



**Board of Trustees
Financial Affairs Committee
Minutes**

June 11, 2025

1:30 p.m.

Conference Room A&B, University Hall

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 Daniel Currier, Theresa Jasmin and Board Chair Ali Salehi, ex-officio.

Also present and participating were Westfield State University President, Dr. Linda Thompson; and Vice President of Administration & Finance, Stephen Taksar.

Committee Vice Chair Queenin called the meeting to order at 1:31 p.m., did a roll call of attendees listed above, and stated the meeting was being livestreamed and recorded.

MOTION made by Trustee Montemayor and seconded by Trustee Queenin, to approve the minutes of the April 22, 2025 meeting. There being no discussion, a roll call was taken, **motion passed unanimously**.

University Cash Summary Report

- Three documents: graph showing cash positions (investments in equities/bonds, cash resources), year-to-date comparison with prior years, and month-by-month breakout of cash.
- Cash flow: Drop in January (low cash period between semesters).
- Investments: Investments are doing well with a slight upward slope.
 - Investments are in bond funds, some equities, and cash.
 - Money market fund earning about 4.5%.
- Year-to-date comparison: Cash is down by about \$2.5 million compared to the previous year.
- Month-by-month breakout: Equities portfolio and money market funds are up, but working capital is down.
- Overall: Cash is down about \$3 million overall, hovering around \$81 million.

Discussion on Cash Management

- \$20 million in a money market account provides stable interest income.
- Investment manager: No immediate changes, waiting to see what happens with the economy.
- Quarterly report: Will be done at the end of the quarter, with the next meeting scheduled for October 21, 2025.

FY25 Spending Report

- Comparison year-over-year (unadjusted).
- Revenue recognition vs. expenses: Showing a large surplus currently, but it will decrease as expenses for the last quarter come in.

- Spending: Currently about \$10 million above last year at the same point in time.
- Projected spending: Expected to end up around \$134 million (1-2% over budget of \$132 million).
- Invoices: Invoices for services in FY25 will be charged to that fiscal year, even if received later.
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- Incoming revenue will be about \$3 million higher than budgeted.
- Enrollment came in higher than planned.
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Major Drivers of \$10 Million Variance Year Over Year

- Positive side:
 - Enrollment growth driving up revenue.
 - Increased state appropriation.
- Compensation is higher by about a million dollars due to:
 - Collective bargaining agreements.
 - Higher costs for existing contracts.
 - New hires.
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- Department operations are up more than \$2.5 million primarily due to rollover spending.
- Adjunct spending is about \$2 million over budget in FY25.
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 - Provost will be managing this more closely.
 - Expect variance to drop over time.
 - Courses will be canceled in July to reduce the need for as many adjuncts.

Other Major Drivers

- Financial aid allocation increased due to a higher discount rate (about \$1.5 million variance).
- Residence life: Lower debt and a reprieve of one year with lower debt.
 - Additional investments in Lammers Hall.

FY26 Provisional Operating Budget

- Guiding principles:
 - Staying within means, resulting in a balanced budget.
 - Limiting use of reserves to previously approved projects.
 - Aligning the strategic plan to spending (plan is not yet complete).
- Eliminated rollovers from the budget.
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Budget Structure

- Grants are multi-year, multi-fund, multi-expense projects and are separate from the operating budget.
- Student SUCCESS (\$1.5 million) is also separate from the main operating budget.
- A supplemental report captures activities not in the operating budget, showing where resources are spent from non-operational funding sources.

Budget Review

- Enrollment activity is closely reviewed because tuition and fees are a significant part of the budget.
- Personnel and non-personnel budgets were reviewed, expenses were reduced where possible to balance the budget.
- The capital budget was cut back from prior years but focuses on the university's most important capital needs.

Vacancies and State Appropriation

- Vacant positions were analyzed as of July 1 and factored into the budget, representing about \$1 million in position savings.

- Positions represent about half the size of the budget, so managing vacancies is critical for balancing the budget.
- State appropriation is a moving target; the governor's budget is used as a starting point, but the final amount is uncertain until July or August.
- The budget is provisional, allowing for adjustments in the fall.

Enrollment Planning

- Summer enrollment growth is occurring primarily through returning students.
- Projections use current data, historical retention rates, and calculations of returning students by class.
- Assumptions: 857 freshmen, 220 transfers, and a returning student increase, netting an increase of 223 students above the prior year.
- DGCE is projecting a small increase above the past year, about 3%, mostly in the graduate area.

Enrollment Projections

- Projected enrollment is about 4,500 students, compared to 4,247 from last year, a 6% increase.
- Monitoring will continue over the summer to adjust projections with better data.

Returning Student Calculation

- The number of current freshmen is used, along with the percentage that normally return as sophomores (persistence rate).
- This percentage is applied to the students to estimate the freshman-to-sophomore class size.
- "You do that for each class and then you apply those retention rates to the prior year class. Just run the math in the calculation and come out at the end with a returning student."
- The returning number is a function of class size and persistence rates.
- Returning student numbers: The returning student number will be known in July when people pay for the first semester.
- Enrollment data:
 - There are many moving pieces, making it difficult to know who is coming until they show up.
 - Historical data is used to make projections and analyses.
- Enrollment downtick: An enrollment downtick has a multi-year effect.
- Discount rates: The University increased the discount rates for first-year students last year.
- Frozen historical data:
 - Due to not saving frozen historical data, data has to be pulled out of the production database.
 - Data are live in Banner rather than frozen and saved somewhere, so Banner's constantly updating.
- Strategic investment: The university is working with Huron to take data out of Banner, clean it, and store it as frozen data.
- Reporting:
 - There is a need to ensure time is being spent on reporting that is valuable.
 - There is a desire to avoid a lot of reports being done that are not being used.
- Institutional research team: A new institutional research team has been built to provide more robust information prospectively.
- Data requests: There is a need to be conscious of not adding to the workload when requesting specific data and data points.
- Summarized reporting: There is a preference for more summarized and standardized dashboard-type reporting.
- Provisional budget:
 - The provisional budget has been established as the break-even budget for this year.
 - The budget includes previously approved capital investments and strategic investments.
- Revenue: University revenue would be going up about 1% over last year.

- Expense budget: The expense budget includes all known budgeted positions and financial commitments for positions, including collective bargaining costs.

Budget Adjustments and Reductions

- Department operations budget reduced by \$2 million.
 - Some reductions related to rollover funding extracted from the operating budget.
 - Other reductions were shared by individuals to right-size spending.
- Financial aid is still increasing by about \$1.5 million.
- Capital budget is set at about \$5 million.
 - Half is funded from previously approved reserves for unfinished capital projects.
 - The other half is funded from the operating budget.

Interest Income

- Half of the interest income is connected to the investment policy spending plan, which uses a 12-quarter moving average allocation model.
- The other half is related to money market investments, achieving about 4.5% interest rate.
- The combination currently generates about \$3 million annually in interest income.

Grants and Trust Funds

- Grants and trust funds were removed from the operating budget and were net neutral.
 - Grants are about \$5 million in revenue and are typically reimbursable.
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 - The estimated budget grant revenue matches the expense..

Expense Budget Reduction

- The expense budget was reduced by \$6 million, from \$138 million plus to \$131.6 million.
- There are still a couple of categories that need to be analyzed.

MOTION made by Trustee Currier and seconded by Trustee Jasmin, The Financial Affairs Committee recommends approval to the full Board: To approve the FY26 provisional 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**.

Use of Reserves

- A new report summarizes the use of reserves, including capital projects and about \$1.2 million in strategic investments that have not been spent.
- A total of \$3.8 million of reserves will be used next year for two purposes:
 - To fund strategic investments.
 - To fund unfinished capital projects.

Investment Policy

- The investment policy allows for a drawdown of 4.0% of the 12-quarter median average.
- The calculation yields \$1.253 million for drawdown of the investments.
- The drawdown will only occur if the cash is needed.
- The University is asking for a motion to approve the annual drawdown from investments as the investment policy allows.
- A question was raised about the policy regarding drawing down funds and whether Board approval is necessary annually.
 - It was clarified that the Board needs to approve it annually and any exceptions.

MOTION made by Trustee Jasmin and seconded by Trustee Queenin, the Financial Affairs Committee recommends approval to the full Board: To transfer \$1,253,444.00 from the University's investment accounts with Fund Evaluation Group LLC, to the University's operating account at Berkshire Bank, consistent with the University's Investment Policy (0430), to support the FY25 operating budget, and verified with the financial analysis presented today. There being no discussion, a roll call was taken, **motion passed unanimously**.

Charter Changes

- There are minor changes to the charter to bring it up to practice.

MOTION made by Trustee Montemayor and seconded by Trustee Queenin, the Financial Affairs Committee recommends approval to the full Board: To approve revisions to the Westfield State University, Board of Trustees, Financial Affairs Committee Charter, as presented. All in favor, **motion passed unanimously**.

FY25 Sponsorships

- A document summarizes why the Board has to have some level of oversight in this activity, coming from the Board of Higher Ed and their trust fund guidelines.
- The amount for sponsorships was bumped out to about \$20,000 this year.
- A list of sponsorships is provided, separating them from advertising.

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 2:30 p.m.

Materials:

- a. Minutes 4-22-25 (Draft)
- b. University Cash Summary
- c. FY25 vs. FY24 YTD Spending Report
- d. Motion – FY26 Provisional Operating Budget
- e. FY26 Provisional Operating Budget Materials
- f. Motion – Investment Income Drawdown
- g. Investment Income Drawdown Materials
- h. Motion – Financial Affairs Committee Charter
- i. Financial Affairs Committee Charter
- j. FY25 Sponsorships

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 June 11, 2025.

Chris Montemayor, Secretary

Date