



**FINANCIAL AFFAIRS COMMITTEE**

**June 26, 2025**

The Financial Affairs Committee met at Plymouth State University in Plymouth on June 26, 2025.

Financial Affairs Committee members participating at the meeting location:, Mike Pilot (presiding), Kass Ardinger, Maureen Beauregard, Jamie Burnett, George Hansel, Brian McCabe and Peter Paul; Kevin Knarr participating by video conference; Other trustees participating at the meeting location: Jacqueline Eastwood, Cathy Green, Shawn Jasper, Ethan Dupuis, MJ Condon, Mackenzie Murphy, Pat Griffin, Wayne Semprini, Joel Nkounkou, President Donald Birx, President Elizabeth Chilton, President Melinda Treadwell and Chancellor Catherine Provencher.

Staff presenting at meeting location: (UNH) Aaron Howell; (KSC) Nathalie Houder; (PSU) Tracy Claybaugh; (USNH) Chad Pimentel, Karen Benincasa, Tia Miller, and Lorna Jacobsen (scribe).

Additional Faculty, Staff, and students participated in person and by video conference.

**Call to Order:**

At 1:45 pm Trustee Knarr called the meeting to order, noting that Chairman Tewksbury was unable to attend. He provided an overview of the agenda topics and discussed the schedule noting the need for a non-public session and a recess to allow the Board of Trustees to meet prior to the FAC reconvening and voting on the budget. He expressed appreciation for the campus and system leadership noting that it has not been a steady time with cuts in State and federal funding.

**Approve Consent Agenda** (Moved and duly seconded)

**VOTED**, that the consent agenda for the Financial Affairs Committee's meeting of June 26, 2025, be approved.

{The Committees voted by roll call vote unanimously in favor of this motions}

Items on the Consent Agenda:

A. Approve the minutes of March 20, 2025, meeting

## End of Consent Agenda

### **FY26 Budget Presentation and Discussion**

Vice Chancellor Benincasa said this is the first budget produced in Workday, remarking that a lot of great work was done to get it to this point. She reviewed the proposed FY26 budget and showed the impact of the expected reduction in the State appropriation from the Governor's level of funding, and the impact of additional initiatives by PSU and KSC. She said that the recurring operating margin recommended is \$9 million or 1% of recurring operating revenues; however, it could go down to \$5 million if the state budget is approved below the Governor's level of funding recommended. She said there are significant and challenging initiatives included in the initial budget of \$23 million. She reviewed the revenue and expense changes since the March projection and the operating margin for Total Funds and for Total Funds excluding grants. She noted that expenses are decreasing more than revenues decreasing.

Chancellor Provencher provided an update on the current status of the State budget saying that funding for USNH is currently \$87 million for FY26 and \$77 million for FY27. Funding for USNH in FY25 was \$95 million and the Governor recommended budget for FY26 was \$91 million. She said that if state revenues come in at the Governor's level, it is possible some funding could be restored in FY27, however, USNH will need to build a budget for FY27 on the \$77 million level unless something changes.

Vice Chancellor Benincasa reviewed the estimated budgets by institution excluding recent changes made at the state and federal level and reverting back to prior revenue and expense allocation methods to compare to FY25 projections and the original budget targets. She reported that the State appropriation allocation methodology has been modified and is now based on an institution's share of resident students. There is a 3-year transition plan for KSC which was adversely impacted by the new methodology. She said some adjustments have also been made to the allocation methodology for shared services expenses.

Vice Chancellor Benincasa reviewed capital expenditures and the impact on cashflow. She said the BOT parameter for capital spending was set at 1 times depreciation, but because of the difficult budget situation that has been reduced to 65%. She indicated that the cash and short-term investment balance on June 30, 2026, is projected to be \$108 million and the Days of Cash on hand would be forty-six. She presented the FY26 Capital Budget of \$104.7 million which includes \$9.8 million in strategic spending, mostly at PSU.

In response to Chairman Knarr, campus CFOs said while the capital budgets requested are lower than originally expected, they are comfortable with the capital budget and expected, at this time, to meet the needs of the organization for FY26.

Chancellor Provencher said there is no debt intended to be used in FY26 and pointed out that liquidating quasi-endowments impacts the campuses as it reduces earnings that can be distributed.

Vice Chancellor Benincasa highlighted the risks associated with the budget including lower than expected enrollments, State budget lower than expected, institutional and systemwide shared

services operating margin improvements targeted may not be realized, additional one-time costs, delayed capital spending may result in additional costs in the future, potential credit rating downgrade and the potential of reduced federal level funding. She said opportunities include the possibility of implementing elements of USNH future vision/strategy faster than planned, the ability to leverage the new Finance and HR ERP technology to increase automation and efficiencies and medical cost reductions based on RFP currently in process. She also noted that seven of the thirteen USNH bargaining unit contracts expire on June 30, 2025, and are currently in negotiation.

### **Nonpublic Session**

At 2:30 p.m. the following motion to enter nonpublic session was made and duly seconded and approved unanimously by roll call vote. In addition to trustees, campus CFOs attended the non-public session.

**MOVED** pursuant to RSA 91-A:2.I(b), RSA 91-A:3.II(d) and (j), that the Committee enter nonpublic session for the purposes of discussing matters affecting collective bargaining strategy and/or considering confidential financial or commercial information, and the potential acquisition, sale or lease of real property which if discussed in public would likely benefit a party whose interests in the potential transaction are adverse to those of the general community

### **Return to Public Session**

Upon a motion to exit nonpublic session and duly seconded, and approved, Chairman Knarr reconvened the public meeting at 3:00 p.m. and recessed the meeting until 5:15 PM to allow the Board of Trustees to meet.

At 5:15 PM, the meeting was reconvened and the following action taken:

### **Approve Systemwide FY26 Operating and Capital Budgets**

A motion was made as drafted in the meeting materials by Trustee Hansel and seconded by Trustee Griffin.

**VOTED**, on recommendation of the Presidents' Council (PC), that the following motion be presented for consideration to the Board of Trustees (BOT):

**MOVED**, on recommendation of the Financial Affairs Committee, that the BOT approve the operating and capital budgets, for the University System applicable to the fiscal year beginning July 1, 2025, and ending June 30, 2026 (FY26) as presented in the attachments;

**AND FURTHER**, in the event revenues are lower than currently anticipated in the attachments, require PC to make budget adjustments to reduce expenses to the lower

revenue levels to meet the systemwide Operating Margin; if unable to do so, PC will seek amended approval from BOT for the revised FY26 budgeted OM by August 2025.

**AND FURTHER**, in the event material expense savings targets are incorporated into the proposed budgets (across the board reductions, planned initiatives, etc.), require the PC to provide updates to the Executive Committee of the BOT to include detailed plans for achieving the savings.

**AND FURTHER**, require the use of available restricted and external funding prior to the use of any USNH funds with exceptions requiring the approval of the institutional CFO or CFO designee.

The motion was then **amended** on motion by Chairman Knarr and seconded by Trustee Hansel to add the following clause:

**AND, FURTHER**, by July 31 the institutional Presidents are directed to provide the Board Chair, FAC Chair, and ICPC Chair with sufficient additional information to permit full evaluation of the institutions' plans to achieve their required additional cost savings in FY 26 and to provide any additional information requested by the chairs

{The Committee voted unanimously by roll call vote in favor of the **amended** motion}

### **Other Business**

Next Meeting Date is October 23, 2025

The Committee adjourned at 5:58 PM.