**Minutes**
**November Board of Director's Meeting**
November 4th, 2021
Via WebEx Call

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| **Attendees:** | Steve Deutsch | Kevin Saunders |
| | Melinda Cirillo | Brian Obach |
| | Michele Halstead | Fred Destefano |
| | Stephanie Blaisdell | Jordan Hennix |
| | Jeff Gant | |

**Others Present:** Sean Mulloy, Wayne Beach, Amanda Chase, Rosemarie Palmeri, Tim MacTurk, Danielle Halbert
**Recording Secretary:** Jacqueline Pascar
**Call to order:** 2:00 pm

**Unanimous approval of agenda and October 4, 2021 minutes.**

**Steve** announced that Michael Cavalieri, the new General Manager for Dining Services, would begin working on Monday. Sodexo's District Manager, Tim MacTurk, and Director of Resident Dining Operations, Danielle Halbert, joined the board meeting on behalf of Dining Services. **Steve** also introduced representatives from Follett: Sean, Wayne, and Amanda, and welcomed them to present first on Follett's Access Program.

**Follett Access Program**
**Wayne** introduced Follett Access as a program used on campuses for nine years and "it's our response in partnership with the institution to try and address some of the issues that we see with student preparedness and try to help in that pursuit." After noting that the bookstore at New Paltz was about to market the campus engagement survey, **Wayne** emphasized how the feedback from faculty, students and alumni was very critical. He said, "we have over 1,200 campuses in the United States and Canada, and we consistently survey our campus customer to try and stay on top of trends and interests and so that we are responding appropriately with what's needed." The data to be presented was gathered from these campus surveys. Regarding student preparedness, 96% of students know what textbooks are required for their courses before the start of classes. **Wayne** noted that this statistic was primarily driven by the Higher Education Act which required course materials to be available at the point of registration. However, 60% of students wait until the start of classes to get their materials and only 40% of students will show up to class with materials. **Wayne** stated, "We are finding that [this trend] has a direct correlation with success rates on campuses, and we felt like there's got to be something that we can do and one of our responses has been Follett Access."

With the national average of graduation rates currently at 62%, 38% of students do not complete their higher education with a degree. **Wayne** commented, "We know that course materials are costly, and many times students will forego buying a course material because of the expense. We know that also impacts their success rates in the classroom and in some cases that also will impact retention on campuses or people are not able to finish their program and this is a real struggle."

Considering these issues, **Wayne** proposed a Follett Access pilot program for New Paltz and presented the logistics. Follett Access is a scalable model ranging from campus-wide programs to individual courses. Depending on the model, course materials are provided to all students on campus or within a specific course before the start of classes. **Wayne** noted that the course material fees are typically applied at the time of course registration or some campus partners have instead added course material fees onto tuition bills.

Another benefit to the program was providing more affordable course materials. With their vendors offering special pricing, Follett could provide materials to students at a cheaper cost. **Wayne** explained that the program would charge a set fee per credit hour, for example $24 per credit hour. However, if a student did not see the value in the program, they are able to opt out of the program entirely. **Wayne** further noted that this program does not place limitations on faculty. He said, "We are not giving [faculty] a list of resources that they have to use. We are asking them what they are using and based on what they are using, we are coming to you with a solution that is more cost effective for students based on our partnering with our vendors and the materials and the formats that are being used."

The startup fee of $24 per credit hour was announced for fall 2021 with Follett's campus partners using the campus-wide program. The materials would be digitally prioritized with everything included. **Wayne** stated that the current selling price per course material at New Paltz averaged at $80. With an average of two materials per course, students pay a total of $140 to $160 for course materials per class. Follett Access would be able to offer materials at a base cost of $24 per credit hour before commissions were built into the rate. **Wayne** shared the current rates for course materials from two major vendors, McGraw and Pearson, stating "We have a lot of options for a pilot program that would bring substantial savings to students, but I also think bring substantial success in results in that vein to students as well."

After noting that Follett's access program could provide all formats of materials including print, digital and open educational resources, **Wayne** emphasized the importance of digital course materials. He explained, "Just in a course of a year, your digital exploded from 2020 to 2021 to a quarter of the sales of course materials, and it's not going to go away… It is very convenient and easy to provision to students… There is not a whole lot of administrative work involved: collecting physical copies, distributing physical copies, waiting shippers to provide physical copies. And so, when I'm counseling my campus partners on looking at a program like this, I do recommend starting out specifically with digital. Starting out with some courses where it looks like we can have the greatest impact, and those are the kind that we are looking at today."

In terms of access program results, there were not only increases in A's and reductions in F's, but also reductions in course withdrawals. **Wayne** explained, "We are seeing tangible results where we have actually had an impact with this program as far as success rates on campuses. The students liked having the materials on day one, they appreciate the value and the convenience of it, and they also felt sure that they had the right stuff." After reiterating that the program would still allow faculty to choose course materials without limitation, **Wayne** highlighted that this program has also led to an increase in enrollment on many their partnered campuses. **Wayne** welcomed any questions.

**Steve** clarified that the hope was to rollout the pilot program for the spring 2022 semester. **Wayne** confirmed and stated, "On our earlier call this morning, I know the concern was the administrative piece in getting pre-approved and that may be the stumbling block… We could be as ready to go as the campus is, but we also recognize you have your internal deadlines that may factor into this." **Steve** stated that New Paltz would be the first SUNY comprehensive school to adapt this access program, noting that a few community colleges were currently using the program. **Steve** also expressed the importance of monitoring Follett Access on campus if the pilot program were implemented. He said, “We'd have to keep a watchful eye on (1) Are students continuing to get the value? Are they seeing a 40% to 50% discount in the books that they are purchasing? (2) What impact would that mean to CAS specifically? If the revenue from each book is going down 50%, are we making it up in volume?”

**Michele** stated that there were a variety of “administrative hurdles” to resolve before the pilot program could begin. She explained, “The biggest is that system admin controls what we are allowed to put on our students’ bill. Another for the campus is, we prioritize the different fees on the bills as far as when the first money comes in from the student, what gets applied first.” **Steve** asked if planning the pilot program for the spring was too ambitious. **Michele** said that it might be.

**Jeff** asked if **Wayne** could further explain the $24 baseline fee and what would make the fee increase. Based on Follett’s experience during the past nine years of working with about 200 programs, **Wayne** explained, “We have all of this course material data that we're able to leverage against the enrollments that we have on our campuses. So, we felt that we could commit to that price, and we are going to commit to that price but only until we have a realistic idea what the actual price would be.” After a year, Follett would meet with the campus to discuss whether the fee should increase or decrease based on the data collected at New Paltz. **Jeff** asked if **Wayne** could explain how pricing is determined in a campus-wide option and if the process differs at all from the individual course model. **Wayne** said that he was speaking to the campus-wide option and clarified that the current pricing presented for the pilot model is based on national pricing with Follett’s vendors. The pricing would change based on inflation, which is typically a 6% change annually. **Wayne** explained, “You would get that fee structure update every year from us based on what we hear back from the vendors. It would be striking if it was more than a 6% move, but in every instance, it would still be below market value so a student still would not be able to go directly to the vendor and get it cheaper.”

**Brian** asked if Follett could reshare the cost breakdowns. **Wayne** explained the costs listed for the various titles, noting that the access prices included were for digital materials and would be substantially less than the cost for a physical copy. **Brian** asked if students would be able to opt out of the program per individual course. **Amanda** responded that students could only opt out of the entire program. **Brian** commented, “so there might be instances in which, even though it might be more expensive for a particular class overall, it's beneficial to them all classes considered. But theoretically, it might not be if other classes are all like mine that don't cost that much.” **Amanda** agreed, stating that the program “makes it equitable for everybody.” **Brian** asked if there were cost breakdowns for books from other vendors aside from the major companies. **Wayne** noted that those costs were determined on a case-by-case basis.

**Steve** asked **Brian**, “Do you find it's an issue in your classroom of students not having the books and it being detrimental to the way you run your class?” **Brian** responded that it is detrimental to the students and said, “I think it would intuitively be beneficial for students to have all the materials and to have them on the first day. So, I'm intrigued by the learning outcomes. I think that looks really promising… I think I would want to see more research on that, but the idea makes sense to me for sure. Students should have the materials and they should have them ready to go.” **Amanda** said, “That's why we were thinking, if we do some of these pilots for these 12 courses that we're talking about, that we would want to kind of start knowing how the performance was in those classes prior to going to Access… This isn't just a course materials affordability program, though it in some cases it does dramatically reduce the cost of books, we're also here to try to support student success.”

**Brian** asked if 12 classes were determined for the pilot program. **Amanda** confirmed that 12 courses were identified with one of Follett's vendor reps in partnership with the store management team at New Paltz to be good candidates for the pilot program. **Brian** recognized why Follett would target specific courses and asked if they had considered selecting a random sample of courses to determine how the program worked on campus overall. **Wayne** responded, "We would be happy to do it any way that the campus wants to do it. We have done reading programs, we have done second language programs. It is flexible and as I mentioned it is scalable." **Steve** commented, "This is really interesting to me, because a question we talk about a lot in our Board meetings is at what point are we a customer service organization and at what point are we, CAS, an educational organization? **Steve** noted that the campus bookstore is very customer service orientated but the program could potentially work better for educational outcomes.

**Kevin** stated that he had a list of questions from Rachel regarding OER, permanent access rights and data sharing and transparency marketing issues. **Steve** responded that along with the administrative hurdles, there were more things to work out on the academic front. **Steve** announced that he would schedule another meeting to specifically discuss academic concerns. **Amanda** added that Follett had answers to these questions and would be willing to schedule more time for Q&A. **Sean** welcomed the board to email him with any questions so he could put them together for the next meeting.

**Stephanie** asked who attended the morning presentation. **Michele** said that the introductory was presented to Julie Majak and herself, CAS personnel and Kris Backhaus was the only Academic Affairs representative. **Stephanie** suggested that more departments became involved with the conversation including EOP, Financial Aid and Student Accounts. **Stephanie** asked if the program was legal in New York, stating that her previous institution could not proceed with a similar program after Tennessee wrote a law addressing competition within the marketplace. **Wayne** confirmed that the program was legal, stating "I do know that we comply specifically by making sure that it is below market value that we can actually have a program like this even talked about." **Stephanie** responded, "I really think that this is a great student success initiative, it's just the devils are in the details. So, I think we need to provide sufficient space and get the right people around the table." **Amanda** reiterated that this was an introductory presentation, and they are willing to present again for any groups that needed to be involved in the conversation. She added, "We're not here to sell this to you, we're here to partner with you about it. If it makes sense, great! If it makes sense in some sort of different format than how we're presenting it, we're willing to make it valuable and changeable for sure." **Steve** thanked Follett for their presentation and noted that CAS would move forward with the next steps and schedule more meetings.

**<u>Audited Financial Statements</u>**

**Letter to Governance:**

**Rose** presented the results for the May 31, 2021 year end, beginning with the letter to the governance body. This letter is required communication to the people charged with governance, the board and its management, to inform them of the elements of every audit. Most of the language remained the same unless there was something that had changed in the process. **Rose** pointed out the qualitative aspects paragraph which referenced management responsibility for the appropriate account policies and stated there was a change in policy. She explained, "This was a required change to the accounting standards that became applicable in this year's audit… this has to do with how you record your revenue."

The letter also noted that the audited financial statements included estimates which were reasonable. **Rose** stated there were no difficulties performing the audit in dealing with management. There were a couple of audit adjustments proposed that were recorded. **Rose** explained, "These two journal entries are related to each other and primarily have to do with the new refrigerator contract, because there is a receivable that comes in from the college and then CAS has the contract with the vendor so there's a payable going out. That was a new item that kind of crossed over year end because of the way the contract works." **Rose** noted there were no disagreements with management and performing the audit.

**Financial Statement:**
The auditor's report on page 1 is the only piece in the statement by the auditor. The remaining information is provided by management. The last paragraph on the page stated that the financial statements were presented fairly. **Rose** noted that with auditing standards changing, the opinion would soon become the first paragraph on the page followed by the explanatory language.

The statement of financial position on page 2 showed a snapshot of where the corporation stood on May 31, 2021. Looking down the balance sheet, **Rose** stated were a lot of differences early on. Investments increased by almost $500,000 from the portfolio's earnings and growth. **Rose** explained, "When you see this number, it's the earnings you had in interest and dividends, it's realized gains and losses for items that your investment advisor actually, physically sold, as well as the market change on May 31st."

**Rose** noted that agency funds and hawk dollars, cash held for others, were also represented as a liability. There was a decrease in fixed assets due to the lack of projects. **Rose** stated, "2020 year technically ended for you almost in March and you had the two months at the end of that year that you rode out in the height of the pandemic. And then this past year was not a year where there was a lot of construction or any other projects going on on-campus where CAS was participating, funding construction, building, and buying assets. So, this went down as a function of the depreciation on the fixed assets." Accounts payable and accrued expenses showed relatively normal numbers. Note payable included the second PPP loan; the first PPP loan received in 2020 was forgiven. **Rose** explained, "…those were loans that came from small business administration to enable organizations to maintain their level of payroll without having to lay people off." CAS primarily used the money to cover salaries and benefits. **Rose** stated that all of the net assets were considered unrestricted meaning "no outside party has restricted the use of those assets." However, SUNY does require certain designations of the unrestricted assets to determine fiscal stability. Though there appeared to be an increase in the total net assets, **Rose** said that the details were further explained in the statement of activities on the following page.

The statement of activities on page 3 showed revenues and expenditures during the year along with net income or loss. **Rose** commented, "This is where you'll see the dramatic change between the two years." There was a substantial decline in food service gross revenue of almost $5 million. Regarding expenses, **Rose** explained "The expenses went down, but not at the same percentage. In the end, where normally you have your net food service revenue, 2020 it was 20% of the revenue. This past year, it was only about 8%. So, because of the lowering numbers of meal plans, it impacts the chain and the cost component." The campus store, vending and other auxiliary services (OAS) also had declines. **Rose** clarified that OAS included conferencing, OAS Office, cable, refrigeration, and laundry. The biggest decline within OAS was conferencing due to the COVID restrictions.

A lot of the expense drop was due to the college providing rent relief to CAS for the reduction in food venues that were in operation. **Rose** highlighted the line with deficit of revenues from expenses, stating that it was the operating number which showed a $1.6 million loss in operations. **Rose** further explained that the positive change of $300,000 in net assets at the bottom line was contributed by the forgiveness of the first PPP loan ($143,000) and the unrealized gain in the market ($900,000). **Rose** commented

“[The market] changes day to day, so that's not a number you ever want to have to rely on for making your bottom line solid because it fluctuates.” **Steve** reiterated that the corporation was saved by the college’s rent reduction, forgiveness of the PPP loans and the increase in the market as he included in his Executive Director’s Report. He noted that the board would review the budget in the December meeting to determine if any adjustments would be necessary.

The statement of functional expenses on page 4 broke down expenses into further detail of where the money was spent. **Rose** pointed out that a large portion of expenses was within contract services. **Rose** also noted that this year’s salaries and benefits made up 8.5% of expenses, while they only made up 6.2% of expenses in 2020.

The cash flow statement on page 5 detailed inflows and outflows from operating. **Rose** noted that by cash alone, the corporation was down $648,817, and then the investing and financing pieces resulted in the total change in cash. **Rose** noted that the reconciliation section was no longer required, but she recommended that it still be presented because it showed the increase in net assets and how it changes to the increase or decrease in operating. The cash flows resulted in a positive increase of $144,000.

The footnotes, beginning on page 6, continued for several pages. **Rose** stated that she would highlight the changes. Within note 1, **Rose** mentioned the new accounting pronouncement. She said, “This references that change for the revenue recognition and just talks about that this new standard was implemented for this year's audit.” Page 7 gave a more detailed description of the change, expanding on the definition of revenue recognition for better understanding. Note 2 on page 8 addressed liquidity resources that are available. **Rose** explained, “You don't have a lot of restriction on any of your money, so your cash receivables generally are considered collectable within a reasonable time… And it mentions a little bit about the PPP funding that you got, because that was an infusion of liquidity.” Page 9 showed what the investments were comprised of. **Rose** stated, “You're a little heavier in equity this year than you were last year, but it makes sense because the equity market was the one that was moving, and you have an investment advisor that does this for you… They watch the markets, and they adjust the portfolio to keep it solid.”

**Rose** highlighted note 5 regarding notes payable which addressed the original PPP loan since it is a comparative financial statement. The noted stated that the first PPP loan was forgiven in April; a month before year end. The corporation received the second PPP loan in February and was forgiven after the year ended. **Rose** noted that this would show up as an income line for debt forgiveness in the new year.

Note 8 on page 10, referencing program expenditures, showed a major decrease in program activity compared to 2020. There were no projects completed and granted over to the college. Note 9 included commitments through contracts with the college and continued to list contracts with outside services. **Rose** noted that the food service contract stated, “there is an unamortized amount in that contract all the time that should you terminate that contract early, you would owe money back to Sodexo.”
The note on pandemic matters mentioned the effect in 2020 in continuation during 2021 with operations still not back to full capacity.

The remaining pages in statement included supplementary information that **Rose** offered to discuss if there were any specific questions. **Rose** noted SUNY’s fiscal stability on page 29 which drove the net asset numbers. Pages 30 and 31 detailed all agency funds. **Rose** stated, “There weren't a lot of huge dollars with the exception of international programs; even that is down from what it used to be.”

Although the financial statement showed losses, **Rose** concluded that the revenues were able to offset the losses in the non-operating area.

**Significant Deficiencies:**
**Rose** noted that the report could contain one deficiency or a combination that could lead to material error, warranting attention. This letter reported on the significant deficiency regarding segregation of duties. **Rose** explained, "You never want to be in a position where the same person is handling a transaction, reporting the transaction, doing the reporting, and reconciling to get it to the ultimate point in the general ledger. If a mistake gets made, there's not a way to catch it… and or an intentional problem of fraud where somebody is trying to do something, and they have the ability to make it happen through the system that somebody might not detect it." This year presented issues with operational changes due to COVID and a decrease in staffing resulting in the controller having the ability to everything without some checks and balances. **Rose** stated, "this is just to be aware, and I know this is being discussed and it's trying to be addressed putting in mitigating controls so that a secondary person looks at certain transactions and certain processes."

**Management Letter:**
Though this letter was not a requirement, **Rose** chose to share the document because "it points out there are other things sometimes that you prevent from accumulating to the point of reaching a significant deficiency." The first two comments addressed written policies and procedures. **Rose** stated, "This process was started and then the new computer system was put into the finance system. It was going to be relooked at because you want it to align with the new computer program and what processes you need." With COVID and staffing changes the written policies and procedures got delayed.

The agency account testing note suggested updating agreements on an annual basis. This was scheduled to be completed this year but naturally got delayed as well. The follow page listed details of items hit while testing. **Rose** pointed out the concern of 7 instances where the person receiving payment signed off in the progression of the approval. **Rose** said, "That shouldn't happen… I don't think I've hit this much in the past, but I think it was a function too of who was available around to sign documents. So that's just something to be mindful of, is not to have a person approving their own payment." **Rose** also noted the issue of signatures on some agency forms and signature cards being illegible and suggested that names are written out on signature cards to help identify signatures if needed.

Regarding cash concentration, **Rose** suggested for the board to evaluate where funds are held on an annual basis. She explained, "You do have times often where your cash exceeds the FDIC limit and, in the event, I'm not saying a bank is going to fail, but in the event of a bank failure, you are putting funds at risk."

With the agreement between CAS and the college being redone this year, **Rose** suggested any transferred duties be embodied into the agreement, so the responsibilities are clear. CAS oversees the finances and financial records for the Children's Center. **Rose** also suggested documenting Children's Center responsibilities in an MOU. **Rose** concluded by notifying the board of the new accounting standard coming which will change the way leases must be accounted for and asked if there were any questions. There were none. **Steve** thanked **Rose** for the thorough presentation.

**<u>Good and Welfare</u>**

**Steve** highlighted a few items from the Executive Director's Report. After discussing the ongoing labor shortage and the effects on services with the Services Evaluation Committee, the group determined solutions that extended into two main areas: addressing student concerns and recognizing food service workers. **Steve** noted that **Jordan**, Michael Cavalieri, and he would meet next week to discuss what students are getting for what they're paying. **Steve** stated, "It's a hard thing because almost everything is going to come back to the fact that we have a labor shortage. But that's not an excuse. We still have to perform the best we can, given the resources that we have." To recognize food service workers, it was decided to move up the employee recognition party, traditionally held in the spring, to take place on the Tuesday before Thanksgiving. **Steve** said, "for most of the semester these folks have been working 6-day weeks. They've been working 50 to 70 hours. These are people who are in their 40's, 50's, and 60's who are on their feet all day long, and they have been feeling it the most in terms of the brunt of what's going on in food service." **Steve** asked **Jaca** to share some of the plans to recognize employees for their ongoing hard work.

**Jaca** announced that a recognition campaign would begin next week allowing students and the campus community to nominate individual employees that have made their day better. The campaign would be conducted through an online form and promoted via social media and around campus. **Jaca** explained, "They can put the name of the employee and then a short description of why they're nominating that person." The employee recognition party was scheduled for Tuesday, November 23 from 4-6pm in Peregrine Dining Hall. **Jaca** mentioned there would be food, raffle prizes and a prize wheel for the employees. **Steve** added "We'll be giving away cash, we also have gifts that we've never had before: flat screen TV, AirPods, etc… hopefully they'll feel the love."

**Steve** asked if **Tim** could briefly talk about the food trucks that would cover food service during the employee party. **Tim** stated, "We wanted to let our team be able to get to the celebration, but we also have a commitment to the students." With retail dining set to close at 3:30pm on November 23rd, the food trucks would be available for students to spend their meal swipes and dining dollars. **Tim** asked if he could also address service labor. **Steve** approved. **Tim** emphasized the ongoing labor challenges and noted that things are beginning to take a turn for the better. **Tim** said, "We have, for the first time yesterday, a couple of temporary employees. We've been trying to get temporary employees since the beginning of the semester, and we've had some. I believe according to the temp agency there's another four coming on Monday. So that will give us a total of six on campus on Monday." **Tim** stated that a top priority moving forward was to open WOW for lunch to add more variety and alleviate lines at the other food venues on campus. Other priorities included expanding stations in Peregrine with more labor and expanding the hours of operation. **Tim** shared that the team collected some job applications from a recent job fair and said, "I'm hopeful as we come out of the holiday that we can be in a much better space to meet the needs of the students."

**Steve** asked if **Danielle** could speak about waste reduction and food reuse coming out of Peregrine. **Danielle** shared that Feed HV, a regional food rescue network, was a new program implemented at SUNY New Paltz. She explained, "It's as simple as saving your over-produced food that was not put on the line and packaging it up. We fill out a short form of what products it is and we have about seven to nine different local areas from churches, boys and girls clubs, food pantries… they raise their hand and they have volunteers that come and pickup that food for that certain location." **Steve** asked how often they donated food and at what volume. **Danielle** stated that the dining hall was currently donating food twice a week. With the community program also experiencing staffing shortages, **Danielle** noted that the dining interns on campus have volunteered to make deliveries from Peregrine as needed to prevent food going to waste. **Steve** acknowledged the great work and announced that he and Lisa Mitten would be meeting with Ulster County's Department of Environment on campus to discuss new county and state food waste laws and give a tour of the sustainable practices within Peregrine. **Tim** offered to obtain a data report with the metrics of food Peregrine has donated to Feed HV.

**Steve** thanked **Tim and Danielle** and asked if there were any additional questions or comments. There were none. **Steve** thanked everyone for attending and announced that an invitation for the employee recognition party would be sent to all board members soon.

**Meeting adjourned:** 3:38 pm