BOARD OF REGENTS FOR HIGHER EDUCATION CT STATE COLLEGES AND UNIVERSITIES (CSCU)

Minutes of Finance & Infrastructure Meeting December 6, 2023 Conducted Via Remote Participation

REGENTS - PARTICIPATING (Y = yes / N = no)	
Richard J. Balducci, Committee Chair	Y
Marty Guay	Y
JoAnn Ryan, BOR Chair	Υ
Ari Santiago	Y
Erin Stewart	Y
Ted Yang	Y
Carla Galaise, Student Regent	Y
*David Blitz, FAC Vice Chair	Y
*ex-officio, non-voting member	<u> </u>

CSCU STAFF:

Lloyd Blanchard, VP of Administration / Chief Financial Officer Rachel Cunningham, Admin Assistant to Lloyd Blanchard (recorder) Pamela Heleen, Secretary of the Board of Regents Adam Joseph, Vice Chancellor of External Affairs Jessica Paquette, Vice Chancellor for System Affairs & Chief of Staff Melentina Pusztay, Director of Budgets & Planning

CALL TO ORDER:

Committee Chair Balducci called the meeting to order at 10:39 a.m. Following the roll call, Rachel Cunningham recorded a quorum present.

APPROVAL OF PREVIOUS MEETING MINUTES:

Chair Balducci requested a motion to accept the minutes of the September 13, 2023, seconded by Regent Stewart, which were approved by a unanimous vote.

Chair Balducci requested a motion to accept the minutes of the October 13, 2023, seconded by Regent Stewart, which were approved by a unanimous vote.

ACTION ITEMS:

FY25 Tuition and Fees

Chair Balducci introduced the action item to raise tuition as part of the Deficit Mitigation Plan presented at the November 15th BOR meeting. The proposed increase in tuition is projected to bring in \$20 million of new revenue. The annual increase for the students at the universities will be \$612 and at CT State, the increase is \$246.

CFO Blanchard shared the proposed plan to raise tuition and fees and provided an overview of the updated deficit mitigation plan, state appropriations, fringe costs, and impact on students (Attachment A).

Q: Chair Balducci asked for confirmation on the actual annual numbers on CT State increases of \$246 and the Universities of \$610.

CFO Blanchard confirmed the actual amounts and shared further info on the impact to students based on the availability of grants through PELL and PACT funds. According to average household incomes, half of CT State students will not be impacted by the tuition increase.

Q: Chair Balducci asked for attention to the articulation agreement for students who are taking classes at CT State that all credits will be accepted at the universities.

CFO Blanchard responded that the Academic Affairs office is adding a new hire to work on the transfer articulation agreements with the universities to do that.

Q: Professor Blitz asked how many students are deciding not to go based on the increase and of the current students, how many will not continue.

CFO Blanchard responded that the response differs for each student as each student has a different amount of aid and faces a different net price to attend depending on their income. There will be sensitivity surrounding the increases, but the aid offsets the increase in most cases for those with the greatest financial needs.

Q: Professor Blitz asked for the projected figure of \$20 million or the 5% tuition increase to be stated on the resolution or in the staff report.

CFO Blanchard responded that the full details are included in the staff report and complete tuition fee schedules. The resolution is the approval of those documents.

Q: Regent Yang stated the fee structure is confusing due to the identification and number of fees. He asked if there is a simpler menu for students and what the fee schedules look like in comparison to our peers.

CFO Blanchard responded that fees are created to pay for very specific costs; it has been a practice used in higher ed to avoid raising tuition. The benefit of a specific fee is the transparency associated with a specific cost line. As it relates to the practice in the industry, work will continue at CSCU to tie the fees more closely to students' needs.

Q: Regent Yang asked if CSCU sets the tuition rate each year for incoming freshman or is tuition raised each year for everyone? How are other institutions handling this?

CFO Blanchard stated UConn, as well as other research-based universities in the nation, follow a cohort-based tuition where current students do not see increases and only new students are affected. CSCU costs are raised for everyone when a tuition increase is approved.

Q: Regent Yang asked why is there such a gap in what our students receive for aid.

CFO Blanchard responded that our institutional aid comes from the general budget and is how much CSCU can afford to pay. There is a 15% statutory requirement which is met and once the fiscal challenges are managed, the system will find new ways to increase aid to our students.

Q: Regent Yang asked if the 5% increase applies to fees as well as tuition.

CFO Blanchard responded it's a 5% tuition rate; other fees are less than 5% as stated in each schedule.

Professor Blitz expressed his belief that the current deficit stems for the Student First Program, from overspending one-time funds, and mismanagement at Western Connecticut State University.

Chair Balducci responded that the new leadership and the current Board of Regents are aware of the previous pitfalls and are analyzing the financials which will be shared moving forward.

CFO Blanchard stated reserves cannot be used to cover the deficit; this suggestion is not sustainable as evidenced by what happened at Western. It is necessary to increase revenues, reduce expenditures, and use cash only as a supplement to fundamental changes.

Regent Santiago stated that the committee is judicious in raising tuition. The principal focus to solve the deficit needs to be creating a product and finding the students who want it. He cannot support using cash to cover the deficit and will be voting yes for a tuition increase.

Regent Stewart stated she will continue to vote "no" on tuition increases. She believes that the burden shouldn't be on the students and shouldn't negatively impact their ability to come to school. She remains committed that reserves shouldn't be used and to find a solution to the fundamental structural problems.

Chair Balducci reiterated that many of the lower-income students receive aid and will not be impacted. To keep programs moving and make positive changes with the new Chancellor, CFO, and committee, the board will keep things transparent.

CFO Blanchard closed by stating that CSCU only has 2 sources of revenue - state appropriations and tuition and fees, and when the state lowers their aid, we have little to no choice but to request to raise tuition.

Regent Yang agrees that the balance of all choices is very difficult to make and commended the System Office and Presidents for the Deficit Mitigation Plans that have been made. He commented that he will vote "yes" to make things better.

Chair Balducci made a motion, Regent Yang seconded, following a majority vote the motion was approved - 4 yes votes, 1 no vote (Stewart).

Madam Chair Ryan applauded the thought process, the presentation, and the progress being made to the challenges the institution faces.

ADJOURNMENT

Chair Balducci requested a motion to adjourn, Regent Yang moved, and Regent Santiago seconded. Following a unanimous vote, the meeting adjourned at 11:39 a.m.



CONNECTICUT STATE COLLEGES & UNIVERSITIES





Overview of Financial State

FY24-FY25 Systemwide Financial Projections as reported at the June 21st BOR Finance Committee Meeting

CONNECTICUT STATE COLLEGES & UNIVERSITIES

		Projected Results				
Millions (\$)	FY24 E	Budget	FY25 Projected			
Central Connecticut State University		13.5	(4.7)			
Eastern Connecticut State University			(8.0)			
Southern Connecticut State University		5.5	(12.1)			
Western Connecticut State University	(1	2.0)	(21.6)			
CT State Community College **	(3	3.6)	(91.3)			
Charter Oak State College		0.6)	(2.5)			
Operations Support Funding*		<u> </u>				
CSCU Total	\$ (1	3.7) \$	(140.2)			
* Reserved for System Initiatives from the one-time Operations Support Through Short-Term Recovery Funds Allocation						
** FY25 and Projected Net Results for CT State have been revised to reflect the \$6.5M allotment moved under the block grant from ARPA federal grant.						



Why are Projected FY25 Deficits So Large?

1. Enrollment decline

 10-year enrollment decline exacerbated by pandemic

2. Tuition & Fee revenue

Declined for CT State and CSUs

3. Pandemic

- Enrollments dropped precipitously
- One-time funds available temporarily, and used to support permanent cost increases

4. State Appropriations

- Block grants continue to increase slightly
- One-time fund support ended before enrollments recovered

5. Fringe Costs

Driver for growth in costs



State Appropriations

 Block grants increased by \$11.8M, but one-time fund support (which was provided to support permanent costs) was reduced by \$116M.

					Var	riance
]	F Y2025 v	vs. FY2024
	F	FY2024	FY2025	\$ In	c (Dec)	% Inc (Dec)
State Appropriations						
Charter Oak State College		3.1	3.2		0.1	2%
Community Tech College System		208.5	217.5		9.0	4%
Connecticut State University		176.1	178.6		2.6	1%
BOR		0.5	0.5		0.0	1%
Developmental Services		10.0	10.2		0.1	1%
Outcomes-Based Funding Incentive		1.4	1.4		0.0	1%
O'Neill Chair		0.3	 0.3			<u>0</u> %
	\$	399.8	\$ 411.7	\$	11.8	3%
PACT Program - Debt Free Community College		23.5	28.5		5.0	21%
Enhance Student Retention at Community Colleges *		6.5	-		(6.5)	-100%
Provide Operations Support Through Short-Term Recovery Funds **		147.7	48.8		(98.9)	-67%
Provide Temporary Operating Support **		55.0	27.5		(27.5)	- <u>50</u> %
GRAND Total State Support	\$	632.5	\$ 516.5	\$	(116.1)	-18%

^{*} Guided Pathways funding moved under CCC block grant

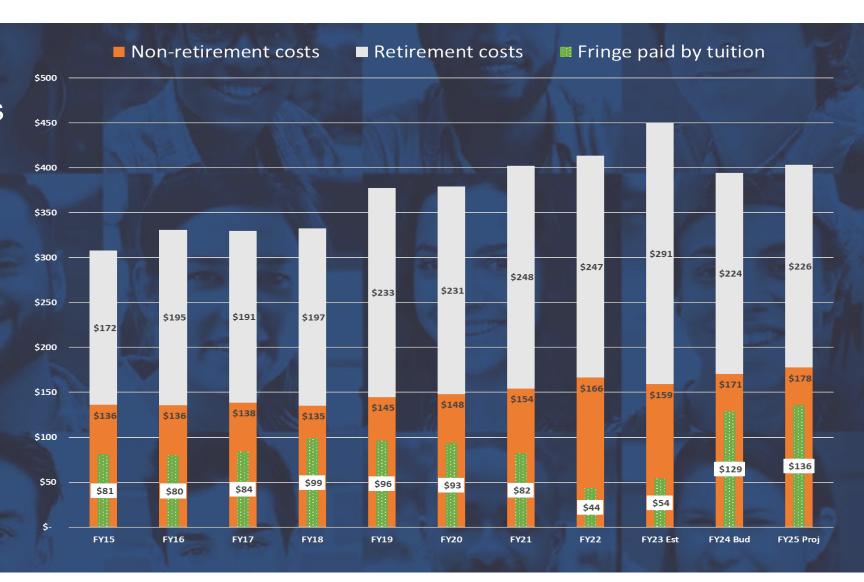
^{**} One time funding provided for ongoing operating cost.



Fringe Costs

The fringe cost swap also added costs to our budgets

- FY24
 - \$75M impact = \$129M nonretirement costs minus the \$54M paid in FY23
- FY25
 - \$82M impact = \$132M nonretirement costs minus the \$54M paid in FY23





Overview of Deficit Mitigation Plan

A Balanced Path Forward for Public Higher Education: Revenues, Reductions, and Reserves

We project a balanced budget in FY24.

FY25 mitigation is allocated as follows:

- 7% in technical adjustments
- 28% in new revenue
 - Assumes tuition & fee increase
- 46% in expenditure reductions
- 19% in institutional cash reserves

	CSCI	J Totals
	FY24	FY25
Surplus/(Deficit) reported to June 21 st BOR F&I	(26.7)*	(\$140.2)
Total deficit mitigation (in million	s) <u>\$63.0</u>	<u>\$106.6</u>
1. Adjustments updating deficit	(2.6)	7.8
2. New revenue initiatives	16.7	29.8
3. Expenditure reductions	36.8	48.6
4. Institutional cash support	12.1	20.4
Additional support needed	0.0	47.6



Recommended Tuition and Fee Increase

The 5% increase applies to tuition and mandatory fees. Increases in room and food service fees vary by university.

	Proposed	Increases	for A	cademic	Year	2024-25
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	Tuition*	Fees*	Room**	Food Service***
State Universities	\$334	\$276	\$234	\$146
CT State	\$216	\$30		- 110
Charter Oak	1	3/4	-	100

^{* 5%} increase in in-state tuition and fees. Average amount across CSUs.

^{**} Increase in housing fee: Central (2.9%), Eastern (2%), Southern (3%), and Western (3.5%)

^{***} Increase in food service fee: Central (3%), Eastern (3%), Southern (0%), and Western (3.5%)



Recommended Tuition and Fees, AY25

Fees for State Universities include University General Fee and University Fee. The Fee for CT State is the College Services Fee.

Proposed Ra	ates for Acade	emic Year	2024-25
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	Tuition*	Fees*	Room**	Food Service***
State Universities	\$6,998	\$6,186	\$8,448	\$6,425
CT State	\$4,608	\$610	-	2000
Charter Oak			-	11 S

^{* 5%} increase in in-state tuition and fees. Average amount across CSUs.

^{**} Increase in housing fee: Central (2.9%), Eastern (2%), Southern (3%), and Western (3.5%)

^{***} Increase in food service fee: Central (3%), Eastern (3%), Southern (0%), and Western (3.5%)

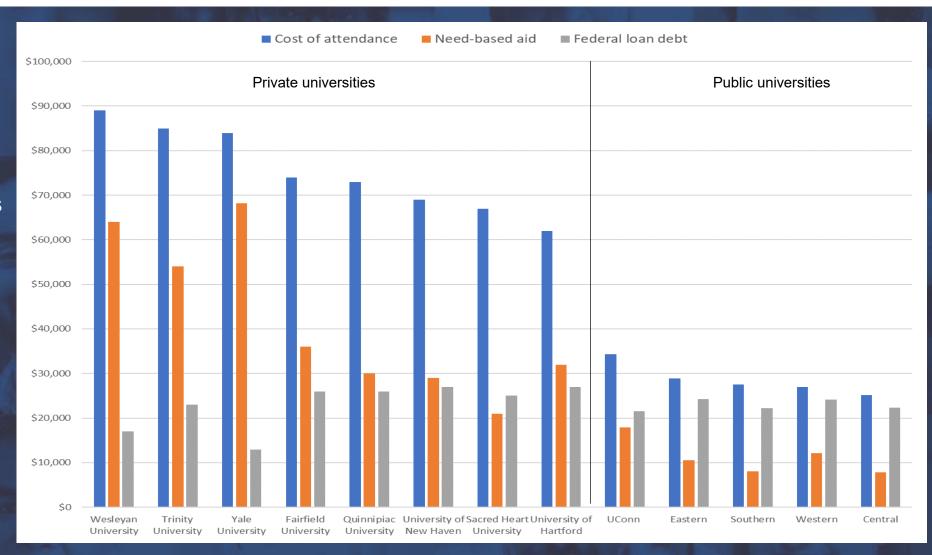


Overall, 43% of CSU students receive Federal aid, 23% receive State aid, 56% receive institutional aid, and 16% receive private scholarships.

Share of FT UG students who receive aid	Central	Eastern	Southern	Western
Federal aid	55%	38%	60%	54%
State aid	26%	22%	43%	17%
Private scholarships	9%	14%	35%	19%
Institutional aid	66%	76%	54%	58%
Average aid per FT UG student				
Federal aid	\$4,586	\$4,816	\$5,355	\$4,280
State aid	\$1,813	\$2,001	\$2,118	\$2,267
Private scholarships	\$21,740	\$8,447	\$3,733	\$8,568
Institutional aid	\$4,200	\$5,957	\$4,320	\$4,051



- Impact on university students depends on the aid they receive.
- While CT's public universities charge far less in tuition and fees, the institutional aid from private universities is far greater, leaving similar levels of average federal debt for the average CT student.
 - Only Yale and Wesleyan leave graduates with federal debt less than \$20,000.



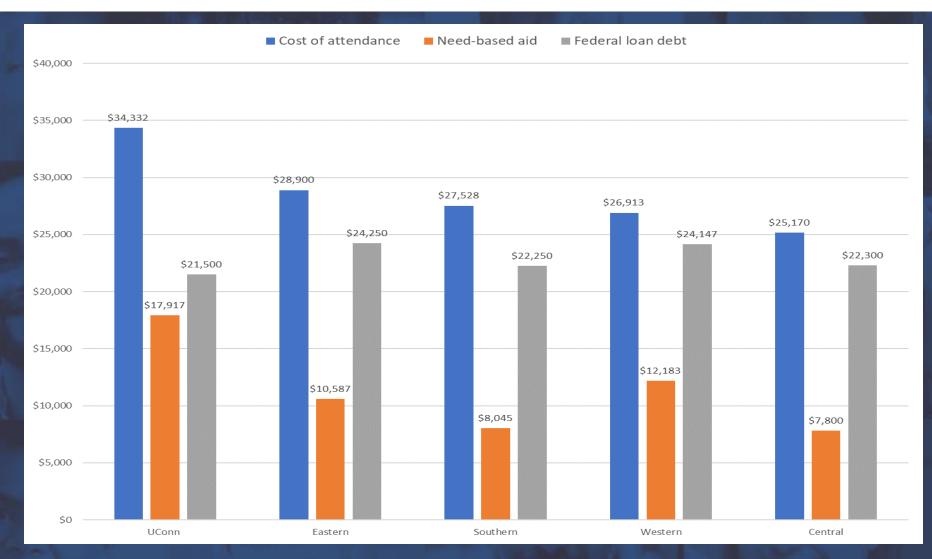


Our universities charge less in tuition and fees, but need-based aid for CSU students is far less than for UConn students.

Need-based aid as % of UConn's:

- Eastern (59%)
- Southern (45%)
- Western (68%)
- Central (44%)

CSU tuition & fees remain competitive. Problem is the lack of aid.









➤ Half of CT State Community College students taking classes for credit will not be impacted by the proposed increase in tuition and fees.

	<u>Students</u>	Avg Household Income
Students taking classes for credit	36,162	\$62,582
Students who received enough grant aid to cover tuition and	d fees in full 18,276	\$33,089
Students who received Pell grants	14,828	\$31,522
Students who received enough Pell to cover tuition and fees	s in full 10,248	\$19,501
Students who received PACT funds	11,518	
Students who received enough PACT to cover tuition and fe	es in full 4,861	\$156,488
Students who do not receive enough grant aid to fully cover	tuition and fees 17,882	
Students who received grant aid to partially cover tuition and	d fees 2,584	
Students who received no grant aid (ineligible or no FAFSA	filed) 15,028	\$137,107

Students taking non-credit classes and courses via dedicated workforce programs face no impact of proposed increase.

> Charter Oak students will not be impacted, as it will not increase tuition and fees this year.



Impact on Community College Students

