not discussed.

FY27 Budget Planning Assumptions

- The innovation budget will continue, but it was more modest this year.
- There are no plans to increase operating budgets, except for utility increases.
- Salary increases are assumed to be collective bargaining driven.

Capital Projects

- It's difficult to finish a capital project within a fiscal year, so there will always be some kind of unexpended allowance.
- A different approach to capital planning will be discussed in December.
- One-time strategic investment dollars for FY26 will be fully expended.
- There is no plan to use reserves for operations.

There being no further business,

MOTION made by Trustee Jasmin and seconded by Trustee Montemayor, to adjourn the meeting. There being no discussion, a roll call was conducted, **motion passed unanimously**.

Meeting adjourned at 2:49 p.m.

Materials:

- Minutes 6-11-25 (Draft)
- FY24 vs FY25 YOY Actual Comparison (Narrative)
- FY24 vs FY25 YOY Actual Comparison
- University Cash Summary
- Motion – Rebalance Investment Funds
- Rebalance Investment Funds (3Q Investment Performance)
- Motion – FY26 Operating Budget
- FY26 Operating Budget (Narrative)
- FY26 Operating Budget (Working Model)
- FY26 Operating Budget (Vehicles)
- FY26 Operating Budget (Supplemental Spending Schedule)
- FY26 Operating Budget (Capital Plan)
- FY26 Operating Budget (Enrollment Planning)
- FY25 vs FY26 YOY Actual Comparison (Narrative)
- FY25 vs FY26 YOY Actual Comparison
- Travel Expenses of the President and the President's Direct Reports
- Policy - Software and Hardware Acquisition and Usage (0602)
- Policy - Information Security Passphrases (0600)
- FY27 Budget Planning Assumptions and Timeline

Secretary's Certificate

I hereby certify that the foregoing is a true and correct copy of the approved minutes of the Westfield State University Board of Trustees, Financial Affairs Committee meeting held on October 21, 2025.

Chris Montemayor, Secretary

Date