



DRAFT

**FINANCIAL AFFAIRS COMMITTEE
March 7, 2024**

The Financial Affairs Committee met at Keene State College on March 7, 2024.

Financial Affairs Committee members participating at the meeting location: Gregg Tewksbury (Presiding) Mike Pilot (FAC Chair via Zoom), Kass Ardinger, Jamie Burnett, Morgan Rutman, George Hansel, Kevin Knarr, Peter Paul; Other trustees participating at the meeting location: Jacqueline Eastwood, Cathy Green, Frank Edelblut, Shawn Jasper, Wayne Semprini, McKenzie Murphy, David Westover, President Donald Birx, President James Dean, and President Melinda Treadwell; Other Trustees participating by video conference: Joel Nkounkou and Christiana Thornton.

Staff presenting at meeting location: (UNH) Bob Brown and Wayne Jones; (KSC) Nathalie Houder; (PSU) Tracy Claybaugh; (USNH) Catherine Provencher, Karen Benincasa, and Lorna Jacobsen (scribe). Bill Porier (UNH) presented via video conference.

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

Call to Order:

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

Approve Consent Agenda (Moved and duly seconded)

MOVED, that the consent agenda of the March 7, 2024, meeting of the Financial Affairs Committee be approved.

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

Items on the Consent Agenda:

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

End of Consent Agenda

FY24 Updated Projections

Systemwide Overview

Assistant Vice Chancellor for Financial Affairs Karen Benincasa reviewed FY24 systemwide operating activities compared to the plan and to prior year operating activity. She reported that total enrollment is expected to be down. She said recurring OM for FY24 is expected to be \$12.9 million or 1.7%. When compared to FY23 actuals, Ms. Benincasa said total enrollment is down by 1% and recurring OM is a favorable \$11 million. She reviewed projections and variances by institution.

Ms. Benincasa described risks and opportunities associated with the FY24 projections and noted a couple significant risks for FY25 such as the delay in Federal FAFSA which could result in delayed deposit dates and potentially lost enrollment, and the risks associated with the ERP implementation. She said it may be possible to capitalize some of the costs associated with the ERP project, which would improve the total OM for FY24.

University of New Hampshire

Interim CFO, Bob Brown described UNH's projections noting that there are 211 fewer students than projected and a reduction in student related revenues of \$12.3 million. He attributed some of the budget variance to inaccurate budget estimates. He described the budget "reset" that UNH did this Fall noting that 62 fully benefited positions were laid off, travel and goods and services expenses cut. He explained that because the reductions happened mid-year, the full benefit of the cuts will not be realized until FY25.

In response to questions, Mr. Brown said that the inaccurate FY 24 estimates were based on overly optimistic projections. UNH Leadership described the steps they have taken to refine processes and reduce the risk of repeating in the future..

Plymouth State University

Vice President Claybaugh reviewed PSU's FY24 projection noting that the recurring operating margin increased from a negative \$3.2 million in the budget to a positive \$2.5 million. She explained the reasons for the positive results enrollments over budget and heightened increase in housing and meal plans. She reviewed expense reductions such as employment costs and utilities as well as mentioned a voluntary retirement incentive plan for faculty being offered, improved contracting, and outsourcing. She noted the increase in state appropriations vs the prior year including \$1.5 million of which is one-time for FY24 only, she answered questions from the Committee on specific results.

President Birx described some of the difficulties with hiring staff because of competition in the area from resorts. He said PSU is currently running very lean and is concerned wages are low.

Keene State College

Vice President Houder reviewed KSC's FY24 projection noting that the recurring OM is projected to be slightly better than the original budget. She described the factors contributing to the results including higher than budgeted enrollment, which was slightly offset by higher financial aid, and an increase in housing and dining revenue. She said operating expenses are \$2.9 million more than the budget. She noted the increased state appropriation compared to the

prior year of which \$1.5 million is one time for FY24 only. She answered questions from the Committee on specific results.

Systemwide Wrap-up

Ms. Benincasa provided a system-wide summary of results reporting that a projected total loss (recurring and non-recurring) of \$11.4 million, or 1.2% is expected, which is consistent with budget. She said total capital expenditures are expected to be lower than budget by \$27 million because of timing of project work and ending cash and short-term investments are deemed to be adequate and consistent with budget through June 30, 2024.

In response to a question, Vice Chancellor Provencher said USNH continues to have a very strong credit rating because of the strong balance sheet. She said USNH is not expecting any downgrades and is not planning on issuing bonds in the near future.

Trustee Knarr said he finds the cash flow slide which shows historical and projected trends (high and low points during the year) very useful and asked that it be included at each meeting.

Updates/Status on Board-approved Strategic Investment and Institution Financial Sustainability Plans

Ms. Benincasa said campuses would be sharing updates on BOT-approved strategic investments for FY24-FY28 which were approved in October 2022 and incremental operating margin opportunities for FY25-FY29 that were presented to the Committee in October 2023. She noted that the timing of the \$120 million in strategic investments has shifted for some projects and campus investment substitutions have been recommended. Incremental OM opportunities identified by each campus for the 5-year period of FY25-FY29 are expected to generate \$17 million in annual OM improvement by FY29 which is consistent with the October 2023 estimates. She described the format of the slides which are standard for each campus.

University of New Hampshire

Mr. Brown reviewed UNH's progress and said that UNH is seeing growth in research, engagement and outreach which has contributed a cumulative \$6.4 million in additional federal indirect cost recovery.

Provost Jones said the merger with GSC is complete and UNH continues to work on the on-line programming. UNH has just restructured on-line leadership and support and expects to move forward, including support for both PSU and KSC as well in the future.

Plymouth State University

Vice President Claybaugh shared status of financial stability plans at PSU. President Birx said the estimates for the White Mountain Apartments exceeded the \$5 million in strategic funds available, and as a result, PSU is proposing to use \$3.1 million of the strategic funds for

immediate upgrades in the White Mountain Apartments and to shift \$1.9 million of the remaining funds to Rounds and Boyd for upgrades (\$1.1 million) and to continue to invest in our the Nursing program in Samuel Read Hall (\$.8 million) which will help to augment a federal grant. He said PSU has been working on improving retention rates which resulted in an additional \$300K in FY24. President Birx described a voluntary retirement incentive which is available to AAUP Faculty and some programmatic revenue opportunities.

Keene State College

Vice President Houder shared status of financial stability plans, noting that all plans are being executed within the umbrella of the strategic plan and within budget. She described several new athletic programs including men's and women's hockey and e-sports which will help with recruitment of students. Vice President Houder said returns are expected to be the same as initially projected once initiatives are complete. She said they anticipate some delays in executing donations for current use gifts.

President Treadwell shared some recent awards that KSC coaching staff has received and in response to a question on athletes unionizing.

Systemwide Summary

Ms. Benincasa shared a summary of the systemwide BOT strategic investments and related impacts and of the annual operating margin improvement for FY29 expected as of March 2024.

ERP Update

ERP Overview

USNH CIO Bill Poirier provided an update on the status of the ERM project. He pointed out completed milestones for HR and Finance and discussed the timeline. He said the architect and configuration stage is substantially complete, customer confirmations sessions are finished, and testing is underway.

ERP Budget Update

Mr. Poirier said current projections show the budget for the ERP project is about \$1.6 million over the BOT approved budget of \$40 million but it is still early in the project and leadership will continue to monitor and cut to avoid going over the budget. If that is not possible, a request for an increase will be brought for approval. Some of the incremental costs can be offset by cutting back on annual LRTP projects.

Other Business

Next Meeting Date is June 27, 2024

The Committee adjourned at 4:50 PM.