



SSURYHG RQ

REPORT OF THE FINANCIAL AFFAIRS COMMITTEE
October 22, 2021

The Financial Affairs Committee met at Merrill Place at Plymouth State University
October 22, 2021 at 12:15 pm.

Committee members participating at the meeting location: Mike Pilot (Chair), Kass
Ardinger, Todd Black, Frank Edelblut, Wally Stevens, and Alex Walker; Committee
members participating by teleconference: George Hansel, Alan Rutman, Other
trustees participating at the meeting location: Joe Morone, Amy Begg, Jamie Burnett
Cathy Green, Senator James Gray, President Donald Birx, President James Deard
President Melinda Treadwell; Participating by video conference Trustee Mackenzie
Murphy and representing the Governor, Johnathon Melanson; USSB members Jake
Riley, Ashley Ackert, TyGioacchini and Reshma Giji.

Staff: present at meeting location (UNH) Marcel Vernon, Chris Clement, and Wayne
Jones (PSU) Tracy Claybaugh

At 12:15 pm Chairman Pilot called the meeting to order. He reviewed the items on the
agenda noting that the agenda item for tab ways from the September 30 FAC meeting
would be skipped given the in-depth discussion at yesterday's retreat.

II. Approve Consent Agenda (Moved and duly seconded)

VOTED, to approve the consent agenda for October 22, 2021.

Items on the consent agenda:

- A. Approve minutes of the April 15, 2021, and September 30, 2021, meetings
B. Approve/recommend suspension of statutory limitation on out-of-state
students at UNH

-End of Consent Agenda -

III. Actual and Projected Financial results

implemented to free up cash from the quasi-fund to use for strategic investments were reviewed and discussed. After reviewing and comparing the outcomes and risks of each scenario presented by Prime Buchholz and reviewed with the Financial Affairs Committee on September 30th, the Investment Committee recommends to the Financial Affairs Committee that \$50 million be withdrawn in the near future and invested in the short-term investment pool. He said the move will insulate the \$50 million from future/potential market volatility.

Vice Chancellor Provencher reported that the Investment Committee had approved this motion earlier in the day and discussed the mechanics of the liquidation/reinvestment in the Short Term investment pool in terms of timing.

V. Ongoing systemwide restructuring initiatives

A. Review rationale for separation incentive plans and results of COVID Enhanced Retirement Program (CERP)

Vice Chancellor Provencher said that USNH employment costs are approximately 60% of total annual operating expenses. She reviewed results of the CERP noting that 480 employees took the CERP employee separation and no longer work for USNH although about a third of those positions have been or will be refilled. She explained the complexities of tracking the results and said total vacancies must also be monitored. She reported that from September 2020 to September 2021, there was a decrease in employees of 267, and the CERP is helping USNH achieve cost savings by FY23. Provost Jones said that UNH is focusing on salary budget dollars, not just position counts and one benefit of the CERP is that positions can be filled where the greatest needs are today.

Trustees stressed the need to control the positions that are added back and said CFOs and Presidents will need to monitor add backs and general employment levels and spending carefully.

B. Employee Benefits

Mr. McGrail said USNH had two primary goals when undertaking the benefits change. One was to align with higher education peers and the other was cost savings of approximately \$17 million per year. He described changes to the benefit plans that have moved USNH closer to these goals noting that the USNH medical plan is still slightly better than peers.

Mr. McGrail provided an update on the plan to reduce the standard maximum employer retirement match from 10% to 8%. The 8% is more aligned with peers. Although this change was made for new employees starting on or after January 1, 2021, last summer, the Administrative Board decided to delay the retirement match reduction for current employees to provide more time for union negotiations and to recognize employees for working hard through the pandemic with no pay increase. The

Administrative Board recently voted to delay the decision to reduce the retirement match for another year (effective January 2023) for similar reasons. Vice Chancellor Provencher said that the impact of the delay in the retirement reduction for FY22 was \$3 million for ½ year budgeted in FY22 and for FY23 it will be another \$3 million impact (annual impact of \$6 million) putting a large part of the \$17 million target for savings in jeopardy. USNH is working to minimize the budgetary impact of delay and believes that some other favorable variances will make up for the impact in FY22. A more comprehensive update will be available in January 2022 when the P1 projections are completed.

C. Strategic Procurement

Vice Chancellor Provencher introduced Josh Dubroff, the new Director of USNH Procurement who joined USNH on August 30.

Mr. Dubroff described his background saying he is familiar with both the technology and the processes in higher education procurement and is confident he will be able to make USNH Procurement a high functioning partner. He identified current challenges including the fact that half his team is new, the supply chain issues caused by the pandemic, and the need for concentrated work.

VII. Other Business:

- A. The Committee watched a video of new commercials for USNH institutions featuring students.
- B. In response to an inquiry, Provost Jones reported that construction on Spaulding Hall is going well and there is a great deal of enthusiasm. He noted the need for