



DRAFT

FINANCIAL AFFAIRS COMMITTEE
April 20, 2023

The Financial Affairs Committee met at the Keene State College Alumni Center on April 20, 2023.

Financial Affairs Committee members participating at the meeting location: Mike Pilot (FAC Chair), Kass Ardinger, Jamie Burnett, George Hansel, Kevin Knarr, Peter Paul, Greg Tewksbury, and Morgan Rutman; Other trustees participating at the meeting location: Rick Ladd, Zachary Christie, Jackie Eastwood, Cathy Green, Shawn Jasper, Patrick Griffin; Christian Merheb, Christina Thornton, McKenzie Murphy, David Westover; President Donald Birx, President James Dean, and President Melinda Treadwell; and Joel Nkounkou by video conference.

Staff present at meeting location, (UNH) Marcel Vernon, Wayne Jones;(KSC) Nathalie Houder, James Beeby; (PSU) Nathaniel Bowditch and Tracy Claybaugh; (USNH) Catherine Provencher, Chad Pimentel, Karyl Martin, Karen Benincasa, Tia Miller, and Lorna Jacobsen (scribe).

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

I. Call to Order:

At 2:45 pm Chairman Pilot called the meeting to order and reviewed the items on the agenda.

II. Approve Consent Agenda (Moved and duly seconded)

MOVED, that the consent agenda of the April 20, 2023, meeting of the Financial Affairs Committee be approved.

{The Committees voted unanimously in favor of this motions }

Items on the Consent Agenda:

- 1) Approve minutes of the Financial Affairs Committee meeting of January 19, 2023.

End of Consent Agenda

III. Actual and Projected Financial Results

A. FY23 (P2) projected financial results

USNH Assistant Vice Chancellor for Financial Affairs, Karen Benincasa referred to the slides in the meeting materials and reviewed the current annual financial projection for FY23, relative to the Board-approved Adjusted Budget. She reviewed projections for Operating Margin (OM), Capital Expenditures, and current cash flow projections. She said that capital spending will be significantly less than budgeted in FY23 with the unspent funds planned to be used in FY24. She said that the projected cash balance for June 30, 2023 is expected to be higher than budget by \$42 million plus additional UNH capital projects that are now expected to move into FY24. She said USNH has adequate cash for operations and obligations including debt service.

Ms. Benincasa discussed risks and opportunities with the projections including endowment returns, inflation, increased medical claims and employee additions in the future as risks. She said opportunities include the ability to recover additional FEMA funds through May 11, 2023, and higher than budgeted returns on short-term investments.

Campus CFOs provided insight on their respective campus results, and discussed what they see as risks and opportunities. CFOs answered questions from trustees on the reasons for the difficulties in recruiting employees. The Committee discussed the competitiveness of employee compensation and said it was a topic that needs to be revisited as part of strategic planning efforts.

B. Status of Employee Headcount Reporting

Chairman Pilot reviewed a report on employee headcount and shared background on the results of the Covid Enhanced Retirement Plan (CERP) and its goals. He reviewed results by campus and said that the net reductions in headcount are less than what was expected as a result of the CERP in 2021, primarily due to staff increases at UNH. He pointed out several reasons why this might be the case, and President Dean offered further explanations noting that UNH understands and respects the concern on headcount but the impact of the CERP necessitated filling more positions than originally planned. He said UNH has focused on mission and OM and is continually looking for ways to do more with less. It was suggested that there might be other metrics to monitor and benchmark levels of employment compensation costs

Given that salaries and wages are such a large part of the operating budget, the Committee discussed the report and the need to think strategically, and have a longer term plan that includes controlling headcount. The importance of generating margin in excess of 1% in order to be sustainable and have funds to reinvest was mentioned as being essential. Committee members shared comments on the higher education industry, competition with other institutions including community colleges and the need to think differently and act soon. Chairman Pilot recommended that developing a 7-10 year financial projection with various financial sensitivities be an action for the September retreat.

IV. Bond Issue Update

Bond Issue update was not given due to time constraints.

V. Legislative Update

Vice Chancellor Provencher gave an update on the status of the USNH operating and capital budget request. The House approved \$95.2 million for FY24 and \$101.2 million for FY25. They also approved \$6 million for the Whittemore Center and \$1.5 million for the IOL at UNH. She said that tomorrow afternoon she and President Dean will be attending the Senate Finance Committee meeting.

VI. Update on Strategic Initiatives

Campus CFOs briefly described the status of their campus strategic initiatives describing progress and next steps.

USNH CIO Bill Poirier discussed progress on the ERP project noting that contracts have been signed with both a software solution (Workday) and an implementation partner (Collaborative Solutions). He described the work ahead and a high-level roadmap and timeline.

VII. Other Business

- A. Chair or Committee Comments
- B. The next meeting date is June 22, 2023.
- C. The Committee adjourned at 4:45 p.m.