MASSASOIT COMMUNITY COLLEGE

Fiscal Year 2021

Proposed Spending Plan

July 1, 2020 – June 30, 2021

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October 2020

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INTRODUCTION

The FY21 Proposed Spending Plan is a $46.44 million which covers our institutional obligations, invests in our institution's future and provides flexibility to cover emerging institutional priorities arising from the strategic planning process.

REVENUE

STATE APPROPRIATION

To recap the State's appropriation process, it begins in October when the Board of Higher Education (BHE) issues its guidance. In January, the Governor files his initial bill (H1) with the House Ways and Means Committee (HWM). The HWM evaluates the H1 bill and forwards it to the full House of Representatives with a list of recommendations. The House considers the recommendations of the HWM and any other amendments. After deliberation, the House approves an amended version of the bill. The Senate Ways and Means Committee (SWM) follows the same process as the HWM before forwarding its recommendations to the full Senate. The Senate considers amendments to the bill before approving the final amended version. At this point, the bill goes into Conference Committee where selected members of the Administration, House, and Senate reconcile the three budget proposals. An agreed-upon version is sent back to the House and Senate for a final vote by both branches. The final agreed-upon proposal returns to the Governor for a period of consideration. The Governor has the authority to veto specific lines within the proposed budget, up to and including a veto of the entire proposed budget. With a 2/3 majority vote, the Legislative branches can override the Governor's vetoes. Following any such overrides, the bill is finalized and is referred to as the General Appropriations Act.

Governor Baker released his $44.6B budget proposal on January 22, 2020. It represented, in terms of gross dollars, a 2.3% increase compared to the prior year's funding. The Massasoit line item in the H1 called for an appropriation of $23,764,288 and an additional 1% added to the formula funding for FY20. In a normal year, the House Ways and Means proposal would follow in due time and, considering recent trends, would have closely matched the Governor's H1 proposal. The remainder of FY20 would prove to be anything but normal.

The cost of fringe benefits rose from 37.99% in FY20 to 38.32% in FY21; broken out as 36.38% in fringe benefits and 1.94% in payroll tax. This increase of 0.33 percentage points represents a 0.9% increase in our fringe expenses. Last year's fringe expense increase was 2.3% as well. The increase from FY18 to FY19 was 2.2% after a period of more significant increases. The cumulative impact of these increases is compounded because we take a hit in both rate (the increase of the rate from year-to-year) and volume (the increase in payroll from year-to-year against which the rate is applied). Collective bargaining increases implemented in one year drive up the total payroll against which the higher fringe rate is applied in the subsequent year.

The ultimate impact of fringe expenses on our budget is determined by the level of state appropriated dollars we ultimately receive. The college uses all state appropriated dollars to cover full-time payroll expenses. In doing so, the college pays the lower payroll tax rate and the state picks up the larger fringe benefits rate. Once we have expended our state appropriated dollars and we need to start using locally generated revenue to cover full-time payroll expenses, the college must pay the full rate (fringe benefits + payroll tax). The state process is ongoing as of the writing of this report. We may not know our final state appropriated total until sometime in October. A greater level of state appropriated dollars will drive down our fringe expense as it relates to the full-time payroll expense referred to in this report. Conversely, if our estimates are off and the state delivers a lower level of appropriated dollars, the fringe cost would rise over our current projections.

COVID IMPACT

In early to mid-March, we began to see the first signs of the arrival of the Covid-19 virus in the Commonwealth and the effects on the state's budget development process were soon to follow. Governor Baker declared a state of emergency in the Commonwealth on March 10th and on March 12th, the college had its first potential brushes with the virus. As the state began to shutdown, the disruption to the state's ongoing budget development process was clear. At this point in time, our own college development process was entering its final stages and was staged nicely for a May delivery to the Board of Trustees.

The shutdown across the state brought with it the potential for catastrophic revenue shortfalls at the state level. The Governor's H1 proposal was clearly being overcome by events. We immediately began planning an entirely new budget development process taking into account our new and changing landscape. The first recommendation was to move toward submitting a provisional budget to start FY21. The college's finance team has undertaken significant effort the last few years to move away from provisional budgets and to come forward with a more timely delivery of the proposed spending plan. Going back a few years, it was common practice for the college to submit a provisional spending plan to the Board every year. The actual spending plan was not developed until all state appropriation and enrollment-based revenue data was concrete. The college would present this plan in September – three months into the new fiscal year. For a host of reasons, this was not optimal for planning or execution of the spending plan. FY21 would've been the third year in a row that the college submitted a spending plan for the Board's consideration and approval in May, giving the financial managers two months to plan their implementation of the new approved budget before it went live on July 1st.

Facing this level of disruption made a May delivery untenable. Unofficial word came from people within the state process that our state appropriations could see as much as a 10% reduction as compared to the H1 number we had seen in January. Our enrollment projection model continues to serve as the predictive tool used to forecast our enrollment-based revenue. The model runs on prior year trend data; none of which would prove helpful in projecting FY21 enrollment. By moving early to beginning the new fiscal year under a provisional spending plan, we were trading time for more concrete information. We were also avoiding a set of circumstances that might force the college into making unnecessarily hasty decisions.

Two potential schools of thought emerged in discussions in higher ed at this point. One had a scenario where covid concerns would cause the bottom to drop out of our enrollment actuals. Some schools were discussing major negative enrollment numbers in comparison to both prior year and existing projections for FY21. Another scenario suggested that with covid concerns driving schools to maintain remote learning, many four-year students would look to the community college sector for convenience and value issues thereby driving up our enrollment. Neither scenario was based in actual data. With guesswork potentially riddling our projections, we did not want to put the college in the position of having to react to or make decisions based on uncertain numbers and scenarios.

Within two weeks of the declaration of a state of emergency, the finance team had developed a new process for creating an FY21 spending plan despite all the uncertainty. Coupled with a series of recommendations for immediate and medium-term actions, the plan centered around the concept of the Zero-Based Budget (ZBB) Model. The current budget model in use at the college is a hybrid. It draws components from a number of popular budget models to create a process that maximizes flexibility and ownership while ensuring it delivers a comprehensive budget. We have used components of the ZBB model for years at the college.

Rather than scrapping the information we'd collected in the FY21 development process thus far, we recommended keeping the data but scrapping the discussions held around the data to that point. Discussions within the senior leadership to that point had focused on the submitted budget requests and potential reductions each area could offer. We needed to turn that conversation upside down and make it more about "What do I absolutely HAVE to have in FY21 to complete my mission?" FY21 became a bridge year. We had to come up with a plan to get through the austere conditions we were likely to face in the coming fiscal year in order to get to, hopefully, firmer ground in FY22.

Under ZBB, each cost center within the organization is building its budget from scratch year-to-year. That was already reflected in the data we had from the budget requests submitted in January. What we really needed to inject into the new process was the emphasis on prioritization that should come with a ZBB infused process. With that in mind, the college prioritized funding full-time payroll as a first-dollar exercise. We then asked the fiscal managers across the college to look at each line item in their submitted requests and categorize them according to the following guidance:

Contractual – Goods/services that the college has a legal obligation to pay for in the coming fiscal year. Multi-year contracts, debt service and collective bargaining obligations are examples of this type of expense.

Required – Goods/services fill a critical need to meet the college's mission and goals –there is no contractual obligation but the college must cover these expenses. An example of a required expense is our utilities. We are not contractually bound to pay the utilities companies. We could turn off all climate controls and electricity but humid summers and cold winters don't allow for such so we are required to have proper utilities to function. Without these items, there is no work around, you must have them to function. The only difference between required and contractual is that required expenses do not carry a legal obligation.

Preferred – Goods/services are not critical but serve to improve service delivery. A preferred expense could be travel to a conference or a technological upgrade. You area is able to function and provide service to staff and students without a preferred item. That item may improve your level of service or expand your capabilities, but you can still meet the basic demands without it.

Operational – Goods/services we would normally purchase to service staff, faculty and students. This includes office supplies, some furniture, any line item in your budget request that is not specifically tied to an identifiable purchase would be considered "operational". I see a lot of budget requests for "supplies" or "furniture". If you have a placeholder in your budget request, it is an operational item. If your area can function without the item either by deferring, deleting or developing a work-around, it is an operational item.

For a number of years now, the notion of prioritization has been a common theme in both our budget development and execution processes. We have asked budget managers to identify line items under general categories called Tiers 1,2, or 3. The intent of this step was really to generate discussion within the organization or department creating the budget and were not used to make decisions about reducing or eliminating request budget lines. The four categories we asked managers to label their budget line items with in this new step would very likely drive the reduction or deletion of lines based on the eventual total amount of funding we would project for revenue.

After categorizing each line item in the existing budget request, there was another step we asked the divisions to undertake. By this point in the timeline, the college determined our instruction would be remote for the fall semester, with few exceptions. We asked the leadership and financial managers throughout the college to go back through their request and adjust the requested dollar amounts given the confirmation that our actual in-person footprint on campus for fall would be minimal. With a reduced and fully prioritized budget request, we then turned to allocating our projected revenue.

The first priority throughout the exercise has been full-time payroll. That remained a first-dollar exercise and was the first amount allocated. The payroll forecast has been vetted and reviewed multiple times throughout this process and comes to $26.2M. Working back through the categories, the Contractual total came to $12.8M. Required items totaled $6.7M. At this stage of the process we had allocated all but $800,000 of our total projected revenue amount. We had not allocated any funds towards either Preferred or Operational items. The total amount requested came to $2.5M ($1.2M Preferred and $1.3M Operational). In keeping with the spirit of process by relying on input from across the college and dedicating resources towards priorities, we determined the best method for allocating this final $800,000 is to divide it in accordance with historical spending on similar categories of expenses. We took a three year average and determined a historically relevant split.

Those amounts were shared with the leadership and budget coordinators for each division who were then able to decide how those funds should be split across their areas.

ENROLLMENT

In a typical year, the budget development process incorporates input from the Enrollment Projection Team (EPT) at three pre-identified points in the year. The EPT is composed of key staff from within Enrollment Management, Institutional Research, and Division of Early College Access. As each semester's enrollment cycle completes and census data is captured, the predictive model is updated to incorporate real-time enrollment changes and trends into the Enrollment Forecast, informing the direction of recruitment and retention activities. With the onset of COVID 19 in early 2020, our enrollment projection process, like any other planning process occurring during a worldwide pandemic, took several turns, resulting in significant changes to the initial projections.

The first step in developing an enrollment projection is calculating the institution's retention rate. Currently, the Enrollment Projection Team incorporates retention trend data for specific cohorts dating back to Spring 2011. Massasoit's overall retention rate has been fairly consistent over the last nine years and has proven to be accurate for projection modeling when applied to the class as a whole rather than individually for specific groups. The fluctuation of retention trends is typically predicated on the unemployment rate. For example, if the unemployment rate drops, the retention rate has also historically dropped. The retention rate is applied to the whole class to calculate the number of continuing students.

The second step is to calculate the number of incoming students. That group has consisted of new students, transfer students, and stop-out students. The numbers are based on high school data and historical trends, respectively. In recent years, the growth trend for our Early College population has continued upwards, highlighting the importance of the decision the Enrollment Projection Team made last year to "back out" the high school students and treat them as an individual group for more accurate calculation. Under the updated model and accounting for recent retention gains, the overall retention rate used in the calculation of students that move from spring-to-fall was 55.5% and the rate for students moving from fall-to-spring was 68.5% for the FY21 initial enrollment projections, giving the enrollment team the opportunity to plug-in the forecasted enrollment from the Associate Dean of Early College Access.

The initial predictions of the Enrollment Projection Model calculated in October 2019, prior to the onset of the pandemic indicated a -7% decrease for the Fall 2020 semester resulting in 55,029 total credit hours. The model predicted a -4.7% decrease for the Spring 2021 semester, ultimately yielding 47,611 credit hours.

In March, as we began to feel the impact of COVID-19 across all facets of life and as we were approaching our point in the annual cycle where enrollment projections are finalized, the Enrollment Projection Team in consultation with the senior leadership of the college made the decision not to adapt the initial projections due to the pandemic as any change at that time would not be evidence-driven. We could not accurately predict what was about to come or how it would impact our bottom line. With the decision to submit a Provisional Spending Plan to start FY21, we would be able to gather more concrete, relevant data on our enrollment situation and infuse that into our final spending plan proposal to the Board.

Making a dramatic pivot in late March to shift to a completely virtual array of enrollment and advising services within the space of a few days' time was no small feat and required significant effort across multiple divisions to be successful. Some highlights of this work include:

- Consistently shifting our outbound marketing to reflect the college's most current plans with timely and sensitive messaging.
- Shifting our New Student Orientation to a two-part virtual process – the first, an expansion of our existing online orientation course through the Canvas platform to be a more inclusive and robust offering that could meet the needs of all incoming students. Second, the development of a virtual group advising format offered through Zoom and integrated with individual Zoom appointments for those requiring a more personalized experience.
- Combating the national delay of remote placement testing offerings by collaborating with Academic Affairs to expand Multiple Measures placement options and by being an early adopter of remote Accuplacer testing via Zoom once the platform and parameters were available.
- Developing a comprehensive series of virtual enrollment events including individual appointments with Admissions, Financial Aid, Academic and Cohort Advisors; a series of *Admissions & Financial Aid Information Sessions*; a *Parent Information Session*; *Ready, Set, Enroll!* – our large-scale virtual enrollment event; *Massasoit Extended Registration Zoom-In* Saturdays and *Virtual Enrollment Drop-Ins* – a series of no-appointment-needed drop-in sessions to answer quick questions.
- Offering our online Request for Enrollment and Advising Services Assistance Form in which requests are monitored and routed to the appropriate offices for service daily and to date has resulted in over 2,700 completed requests for service.
- Reallocating some full-time and several part-time professional and student staff to execute a curated series of calling campaigns to thousands of students (Peer Mentor Campaigns; Spring Remote Learning Check-In Campaign; an ongoing four-stage Enrollment Campaign that guides students through each step of the enrollment funnel and an ongoing Recruit Back Campaign which engages non-returning students from the previous summer and spring semesters)

By July, enrollment continued to show significant declining trends both locally and nationally due to the pandemic. In response to this downward trend, the senior leadership of the college adjusted, for planning purposes, our enrollment projection to -10% for the fall semester. The updated -10% Fall 2020 projection (which incorporates a higher than predicted Spring 2020 actual enrollment) results in 53,282 total credit hours.

Actual enrollment trends for summer sessions continue to be extremely consistent year-to-year and are generally projected at 12,000 credit hours. Due to timely decision-making, responsive service adjustments and external factors guiding student choice to remain local for cost-effective summer coursework, actual Summer 2020 enrollment was slightly better than predicted and better than the previous year. Actual summer enrollment at the second census date (Day 3 of the last half of the term) indicated a total of 2,439 credit students registered for 12,626 total credits. Overall enrollments were up +18 unique students in credit headcount and up +6.8% or +804 credit hours as compared to Summer 2019 (11,815 credits).

Concerns about our Early College (high school student) enrollment continue to loom large in navigating enrollment projections as partner districts finalize plans for K-12 learning. Multiple partner schools have been forced to pull out of planned programming due to the COVID-19 pandemic. As Early College enrollment continues to comprise a larger portion of our total enrollment annually, these unexpected and unavoidable declines will have a significant impact.

Enrollment reports throughout the summer continued to show declines for the fall semester. After a protracted period showing a potential 18% - 22% decline, the senior leadership of the college again revised our budget enrollment number to -20% for fall 2020 as compared to the fall semester a year ago. This -20% decrease, when fed into the predictive enrollment model, suggests an enrollment decline of 22.7% for the spring semester as compared to the same semester a year ago. This enrollment data takes the place of what, in a normal year, we would have obtained from the enrollment team in March and used to build our proposed spending plan. It represents what we've taken to calling our "budget enrollment" number to distinguish it from our eventual actual enrollment numbers. Accounting for the fall, spring and summer, we have built the FY21 Proposed Spending Plan on a total projection of 99.477 credit hours.

PROPOSED FEE INCREASE

Proposing fee increases is never taken lightly. We continually weigh both the financial impact on our students as well as the financial impact on the institution. This year's process was made all that much more difficult given the disrupted nature of the budget development process. We were aware of increases to Pell, MassGrant Plus and FSEOG funding. We also knew that any fee increase would result in an increase in funds the college dedicated to its MCC Fee Assistance fund for institutional need. As we progressed through our planning and deliberations, we were able to gain a sense of what our peer institutions across the sector were doing as far as fees went and we remain near the bottom of the list as far as fees go in the sector. We actually represent the second best deal, in terms of fees, in public higher education in Massachusetts across all three sectors. Through much of our planning, we were actually the best deal in public higher education in Massachusetts. We received word in late September, however, that one of our colleagues in the community college sector changed their planned fee increase from $18 per credit hour to $10 per credit hour. This was enough to drop them below us and so, as we were last year, we are the second best deal.

Tuition and Mandatory Fees at Massachusetts Public Colleges and Universities (Based on Fall Resident Undergraduate State-Supported Rates)				
Institution	FY2020	Fee Increase	Proposed 2021	1 Yr % Chg
Middlesex	$7,560	$0	$7,560	0%
Mt. Wachusett	$7,000	$0	$7,000	0%
North Shore	$6,850	$4	$6,970	2%
Quinsigamond	$6,870	$3	$6,960	1%
Roxbury	$6,490	$15	$6,940	7%
Greenfield	$6,932	$0	$6,932	0%
Northern Essex	$6,740	$6	$6,920	3%
Springfield Technical	$6,606	$8	$6,846	4%
Berkshire	$6,750	$0	$6,750	0%
Mass Bay	$6,540	$6	$6,720	3%
Cape Cod	$6,690	$0	$6,690	0%
Holyoke	$6,320	$11	$6,650	5%
Bristol	$6,254	$8	$6,494	4%
Massasoit	$6,240	$7	$6,450	3%
Bunker Hill^	$5,985	$10	$6,135	3%
University of Massachusetts*	$15,629	$0		0%
State Universities*	$10,895	TBD		0%
Community Colleges**	$6,578	$5	$6,730	2%
^ - Bunker Hill applies fee increases in the middle of the academic year				

As we've done in the past, we referred back to the institutions within the MA community college sector that are the most similar to Massasoit. Using the U.S. Census Bureau's "2013 – 2017 American Community Survey Five-year Estimates" report, we identified those institutions using the survey's listing of median household income for 350 Massachusetts' cities and towns.

Comparing Massasoit to Similar Institutions			
Institution	**FY2020**	**Proposed 2021**	
Middlesex	$7,560	$7,560	
Quinsigamond	$6,870	$6,960	
Roxbury	$6,490	$6,940	
Northern Essex	$6,740	$6,920	
Springfield Technical	$6,606	$6,846	
Holyoke	$6,320	$6,650	
Bristol	$6,254	$6,494	
Massasoit	**$6,240**	**$6,450**	
Bunker Hill^	$5,985	$6,135	
Chart illustrates Massasoit's standing with respect to like-sized sector partners. Other institutions serve economically similar service delivery areas based on median household income as reported in the 2013 - 2017 American Community Survey.			

A healthy debate ensued. In the past, we have often pointed at specific projects or areas of expense that a proposed fee increase will be dedicated towards. Having recommended we start the fiscal year with a provisional budget due to all the uncertainty surrounding both our state appropriated and enrollment-based revenue, we could not point to specific items in the spending plan. Our amended planning process was not that far enough along and the uncertainty prevented us from committing to any expense items at that early stage.

Analyzing what our sister institutions were doing, we were surprised to see some double digit increases. In our discussions we were modeling potential fee increases but they were in the $3 - $10 range. The covid landscape we found ourselves in caused quite a bit of hesitation. We could not deliberate long before the specter of the virus and its wide-ranging impact came up. This made those double digit increases stand out all that much more. It was at that point we began to consider the concept of inter-generational equity.

The general trend of expenses associated with running an institution such as ours is upward. Aside from inflation reflected in the expenses for goods and services, we continue to see increases in collective bargaining and fringe benefits. Even without an increase in head count or salary in our full-time payroll, our payroll and benefits expenses will most certainly increase year-to-year. Institutions that fail to reflect that in their fee structure often find themselves having to play catch-up; hence the double digit increases. Our inter-generational equity concern was that if we did not recommend a modest increase now the impact on future student cohorts would be greater in the years to come. Skipping a modest annual income would likely lead us to a future scenario where we are proposing significant increases down the road.

After modeling the potential impact of several levels of increase, we determined a $7 increase per credit hour would be the most impactful to the operating budget while also having as minimal an impact on our students as possible. The $7 General College Fee increase will result in a $63 increase for students taking 9 credit hours in a semester or $126 for the full academic year. Based on our enrollment projection model, our average student will take slightly less than 9 credit hours per semester in FY20. We are confident that given the increase of $113 per student in Pell Grant, increases in our Mass State Grant program and increase in our MCC Fee Assistance program, we will be able to cover all tuition and fees for our neediest students. Our neediest student are currently defined as all students whose expected family contribution (EFC) is between $0 and $5,711. In addition, these students will have enough excess financial aid to cover all costs for books and classroom materials.

The proposed $7 increase to our General College Fee assessed on each credit hour would bring our cost in tuition and fees to $215 (comprised of: $8 Technology Fee, $24 tuition, $183 General College Fee) . The Technology Fee pays for classroom upgrades, student-centric equipment replacement/upgrades, licensing and other IT related expenses that impact the greatest number of students possible. Many schools assess a similar fee. That is our only additional fee assessed on all registered credit hours. We do have some additional fees tied to specific programs like Paramedic, Nursing, or online courses but those fees are only applied against students registered in those offerings. Fees at other community colleges in Massachusetts include registration, parking, facilities, student IDs and transportation. Massasoit has traditionally avoided such a panoply of fees and the College is not investigating anything beyond the current fee structure in this Proposed Spending Plan.

OTHER REVENUE

In addition to enrollment and the State appropriation, our revenue streams include fees (General College Fee, Tech Fee, program fees, misc.) and revenue-generating activities on-campus such as the bookstore, transcript requests, etc. Many of these separate revenue streams are based on enrollment. Planning for these revenue streams corresponds directly to that projected enrollment increase or decrease. Revenue for these activities is projected based on a combination of the prior year's actual revenue and any new additional factors that may impact the given activity in the coming fiscal year.

Per the College Investment Policy, we will allocate an amount not to exceed the policy spending rate of 5% of the average of the previous three fiscal years' beginning-period endowment values in our operating budget to help fund operating commitments and strategic priorities.

EXPENSES

COLLECTIVE BARGAINING

It was our hope that the Commonwealth would continue its recent practice of appropriating funds to cover additional years under new collective bargaining agreements. In the past, the Commonwealth would cover collective bargaining associated with the first year of each new contract. Subsequent years were up to the individual institutions to fund from their operating funds. In FY19, the Commonwealth included funds to some of those subsequent years in their appropriations. We had no indication the state would deviate from that recent practice heading into FY21 pre-Covid-19.

As of the writing of this report, we do not have any indication, to any degree of certainty, that the state will not appropriate these funds. The flip side, of course is we have no visibility on the opposite take either. For our planning purposes, we have included projected collective bargaining amounts in both expense and budget for the FY21 Proposed Spending Plan for MCCC and AFSCME. We will adjust our planning and execution as more concrete information emerges. The one thing we have been told is that there will not be any increases for Non-Unit Professionals in FY21. That item has been removed from our expense modeling.

INFORMATION TECHNOLOGY

A major source of ITS funding is from the Technology Fee of $8/credit assessed to students. Based on current credit hour projections, the fee-based portion of the ITS budget will be approximately $771,942. Per a standing Board directive, a minimum of one-eighth of this amount (approximately $96,493) will be spent on instructional media in classrooms and computer labs on items such as student computers, projectors, document cameras, and monitors. In addition to the Technology Fee fund, the ITS budget includes $2.2M allocated from the general fund.

The majority of the overall ITS budget, or approximately $1.0M+, is earmarked for hardware support and software licensing contracts. These contracts allow us to provide resources like the College portal, external website, computer classroom software, Microsoft license, security, email, data storage, phone service, enterprise applications, and network infrastructure. The largest component is for our student information system (e.g. Banner, BDM, DegreeWorks, Argos, Oracle, and eVisions), which amounts to more than $340,000.

Transformational technology will be the second largest expense this year. At this time full-year cost estimates are heavily dependent on the path of the pandemic and the modality of courses for the remainder of FY21. Transformational technology includes new Zoom videoconferencing and Avaya remote telephony, secure file transfer, online forms, Azure virtual computer labs, and some restructured software licensing. As in most years a significant portion of the ITS budget will also be spent on end user devices. While this usually includes equipping on-campus computer labs with new desktops, FY21 will primarily feature mobile devices including both assigned and loaned Chromebooks, laptops, and internet hotspots for faculty, staff, and students.

CAPITAL EXPENDITURES

The Board of Higher Education requires the College dedicate 5% of the total operating revenues to Capital Adaptation and Renewal projects to ensure our facilities and infrastructure are capable of supporting our mission. Committing funds to these projects is imperative as it enables us to put our best institutional-self forward thereby helping us to recruit and retain the best students, faculty and staff to the Massasoit community, a practice very much in keeping with Massasoit's tradition of excellence. The College continues to invest significant funds in each year's operating budget dedicated to asset preservation of our existing facilities as well as improvements in conservation, energy efficiency, public safety, cost containment and public interface.

The FY21 Proposed Spending Plan does not include a request for funds associated with any new major projects to be funded with operational dollars. Initially, the plan for FY21 was to focus special projects funding on improving and updating wayfinding across campus as part of the college rebranding. Due to the austere fiscal environment projected for FY21, this small allocation was removed from the proposed spending plan to further reduce expenses. The 5% target is made up of a number of expenses, not just the total expended on projects. We are able tin include all funds expending on trades' position salaries, associated fringe for those positions, debt service, and all supplies and services related to the trades. These tend to be the bulk of our 5% every year. The special projects make up the difference and put us over the top of the 5% target.

The FY21 Proposed Spending plan does include some project money in the Facilities Department. Additionally, the College will continue to leverage additional funding opportunities from the Commonwealth to address deferred maintenance projects and projects with Americans with Disabilities Act implications. In early July 2020, the Commonwealth announced that the Division of Capital Asset Management & Maintenance (DCAMM) would be offering a small repair project program in FY21 focused on the renewal, repair, and replacement of systems, equipment, or infrastructure in college facilities. Each community college campus was able to submit a list of projects totaling $375,000. By focusing on smaller projects, DCAMM hoped to fund projects that could be completed quickly, would relieve college spending and use of operational funds for small repairs, would speed up the pace with which maintenance backlog is being addressed.

Massasoit submitted a list of such projects to be completed on campus and was awarded the full $375,000 award. In addition to some smaller dollar projects, this funding will be used for:

Electrical Panel Boards and Trough - $168,000
Master Box Replacement - $64,000
Hardscape Replacement - $32,000
HVAC (Student Center) - $50,000
Plumbing (Student Center) - $45,000

Additionally, Massasoit will access deferred maintenance funds made available by the Commonwealth for the following projects in FY21:

-Replacement of windows in the Administration Building ($279,000)
-Replacement of fire alarm system in Humanities and Liberal Arts Buildings ($500,000)
-ADA projects to include ramps, railings, hardscapes and new steps in front of the Administration Building ($650,000)

All told, the college will be funding over $1.8M in projects without utilizing any operating funds.

MCC FEE ASSISTANCE FUND

MCC Fee Assistance fund is the primary source of institutional financial aid and is primarily used to equitably supplement federal and state grant aid so that financially needy students with an estimated family contribution (EFC) greater than 0 may be awarded enough grant assistance to cover 100% of an average student's direct educational costs (specifically, tuition, fees and books). This approach is consistent with Massasoit's institutional commitment to student success, access and affordability, and allows students from low and moderate income families access to a Massasoit education while minimizing student indebtedness.

While not a formal policy, it has become standard practice at Massasoit to allocate operating funds to this resource each fiscal year. Including this amount in our annual spending plan allows the Financial Aid staff to consider this amount available in their planning for, and packaging of, financial aid awards for students throughout the coming fiscal year. In fiscal years during which we increase student fees, 5% of the projected gross increase is then added to the existing allocation to the MCC Fee Assistance fund. That increased amount is carried forward in subsequent spending plans to be supplemented with any new increases. The FY20 Spending Plan allocated $273,710 for the MCC Fee Assistance fund. With the proposed fee increase in the FY21 Spending Plan, the College is forecasting a gross revenue increase of $696,339. Adjusted for waivers and uncollectibles, that amount drops to $675,448. We intend to add $33,772 to the MCC Fee Assistance fund bringing the current (and future) allocation to no less than $308,527.

CONCLUSION

The word "unprecedented" gets thrown around a lot lately. Certainly the word is an apt description of the current landscape we find ourselves in combating the pandemic. From a fiscal perspective here at the college, the word accurately describes our efforts at financial planning for a very dynamic and fluid situation. Going from a $49.6M spending plan in FY20 to a $46.4M proposed spending plan in FY21 represents the single biggest year-to-year drop in operational funding the college has seen. In developing our plan to address the college's operational needs, we see the first dedicated one-time commitment of reserve funds to our operational portfolio.

The result of these efforts is a plan that will successfully create a bridge from FY21 to FY22. We built this plan entirely on the expressed priorities of financial planners throughout the college to ensure we were effectively allocating funds to address the most critical needs first.

Our ability to respond to these circumstances is certainly born of the effort from prior years. The one-time commitment of reserve funds is directly tied to the end-of-year surplus from FY20. A combination of conservative planning, faithful execution, and effective institutional response to the final few months of the pandemic-riddled FY20 led the college to reduce, defer, or eliminate significant expenses. We are able to employ those funds now in support of our FY21 plan without negatively impacting our current financial standing.

Within this plan there are cautionary notes. By implication, calling this a “bridge” year suggest we are crossing a span to land on the other side. Contingency planning for what may, or may not, be on that other side must begin immediately. While the plan does address priorities, it also carries with it the knowledge that a serious effort was made to identify expenses that could be deferred or avoided. The decision to include those one-time reserve funds was a reasonable, prudent conclusion to reach. Without a bounce back in state appropriations or enrollment-based revenue in FY22, the college will be faced with more difficult and much more impactful decisions.

Massasoit Community College
Budget Expenditure Classifications

Category 1

AA **<u>EMPLOYEE COMPENSATION</u> –** This subsidiary includes regular compensation for full-time employees. It also includes overtime pay, shift differential, sick leave buy back, and awards.

CC **<u>SPECIAL EMPLOYEES</u> –** This subsidiary includes payments to individuals who are employed on a temporary basis through contracts. This includes Adjunct Faculty and seasonal employees. In addition, this category includes payments to students who are eligible for work-study.

DD **<u>PENSION / INSURANCE</u> –** This subsidiary includes pension and insurance related expenditures associated with departmental operations, such as fringe benefits, unemployment compensation, Medicare, worker's compensation, surety of employees and health and welfare trust fund.

Category 2

KK **<u>EQUIPMENT</u> –** This subsidiary includes the purchase and installation of a variety of equipment. For example, ADP equipment, educational equipment, motor vehicles, office equipment, telecommunications equipment, heavy equipment (e.g., front-end loaders, back hoes), photocopiers and duplicators are purchased from this category.

LL **<u>EQUIPMENT LEASE / REPAIR</u> –** This subsidiary includes leases, short-term rentals, and the maintenance / repair of equipment not related to Information Technology or infrastructure facilities.

NN **<u>INFRASTRUCTURE</u> –** This subsidiary includes expenditures for projects that construct and/or maintain real property assets of the Commonwealth. For example, building and land maintenance and improvement projects, hazardous waste removal, maintenance of roadways (salt, sand, patch), and maintenance supplies that are project-specific are purchased or paid in this category.

Category 3

BB **<u>EMPLOYEE EXPENSES</u> –** This subsidiary includes reimbursement to employees and payments on behalf of employees such as hotels, meals, fares and tolls, private auto mileage, conference and registration fees, in-state and out-of-state travel, reimbursement or payment to police officers for the purchase or cleaning of work-related clothing, and overtime meals.

EE **ADMINISTRATIVE EXPENSES –** This subsidiary includes administrative expenses associated with departmental operations. For example, office and administrative supplies, postage, printing expenses and supplies, periodical subscriptions, departmental memberships, advertising expenses, professional development registration fees, bottled water (including incidental rental costs of the equipment), fees, fines, licenses & permits, meeting incidentals and state single audit charges are purchased or paid in this category.

FF **FACILITY OPERATIONS –** This subsidiary includes the cost of operating state facilities. For example, food and beverages, kitchen and dining supplies, drugs, laboratory supplies, medical supplies, live animal supplies, clothing and footwear, facility furnishings, laundry supplies, cleaning supplies, gardening supplies, grounds keeping tools, library supplies and materials, teaching supplies and materials, recreational and social supplies, maintenance and repair supplies (stock only, hardware, plumbing, electrical supplies and motor vehicle parts), hand tools for maintenance and repair, floor coverings, and law enforcement supplies are purchased or paid in this category.

GG **ENERGY COSTS –** This subsidiary includes expenditures for plant operations, space rentals, electricity and natural gas, vehicle fuel, fuel for buildings, water, sewage disposal and payments to energy management services.

HH **PROFESSIONAL SERVICES –** This subsidiary includes expenditures for specialized external professional services for specific projects over defined time periods. For example, accountants, ADP professionals, arbitrators, attorneys, honoraria for visiting speakers and lecturers, medical consultants, and program coordinators are paid in this category.

JJ **OPERATIONAL SERVICES –** This subsidiary includes compensation expenditures for the routine functioning of departments as part of a department's daily programmatic activities. Services are provided by non-employees, generally by contractual arrangement. For example, accreditation review costs, art models, performers, athletic services (coaches, officials, lifeguards), financial and data processing services, examiners/monitors/graders, exterminators, non-hazardous waste removal, laundry, messenger and security services, interpreters for the deaf, external snow removal and grounds keeping services, tutorial services, and licensed professional trade persons are paid in this category.

MM **TUITION / EDUCATIONAL FEES –** This subsidiary is used only for payments of tuition or fees such as malpractice insurance on behalf of students.

RR **SCHOLARSHIPS –** This subsidiary is used only for the disbursement of educational assistance (Financial Aid).

SS **DEBT PAYMENTS –** This subsidiary is used for serving any accrued debt taken on by the College.

TT **STUDENT INSURANCE PAYMENTS –** This subsidiary is used only for payment of insurance policies on behalf of students at the College.

UU **INFORMATION TECHNOLOGY EXPENSES –** This subsidiary is used for telecommunications expenditures.

Massasoit Community College
Fiscal Year 2021 Proposed Spending Plan

TOTAL COLLEGE REVENUES

	Prior Fiscal Year Actuals				2021
Revenue Type	**2017**	**2018**	**2019**	**2020**	**Proposed**
State Appropriation	$20,966,140	$21,174,138	$22,209,446	$23,205,872	$21,387,625
Collective Bargaining Funds	$224,063	$0	$447,050	$0	$352,520
Formula Funding Adjustment	$207,998	$0	$293,171	$435,890	$220,844
Deferred Maintenance Reimbursement	$0	$0	$0	$766,300	
Operating Fund	$29,165,471	$28,782,026	$25,822,871	$26,718,327	$22,055,675
SUBTOTAL	**$50,563,672**	**$49,956,164**	**$48,772,538**	**$51,126,389**	**$44,016,664**
Carry Over from Prior FY	$0	$0	$0	$0	$0
ACPTF Transfer Out	($89,583)	($102,775)	($28,622)	($70,000)	($130,000)
ACPTF Transfer In (Remaining Balance)	$0	$0	$0	$48,694	$0
Fee Assistance Scholarship Transfer Out	($192,637)	($192,637)	($231,404)	($273,710)	($308,527)
One-Time Reserve Transfer In	$0	$0	$0	$0	$2,500,000
CEIP Transfer In	$0	$0	$0	$50,000	$0
Capital Reserve Transfer In	$0	$0	$0	$425,000	$0
Realize Gain on Investments	$0	$0	$0	$0	$364,873
TOTAL	**$50,281,452**	**$49,660,752**	**$48,512,512**	**$51,306,373**	**$46,443,010**

Massasoit Community College
Fiscal Year 2021 Proposed Spending Plan

TOTAL COLLEGE PROPOSED EXPENDITURES

		Prior Fiscal Year Actuals				2021
Account	**Account Description**	**2017**	**2018**	**2019**	**2020**	**Proposed**
AA	Overtime/FT Salaries	$28,078,547	$26,048,778	$26,366,964	$26,948,968	$26,791,235
CC	PT Salaries	$9,088,642	$9,150,892	$8,759,098	$8,236,973	$8,143,249
DD	Insurance/Benefits	$2,511,715	$2,294,310	$1,966,095	$2,042,371	$2,333,872
Payroll/Benefits:		**$39,678,904**	**$37,493,980**	**$37,092,157**	**$37,228,312**	**$37,268,356**
KK	Equipment	$390,292	$162,547	$278,703	$366,170	$114,300
LL	Repairs/Leases	$550,037	$569,556	$583,635	$442,253	$916,993
NN	Construction	$2,102,451	$1,389,161	$1,218,924	$2,658,042	$689,659
Capital Improvements/Equipment		**$3,042,780**	**$2,121,264**	**$2,081,262**	**$3,466,465**	**$1,720,952**
BB	Employee Expenses	$99,123	$109,680	$141,874	$124,510	$70,065
EE	Administrative/Office Supplies	$1,491,305	$1,255,659	$1,416,843	$1,115,948	$1,536,981
FF	Facility/Educational Supplies	$1,310,866	$1,174,341	$949,764	$606,649	$698,325
GG	Utility Expense/Space Rental	$1,523,656	$1,311,284	$1,265,512	$1,078,399	$1,218,106
HH	Professional Consultant Services	$343,174	$384,730	$567,564	$638,478	$473,235
JJ	Operational Consultant Services	$402,818	$373,845	$432,820	$481,324	$577,525
MM	Tuition/Educational Fees	$0	$0	$8,160	$3,437	$0
RR	Entitlements	$6,500	$4,000	$5,618	$2,000	$6,000
SS	Debt Service	$827,375	$825,000	$825,000	$825,000	$825,000
TT	Student Insurance/Special Payments	$8,128	$8,182	$3,210	$1,937	$8,400
UU	Information Technology Expense	$1,894,023	$1,933,966	$1,996,395	$1,941,151	$2,040,065
Operations/Other		**$7,906,968**	**$7,380,687**	**$7,612,760**	**$6,818,833**	**$7,453,702**
TOTAL COLLEGE		**$50,628,652**	**$46,995,931**	**$46,786,179**	**$47,513,610**	**$46,443,010**

Massasoit Community College
Fiscal Year 2021 Proposed Spending Plan

President's Division

Account	Account Description		Prior Fiscal Year Actuals 2018	2019	2020	2021 Proposed
AA	Overtime/FT Salaries		$3,010,271	$3,175,883	$3,710,900	$3,943,474
CC	PT Salaries		$54,377	$36,402	$329,915	$306,718
DD	Insurance/Benefits		$240,403	$213,459	$247,379	329,782
Sub-total	**Payroll/Benefits**		**$3,305,051**	**$3,425,744**	**$4,288,194**	**$4,579,975**
KK	Equipment		$9,520	$68,860	$76,627	$3,000
LL	Repairs/Leases		$49,351	$25,322	$50,341	$32,987
NN	Construction		$0	$28,327	$0	$0
Sub-total	**Capital Improvements/Equipment**		**$58,871**	**$122,509**	**$126,968**	**$35,987**
BB	Employee Expenses		$41,854	$56,595	$50,838	$45,200
EE	Administrative/Office Supplies		$521,425	$509,469	$611,525	$788,873
FF	Facility/Educational Supplies		$39,079	$37,099	$46,843	$58,550
GG	Utility Expense/Space Rental		$30,000	$22,500	$0	$500
HH	Professional Consultant Services		$221,841	$358,312	$471,273	$189,855
JJ	Operational Consultant Services		$0	$11,418	$131,038	$482,400
TT	Student Insurance/Special Payments		$0	$0	$0	$0
UU	Information Technology Expenses		$41,361	$37,204	$95,527	$53,019
Operations/Other			**$895,560**	**$1,032,597**	**$1,407,044**	**$1,618,397**
TOTAL			**$4,259,482**	**$4,580,850**	**$5,822,206**	**$6,234,359**

Massasoit Community College
Fiscal Year 2021 Proposed Spending Plan

Administration and Finance Division

			Prior Fiscal Year Actuals			2021
Account	**Account Description**		**2018**	**2019**	**2020**	**Proposed**
AA	Overtime/FT Salaries		$8,460,523	$8,738,300	$8,422,320	$8,677,761
CC	PT Salaries		$963,446	$649,208	$358,540	$346,988
DD	Insurance/Benefits		$842,236	$794,875	$758,212	695,173
Sub-total	**Payroll/Benefits**		**$10,266,205**	**$10,182,383**	**$9,539,072**	**$9,719,922**
KK	Equipment		$65,039	$114,950	$215,389	$350
LL	Repairs/Leases		$361,665	$379,275	$327,951	$330,626
NN	Construction		$1,367,593	$1,164,512	$2,633,062	$672,959
Sub-total	**Capital Improvements/Equipment**		**$1,794,297**	**$1,658,737**	**$3,176,402**	**$1,003,935**
BB	Employee Expenses		$13,360	$15,418	$27,328	$12,790
EE	Administrative/Office Supplies		$640,365	$799,303	$372,123	$709,007
FF	Facility/Educational Supplies		$654,451	$403,906	$120,407	$175,525
GG	Utility Expense/Space Rental		$1,279,509	$1,242,164	$1,077,222	$1,217,606
HH	Professional Consultant Services		$118,388	$135,812	$118,536	$253,500
JJ	Operational Consultant Services		$148,244	$181,493	$266,369	$14,500
SS	Debt Service		$825,000	$825,000	$825,000	$825,000
TT	Student Insurance/Special Payments		$8,182	$3,210	$1,937	$8,400
UU	Information Technology Expense		$1,626,534	$1,641,454	$1,556,414	$1,630,730
Sub-total	**Operations/Other**		**$5,314,033**	**$5,247,760**	**$4,365,336**	**$4,847,058**
TOTAL			**$17,374,535**	**$17,088,880**	**$17,080,810**	**$15,570,915**

Massasoit Community College
Fiscal Year 2021 Proposed Spending Plan

		Academic and Student Affairs Division				
			Prior Fiscal Year Actuals			2021
Account	Account Description		2018	2019	2020	Proposed
AA	Overtime/FT Salaries		$14,577,984	$14,452,781	$14,815,748	$14,170,000
CC	PT Salaries		$8,133,069	$8,073,488	$7,548,518	$7,489,543
DD	Insurance/Benefits		$1,211,671	$957,761	$1,036,780	1,308,916
Sub-total	**Payroll/Benefits**		**$23,922,724**	**$23,484,030**	**$23,401,046**	**$22,968,459**
KK	Equipment		$87,988	$94,893	$74,154	$110,950
LL	Repairs/Leases		$158,541	$179,038	$63,961	$553,380
NN	Construction		$21,568	$26,085	$24,980	$16,700
Sub-total	**Capital Improvements/Equipment**		**$268,097**	**$300,016**	**$163,095**	**$681,030**
BB	Employee Expenses		$54,467	$69,861	$46,344	$12,075
EE	Administrative/Office Supplies		$93,868	$108,071	$132,300	$39,101
FF	Facility/Educational Supplies		$480,811	$508,759	$439,399	$464,250
GG	Utility Expense/Space Rental		$1,775	$848	$1,177	$0
HH	Professional Consultant Services		$44,501	$73,440	$48,669	$29,880
JJ	Operational Consultant Services		$225,600	$239,909	$83,917	$80,625
MM	Tuition/Educational Fees		$0	$8,160	$3,437	$0
RR	Entitlements		$4,000	$5,618	$2,000	$6,000
TT	Student Insurance/Special Payments		$0	$0	$0	$0
UU	Information Technology Expense		$266,070	$317,737	$289,210	$356,316
Sub-total	**Operations/Other**		**$1,171,092**	**$1,332,403**	**$1,046,453**	**$988,247**
TOTAL			**$25,361,913**	**$25,116,449**	**$24,610,594**	**$24,637,736**

MASSASOIT COMMUNITY COLLEGE

FISCAL YEAR 2021 BUDGET

SCHEDULE OF PRIOR APPROVAL ITEMS

Trust Fund guidelines as adopted by the Massasoit Community College Board of Trustees require prior approval of the following items**:**

1. Expenditures which personally benefit the President

   There are no planned expenditures in this category for Fiscal Year 2021.

2. Expenditures for renovations or repairs of the President's office or home

   There are no planned expenditures in this category for Fiscal Year 2021.

3. Expenditures for membership dues

   Expenditures for approved institutional memberships are provided for in Operations/Other of the President's Office budget.

4. Expenditures for attendance at charitable dinners or events

   Participation in community charitable dinners or events is planned not to exceed a total of $7,500 in Fiscal Year 2021.

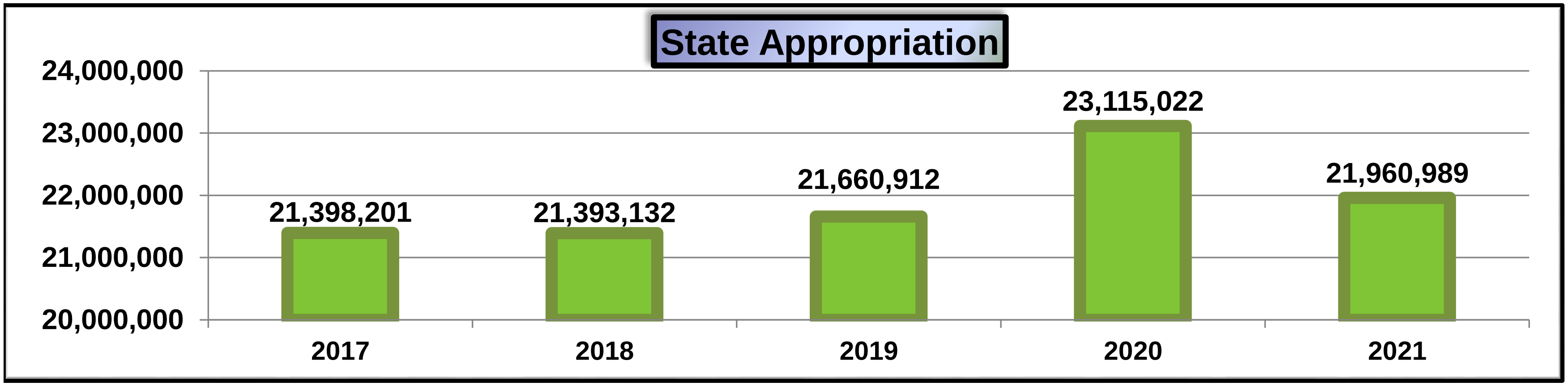
5. Expenditures for Trustees' Travel

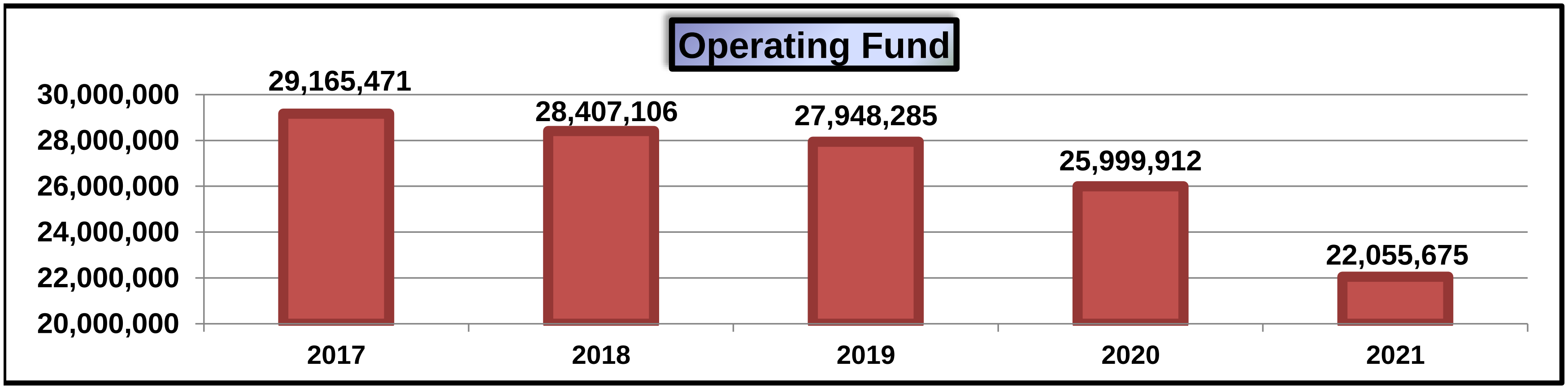
   The College normally provides for Trustees' attendance at conferences for professional development as well as reimbursement for private auto mileage. The cost of Trustees' travel shall not exceed $35,000.

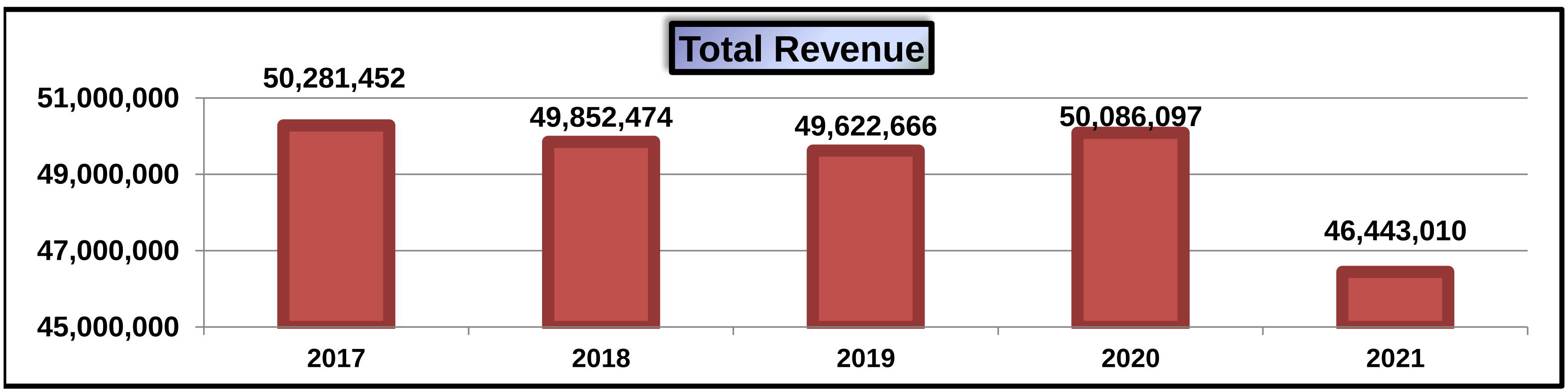
6. Expenditures for entertainment of guests in the President's home

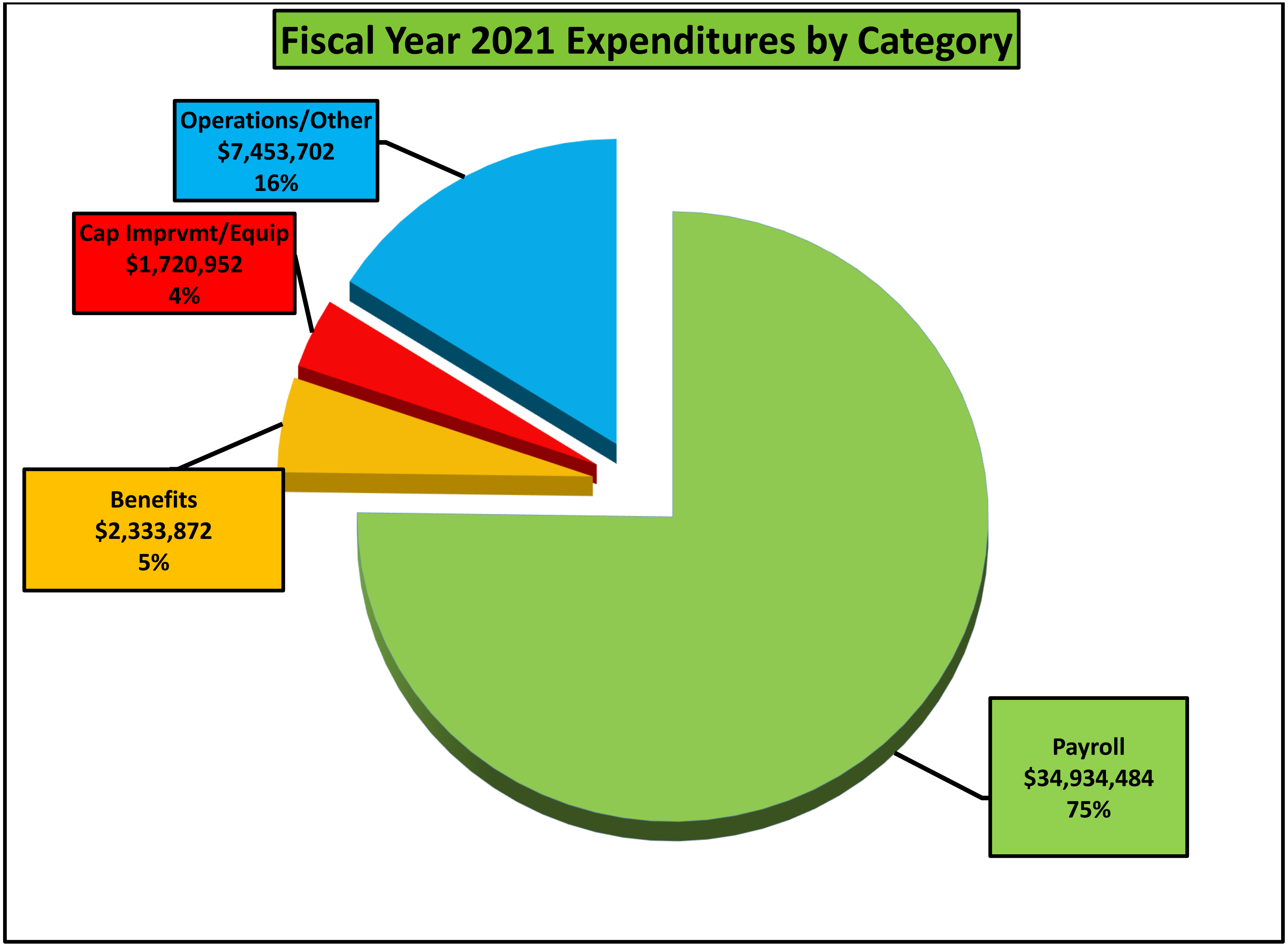
   There are no planned expenditures in this category for Fiscal Year 2021.

Revenue by Category
FY2017 - FY2021








Fiscal Year 2021 Expenditures by Category
Operations/Other
$7,453,702
16%
Cap Imprvmt/Equip
$1,720,952
4%
Benefits
$2,333,872
5%
Payroll
$34,934,484
75%

Expenditures by Category - Gross Dollar Amounts
FY2017 - FY2021