

BOARD OF REGENTS FOR HIGHER EDUCATION
Minutes of Joint Meeting
of the Board of Regents and Faculty Advisory Committee
Friday, November 18, 2022
Conducted via Remote Participation

Regents	FAC Members & Alternates	Staff
JoAnn Ryan, Chair	David Blitz, Chair	President Terrence Cheng
Jim McCarthy, Vice Chair	Colena Sesanker, Vice Chair	Alice Pritchard
Richard Balducci	Lois Aime	Ben Barnes
Ira Bloom	Andre Blaszczyński	Sean Bradbury
Holly Howery	Matthew Dunne	Pam Heleen
Rick Porth	Michael Emanuel	
JoAnn Ryan	Mark Jackson	
Elise Wright	Jenn Long	
	Linsey Muldoon	
Comm. Bartolomeo	Ron Picard	
	Marybeth Rajczewski	
	Dyan Robinson	
	Linda Wilder	
	Carmen Yiamouyiannis	

CALL TO ORDER

BOR Chair JoAnn Ryan called the meeting to order at 1:04 p.m. Pam Heleen added that a quorum of the Board was present. She thanked the following individuals for creating the agenda:

- VP of Administration and Finance, Ben Barnes
- Chair and Vice Chair of the Faculty Advisory Committee Dr. David Blitz and Dr. Colena Sesanker
- Senior Director of Government Affairs and External Affairs, Sean Bradbury

Chair Ryan asked President Cheng to act as facilitator and moderator for the meeting.

WELCOME REMARKS

President Cheng welcomed everyone and called on FAC Chair David Blitz for his opening remarks which are included in their entirety as Attachment A.

OVERVIEW OF THE STATE BUDGETING PROCESS

Sean Bradbury, Sr. Director of Government Affairs and Ben Barnes, VP of Administration and Finance presented the overview of the State Budget Process and Financial Profile (Attachment B).

Discussion:

Prof. Sesanker had prepared questions focused on how we can be more sophisticated advocates for funding for the System:

- Q: Sesanker - The block grant has not increased nearly as much as employee salaries which increased by \$108M. At the same time, the State support for fringe has more than doubled. What are the costs and benefits of that structure of funding and why is it done that way? Do you believe that it's feasible to change it? What kind of advocacy can be done to restructure the way we're supported?

- A: Barnes - The format of our support from state government has adapted gradually over time. It relies on CSCU paying a fully loaded fringe rate for our employees, but the state covers the fringe benefits for those employees who are charged to the General Fund Block Grant. This is the approach we've had for decades for funding higher education in CT. Barnes believes that the state is interested in moving away from that structure as it creates a whole series of problems for CSCU and UConn around funding for research and grant-funded activities. The actual cost of the fringes need to be paid, one way or another - current pension, healthcare, and the appropriate amortization of the unfunded pension liability. We need to separate how we organize covering fringe benefits (how the system works) from how much money the state provides to us in financial support. Barnes added that we are working with the state to try to streamline the way we handle fringe benefits to become more transparent and less labor intensive. These efforts don't get at the question of how much support the state is giving CSCU. We need more funding available to meet our educational mission. President Cheng added that through communication and collaboration, we will be unified if, and when, the opportunity arises to ask for additional funding.
- Q: Sesanker - The universities can take on debt for building costs and the community colleges don't. Does the entire student university fee go to cover the cost of that debt service? What is the appropriate role of debt in the system? And how has our reliance on debt changed over time?
- A: Barnes - The colleges do not issue any debt independently; their capital needs are met with obligation bonds issued by the state with debt service paid by the state. The universities also receive general obligation bond support for academic buildings; however, we are responsible for borrowing for our own auxiliary purposes through CHEFA. We (the universities) issue bonds that we use to pay for auxiliary items (i.e., dormitory renovations and new construction, dining halls, parking garages, student centers). We have not issued a new bond in several years and we do not anticipate significant new borrowing. Our debt service for the entire system is about \$30M and is declining because of the success of our refundings and the absence of new bonds. Ultimately, all the auxiliary revenue and operating revenue of the university is pledged to pay down the debt service. There is excess auxiliary revenue after paying down the debt service. The universities rely on the excess to support their academic mission. President Cheng added that the system is changing in a post-pandemic environment, and we need to realign our resource allocation model to meet the needs of our students today (i.e., curriculum, support). We need to ask questions (i.e., number of students for institutions, course modalities, costs and supports that will be needed to uphold that model). We are at the beginning of creating that new model and progress will need to be accelerated. He noted that Professor Sesanker's question was a good one, but we are not in place to provide detail answers right now.
- Q: Sesanker - How feasible do you think it will be to switch the PACT model from a last dollar in to a first dollar in?
- A: President Cheng responded by stating that PACT has been very good broadly for the colleges; 25 - 30% of community college students are utilizing the PACT program. The program was adjusted last year so that it would be more inclusive of more students by dropping the credit threshold. This topic is a continuing discussion with legislators about how and why PACT has worked and how we can make it better and more accessible and alleviate the burden of costs for our students. It's a great topic to partner with the faculty to improve PACT.

Barnes - The PACT issue of first versus last dollar is made very complicated by Title IV and the structure of PELL grants. It is very difficult to structure first dollar support without reducing our revenue from the PELL program. Revenue from PELL has fallen from ~\$80M to ~60M due to our drop in enrollment. One approach to increasing the impact of PACT would be to try to change it from “total tuition and fees” to “total cost of attendance” which could include things like rent, childcare, and transportation. It becomes extraordinarily expensive to take this approach. Increasing the PACT minimum grant could also be attempted. Affordability needs to address the total cost of attendance for us to be truly successful. There may also be other targeted ways to improve PACT.

Bradbury - This is a fundamental, seismic shift to how financial aid is packaged in public higher education that must be led at the federal level. This doesn't mean that we should be taking steps to chip away at barriers to expand PACT (i.e., decreasing restrictions, eliminating prior credit requirements).

Q: Sesanker - Is the trend of decreasing faculty and increasing management an accident of circumstance or is it by design? If it is a product of our financial challenges, how is it best addressed?

A: President Cheng noted that the consolidation of the community colleges has been quite a journey so far. Our focus has not been solely and primarily on cost savings, but on student outcomes. As we continue to move towards final accreditation, there are efficiencies that must be gained at the management level in CT State and across the organization. We must scrutinize all aspects.

Barnes - A review of the FY2013 vs. FY2023 for full time personnel was reviewed (Attachment C. Some of the shifts can be explained by bargaining unit changes, employees moving in and out of managerial and administrative positions, and the creation of new positions. The report does not include a comparison of part-time employee categories. President Cheng stated that there is no intentionality or design to reduce faculty and increase administrators. It is a fluid situation, and we must be financially responsible as each decision is made.

President Cheng stated that as we move into this next legislative session, intentional, serious conversations will take place with legislators and the Governor's Office to clearly state where we are, what we're trying to accomplish, what we need to get it done, and how do we get there. Student support is a massive need (i.e., student mental health, expand programs like PACT). We need to hire more faculty, create new programs, and sharpen existing programs and align all our work with the needs of the 21st century student. We have a lot of capital needs across the system, as well. As our positions crystalize, we will be engaging constituents across the system.

Q: Sesanker - What additional challenges are we going to encounter (i.e., spending cap) to ensure that we are adequately funded?

A. President Cheng responded that there are always efficiencies that can be gained as our organization evolves. There are more programmatic revenues that we should be generating, programs that are attractive to students; we can't do this part without the faculty and staff. Students will come because we offer the greatest access, affordability, and quality in CT. Also, delivering transparent detail to the legislators is a crucial part of the story. We want to give CT students a great CT education, have them land wonderful careers in CT with CT companies, and live their lives here in CT.

Barnes - The legislature may not be convinced of President Cheng's arguments while enrollment is a third of what it was in 2013. We will need to explain this, to get people to understand the value that we offer, to see our forward path, and why it is in the best interest of the state and our mission.

President Cheng agreed with Barnes' comments. Public higher education is a public good that should be invested in with a long-term, compounding positive effect across society. We can find strategic and tactical ways to work together.

Commissioner Bartolomeo - An important strategy would be to link CSCU to the Governor's most prominent initiative - workforce development and to tie it to the percentage of CSCU students who remain in CT. She suggested that CSCU, and specifically the community colleges, can carve a niche and be known for apprenticeships and training employees to stay in the state. President Cheng expanded the Commissioner's comments to include focus on the changing needs of all students with a focus on community and economic development.

Chair Ryan and FAC Chair Blitz provided closing comments and thanked everyone for participating in the educational and insightful meeting. It laid out the need for everyone to be working together to support our students. Blitz suggested that a subsequent meeting of the BOR Chair and Vice Chair, CSCU President, CFO, and the Chair and Vice Chair of the FAC take place to develop a specific proposal to achieve full funding for higher education.

Adjourn:

The meeting adjourned at 2:11 p.m. after a motion by Regent Balducci, a second by Regent Wright, and a unanimous voice vote.

Remarks to the Nov. 18 joint FAC/BOR meeting:

I'm pleased that we have been able to organize this second joint FAC/BOR meeting. This not only satisfies the requirement in section 185 of state statutes for biannual meetings, but it moves us closer to finding common ground upon which we can jointly build public higher education in our state.

We have to recognize two areas of difficulty that have to be overcome. The first is the decline in high school graduates and the subsequent decline in CSCU enrollments, the increase in costs, especially in the area of fringe benefits, along with a decline in percentage terms of state funding, resulting in projected budget deficits for upcoming years.

The second is the context of conflict inherited from a previous CSCU administration surrounding consolidation of the colleges and the negotiation of contracts. The contract issue has now been resolved, and we hope to be on our way to addressing the serious issues arising from the consolidation, in particular shared governance and faculty morale, and the continuation of all campuses at their current locations.

But we are not here to discuss our differences, but rather to see how we can in the near term find common ground on an issue of mutual concern: the full funding of public higher in the state. Here the context is surprisingly favorable. The state has a multi-billion dollar budget surplus and the rainy day fund is full and overflowing, though we understand that this latter will likely be preserved for an even rainier day than we now face. And within the system we have an increase in the unrestricted net position.

The governor of our state is a former special category faculty at one of our universities, the federal secretary of education a former Connecticut teacher and educational leader. In our system we have new leadership, with a president with significant higher education experience in our state – a first for CSCU in over a decade, and a new Chair of the BOR recognized for her accomplishments in regional development and community outreach. Additional new leaders have come on board at the levels of CSCU, CSCC and the BOR.

But the above only provides the context both favorable and unfavorable. It will be up to us to figure out how to work together to achieve full funding for our half of public higher education (UConn, of course, being the other half). I consider it important that in order to do so we change the traditional narrative, from one of immediate or proximate financial crisis requiring us to do more with less, to, -- while recognizing the objective obstacles we face --, one of pursuing the funding needed to enhance the qualitative experience of students, faculty, and yes, even administrators for the success of all.

I hope that today we take needed further steps in that direction.... I think we've had a very good initial discussion, with clarification of a number of issues. I suggest that the Chair and co-chair of the FAC, and the Chair and Vice-Chair of the BOR, coordinate with the CSCU President and CFO for further research and a specific proposal for steps to take to achieve full funding for public higher education. We can look as a precedent to the 2020 project for the four universities then part of the CSU System which funded a decade of significant building and facility improvements. We should look forward to a similar project but focused on teaching and learning, combining our commitment to liberal arts values with innovations to meet new needs. For FAC members and alternates, we will reconvene at 2:15 using the second webex link sent to you for the FAC meeting.

David Blitz, Chair, FAC

BOR/FAC meeting

November 18, 2022

CSCU

***Connecticut State
Colleges & Universities***

State Budget Process – Start of the Biennium

- Fiscal year begins July 1st
- Governor's budget guidelines and instructions sent to agencies by August 1st
- Agency budget requests submitted to OPM by September 1st
- OPM reviews agency requests adds priority items and submits a budget proposal to Governor in November
- Governor's recommended budget presented to the Legislature (February)
- Finance and Appropriations Committee Work (February-April)
 - Public and agency hearings on the governor's recommended budget
 - Subcommittee meetings and reports to the Chairpersons
 - Committee budget presented and voted on by April
- Final Negotiations and Actions by House and Senate
 - The final package of budget bills and implementors are negotiated between the leaders of the Finance and Appropriations Committees, Legislative Leaders, and the Governor's Office and OPM.
 - Final action on this legislation typically occurs in the final week of the legislative session.
 - Governor signs or vetoes the bills.
- Agencies start to prepare spending plans for the next fiscal year in June

State Spending Cap

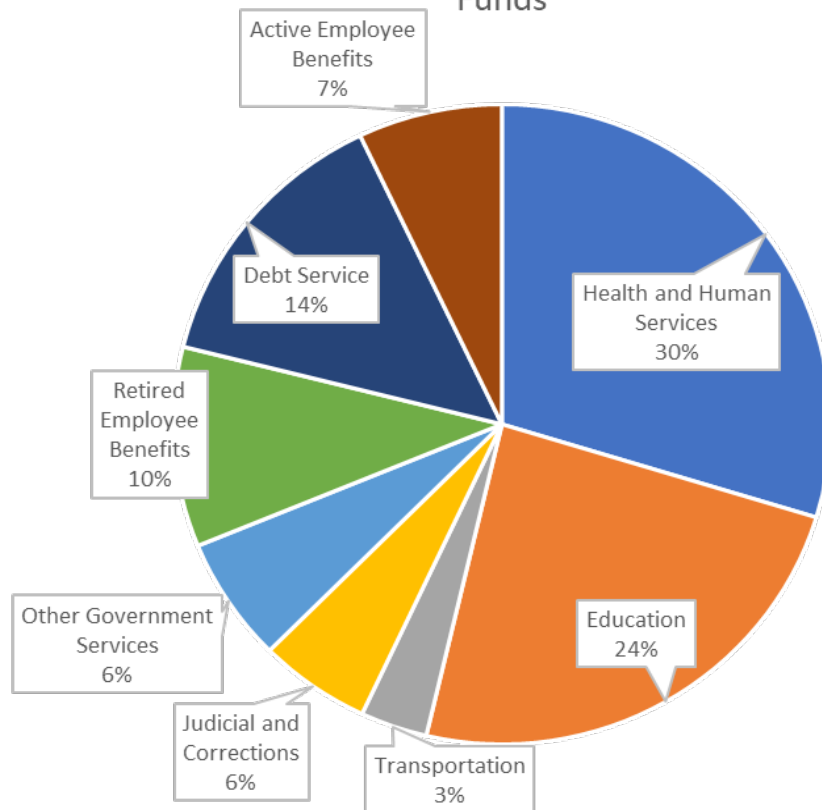
- The spending cap was created to limit the annual growth in state spending by generally barring the legislature from authorizing an increase in general budget expenditures for any fiscal year that exceeds the greater of the growth in personal income or increase in inflation.
- While established in the state constitution and statutes since the 90's, definitions of what falls under the spending cap were only adopted in 2017.
- The legislature may only exceed the cap if
 - (1) the governor declares an emergency or extraordinary circumstance and
 - (2) at least three-fifths of each house of the legislature approves the extra expenditure.

State Spending Cap Continued

- What falls under the spending cap:
 - The spending cap applies to the state’s “general budget expenditures,” which are the expenditures from the state’s appropriated funds, subject to certain exclusions.
 - These appropriated funds include the General Fund, Special Transportation Fund, Tourism Fund, Mashantucket Pequot and Mohegan Fund, Banking Fund, Insurance Fund, Consumer Counsel and Public Utility Control Fund, Workers’ Compensation Fund, and the Criminal Injuries Compensation Fund.
- What is excluded from the spending cap:
 - Principal and interest on bonds, notes, or other indebtedness; transfers to and from the Budget Reserve Fund and, once the fund reaches the maximum, to fund the State Employees Retirement Fund's unfunded liability and other outstanding state debt; expenditures of federal funds granted to the state or state agencies; payments to implement federal mandates or court orders (first year only); and expenditures for federal programs with matching funds which the state begins participating in after October 31, 2017.

State Budget Breakdown

Budget FY 23 Appropriations of all Appropriated Funds



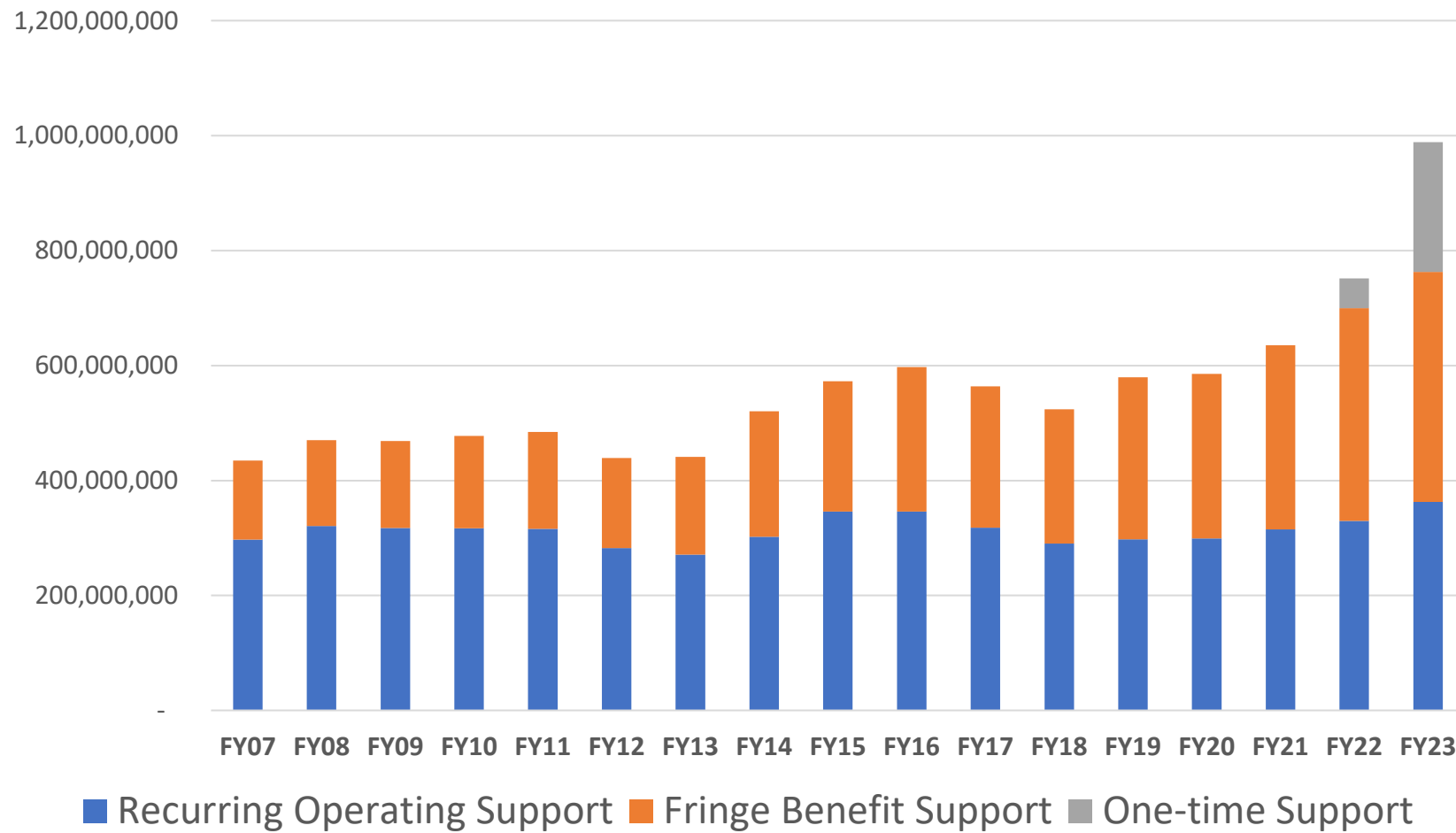
Education related expenses make up 24% of all Appropriated Funds and include the following:

- Connecticut State Colleges and Universities: 1.3%*
- Connecticut Technical Education and Career System: 0.7%
- Department of Education: 12.5%
- Office of Early Childhood: 1.4%
- Office of Higher Education: 0.2%
- State Library: 0.0%
- Teachers' Retirement Board: 6.6%
- University of Connecticut: 0.9%*
- University of Connecticut Health Center: 0.5%*

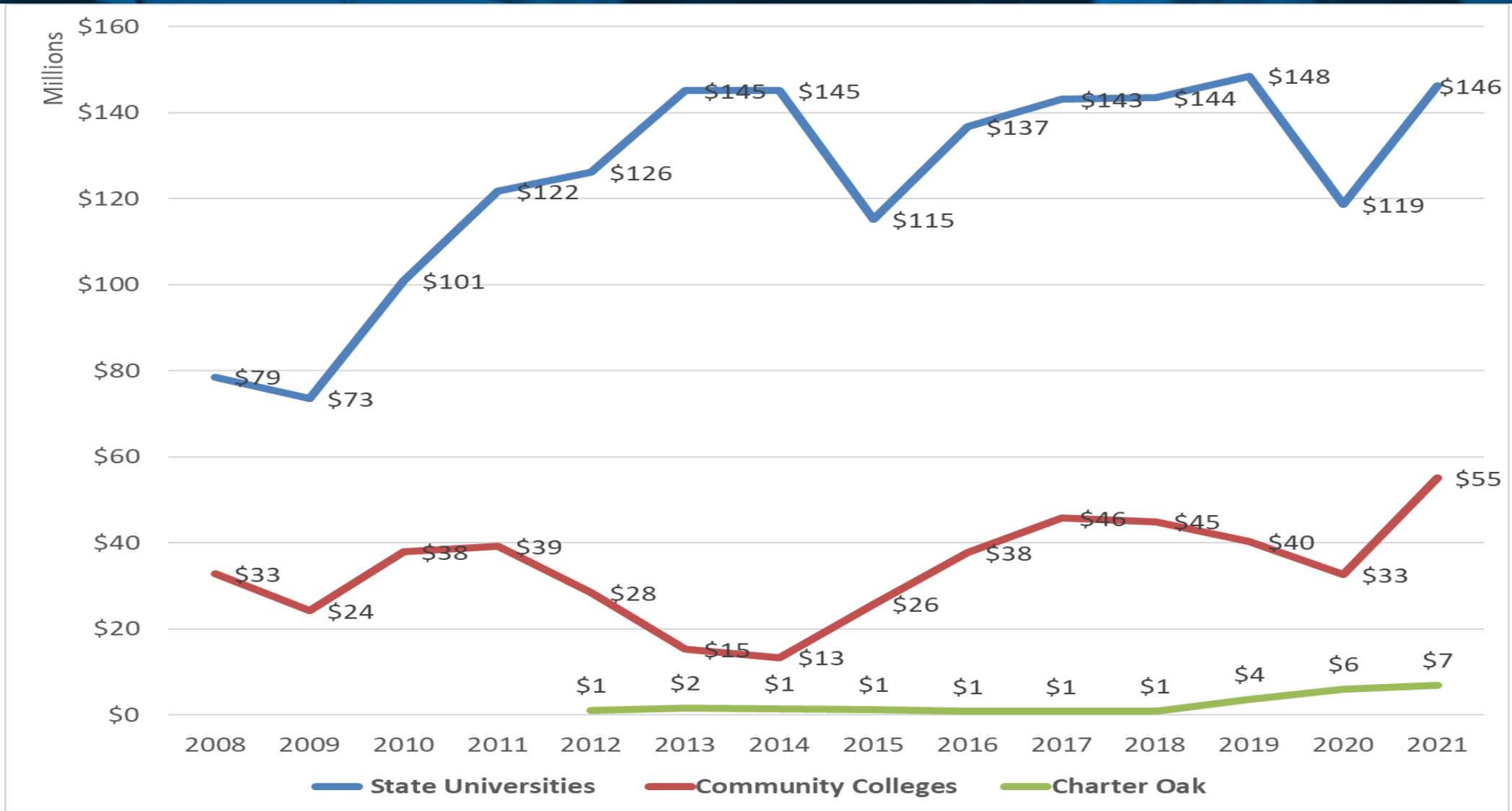
*Constituent unit funding does not include carryforwards, ARPA funds, or additional fringe support.

State Appropriations – CSCU totals

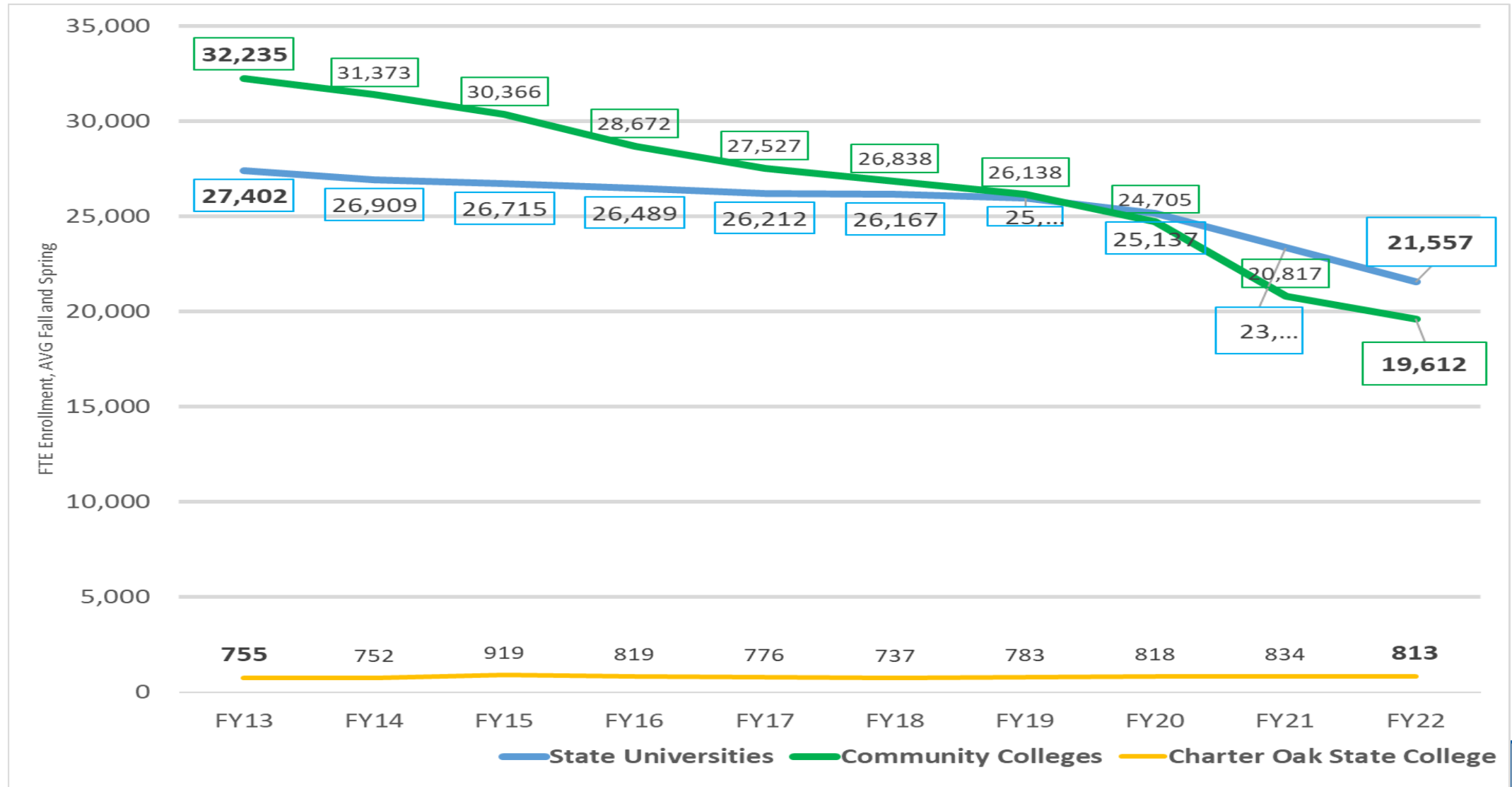
State Assistance -- CSCU Total



Unrestricted Net Position (UNP)



FY2013-2022 Enrollment FTE (AVG Fall & Spring)



Projected Deficits - FY2024 and FY2025

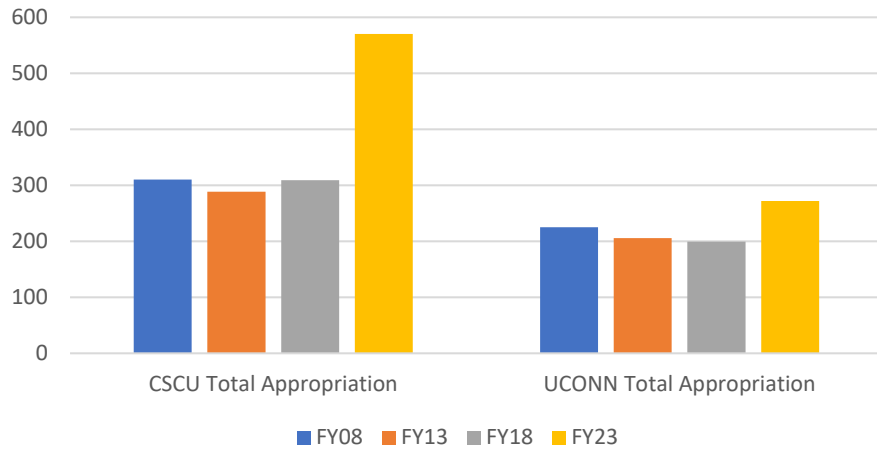
\$ Millions	FY23 Budget	Projected Net Loss	
		FY24	FY25
State Universities	6.5	(56.9)	(67.0)
CT State Community College	4.5	(48.1)	(47.2)
Charter Oak State College	(0.0)	(1.5)	(1.5)
BOR	-	(0.0)	(0.0)
Grand Total	\$ 11.0	\$ (106.5)	\$ (115.8)

Reasons:

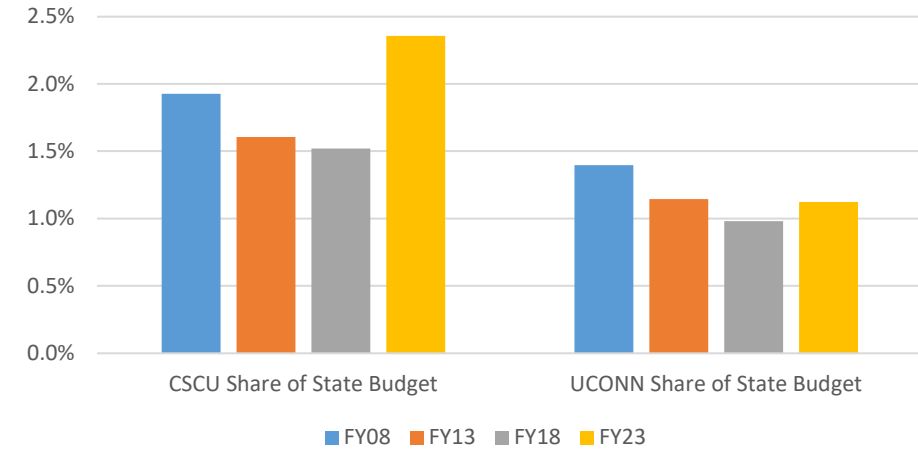
- ✓ Loss revenue due to decline in enrollment.
- ✓ Increase in personnel cost due to last year's SEBAC agreement and technical adjustments.
- ✓ Fringe benefits cost was estimated to increase by 5% for each year.
- ✓ Expiration of One Time Funding provided by the State as additional funds for operations support - \$118 million provided in FY23.
- ✓ Expiration of Higher Education Emergency Relief and American Rescue Plan Act federal funds - \$32 million provided to all CSCU institutions to supplement loss revenue.

State Aid for Higher Ed: State Budget Context

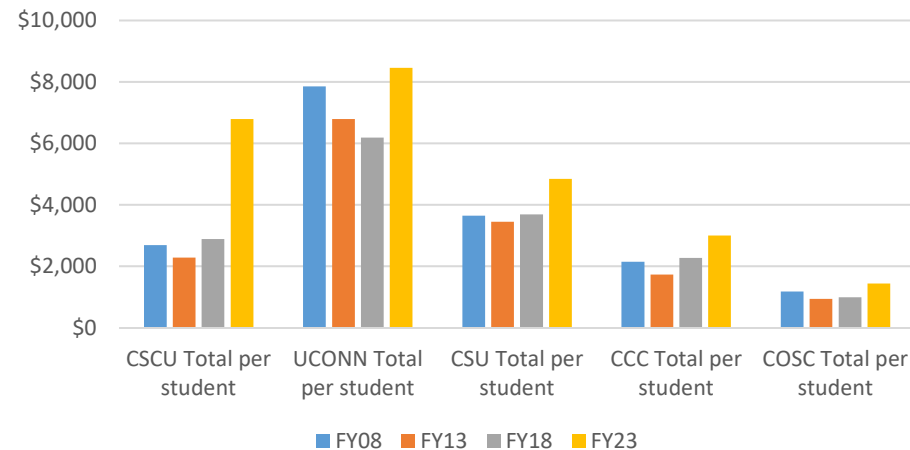
Total State Appropriations for Higher Education, 2008-2023 (\$ millions)



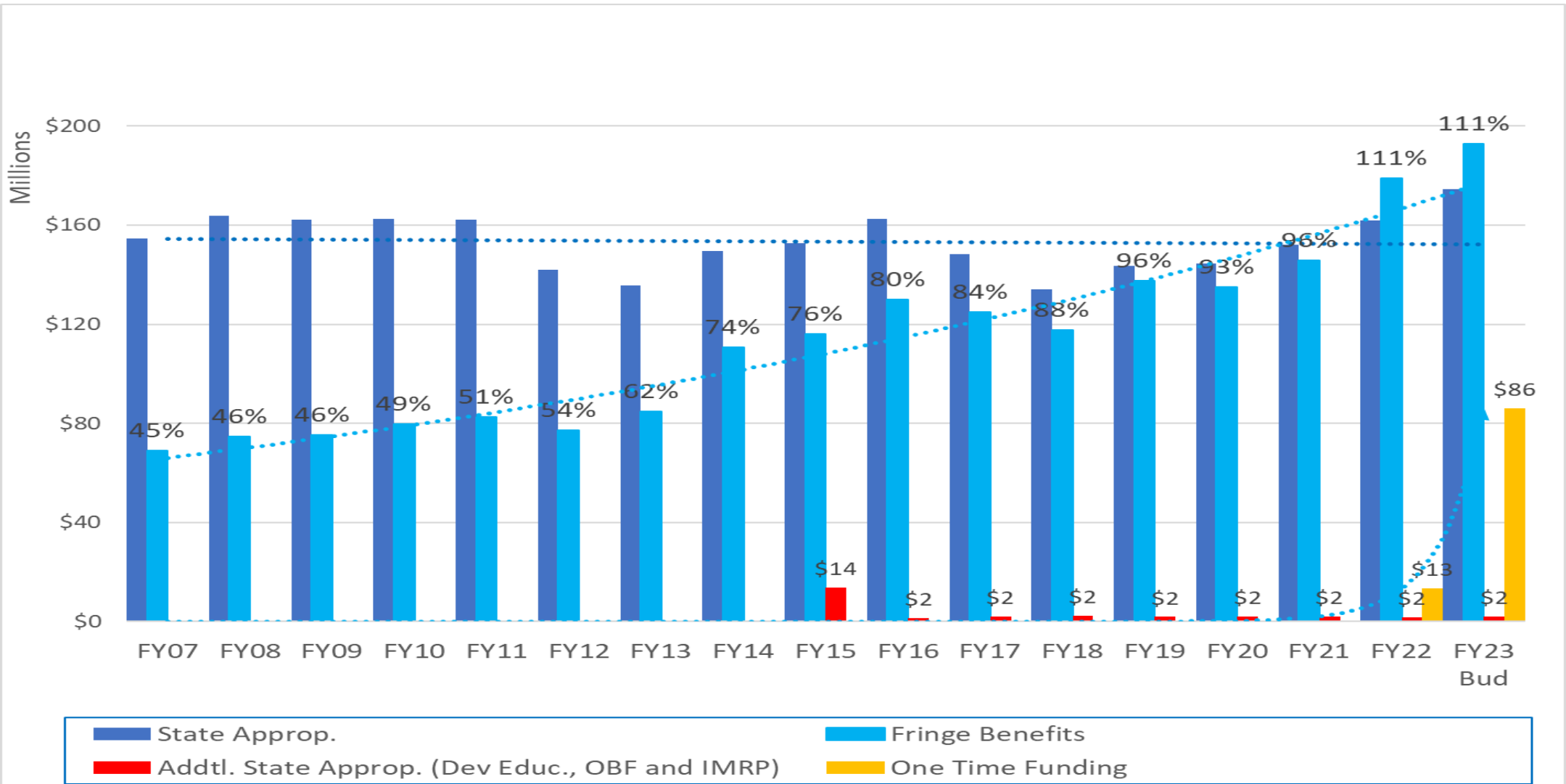
CSCU and UCONN Appropriations as a share of all Appropriated Funds, 2008-2023



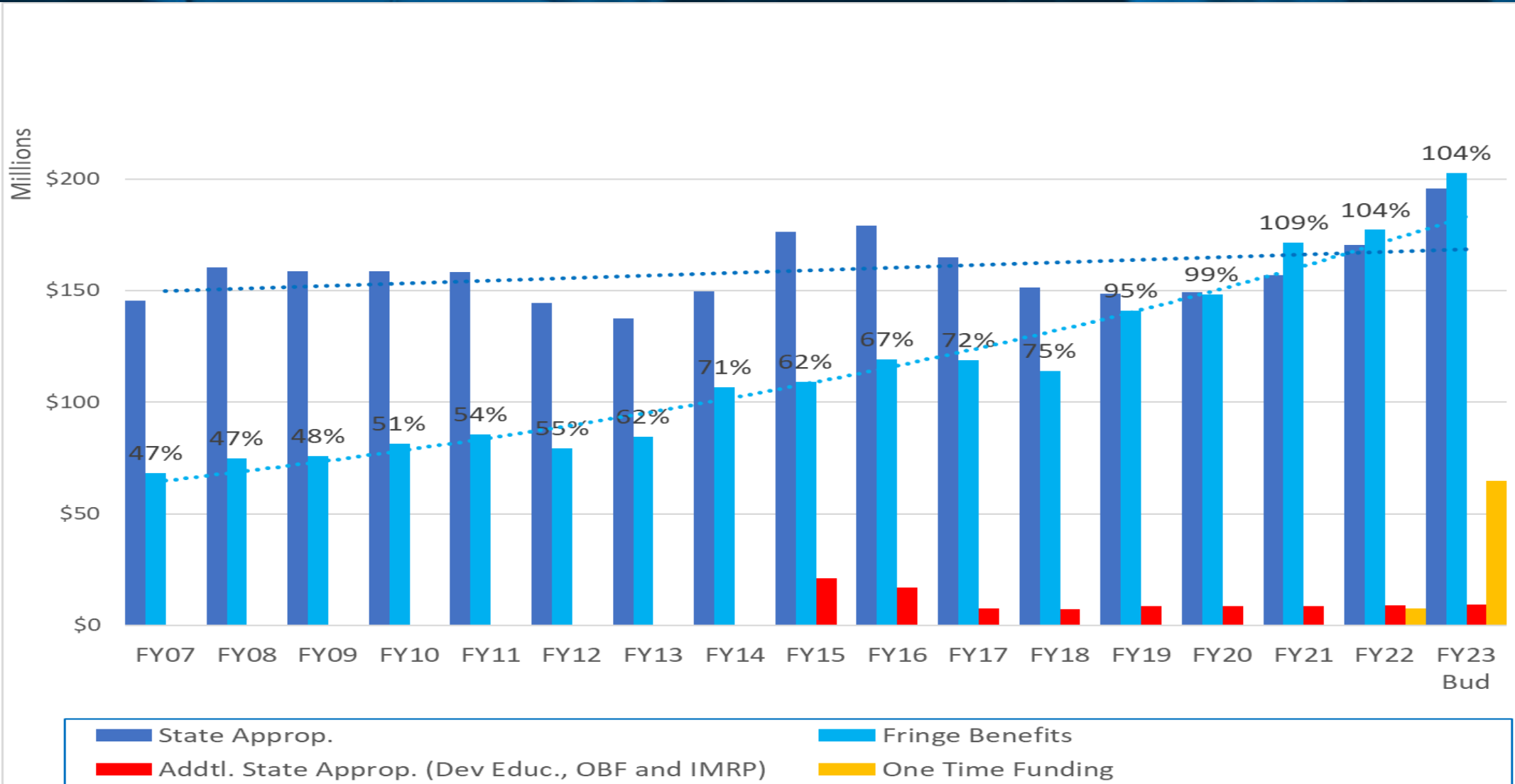
State Appropriations per student for Higher Education, 2008-2023



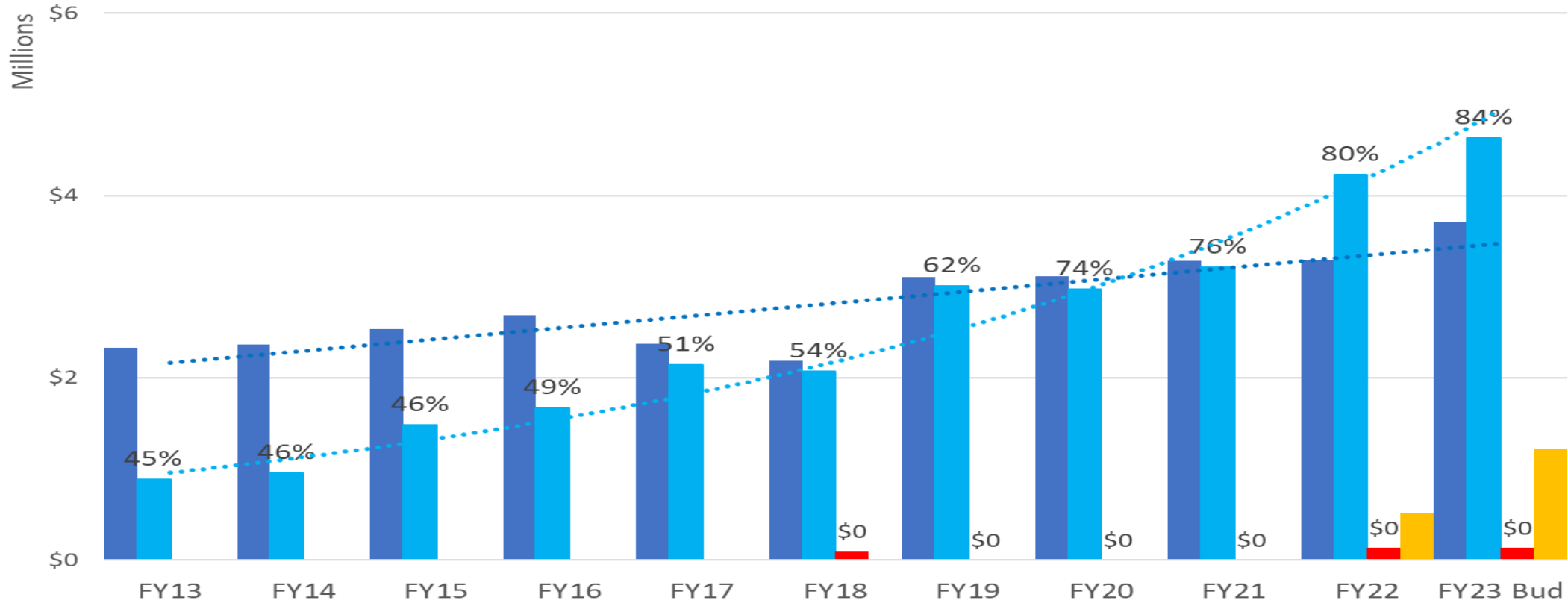
State Appropriations - CSU



State Appropriations - CCC



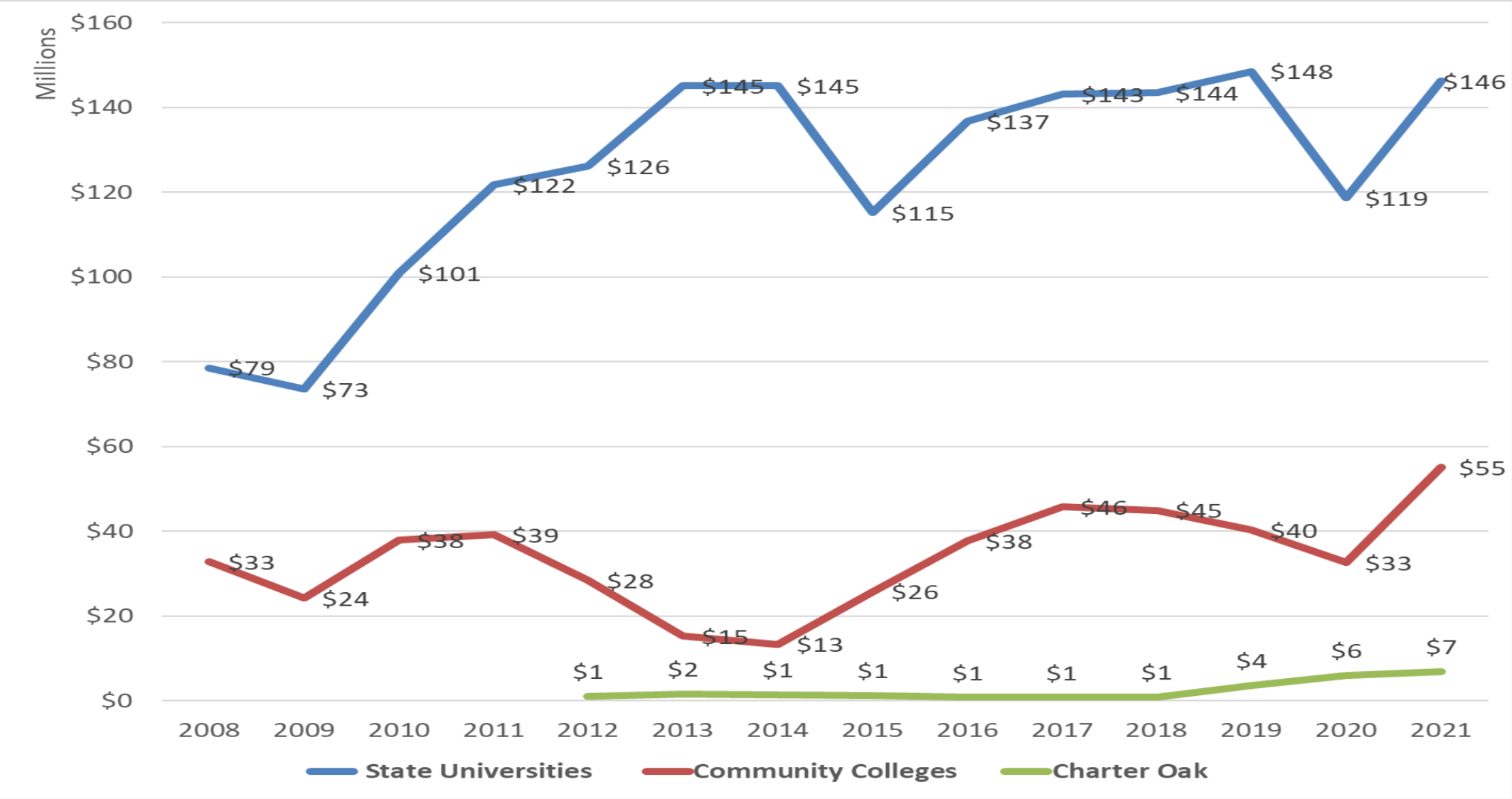
State Appropriations – Charter Oak



FY2023 State Appropriations

	FY2023				
	Total CSCU	CSCU	CCC	CharterO	BOR
State Appropriation (block grant)	350,989,155	174,367,291	172,456,308	3,712,056	453,500
Additl State Appropriation (Dev Education, Outcomes and IMRP)	11,646,005	2,036,144	9,469,861	140,000	-
	\$362,635,160	\$176,403,435	\$181,926,169	\$3,852,056	\$453,500
		-			
GF Fringe Benefits Paid By State	336,086,450	167,742,509	164,302,184	3,639,339	402,418
OF Fringe Benefits Paid by State	64,503,926	25,150,479	38,365,000	988,447	
	\$400,590,376	\$192,892,988	\$202,667,184	\$4,627,786	\$402,418
		-			
Total State Appropriation and FB paid by State	\$763,225,537	\$369,296,424	\$384,593,353	\$8,479,842	\$855,918
		-			
Additional Operating Support		-			
Deficiency Funding for Wages (Leg. Source ARPA FY23)	24,000,000	14,500,000	9,000,000	500,000	-
Provide Support for Salary Cost of the 27th Payroll	10,000,000	5,026,555	4,866,346	107,099	-
Provide Operations Support Through Short-Term Recovery Funds	118,000,001	66,644,229	50,736,268	619,503	-
	\$152,000,001	\$86,170,784	\$64,602,614	\$1,226,602	\$0
Grand Total	\$ 915,225,537	\$ 455,467,208	\$ 449,195,967	\$ 9,706,444	\$ 855,918

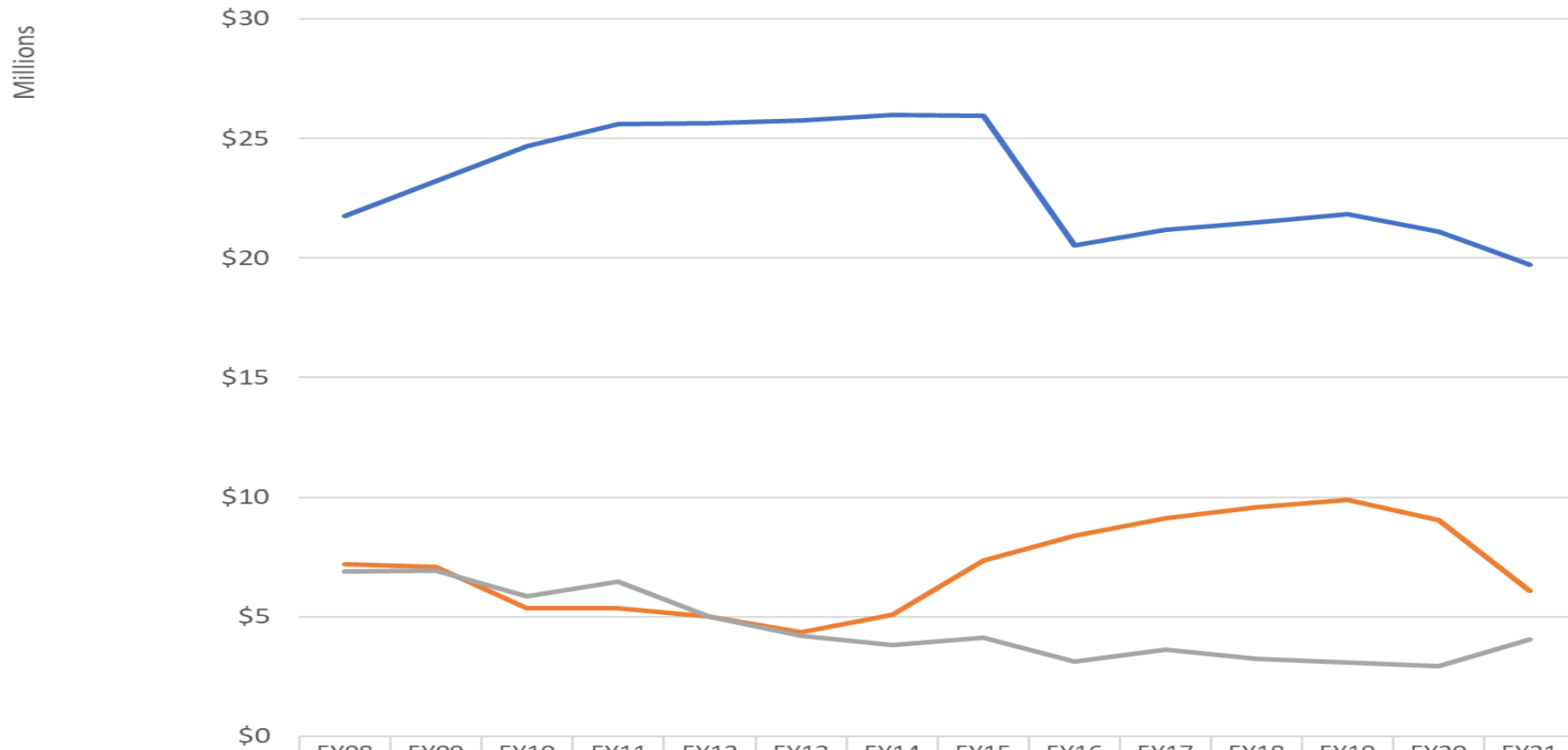
Unrestricted Net Position (UNP) - Balances



State Universities – CHEFA Debt Service

Millions	Last Principal Payment on O/S Debt as of 6/30/22	Outstanding Principal as of 6/30/22	Interest	Administrative Fees	Debt Service Totals as of 6-30- 22
CSU-SO	FY40	\$157.8	\$42.7	\$0.9	\$201.5
CCSU	FY40	69.8	14.2	0.3	84.4
ECSU	FY34	26.4	5.1	0.1	31.7
SCSU	FY34	23.9	3.6	0.1	27.6
WCSU	FY36	22.7	0.5	0.1	23.3
Totals		\$300.8	\$66.1	\$1.6	\$368.5

State Universities - Debt Service Payments



	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Debt Service (University Fee)	\$21.7	\$23.2	\$24.7	\$25.6	\$25.6	\$25.7	\$26.0	\$25.9	\$20.5	\$21.2	\$21.5	\$21.9	\$21.1	\$19.7
Debt Service Residence Halls	\$7.2	\$7.1	\$5.3	\$5.3	\$5.0	\$4.3	\$5.1	\$7.3	\$8.4	\$9.1	\$9.6	\$9.9	\$9.0	\$6.1
Debt Service Parking Garage	\$6.9	\$6.9	\$5.9	\$6.5	\$5.0	\$4.2	\$3.8	\$4.1	\$3.1	\$3.6	\$3.2	\$3.1	\$2.9	\$4.1

CONNECTICUT STATE COLLEGES & UNIVERSITIES

FY2013 Budget, Full-Time and Part-Time Personnel

(Excludes Grants)

	CSCU Total			State Universities		Community Colleges		Charter Oak State College		CCC SO		CSU System Office		BOR System Office	
	Positions	Salaries	% by Category	Positions	Salaries	Positions	Salaries	Positions	Salaries	Positions	Salaries	Positions	Salaries	Positions	Salaries
FULL-TIME															
Faculty	2,169	\$164,050,666	43%	1308	\$104,781,120	861	\$59,269,546			-	-	-	-		
Counselors	72	\$5,642,802	1%	17	\$1,226,661	55	\$4,416,141			-	-	-	-		
Librarians	119	\$8,731,307	2%	53	\$4,102,461	66	\$4,628,846			-	-	-	-		
Coaches	64	\$4,710,204	1%	64	\$4,710,204	-	\$0			-	-	-	-		
Classified	1,417	\$68,470,910	18%	872	\$42,343,647	537	\$25,827,992	5	\$116,000	3	\$183,271	-	-		
Administrative	1,328	\$94,268,856	25%	679	\$49,952,927	506	\$33,333,286	63	\$3,854,000	54	\$4,625,406	26	\$2,503,237		
Managerial Professional	334	\$38,110,985	10%	149	\$18,316,714	99	\$10,821,985	10	\$1,182,000	54	\$4,286,253	23	\$3,504,033		
TOTAL FT POSITIONS	5,503	\$383,985,729	100%	3,142	\$225,433,734	2,123	\$138,297,795	78	\$5,152,000	111	\$9,094,930	49	\$6,007,270	-	\$0
PART-TIME															
Clinical EA															
Lecturers															
Contractual (NCL)															
Permanent/Intermittent															
State University Assistants															
Graduate Assistants															
Student Labor															
Other Part-Time															
TOTAL PT POSITIONS	-	-		-	-	-	-	-	-	-	-	-	-	-	\$0
GRAND TOTAL	5,503	\$383,985,729		3,142	\$225,433,734	2,123	\$138,297,795	78	\$5,152,000	111	\$9,094,930	49	\$6,007,270	-	\$0

CONNECTICUT STATE COLLEGES & UNIVERSITIES
FY2023 Budget, Full-Time and Part-Time Personnel
(Excludes Grants)

	CSCU Total			State Universities		CT State		Charter Oak State College		CCC SO & Shared Services		CSU System Office		BOR System Office	
	Positions	Salaries	% by Category	Positions	Salaries	Positions	Salaries	Positions	Salaries	Positions	Salaries	Positions	Salaries	Positions	Salaries
FULL-TIME															
Faculty	1,962	\$208,970,567	38%	1182	\$136,344,657	780	\$72,625,910								
Counselors	36	\$3,235,100	1%	15	\$1,332,656	21	\$1,902,444								
Librarians	96	\$9,629,818	2%	41	\$4,275,587	55	\$5,354,231								
Coaches	81	\$8,714,478	2%	81	\$8,714,478	-	\$0								
Classified	1,096	\$70,875,541	21%	762	\$49,815,045	304	\$18,611,164			29	\$2,319,951	2	\$129,380		
Administrative	1,489	\$140,814,043	29%	780	\$79,530,067	523	\$41,842,822	68	\$6,141,376	100	\$10,917,601	19	\$2,382,177		
Managerial Professional	370	\$49,686,838	7%	129	\$19,903,659	145	\$16,709,807	6	\$909,266	67	\$8,207,919	21	\$3,503,123	2	\$453,064
TOTAL FT POSITIONS	5,130	\$491,926,385	100%	2990	\$299,916,149	1,828	\$157,046,379	74	\$7,050,642	195	\$21,445,471	41	\$6,014,680	2	\$453,064
PART-TIME															
Clinical EA	267	\$7,625,592	3%	-	\$0	267	\$7,625,592	-							
Lecturers	4,766	\$102,553,875	48%	1,712	\$44,769,934	2,799	\$55,333,941	255	\$2,450,000						
Contractual (NCL)	766	\$4,443,103	8%	-	\$0	766	\$4,443,103	-	\$0						
Permanent/Intermittent	873	\$14,664,260	9%	27	\$1,169,643	839	\$12,850,610	7	\$358,319		\$248,189		\$37,500		
State University Assistants	226	\$4,196,698	2%	221	\$4,150,581	-	\$0	5	\$46,117						
Graduate Assistants	246	\$2,543,673	2%	246	\$2,543,673	-	\$0	-	\$0						
Student Labor	2,748	\$11,643,541	27%	2,290	\$9,651,057	447	\$1,895,135	11	\$97,349						
Other Part-Time	104	\$2,057,802	1%	104	\$2,057,802	-	\$0	-	\$0						
TOTAL PT POSITIONS	9,996	\$149,728,544	100%	4,600	\$64,342,690	5,118	\$82,148,381	278	\$2,951,785	-	\$248,189	-	\$37,500	-	\$0
GRAND TOTAL	15,126	\$641,654,929		7,590	\$364,258,839	6,946	\$239,194,759	352	\$10,002,427	195	\$21,693,660	41	\$6,052,180	2	\$453,064