APPROVED

Fitchburg State University

Minutes

Board of Trustee Finance Committee Meeting

Board of Trustee Finance Committee Meeting

Date and Time
Tuesday May 13, 2025 at 12:20 PM

Location
This will be a virtual meeting and it will be livestreamed and recorded.

Notice of a meeting of the Fitchburg State University Budget, Finance and Facilities Committee on Tuesday, May 13, 2025 at 12:20 p.m. This is a virtual meeting.

Committee Members Present
D. Tiernan (remote), E. Gregoire (remote), K. Spinelli (remote), M. Fiorentino, Jr. (remote), M. Morris (remote)

Committee Members Absent
None

Ex Officio Members Present
D. Hodge (remote)

Guests Present
Heidi Swift (remote), K. Lundgren (remote), Nathan Robichaud (remote), Robert Labonte (remote), Stacey Luster (remote)

I. Opening Items

A. Record Attendance

B. Call the Meeting to Order

K. Spinelli called a meeting of the Finance Committee Committee of Fitchburg State University to order on Tuesday May 13, 2025 at 12:21 PM.

C. Approve Minutes from the April 11, 2025 meeting - VOTE (18.2024-2025)

E. Gregoire made a motion to approve the minutes from Board of Trustees Finance Committee on 04-11-25.
D. Tiernan seconded the motion.
The committee **VOTED** unanimously to approve the motion.

Roll Call	
M. Fiorentino, Jr.	Aye
E. Gregoire	Aye
M. Morris	Aye
K. Spinelli	Aye
D. Tiernan	Aye

II. Budget Discussions

A. FY26 Proposed Budget

President Donna Hodge and Heidi Swift presented the proposed budget for Fiscal Year 2026 (FY26).
President Hodge began by thanking the finance team, Heidi Swift, and Bob Labonte for their extensive work on the budget since February/March, emphasizing their commitment to transparency. She noted that while the presented budget was pleasing, it was still early in the state's budget cycle, with a final state budget expected in approximately a month. A final iteration of the university's budget will be presented at the August board retreat for approval, allowing for adjustments based on the finalized state budget.
President Hodge explained that the proposed FY26 budget closely mirrors the working FY25 budget, with meaningful internal adjustments and clear priorities. She highlighted the following key assumptions:

- **Flat Enrollment Projection:** Despite efforts to push the admissions team for growth, the budget assumes flat enrollment across the board, with a focus on undergraduate day enrollment. Fall census numbers for the current year were 2295 (50-55 over projected), and spring was 2032 (45 over projected), though still a decline from the previous year. The budget is based on an annualized full-time enrollment of 2164.

- **Consideration of a Fee Increase:** The team believes this is an appropriate time to consider a fee increase to sustain the current level of student support. Four scenarios for fee increases will be presented, with a mid-tier option as the current recommendation. Fitchburg State's current tuition and fees are at the lowest among state public peers, while mandatory and fixed costs continue to rise (e.g., nearly $1 million increase in utilities per contract this year).
- **Governor's Budget Assumption:** The budget assumes funding based on the Governor's proposed budget, which is considered the middle ground between the House (slightly lower) and Senate (slightly higher) budgets for higher education. State maintenance appropriations are subject to change.

President Hodge further detailed budget adjustments:

- **Reallocation of EBRQ Funds:** The approximately $700,000 previously allocated for "Extraordinary Budget Requests" (EBRQ), which were often used for core operational needs rather than extraordinary requests, have been reallocated. What would have been a $2 million increase in operational needs was narrowed.
- **Unfunded Gaps:** The current unfunded gap is approximately $650,000, including:
  - One-time academic affairs need (approx. $67,000) to be addressed over time or through alternative funding.
  - Athletics needs (approx. $118,000) for critical items like preseason meals and necessary travel, which will be explored for foundation and donor support.
  - A significant unfunded adjunct budget increase request from academic affairs ($490,000). This will be closely monitored, and while not currently included, it serves as a flexible lever for potential future enrollment growth.
- **Utilities:** Utilities are up nearly $1 million based on contracted rates.
- **Formula/Performance Funding:** No formula or performance funding is currently factored into the budget, though something is expected from the state.
- **SGOCE and Foundation Budgets:** These budgets are not yet finalized but have been conservatively pulled back to FY25 levels. They are expected to be finalized in June, with an update to the board in August. Expenses are rising while revenues are decreasing in these areas.
- **President's Budget Reduction:** The president's budget was reduced by $12,000 this year, reflecting a review of actual spending and real needs.
- **Personnel Front:** All full-time faculty tenure track lines submitted by the provost have been fully funded. Priorities include critical faculty backfills, growth areas, and minimizing risk from key staff departures.
- **Vice President of Student Affairs Position:** The Vice President of Student Affairs position will not be refilled at this time. Salary savings will be redirected to the CFO search and to bring enrollment management and student success/retention initiatives under one umbrella.

Key Variables to Monitor: President Hodge listed several key variables to monitor through August, including SGOCE performance, fall undergraduate enrollment, final state

allocations, housing, collective bargaining obligations (MSCA contract not finalized), and foundation fundraising. Longer-term, a comprehensive review of debt restructuring for potential savings in FY27 and beyond will be a priority for the incoming CFO.
She also noted that the current proposed transfer from trust funds could be reduced depending on outcomes related to fee increases, formula performance funding, and state appropriations. While such transfers have helped manage cash flow and deficits in the past, long-term reliance without replenishment is unsustainable. The current budget projects a thin margin of $344,000, which supports the need for fee increases.
Heidi Swift provided additional details:

- **Collaborative Budget Process:** She commended the college community, campus leadership, and financial services staff for their collaborative and transformative conversations in developing the budget.
- **Fringe Benefits:** For the first time in many years, the fringe benefit rate is decreasing from approximately 45% to 37%, resulting in about $200,000 in savings that will be realized in local budgets (SGOCE, dorm authorities).
- **Collective Bargaining:** $1.3 million is budgeted for collective bargaining.
- **Fees:** Fees were budgeted based on actual realized numbers from the fall and spring semesters, amounting to approximately $530,000 based on the target.
- **SGOCE and Accelerated Programs:** Level-setting of CPS and accelerated programs will be offset by fringe savings.
- **Grants:** Grants are planned at a similar rate to last year, with potential for increases, especially with proposed student success monies for FY26.
- **Dorm Authority:** Increased expenses are noted for dorm authority.
- **Reserve:** A reserve of $3.5 million is planned, contingent on year-end activities.
- **ED Service Transfer Fee (SGOCE to Institution):** This transfer, representing infrastructure support for SGOCE, has decreased despite SGOCE's enrollment increase. This indicates thinner revenues for SGOCE, which impacts the institution as SGOCE salaries are borne by the institution. The Rise Point contract (online program provider) is up for negotiation, which may provide flexibility.
- **Capital Costs:** A reduction in planned local capital costs was made, which will require close monitoring. State support for deferred maintenance is under discussion

President Hodge continued the discussion on the FY26 proposed budget, emphasizing the need for the institution to secure additional funding to support its deferred maintenance projects, given that many gifts received require a match from the university. She highlighted that this is a critical area requiring careful monitoring.

Questions and Discussion:

- **David Tiernan** inquired about the grant line item, specifically the statement that it was stable compared to last year but also something the university could control. President Hodge clarified that while some grants are externally funded and directly benefit the institution, they operate more like foundation grants. She acknowledged

that while the university can apply for more grants, the current lack of significant federal grant dollars flowing to the campus represents a risk. The decision to level-fund the grant line in the budget was made for stability, but it remains a point of potential fluctuation.

- **Eric Gregoire** sought clarification on the tuition and fees number, confirming it assumed a flat tuition increase. Heidi Swift confirmed this interpretation.
- **Eric Gregoire** then asked about the personnel cost in the budget, specifically if it accounted for a vacancy factor of vacant positions. President Hodge confirmed that the budget includes all anticipated positions for FY26 that have been approved to date, acknowledging that some offers are pending and there is always a risk of failed searches. She noted that salary savings could be realized if positions are not filled or if strategic decisions are made not to hire, as exemplified by the decision not to refill the VP of Student Affairs position. The salary for this role was retained in the budget to allow for the hiring of a different executive leader focused on campus-wide enrollment management and student success. She stressed the critical link between student services, quality education, and the need for appropriate funding, acknowledging that even small fee increases can significantly impact students.
- **Eric Gregoire** raised concerns about the reliance on reserve fund transfers, echoing President Hodge's earlier comments on its unsustainability without replenishment. He inquired about the balance of trust funds if a $3.5 million draw were to occur. President Hodge stated that while drawing from trust funds has been a long-standing practice, the $3.5 million figure is large and uncomfortable, though past transfers have been higher to manage cash flow. She confirmed that the university currently holds just over $40 million in reserves (including trust funds and foundation monies, some of which are not touchable). She reiterated that transferring $3.5 million to $5 million annually without replenishment is unsustainable long-term and would quickly deplete reserves, leading to further cash flow and financial sustainability issues.
- President Hodge emphasized that the university is in a transition phase, tasked with growing enrollment, reinvigorating the campus, and improving morale, while also adopting a critical business-oriented view of operations. She reiterated the commitment to investing in people and the student experience, stating that cuts alone would not fix the budget, nor would immediate growth instantly resolve financial challenges. She concluded by stating the commitment to being fiscally conservative while remaining aspirational about enrollment growth and differentiating Fitchburg State.
- **Lynn Barrieau** asked two questions:
    - How does Fitchburg State's grant revenue compare with other state campuses? President Hodge stated she did not have this comparative data but expected to learn more from an upcoming meeting of advancement colleagues across the state. She expressed optimism for growth in this area, despite current federal uncertainties regarding Hispanic Serving Institution status and related funding.

    - How many grant writers are on staff? President Hodge explained that while many on campus, particularly faculty, contribute to grant writing due to their content expertise, the newly formed Office of Research and Sponsored Programs has one dedicated grant writer and Drew Goodwin, who is also adept at grant writing. This team aims to support grant writing across all campus departments.
- **Shane Rodriguez** commended President Hodge, the finance team, and cabinet for the well-thought-out budget, particularly the investment in people. He expressed satisfaction that the budget prioritizes hiring the best minds and creating new opportunities to differentiate the institution.
- President Hodge acknowledged the positive feedback and stated that the cabinet would continue to refine the budget, emphasizing efforts to leverage existing talent and promote internal growth rather than solely relying on new hires.

B. Proposed Fee Increase

Karen Spinelli moved the discussion to the proposed fee increase.
President Hodge presented four possible scenarios for fee increases, including a 0% increase (doing nothing). She highlighted that Fitchburg State currently has the lowest fees among state universities at $11,346 per year.
The three proposed increase options were:

- **Option 1: 3.9% increase.** This would bring the annual tuition/fees to $11,784, moving Fitchburg State from the lowest to the second-lowest fees (assuming other schools increase by 3%). This option would have a total impact of **$925,000**, reducing reliance on reserves.
- **Option 2: Approximately 4.8% increase.** This would bring the annual tuition/fees to $11,886, remaining the second lowest. This option would reduce reliance on reserves by **$1.1 million**.
- **Option 3: Approximately 6.8% increase.** This would bring the annual tuition/fees to $12,114, moving Fitchburg State to the third from the bottom. This option would reduce reliance on reserves by roughly **$1.6 million**.

President Hodge noted that these projections assume a minimal 3% increase from other institutions, though discussions suggest other institutions may increase fees by 3-6%. She emphasized that the primary concern is addressing rising fixed and mandatory costs, such as utilities, and potential future investments in public safety.
The committee was asked to make a recommendation to the full board for a discussion on Monday, either for a specific fee increase option or to move the discussion forward without a recommendation.
Questions and Discussion:

- **David Tiernan** expressed his long-held belief that fees needed to be increased, advocating for a middle-tier option among the three presented, stating it would maintain Fitchburg State's value while addressing financial needs.

- **Michael Fiorentino** concurred with David Tiernan, stressing that the university has not adequately planned for fee increases in the past and should consider a longer-term (e.g., five-year) approach. He inquired about conversations with student leadership regarding potential fee increases. President Hodge confirmed discussions with student leaders, particularly concerning a request to increase student activity fees, which was held back due to uncertainties. She confirmed she would discuss the fee increase with the SGAA president after commencement.
- President Hodge reiterated that the university does not take fee increases lightly, understanding the impact on students. She emphasized the need to be honest about the costs of providing quality education, services, and attracting committed employees.
- **Michael Fiorentino** also suggested that implementing the decision before students leave campus would allow them to plan for the summer months.
- **Karen Spinelli** stated her agreement with a fee increase and supported the middle option (4.8%), believing 6.8% to be too large a jump and 3.9% too low.
- **Mike Morris** agreed with the middle-road option to keep up with inflation and utility costs, expressing surprise at how low fees currently were.

III. FY26 Budget Votes

A. FY26 Budget - VOTE (19-2024/2025)

M. Fiorentino, Jr. made a motion to approve the Proposed Budget to the Board of Trustees.
D. Tiernan seconded the motion.
The committee **VOTED** to approve the motion.

Roll Call

K. Spinelli	Aye
M. Fiorentino, Jr.	Aye
D. Tiernan	Aye
E. Gregoire	Absent
M. Morris	Aye

B. Day Undergraduate Fee Increase - VOTE (20-2024/2025)

M. Fiorentino, Jr. made a motion to Recommend a 4.8% fee increase to the Board.
D. Tiernan seconded the motion.
The committee **VOTED** to approve the motion.

Roll Call

E. Gregoire	Absent
K. Spinelli	Aye
M. Morris	Aye
M. Fiorentino, Jr.	Aye
D. Tiernan	Aye

IV. Closing Items

A. Adjourn Meeting

M. Fiorentino, Jr. made a motion to Adjourn the meeting.
D. Tiernan seconded the motion.
The committee **VOTED** to approve the motion.

Roll Call

E. Gregoire	Absent
D. Tiernan	Aye
M. Fiorentino, Jr.	Aye
K. Spinelli	Aye
M. Morris	Aye

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 1:20 PM.

Respectfully Submitted,
M. Fiorentino, Jr.