Fiscal Year 2022

Proposed Spending Plan

July 1, 2021 – June 30, 2022

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May 2021

MASSASOIT COMMUNITY COLLEGE

Fiscal Year 2022 Proposed Spending Plan
July 1, 2021 – June 30, 2022

INTRODUCTION

The FY22 Proposed Spending Plan is a $47.55 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 $45.6B budget proposal on January 27, 2021. It represented, in terms of gross dollars, a 0.7% decrease compared to the prior year's funding. The Massasoit line item in the H1 called for an appropriation of $23,764,288 with no additional funds coming from formula funding. As of the writing of this report, the process has moved on to the House Ways and Means Committee for their consideration and deliberation.

The cost of fringe benefits rose from 38.32% in FY21 to 39.5% in FY22; broken out as 37.53% in fringe benefits and 1.97% in payroll tax. This increase of 1.18 percentage points represents a 3.1% increase in our fringe expenses. Last year's fringe expense increase was a more modest 0.9%. The increases dating back to FY18 have been 2.2% - 2.3% 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. 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.

Looking to the future, the State Comptroller's office produced a multi-year estimate of fringe rates out to FY2027. Their estimate looked only at the fringe benefit rate and not the payroll tax piece. Inserting the current payroll tax for planning purposes, the projected total fringe rate climbs to an estimated 42.77% in FY23 and nearly another 2% each year thereafter topping out at just under 50% in FY27. The Comptroller's office is quick to point out these are estimates with the implied message that the projections are high and the actual rates could be lower. Our other choices are these projected rates are spot on or they are low. So three things could happen and two of them are bad.

This is good information as we run future scenarios and projections. We will have some basis from which to justify our fringe assumptions but the rate, as we've said, is just a piece of this puzzle. The institution's full-time payroll and the level of state appropriation all factor in to determine the ultimate impact in dollars.

ALLOCATION PROCESS

After coming to the Board in October 2020 with our FY21 Proposed Spending Plan, we regrouped and immediately began planning for the FY22 process. Still in a remote environment with a great deal of uncertainty surrounding future operations, the finance team saw value in replicating the Zero-Based Budget (ZBB) model used when we rebooted the FY21 process after the declaration of a state of emergency. Early suggestions about the state's FY22 forecast suggested much the same of what we were seeing in FY21. The potential for navigating another year of limited resources made using the priorities-based ZBB model all the more attractive.

In the past, we have formally kicked off the budget development process asking the leadership at all levels of the college to create their budget requests. At the same time, the finance team would develop the revenue projection and we would marry the projection to the request at some later date in the process. The result was an exercise in cutting down to a number to close any gap between projected resources and requested expenses. The ZBB model is more aspirational in a sense because you are building up to a number as opposed to cutting down to one. The real work comes in as the various echelons of the organization have their deliberations about assigning categorized priorities to each line item.

As in the FY21 process, we requested each line be assigned one of the following prioritized categories:

> **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.

In a departure from prior years, we led this year's process with the revenue projection. Our initial run at projecting revenue suggested an operating budget of $45.5M (roughly a million dollars short of the FY21 plan we were then working under). In the past we'd made the explicit point that leadership across the college should feel free to develop their budgets and not constrain their good thinking by a perception of a lack of resources. This wasn't to suggest we had infinite resources. Rather, we wanted everyone's good ideas; their best thinking. We did not want people leaving out good ideas because they thought "well there's no money…" We wanted those ideas brought to the table and into the deliberations about how we allocated our available resources. The one drawback to such a plan is that we would routine develop an "ask" in the neighborhood of $58M for available resources in the $45-50M level. The end result was a long process trying to cut requested expenses down to that level. By leading with the revenue projection we hoped to contextualize for those developing their requests and put a finer point on the question of priorities.

In this sense, this change was a success. The ultimate gap was around $2.5 - 3.0M where past years have seen two and three times that number standing in for the gap in the budget development process.

Another notable change had to do with the timeline. The process kicked off about the same time it does every year but we gave the divisions more time. The charge was to assemble your request with that best thinking and those good ideas but to insert a review process before the submission was actually turned in at the institutional level. This additional review went a long way towards improving the starting point of the process at the institutional level.

Once assembled, the college did something the finance team has long sought to do in this annual process. The senior leadership of the college met in three consecutive cabinet meetings to review each line item in the request. The floor was open for questions about intent for each line, amounts requested, number of units, assigned prioritized categories, and whether the requests were being made in the proper area. The closest the college had come to completing this process was in 2018 developing the FY2019 Proposed Spending Plan. While that year was the most comprehensive review to that point, the full spending plan did not get reviewed in the manner we'd hoped by the entire senior leader team. This year, each line was revisited by the cabinet which sparked discussions about overlap of requested funds and how such funds should be managed in future development processes. Examples include professional development funds or those set aside for technology upgrades and software. Particular attention was also paid to ensuring that any projected expenses eligible for stimulus funds were vetted and, if eligible, removed from the FY22 request.

Once through that meticulous review process, the aggregated budget request was sorted by prioritized category. As was the case last year in the outbreak of the pandemic, maintaining the full-time payroll at the college was the top priority. From there we allocated remaining funds to the Contractual and the Required items. With a $27.2M payroll figure, $12.3M Contractual total (which includes the projected fringe expense), and $8.0M in Required lines that absorbed all available funds leaving $721,000 in Preferred lines and $370,000 in Operational lines. In FY21 we were able to cover down through the Required category and there was a modest amount available which we allocated to each division with instructions to fund items as they saw fit. This year's allocation process did not allow us to take that last step.

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. The projection for the upcoming fiscal year reflects the persistent impacts of the COVID-19 pandemic and the realities we face.

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 each semester dating back to Spring 2011. With the exception of the impacts realized during FY21 from the COVID-19 crisis, Massasoit's overall retention rate remains fairly consistent and has proven to be accurate for projection modeling. Changes in the unemployment rate have proven to be a strong predictor for changes in our retention 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. This group consists of new students, transfer students, stop-out students, and high school students. The numbers are based on high school data and historical trends. As our fastest growing student population, our Early College students make up a greater percentage of our overall enrollment each year and do not fall into the same enrollment and retention patterns as our post-secondary students. For this reason, we adjusted our projection model to separate the high school student population from our continuing student calculation and to treat them as a specific incoming group for a more accurate calculation based on anticipated contracts.

Our process looked different this year due to the unprecedented impacts of the pandemic on all of our usually predictable forecasting measures and timeline. We delayed the initial projections until early November in order to account for the enrollments gained from the newly created Accelerated Session, which had a significant positive impact on Fall 20 enrollment. The team took a conservative approach to calculating the initial overall retention rates. The rate used to calculate students that move from spring-to-fall was 52% and the rate for students moving from fall-to-spring was 64% for the November round of the FY22 enrollment projection. The initial predictions of the Enrollment Projection Model indicated a -11.9% decrease for the Fall 2021 semester resulting in 45,131 total credit hours. The model predicted a -8.4% decrease for the Spring 2022 semester, ultimately yielding 38,934 credit hours.

Due to the timing of our initial FY22 Enrollment Projection, the team did not reconvene again in December as our typical cycle requires, but instead we had a second and final projection available for the budget development process during the first week of March. At this time, we had significant additional information available to update the projection. The Spring Accelerated Session yielded 677 students registered for 2,910 credits adding the equivalent of 194 full time equivalents (FTE's) to overall spring enrollment. In the fall, the inaugural Accelerated Session yielded 294 students registered for 1,826 credits adding 121.7 FTE's to overall enrollment. These results coupled with higher than anticipated Early College Enrollment in both the fall and spring semesters (+189 students and +299 students over the projection respectively, for fall and spring), positive results from our continuing virtual enrollment efforts allowing us to surpass projections, an anticipated plan to begin a return to campus and slightly better retention than expected (64.55% for fall and 52.35% for spring) allowed for positive adjustments to the FY22 budget projection.

The final Budget Projection for FY22 indicates a +1.1% increase for the Fall 2021 semester resulting in 50,386 total credit hours and a -1.2% decrease for the Spring 2022 semester, resulting in 43,928 credit hours. Actual enrollment trends for summer are extremely consistent year-to-year continue to be projected at 12,000 credit hours. Accounting for the anticipated stabilization of enrollment combined with a cautious approach to returning to campus, the total FY22 enrollment projection is 106,314 credit hours, representing a slight increase of +648 credit hours or +0.6% as compared to FY21.

PROPOSED FEE INCREASE

No fee increase proposal is considered lightly and the college has demonstrated its commitment to remaining affordable given that we remain at or near the top of the list of best deals in public higher education in the Commonwealth. Our tuition and fees have been amongst the lowest of all the community colleges, state universities, and UMass campuses.

When considering a potential fee increase as part of the spending plan development process, we often discuss the notion of "intergenerational equity" where regular modest fee increases prevent an institution from having to make irregular significant fee increases. In the latter case, future students will bear an undue burden while earlier students receive the benefit of the institution's reluctance to impose increases. Our spending plans have relied on the concept of intergenerational equity and we have requested modest increases over the years while avoiding major increases or the creation of new additional fees.

Early stages of FY22 planning called for some modest increase but as these deliberations continued, there was a growing sentiment that if ever there was a time to break from our past practice of annual modest increases, this was the year to do it. For a host of reasons ranging from financial to political, the notion of any proposed fee increase rang hollow. This year, given the strong financial performance in FY20, our current financial position in FY21, and the presence of significant stimulus funds available to assist the institution manage its Covid-19 response, against the back drop of the pandemic itself - with all that means for our students and the institution - the college will not be requesting any fee increases associated with the FY22 Proposed Spending Plan. An unofficial poll of the 15 community college CFOs and a recent joint meeting revealed that only 2 of the 15 are raising fees: Bristol (+$3) and Northern Essex (+$3). A third institution brought a proposed fee increase forward to their Board but was not successful in their attempt. It may be of interest to note that while we have remained the second lowest in fee structure within the 15 community colleges, Bristol has been a close third. Their proposed FY22 increase will create some distance between our institutions on that list.

This is not signaling a break with the institutional philosophy of intergenerational equity. Examples abound in higher education where institutions refused to raise fees for years only to have levy significant fees in an effort to play catch-up. As we take up planning for FY23, potential fee increases will be a part of that discussion and analysis. We may come to the Board seeking approval for a proposed fee increase in the FY23 plan if the analysis suggests that is in the best interests of the college and our students.

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.

STIMULUS FUNDING

With the arrival of stimulus funds associated with the pandemic response, the college has made the deliberate decision to keep those funds separate from our operating funds. There is a different level of scrutiny associated with accessing these funds and with consistently evolving guidance from the federal government about allowable and allocable expenses that qualify for consideration, we felt it best to maintain a strict separation. As was mentioned earlier in this report, the senior leadership in-person reviews did include discussions about particular items in the assembled request and whether or not they could be considered eligible for using stimulus funds.

Guidance regarding the use of these funds, particularly for institutional purposes, has been slow to develop. We have opted for a conservative approach to accessing these funds since they became available. With the change in administrations in Washington, D.C. some additional details and specifications have filtered down. For example, we learned that some payroll expenses now qualify for stimulus funds provided the duties and responsibilities associated with those expenses underwent significant changes as a result of the onset of the pandemic.

Even with that additional guidance, institutions across higher ed are finding themselves in difficult situations trying to utilize the maximum amount possible while also staying within the boundaries set by the federal government. No institution wants to return funds that have been awarded to them but no institution wants to get too far out ahead of the guidance either.

There is some concern looking down the road about the potential unintended impact of this infusion of stimulus money and the effect it could have on future state appropriations. The concern is that by swapping operational dollars for stimulus dollars, we are improving our bottom line. This could factor into future decision-making processes at the state level where we receive fewer state appropriated dollars with instructions to tap those former stimulus funds we improved our financial position with by covering eligible operating expenses with them. While everyone is taking a conservative and cautious approach to the short game of accessing these funds for current expenses, institutions need to carry that conservative approach over to the long game as well to guard against potential funding impacts in the future.

The current status on the college's use of available stimulus funds is as follows:

NAME	AWARD	FY20 EXPENDED	FY21 EXPENDED	BALANCE	PENDING TRANFER	REMAINING BALANCE
CARES student	$1,790,687	$1,347,310	$443,377	$0	$0	$0
CARES inst	$1,790,686	$130,080	$1,660,606	$0	$0	$0
CARES sup	$178,351	$0	$72,308	$106,043	$106,043	$0
GEER	$427,700	$0	$427,700	$0	$0	$0
GEER student	$200,946	$0	$123,096	$77,850	$0	$77,850
HEERF student	$1,790,687	$0	$0	$1,790,687	$1,471,606	$319,081
HEERF student sup	$322,351	$0	$0	$322,351	$322,351	$0
HEERF inst	$5,888,470	$0	$978,379	$4,910,091	$1,500,000	$3,410,091
subtotals	**$12,389,878**	**$1,477,390**	**$3,705,466**	**$7,207,022**	**$3,400,000**	**$3,807,022**

Pending transfers represent amounts that, at the time this report is being written, have been approved yet not acted upon.

The $1.5M pending transfer in the HEERF Institutional row will be directed to student support. Adding that to the student support funds will enable the college to pursue a strategy aimed at a greater number of students and will bring the total student support for FY21 to $3.7M broken out as:

Source	Amount
HEERF I (CARES Act) remaining funds	$10,650
HEERF I SIP Grant remaining funds	$106,043
HEERF II (CRRSAA Act)	$1,790,687
HEERF II SIP Grant	$322,351
HEERF II (Institutional portion)	$1,500,000
TOTAL	**$3,729,731**

Working in conjunction with the Information Technology Services (ITS), Student Financial Services developed a multi-variable report which identified the number of students eligible for student emergency grants. That population of 1,945 students was categorized by Expected Family Contribution (EFC) and broke out as:

EFC	Number of Students
0 – 6000	1,231
6001 – 8000	107
8001 – 10000	108
10001+	499

While the statutory requirement was to prioritize grants to students demonstrating exceptional need, the college was certain that there were covid-related impacts on students regardless of EFC. To increase the number of students assisted with this round of aid, the college planned to commit $3.4M to emergency block grants. Students with an EFC between 0-6000 were considered to have the most financial need. Those 1,231 students would receive a block grant of $2,500. The 215 students with EFCs ranging from 6001-10000 would receive block grants of $1,500 each.

This strategy left nearly $330,000 available for assistance with emergency financial expenses incurred by students who were not eligible for receipt of a block grant.

Students not receiving a block grant could apply for assistance with emergency financial expenses. Qualified applications will result in a $1,000 emergency grant. The college reserves the right to increase that amount to $2,500 if the applicant demonstrates exceptional financial need.

EXPENSES

COLLECTIVE BARGAINING

The FY22 Proposed Spending Plan includes revenue and expense lines equal to one another for collective bargaining increases associated with both units present on campus. The college has benefited greatly from the state’s break with past practice a few years ago when they began including collective bargaining funds for years 2 and 3 of collectively bargained contracts in our appropriations. Previously the state would fund the first year of each new contract. Collective bargaining increases associated with subsequent years on any approved contract came out of institutional funds.

The FY22 Proposed Spending Plan also includes an expense amount associated with collective bargaining increases for Non-Unit Professionals. These increases are not covered by state appropriated dollars.

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 $744,671. Per a standing Board directive, a minimum of one-eighth of this amount (approximately $93,084) 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 $2.6M allocated from the general fund to include the Media Center allocation.

The majority of the overall ITS budget, or approximately $970k+, is earmarked for hardware support and software licensing contracts and renewals. These contracts allow us to provide resources like the MyMassasoit 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), totaling a little over $300,000.

Year-over-year savings in the student information system package will help us add more transformational technologies, such as a chatbot that uses artificial intelligence to respond to student questions 24x7, and a facilities scheduling platform that will help the College optimize space and aid continuity planning. As in most years a significant portion of the ITS budget will also be spent on student and employee devices. In FY22 we will resume refreshing on-campus computer labs with new devices and will continue replacing employee desktops with laptops to enhance our operational resiliency.

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 5% target is made up of a number of expenses, not just the total expended on projects. We are able to include all funds expending on trades' position salaries, associated fringe for those positions, debt service, and all supplies or 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.

For the second year in a row, Massasoit will not allocate operational dollars towards any capital projects. Instead we will again look to leverage additional sources of funding to maintain the momentum established by years of steady contributions from the operating budget towards projects on campus. With the Commonwealth's investment in deferred maintenance funds, we have a slate of projects planned throughout FY22 which will be funded by Massasoit's remaining deferred maintenance funds. FY22 represents year 4 of a 5 year plan for deferred maintenance funds made available by the state. Having this long-term commitment has been invaluable to the college in affording us the opportunity to plan projects over a period of years to improve college facilities.

The FY22 projects include:

- Brockton Campus ADA Stairs
- Facilities FA Replacement
- Repave Parking Lot 1A
- Electrical Manhole Upgrade
- Canton Campus Boiler/Pumps Replacement
- Canton Campus Elevator Upgrade
- Administration Building Window Replacement
- Tech Building Window Replacement
- Business Building Window Replacement
- Fine Arts Storage Area Waterproofing
- Humanities Building Window Replacement
- Replace Fuel Tanks at Facilities

All told, the college will be funding over $2.4M 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.

With no fee increase requested for the FY22 Proposed Spending Plan, institutional aid in the form of the MCC Fee Assistance Fund will remain level to FY21 with an allocation of $308,527.

CONCLUSION

> "Public money ought to be touched with the most scrupulous consciousness of honour. It is not the produce of riches only, but of the hard earnings of labour and poverty."
>
> -Thomas Paine

In presenting the FY21 Proposed Spending Plan to the Board, we described FY21 as a “bridge year”. We concluded last year’s report with a cautionary note suggesting that while the “bridge year” was meant to suggest we were looking to get through the upcoming fiscal year to reach firmer ground, we did not really know where that bridge would deposit us. With the presentation of the FY22 Proposed Spending Plan, many of the same questions and concerns exist.

Leading up to the pandemic we often talked of the “demographic cliff” headed our way as a lower birthrate suggests, according to the Chronicle of Higher Education, the number of college aged individuals will decline from 2025 through 2037. The number of high school graduates in 2037 will be equal to the number of high school graduates in 2014. The renewed march toward that cliff is waiting for us on the other side of the pandemic.

We have raised concerns in the preceding pages about the potential impact of rising fringe costs and the loss of state appropriated dollars in light of the infusion of federal stimulus dollars.

Looking at our expenses, payroll, always our biggest driver, has increased to nearly 77% of our total projected expenses for the coming fiscal year. Adding fringe to that it comes to 82% of our operating budget directed at payroll. Also concerning it the fact that this is the second year in a row we are submitting a budget without the commitment of any operating dollars to capital projects and are, instead, relying on additional deferred maintenance funds given to us by the Commonwealth. In the coming Board meeting you will see in the slide presentation that when we back out requisite expenses, we have less than $8M to actually run the institution, the lowest amount ever presented since the creation of this slide with the FY15 Proposed Spending Plan presentation. Yet in the back of our minds, as we contemplate what is to come, we know we will have to dedicate funds to solidify and implement a strategic plan.

Not all news is bad though. Many of the more dire projections from a year ago did not come to pass. Enrollment projections suggest a slight increase in FY22. The Commonwealth’s financial support of the community college sector, in spite of the pandemic, has been unprecedented. The federal government’s stimulus funds have enabled us to respond in support of our students and our institution. We ended FY20 in a strong financial position and, at the time of the creation of this report, our revenue and expense figures through the third quarter of FY21 suggest another strong finish this year.

As stewards of the public trust, we must remain attentive to what or may not be around the corner. We are well positioned but require a renewed effort and dedication to the process of strategic resource allocation with a shared, prioritized view of the institution.

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 2022 Proposed Spending Plan

	TOTAL COLLEGE REVENUES				
	Prior Fiscal Year Actuals				2022
Revenue Type	**2018**	**2019**	**2020**	**2021****	**Proposed**
State Appropriation	$21,174,138	$22,209,446	$23,205,872	$21,387,625	$23,764,288
Collective Bargaining Funds	$0	$447,050	$0	$352,520	$358,554
Formula Funding Adjustment	$0	$293,171	$435,890	$220,844	$0
Deferred Maintenance Reimbursement	$0	$0	$766,300		$0
Operating Fund	$28,782,026	$25,822,871	$26,718,327	$22,055,675	$23,402,073
SUBTOTAL	**$49,956,164**	**$48,772,538**	**$51,126,389**	**$44,016,664**	**$47,524,915**
Carry Over from Prior FY	$0	$0	$0	$0	$0
ACPTF Transfer Out	($102,775)	($28,622)	($70,000)	($130,000)	($30,000)
ACPTF Transfer In (Remaining Balance)	$0	$0	$48,694	$0	$0
Fee Assistance Scholarship Transfer Out	($192,637)	($231,404)	($273,710)	($308,527)	($308,527)
One-Time Reserve Transfer In	$0	$0	$0	$2,500,000	$0
CEIP Transfer In	$0	$0	$50,000	$0	$0
Capital Reserve Transfer In	$0	$0	$425,000	$0	$0
Realize Gain on Investments	$0	$0	$0	$364,873	$364,873
TOTAL	**$49,660,752**	**$48,512,512**	**$51,306,373**	**$46,443,010**	**$47,551,261**

**** FY21 Revenue figures represent the approved Budget and not Actual receipts.**

Massasoit Community College
Fiscal Year 2022 Proposed Spending Plan

Account	Account Description	TOTAL COLLEGE PROPOSED EXPENDITURES				
		Prior Fiscal Year Actuals				2022
		2018	2019	2020	2021**	Proposed
AA	Overtime/FT Salaries	$26,048,778	$26,366,964	$26,948,968	$26,791,235	$27,534,171
CC	PT Salaries	$9,150,892	$8,759,098	$8,236,973	$8,143,249	$8,985,553
DD	Insurance/Benefits	$2,294,310	$1,966,095	$2,042,371	$2,333,872	$2,257,000
Payroll/Benefits:		**$37,493,980**	**$37,092,157**	**$37,228,312**	**$37,268,356**	**$38,776,724**
KK	Equipment	$162,547	$278,703	$366,170	$114,300	$116,400
LL	Repairs/Leases	$569,556	$583,635	$442,253	$916,993	$614,540
NN	Construction	$1,389,161	$1,218,924	$2,658,042	$689,659	$625,640
Capital Improvements/Equipment		**$2,121,264**	**$2,081,262**	**$3,466,465**	**$1,720,952**	**$1,356,580**
BB	Employee Expenses	$109,680	$141,874	$124,510	$70,065	$140,590
EE	Administrative/Office Supplies	$1,255,659	$1,416,843	$1,115,948	$1,536,981	$1,198,247
FF	Facility/Educational Supplies	$1,174,341	$949,764	$606,649	$698,325	$581,070
GG	Utility Expense/Space Rental	$1,311,284	$1,265,512	$1,078,399	$1,218,106	$1,241,803
HH	Professional Consultant Services	$384,730	$567,564	$638,478	$473,235	$604,653
JJ	Operational Consultant Services	$373,845	$432,820	$481,324	$577,525	$714,480
MM	Tuition/Educational Fees	$0	$8,160	$3,437	$0	$18,000
RR	Entitlements	$4,000	$5,618	$2,000	$6,000	$6,000
SS	Debt Service	$825,000	$825,000	$825,000	$825,000	$825,000
TT	Student Insurance/Special Payments	$8,182	$3,210	$1,937	$8,400	$4,300
UU	Information Technology Expense	$1,933,966	$1,996,395	$1,941,151	$2,040,065	$2,083,814
Operations/Other		**$7,380,687**	**$7,612,760**	**$6,818,833**	**$7,453,702**	**$7,417,957**
TOTAL COLLEGE		**$46,995,931**	**$46,786,179**	**$47,513,610**	**$46,443,010**	**$47,551,261**

**** Expenditure figures in the FY2021 column represent FY21 budget figures and not actual expenditures as this report is being published prior to the end of FY21. Actual expenditures will be included at a later date after year end close.**

Massasoit Community College
Fiscal Year 2022 Proposed Spending Plan

Account	Account Description	President's Division				
		Prior Fiscal Year Actuals				2022*
Account	Account Description	2018	2019	2020	2021	Proposed
AA	Overtime/FT Salaries	$3,010,271	$3,175,883	$3,710,900	$3,943,474	$6,062,906
CC	PT Salaries	$54,377	$36,402	$329,915	$306,718	$548,187
DD	Insurance/Benefits	$240,403	$213,459	$247,379	$329,782	403,288
Sub-total	**Payroll/Benefits**	**$3,305,051**	**$3,425,744**	**$4,288,194**	**$4,579,975**	**$7,014,381**
KK	Equipment	$9,520	$68,860	$76,627	$3,000	$0
LL	Repairs/Leases	$49,351	$25,322	$50,341	$32,987	$31,120
NN	Construction	$0	$28,327	$0	$0	$0
Sub-total	**Capital Improvements/Equipment**	**$58,871**	**$122,509**	**$126,968**	**$35,987**	**$31,120**
BB	Employee Expenses	$41,854	$56,595	$50,838	$45,200	$69,850
EE	Administrative/Office Supplies	$521,425	$509,469	$611,525	$788,873	$583,673
FF	Facility/Educational Supplies	$39,079	$37,099	$46,843	$58,550	$71,040
GG	Utility Expense/Space Rental	$30,000	$22,500	$0	$500	$500
HH	Professional Consultant Services	$221,841	$358,312	$471,273	$189,855	$217,920
JJ	Operational Consultant Services	$0	$11,418	$131,038	$482,400	$268,600
TT	Student Insurance/Special Payments	$0	$0	$0	$0	$0
UU	Information Technology Expenses	$41,361	$37,204	$95,527	$53,019	$53,515
Operations/Other		**$895,560**	**$1,032,597**	**$1,407,044**	**$1,618,397**	**$1,265,098**
TOTAL		**$4,259,482**	**$4,580,850**	**$5,822,206**	**$6,234,359**	**$8,310,599**

*** Increase in FY22 budget represents impact of organizational move of Enrollment Management to the President's Division.**

Massasoit Community College
Fiscal Year 2022 Proposed Spending Plan

Administration and Finance Division

Account	Account Description	2018	2019	2020	2021	2022* Proposed
		Prior Fiscal Year Actuals				
AA	Overtime/FT Salaries	$8,460,523	$8,738,300	$8,422,320	$8,677,761	$7,020,175
CC	PT Salaries	$963,446	$649,208	$358,540	$346,988	$334,994
DD	Insurance/Benefits	$842,236	$794,875	$758,212	$695,173	755,831
Sub-total	**Payroll/Benefits**	**$10,266,205**	**$10,182,383**	**$9,539,072**	**$9,719,922**	**$8,111,000**
KK	Equipment	$65,039	$114,950	$215,389	$350	$75,000
LL	Repairs/Leases	$361,665	$379,275	$327,951	$330,626	$304,620
NN	Construction	$1,367,593	$1,164,512	$2,633,062	$672,959	$607,490
Sub-total	**Capital Improvements/Equipment**	**$1,794,297**	**$1,658,737**	**$3,176,402**	**$1,003,935**	**$987,110**
BB	Employee Expenses	$13,360	$15,418	$27,328	$12,790	$18,630
EE	Administrative/Office Supplies	$640,365	$799,303	$372,123	$709,007	$434,925
FF	Facility/Educational Supplies	$654,451	$403,906	$120,407	$175,525	$31,510
GG	Utility Expense/Space Rental	$1,279,509	$1,242,164	$1,077,222	$1,217,606	$1,237,853
HH	Professional Consultant Services	$118,388	$135,812	$118,536	$253,500	$312,653
JJ	Operational Consultant Services	$148,244	$181,493	$266,369	$14,500	$323,200
SS	Debt Service	$825,000	$825,000	$825,000	$825,000	$825,000
TT	Student Insurance/Special Payments	$8,182	$3,210	$1,937	$8,400	$2,500
UU	Information Technology Expense	$1,626,534	$1,641,454	$1,556,414	$1,630,730	$1,697,138
Sub-total	**Operations/Other**	**$5,314,033**	**$5,247,760**	**$4,365,336**	**$4,847,058**	**$4,883,409**
TOTAL		**$17,374,535**	**$17,088,880**	**$17,080,810**	**$15,570,915**	**$13,981,519**

*** Decrease in FY22 budget represents impact of organizational move of Enrollment Management out of Administration & Finance Division.**

Massasoit Community College
Fiscal Year 2022 Proposed Spending Plan

Account	Account Description	Academic and Student Affairs Division				
		Prior Fiscal Year Actuals				2022
Account	Account Description	2018	2019	2020	2021	Proposed
AA	Overtime/FT Salaries	$14,577,984	$14,452,781	$14,815,748	$14,170,000	$14,451,090
CC	PT Salaries	$8,133,069	$8,073,488	$7,548,518	$7,489,543	$8,102,372
DD	Insurance/Benefits	$1,211,671	$957,761	$1,036,780	$1,322,376	1,097,881
Sub-total	**Payroll/Benefits**	**$23,922,724**	**$23,484,030**	**$23,401,046**	**$22,981,919**	**$23,651,343**
KK	Equipment	$87,988	$94,893	$74,154	$110,950	$41,400
LL	Repairs/Leases	$158,541	$179,038	$63,961	$553,380	$278,800
NN	Construction	$21,568	$26,085	$24,980	$16,700	$18,150
Sub-total	**Capital Improvements/Equipment**	**$268,097**	**$300,016**	**$163,095**	**$681,030**	**$338,350**
BB	Employee Expenses	$54,467	$69,861	$46,344	$12,075	$52,110
EE	Administrative/Office Supplies	$93,868	$108,071	$132,300	$39,101	$179,649
FF	Facility/Educational Supplies	$480,811	$508,759	$439,399	$464,250	$478,520
GG	Utility Expense/Space Rental	$1,775	$848	$1,177	$0	$3,450
HH	Professional Consultant Services	$44,501	$73,440	$48,669	$29,880	$74,080
JJ	Operational Consultant Services	$225,600	$239,909	$83,917	$80,625	$122,680
MM	Tuition/Educational Fees	$0	$8,160	$3,437	$0	$18,000
RR	Entitlements	$4,000	$5,618	$2,000	$6,000	$6,000
TT	Student Insurance/Special Payments	$0	$0	$0	$0	$1,800
UU	Information Technology Expense	$266,070	$317,737	$289,210	$356,316	$333,161
Sub-total	**Operations/Other**	**$1,171,092**	**$1,332,403**	**$1,046,453**	**$988,247**	**$1,269,450**
TOTAL		**$25,361,913**	**$25,116,449**	**$24,610,594**	**$24,651,196**	**$25,259,143**

MASSASOIT COMMUNITY COLLEGE

FISCAL YEAR 2022 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. <u>Expenditures which personally benefit the President</u>

   There are no planned expenditures in this category for Fiscal Year 2022.

2. <u>Expenditures for renovations or repairs of the President's office or home</u>

   There are no planned expenditures in this category for Fiscal Year 2022.

3. <u>Expenditures for membership dues</u>

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

4. <u>Expenditures for attendance at charitable dinners or events</u>

   Participation in community charitable dinners or events is planned not to exceed a total of $7,500 in Fiscal Year 2022.

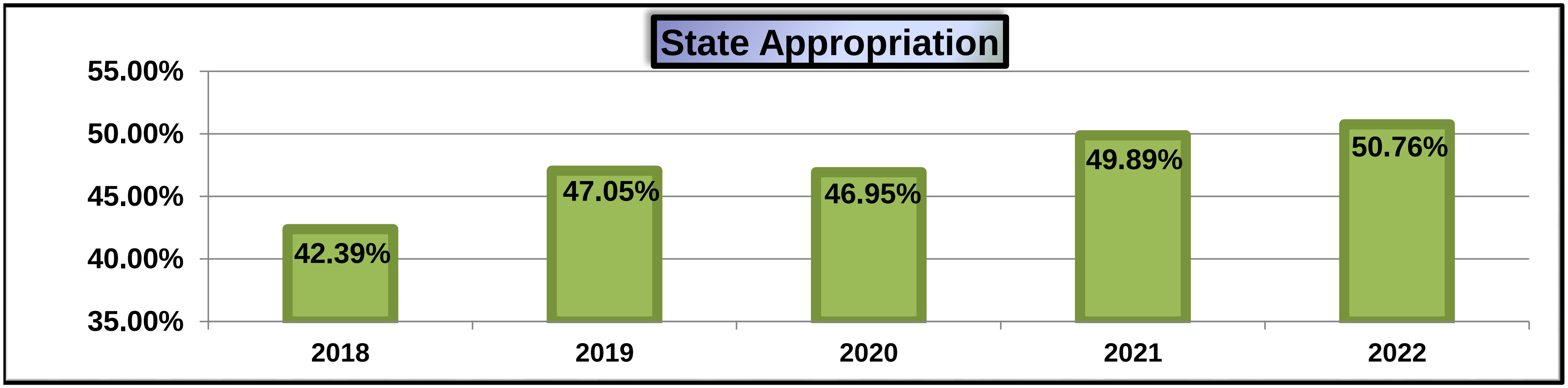
5. <u>Expenditures for Trustees' Travel</u>

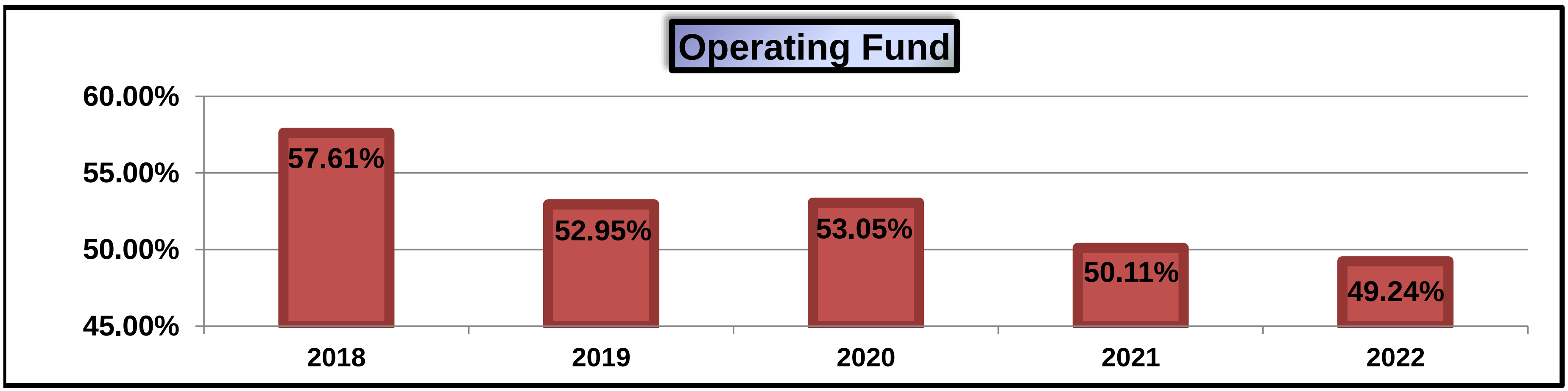
   The College normally provides for Trustees' attendance at conferences for professional development as well as reimbursement for private auto mileage. The cost of Trustees' travel shall not exceed $35,000.

6. <u>Expenditures for entertainment of guests in the President's home</u>

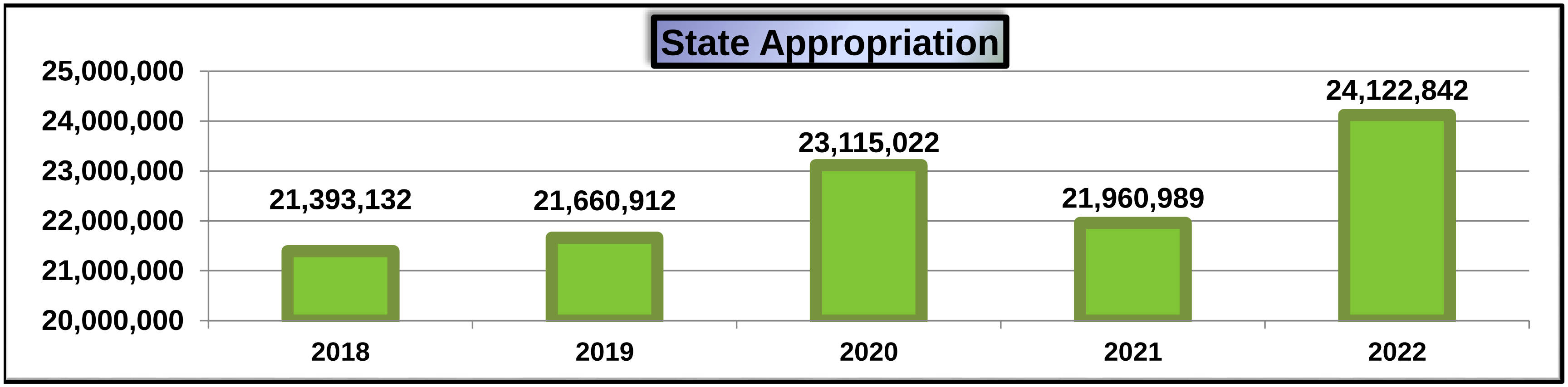
   There are no planned expenditures in this category for Fiscal Year 2022.

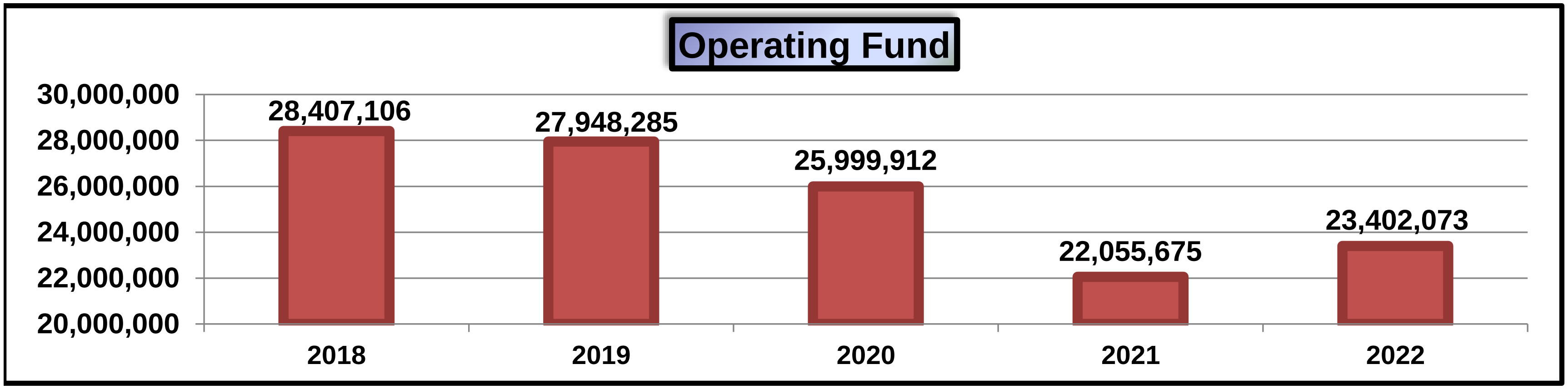
Operating Revenue by Source - Percentage of Total Operating Revenue
FY2018 - FY2022

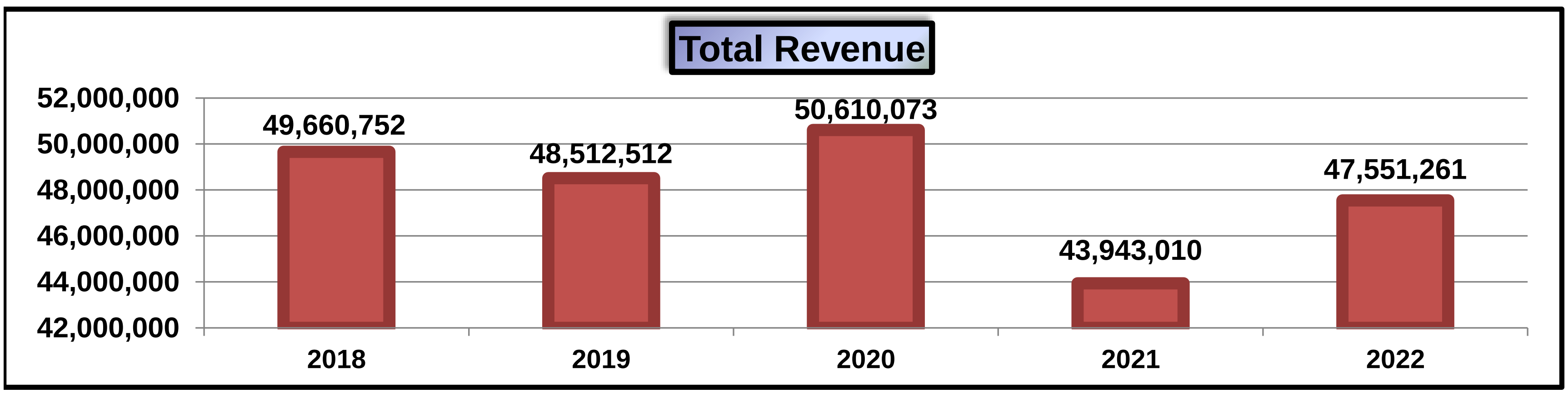


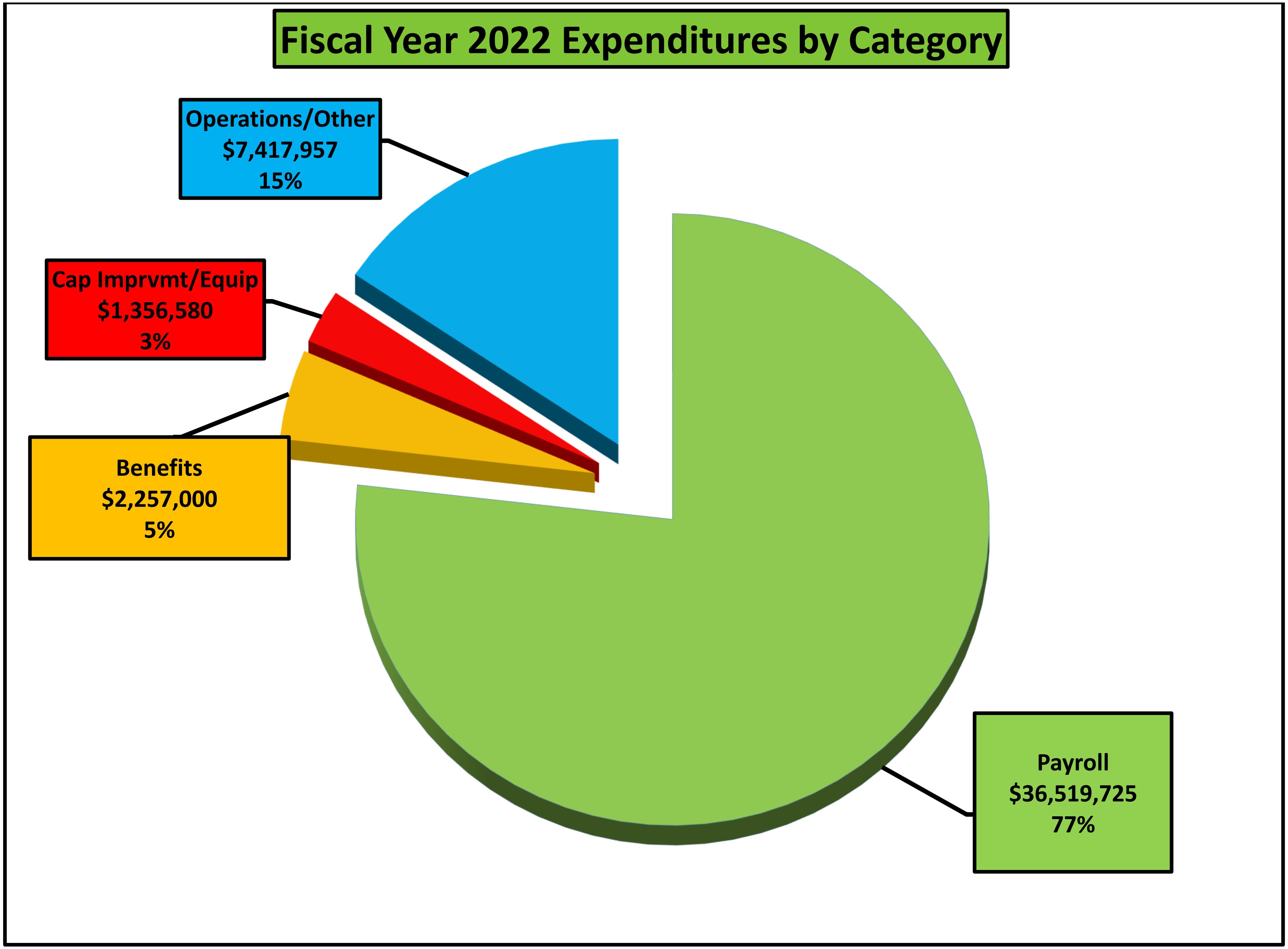


Operating Revenue by Source - Gross Dollar Amount and Total Revenue FY2018 - FY2022

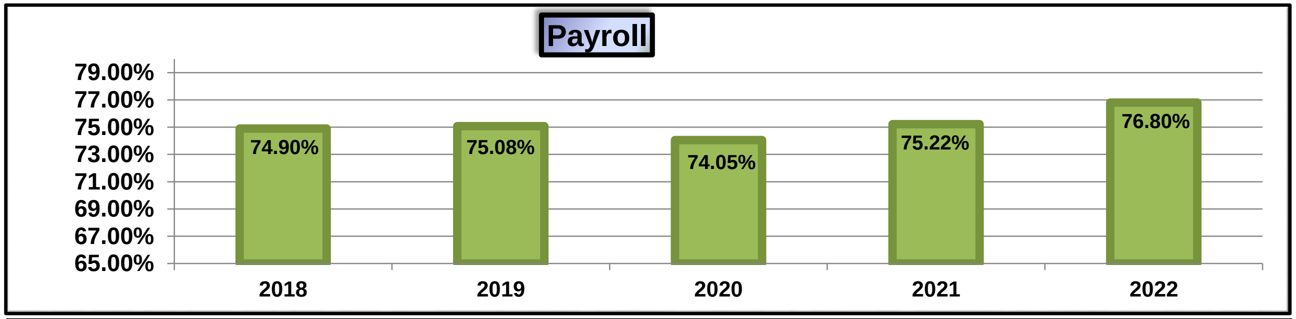


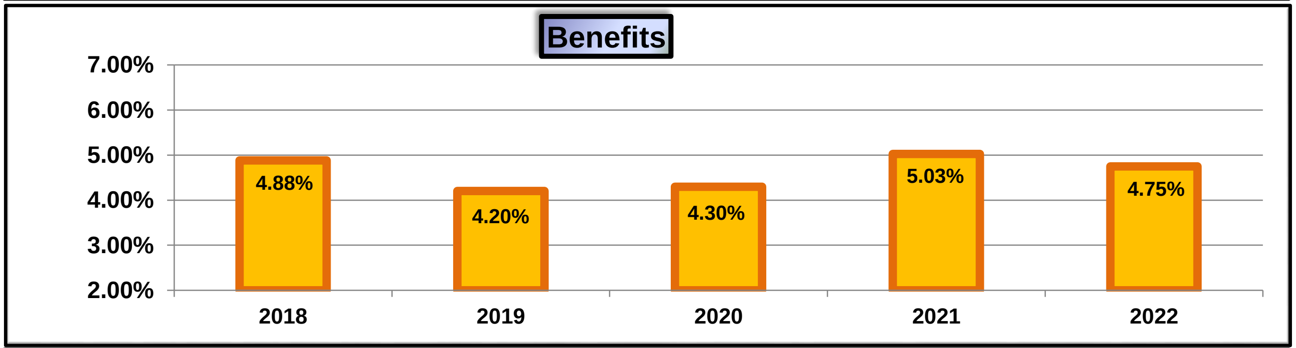


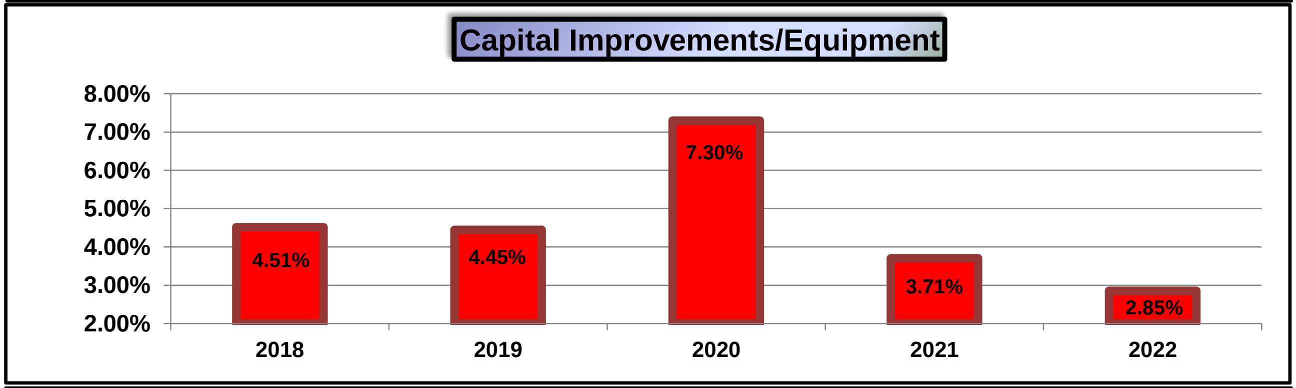


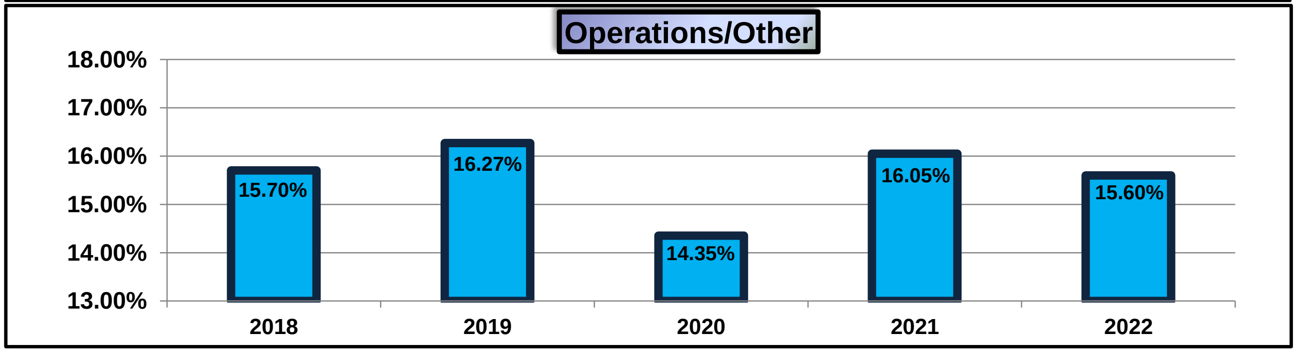

Fiscal Year 2022 Expenditures by Category
Operations/Other
$7,417,957
15%
Cap Imprvmt/Equip
$1,356,580
3%
Benefits
$2,257,000
5%
Payroll
$36,519,725
77%

Expenditures by Category - Percentage of Total Budget
FY2018 - FY2022



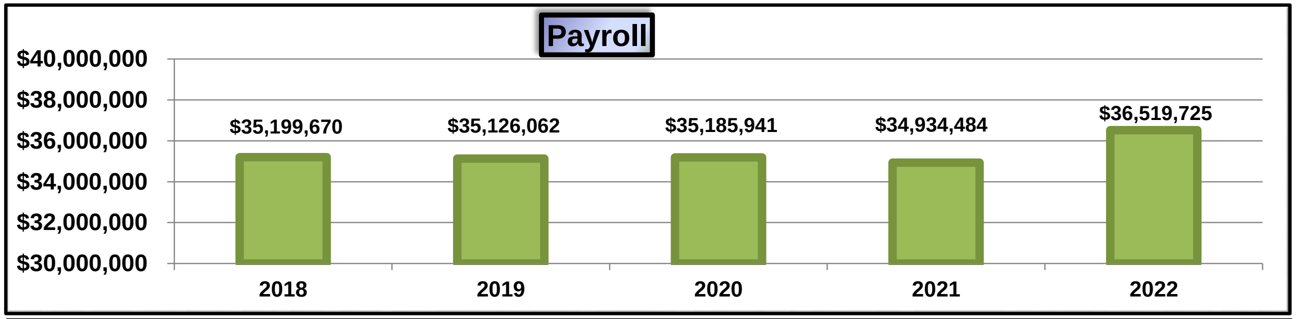


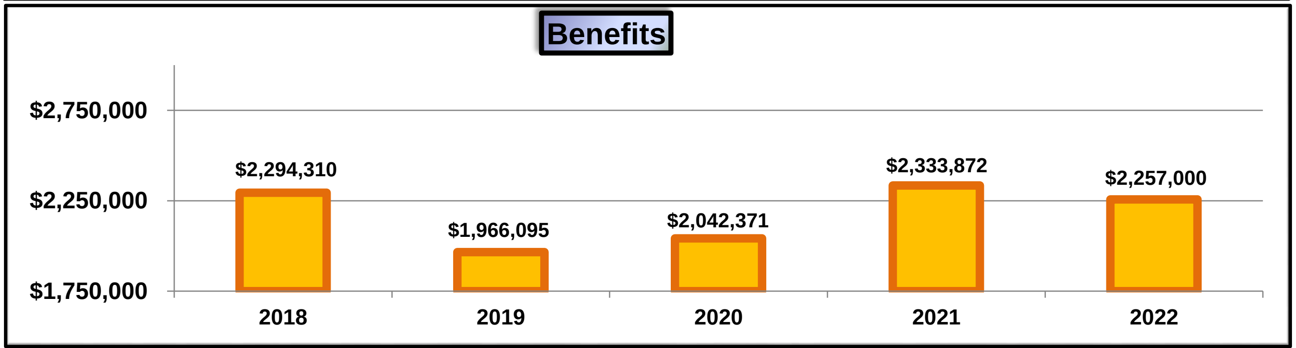


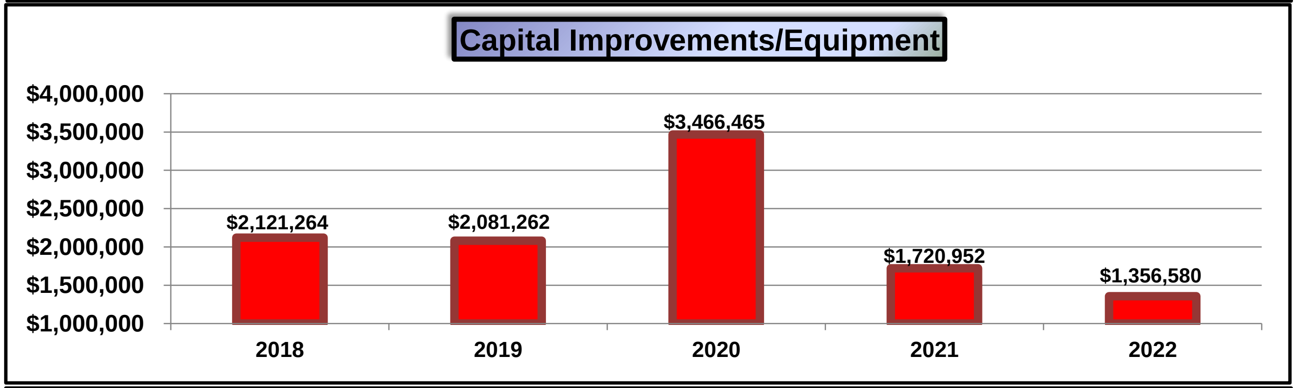


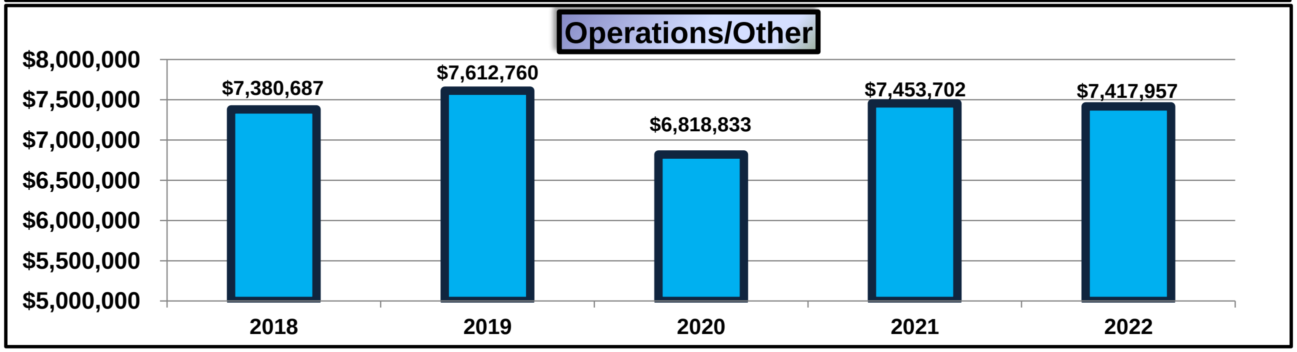
Note: Data for FY18 - 20 represents end of year Actuals. FY21 and 22 are Budget dollars.

Expenditures by Category - Gross Dollar Amounts
FY2018 - FY2022









Note: Data for FY18 - 20 represents end of year Actuals. FY21 and 22 are Budget dollars.