



The Peninsula's Community College

Thomas Nelson Community College Local Board
Budget and Finance Committee
February 12, 2020

Member(s) Present: Mary Bunting, Perry Showalter, and Mary Ann Maimone (via telephone)

Guest: Dr. Gregory T. DeCinque

College Staff Present: Steven Carpenter, Vice President for Finance and Administration, and Geraldine Mathey, Administrative Assistant

Mr. Carpenter opened the meeting at 4:05 p.m.

1. December 11, 2019, Minutes. The committee reviewed the minutes. They were accepted for file purposes. Ms. Bunting will recommend the Local Board accept the December 11 minutes.
2. FY 2020 State Budget 2nd Quarter Statement. Mr. Carpenter stated the statement was being presented for informational purposes only and did not require an approval by this committee or the Local Board. Dr. DeCinque shared that VCCS guidelines stipulated a 2nd quarter and a year-end statement be shared to the Local Board. Mr. Carpenter said he would be providing a high level overview. He presented a PowerPoint with the following information:
 - a. FY 2020 Revenues were projected at \$42,250,000, which may be a little on the high side; Expenses were projected at \$42,525,000. Expenses include salaries (approximately 80%) and OTPS. He said actual OTPS expenses are about 15% of the budget. Second quarter actual revenue is \$25,888,430 with expenses at \$22,921,193. He stated Thomas Nelson does not receive funds from summer tuition until the fall. Ms. Bunting asked if the College is where it was expected to be at this time; Mr. Carpenter said revenue is running a little below. He stated that this had been anticipated because of the reduction in enrollment; however, there may be other factors which are impacting the shortfall and he has met with Steven Felker to research how other factors may be involved. He said that even in the past the FTEs do not match the tuition. Ms. Bunting asked if that was due to students not paying tuition; Mr. Carpenter that may be a small part of the equation but those students not paying are dropped. Dr. DeCinque stated that the College had greater Adjunct expenses in the fall which also impact the overall total.
 - b. The projection for the remainder of FY 2020 shows Revenue at \$41,697,576, which is lower due to the reduction in enrollment, and Expenses at \$41,946,646.
 - c. A deficit of \$249,070 is projected; however, Mr. Carpenter noted there are still five months remaining in the fiscal year in which to make up this deficit. He said the College may delay hiring new staff.

Ms. Bunting asked if the budget included the repayment to the Commonwealth; Mr. Carpenter said it did and the College must repay \$250,000 to local funds. He also stated that if the College repays the remainder next fiscal year as mandated, the budget looks good.

Ms. Bunting confirmed that the FY 2020 2nd Quarter Local Funds Statement was being presented for information purposes and did not require Local Board action.

3. FY 2020 Local Funds 2nd Quarter Statement. Mr. Carpenter stated that during the December 11th meeting he had discussed merging several accounts together. He said the audit team has not completed their review; he waiting for their report before actually making the changes. He reviewed the statement as follows:

a. Local Funds and General Funds (page 2): He reported the budget had been revised.

1) Revenue: He noted that Bookstore Contract Commissions were down slightly; WDCHT Support from Localities is as anticipated; and that General Fund Interest Income is higher than expected. Ms. Bunting asked if when the College does better than expected, does those funds go into a fund balance; Mr. Carpenter said yes.

2) Under Expenditures, Mr. Carpenter said the current budget shows Wages/Salaries/Benefits Student Activities under this fund title; he has moved that line item to the Student Activities fund, which should provide more money under General and Other Funds. Ms. Bunting asked if the transfer would make this account perform better but may cause the other fund to perform unfavorably; Mr. Carpenter said it would. Mr. Carpenter stated that while \$400,000 had been budgeted for PR, only \$61,000 had been spent; he said he anticipates additional invoices to be submitted shortly. Dr. DeCinque asked if the College had considered using an outside PR firm; Mr. Carpenter said they had but there were issues with the Shared Services Center. Ms. Bunting said she was surprised there was so little advertising that she has seen given the budget; Dr. DeCinque said PR efforts would be addressed within the College. Mr. Carpenter noted that Thomas Nelson spent \$270,000 in advertising in FY 2019. Mr. Showalter said the College needs to market to parents of potential students. Dr. DeCinque said he was informed by VP Callaway there are several mailing campaigns done each year to households within our localities.

3) Ms. Bunting said she thinks calling this fund is confusing, especially when the funds from the localities is listed under the Construction fund. Mr. Carpenter suggesting renaming this fund to General Funds. Dr. DeCinque stated he would prefer renaming President's Discretionary Fund to Special Purposes Fund.

4) Ms. Bunting said Mr. Carpenter had asked the localities at the Annual Localities Luncheon to consider maintaining their annual contributions at the FY 2020 level. She asked if, following the transfer of the PWDC to the Commonwealth, those funds would then be used for Capital Outlay expenses; Mr. Carpenter said they would.

5) Ms. Bunting asked if the FY 2020 budget included the \$250,000 that needed to be repaid; Mr. Carpenter said it was included in Total Net Assets. Dr. DeCinque said that with Local Board approval the loan could be repaid earlier; Mr. Carpenter said the Local Board also has the ability to forgive the loan.

b. Student Activities Fund (page 2): Mr. Carpenter noted that the wages and salaries, originally included under Local Funds and General Funds, had been moved to this account. He stated that \$87,000 has already been spent on salaries and \$126,000 has been budget; Ms. Bunting said it was possible this line item may be over by the end of the fiscal year. He said the income for this fund comes mainly from entry fees to games and the sale of bus passes. He stated that Student Activity Fees are from the fall and summer terms. He anticipates this fund will be \$60,000-\$80,000 short.

c. Safety, Security and Parking Fund (page 3): Mr. Carpenter said the budget in this fund is in good shape. He does not anticipate any major parking lot projects but is working with Mark Kramer to review future projects.

d. Construction Fund (page 4): Mr. Carpenter noted that some localities pay their requested contributions in one payment while others pay quarterly or toward the end of the fiscal year. He said expenditures were expected to be over due to the Diggs/Moore/Harrison Halls replacement building. Ms. Bunting asked if this line item includes funds not spent in prior years; Mr. Carpenter said it did and shared that the College has been putting funds aside specifically for this project. He said the Commonwealth is putting in \$40M and Thomas Nelson will be spending approximately \$3M.

e. Balance Sheet (page 6): Mr. Carpenter stated this is the first time a balance sheet was being shared with the committee and the Local Board. He noted the \$300,000 line item, stating it is used to fund grants at the start of the year and is repaid as those grant funds are received. He said he would prefer not to continue this and that the VCCS has a procedure, while more cumbersome, would free up the College's funds. Ms. Bunting asked if the College could carry over a balance in local funds; Mr. Carpenter said that policy had just been changed and the College can now carry over 2% of any remaining funds.

Mr. Carpenter said the FY 2020 Local Funds 2nd Quarter statement was for informational purposes only and did not require Local Board action.

4. Resolution: Increase Student Activity Fees. Mr. Carpenter said the College is requesting a \$.50 increase in Student Activity Fees only. He said he had researched the other VCCS institutions and found that Thomas Nelson is \$.50 below the average fee. This increase will bring in approximately \$65,000, which will almost balance the Student Activities Fund. He did note that with an anticipated decrease in enrollment for AY 2020, the College may need to request another increase next year. He said he met with the Student Government Association and they approved of the increase. Ms. Bunting asked if the \$.50 increase was the maximum that could be requested; Mr. Carpenter said it was. Ms. Maimone recommended approving the resolution; Mr. Showalter seconded the motion; and the resolution was accepted. Ms. Bunting will recommend the Local Board approve the resolution to increase student fees.

5. FY 2021 Local Funds Budget (Draft). Mr. Carpenter presented an overview of the FY 2021 budget.

a. General and Local Funds: Mr. Carpenter said anticipated income may decrease due to the decline in enrollment. Mr. Showalter asked why the amount had been increased for the Food line item; Mr. Carpenter said he had checked revenues over the past three years and

arrived at this figure. Mr. Carpenter stated that Expenses had been lowered across the board; Dr. DeCinque said this information had been shared with Cabinet. Mr. Carpenter said Local Funds Discretionary was used by Cabinet but had not been used so the amount is being decreased. He said the funds for the Workforce Center in Williamsburg may be moved under Leases or may be removed completely as the College may move this office to the Historic Triangle campus building.

b. Student Activities Funds: Mr. Carpenter reported that the fees had been increased based on fees collected in 2019-2020 and includes the \$.50 increase being requested.

c. Safety and Parking Fund: Mr. Carpenter said this budget is based on actual numbers. He stated he lowered the amount estimated for snow removal.

d. Construction Funds: Mr. Carpenter said this budget reflects the contributions that had been requested from the localities at the January meeting. It also includes money earmarked for the Diggs/Moore/Harrison Halls replacement building.

Ms. Bunting asked if Cabinet might want to review this draft budget for final approval by the Local Board. Dr. DeCinque said they may; he also stated he would prefer the Performing Arts line item contain some funding, rather not having any money.

Ms. Bunting asked if the Local Board would need to approve this FY 2021 budget at the February meeting. Mr. Carpenter replied that a draft was being distributed for review; any questions would be answered at the April meeting before the FY 2021 budget was approved.

6. \$2.00 Tuition Differential for FY 2021. Mr. Carpenter said each year the College must request a \$2.00 per credit differential. This is based on a salary student that was conducted several years ago. He said this is being presented for informational purposes only and no Local Board action is required.

There being no further business the meeting adjourned at 5:45 p.m.