

**SPECIAL MEETING OF THE  
FINANCE AND ADMINISTRATION COMMITTEE  
BOARD OF REGENTS FOR HIGHER EDUCATION**  
Room 209  
39 Woodland Street  
Hartford, Connecticut

Monday, November 12, 2012, at 1:30 p.m.

**Minutes**

**REGENTS PRESENT**

Lewis Robinson, Chair, Board of Regents for Higher Education  
Gary Holloway, Chair, Finance & Administration Committee  
Craig Lappen  
René Lerer\*  
Nick Donofrio\*  
Catherine Smith\*  
Zac Zeitlin\*  
\*(telephonic)

**REGENTS ABSENT**

Richard Balducci  
Matt Fleury

**STAFF**

Dennis Murphy, Chief of Staff William Bowes, Chief Financial Officer; Wendy Chang, Chief Information Officer; Elaine Clark, Vice President for Facilities & Infrastructure Planning; Beverly Lambert, Director of Budget & Finance; Melentina Pusztay, Assistant for Finance & Accounting; Alessandra Lundberg, Finance Officer, Lutishia Pershad, Finance Officer; Rosalie Butler, Administrative Assistant for Finance

**CONNSCU REPRESENTATIVES**

Cathryn Addy, President, Tunxis CC; Barbara Douglass, President, Northwestern CC; Gena Glickman, President, Manchester CC; Richard Bachoo, CAO, CCSU; Charlene Casamento, CFO, CCSU; James Howarth, Interim Vice President for Finance and Administration, ECSU; James Blake, Executive Vice President, SCSU; Paul Reis, VP for Finance and Administration, WCSU ; Rose Ellis, Dean of Administration, Norwalk CC; Paul Martland, Dean of Administration, Quinebaug Valley CC; Michael Lopez, Dean of Administration, Three Rivers CC; Steven Frazer, Dean of Administration, Tunxis CC; Lawrence Wilkinson, Director of Finance & Administration, Charter Oak State College

**GUESTS**

Kerry Kelley, OPM

*With a quorum present, Chairman Holloway called the meeting to order at 10:00 am.*

**1. APPROVAL OF MINUTES FROM THE OCTOBER 10, 2012 SPECIAL MEETING**

*The minutes of the October 10, 2012 Special meeting were unanimously approved, as written.*

**2. IT STRATEGY DISCUSSION WITH MEMBERS OF THE BOR AUDIT COMMITTEE – INFORMATION ITEM**

Members of the BOR Audit Committee joined the meeting to hear a presentation on Information Technology Strategy and Challenges by CIO Wendy Chang. Topics ranged from the overall current and planned composition of the ConnSCU IT workforce and issues relating to IT governance, architecture, infrastructure and investment to different options the Board might consider in the future to reduce cost, strengthen security and maximize the benefits that IT operations provides as a shared service. Among the many benefits would be the ability to centralize IT contract and vendor management, IT procurement and security and standardize telecommunications, network and storage infrastructures.

*No action was taken.*

**3. FIRST QUARTER FY13 FINANCIAL REPORTS – INFORMATION ITEM**

Committee members received the first quarterly report produced for the new Connecticut State Colleges & Universities that provides information at both the system and institutional level. The report demonstrates actual and projected revenues and expenditures across the system and at each institution, as compared to the approved Board of Regents budget and provides information as to the basis for variances in revenue and cost. Chairman Holloway turned to CFO Bowes who provided a high level overview of the report.

- Total ConnSCU revenues are projected to increase by \$8.9 million (0.8%) over the budgeted amount of \$1.14 billion, with tuition and fee revenues projected to decline by \$10.7 million (-2.2%) from \$490.2 million to \$479.5 million.
- Government and private grant revenues account for most of the projected increase with grant revenues projected to increase by \$14.9 million (15.5%) over the budgeted amount of \$96.3 million.
- Total ConnSCU expenditures are projected to increase by \$9.4 million, or 0.9% above the budgeted amount of \$1.1 billion, due primarily to an increase in part-time staff at the community colleges, increased spending for new grants, increases in fringe benefit costs resulting in part from a recent change in state retirement policy (which allows employees on the Alternate Retirement Plan to opt into a state hybrid model and increases the rate of support from roughly 8% to 40% plus) and a modest increase in the amount institutions plan to set aside from tuition revenues to support financially needy students (15% is required, but institutions can increase that amount and many do).
- Designated transfers per policy show a significant increase within the community colleges, raising the net transfers from operating fund resources and reserves from the

budgeted \$2.3 million to a projected \$4.3 million. The \$2 million difference is tied to the Board's approval of the FY 2013 budget allocation last June to provide increased budget support to five community colleges that have been net contributors of tuition revenue to other colleges in the system. This transfer will be formally acted upon when the Finance Committee meets in January.

- Ten of the 12 community colleges are reporting year-end deficits in FY 2013. Collectively, these total to \$3 million. Most of the colleges had worked hard to reduce costs to stay within budget, but many will likely need the use of reserves to meet operating needs.
- Within the state universities, designated transfers per policy are projected to drop by \$1 million, or 2.6%. The change is tied to the enrollment decline. The transfer of University Fee revenue to cover debt service cost on construction and renovation projects is projected to drop from the budgeted \$26.6 million to \$25.8 million, a 2.9% decline. Contributions from the four state universities to cover debt service on existing parking garages also is projected to drop by 2.7%, or roughly \$121,000. Neither of these expected reductions affects the ability to service debt.
- Charter Oak State College, which reported a modest enrollment increase and growth in fee revenue, is projecting a year end deficit of \$331,000. This deficit was anticipated last May when the Board approved the college's FY 2013 fee rates. The funds are needed for one-time costs.
- The Board of Regents budget, which is spread across three separate appropriations, shows increased expenditures of \$1.1 million for fringe benefits, leave payouts and other personnel costs, some of which will be covered by reserve funds. The Board budget also shows a significant increase in grant funds – \$5.8 million – which had not been in the original budget: National Science Foundation grant, the College Access Challenge Grant and the Statewide Longitudinal Data System.

CFO Bowes concluded by highlighting issues, including the projected deficits within the community colleges, the increasing reliance of the community colleges on government and private grant funds, the enrollment declines within the state universities and the flattening of enrollment growth in the community colleges, as well as the likelihood that a state budget rescission may be forthcoming, based on last Friday's announcement by the Governor regarding state revenues.

*No action was taken.*

*The meeting was adjourned at 4:30 p.m.*