

**BOARD OF REGENTS FOR HIGHER EDUCATION
CT STATE COLLEGES AND UNIVERSITIES (CSCU)
Minutes of Finance & Infrastructure Meeting
February 14, 2024
Conducted Via Remote Participation**

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

CSCU STAFF:

Lloyd Blanchard, VP of Administration / Chief Financial Officer
 Terrence Cheng, Chancellor
 Melinda Cruanes, Controller
 Rachel Cunningham, Admin Assistant to Lloyd Blanchard (recorder)
 Pamela Heleen, Secretary of the Board of Regents
 Melentina Pusztay, Director of Budgets & Planning

CALL TO ORDER:

Committee Chair Balducci called the meeting to order at 10:34 a.m. Following the roll call, Rachel Cunningham recorded a quorum present.

Chair Balducci welcomed the new ex-officio FAC Chair Brendan Cunningham to the Finance Committee.

APPROVAL OF PREVIOUS MEETING MINUTES:

Chair Balducci made a motion to accept the minutes of the December 6, 2023 meeting, seconded by Regent Yang, which was approved by a unanimous vote.

INFORMATION ITEM:

Student Worker Pay Rates

CFO Blanchard reviewed the minimum wage for the State of Connecticut, which will increase for all student workers. The new minimum wage effective January 1, 2024, is \$15.69 per hour.

ACTION ITEMS:

CSU - Credit Card Fees

Chair Balducci introduced the CSU - Credit Card fee action item for discussion.

Regent Stewart shared that she requested and received backup documentation on what Touchnet was proposing, why they were proposing it, and if there is anything that can/can't be done regarding the fee increase. She stated that while a student at Central, it was a good opportunity to get a credit card on campus and important for a lot of students who have no credit.

Q: Regent Stewart asked if Touchnet is giving good options with reasonable fees and asked what we need to do to start looking elsewhere if fees can continue to increase.

Chair Balducci stated he would like a further review of when the last contract was done and requested that the next contract be put out to bid.

R. Cunningham stated for the record the last resolved statement as it appears on the resolution will be deleted and replaced with the following: Resolved that the Tier II Fees schedule line item associated with any credit card service fees shall henceforth appear as an informational item only at the bottom of the fee schedule rather than a set amount within an itemized fee schedule and asterisked to indicate that changes in the percentage are permitted in accordance with the applicable contract with the service provider. (Attachment A)

CFO Blanchard explained that the contract goes back to the 90s when CSU institutions used a service from Global Payments. Touchnet is a subsidiary of Global Payments and runs the credit card service that all students can use to pay their bills. Recently, Touchnet decided to charge international students an elevated rate of 4.25% on their credit card transactions. The impact will be limited and approximately 100 of our international students will face an increase in their credit card fee of on average \$32. The concern is that this item is listed in the Tier 2 schedule that the Board approves even though it has no control over the contractual fee. The proposed change is to remove this fee from the fee schedule and include it only as an informational item on the fee schedule going forward.

Q: Regent Stewart stated although it is a small impact, it is still meaningful; she asked if the current Touchnet contract fee has a maximum, if it's negotiable, or unlimited.

CFO Blanchard responded there are aggregate maximum rates they can go up to and this was within the aggregate. He can follow up with more clarity on how it was calculated.

Q: Regent Stewart asked if a new or renewed contract will come to the Board for approval.

CFO Blanchard responded that it would go to the Board as an informational item. According to our Board policies, the aggregate amount of the contract is too small for Board approval.

Chair Balducci stated it must be over \$5 million to go to the full board for approval.

Regent Yang reiterated Regent Stewart's concerns about the contract having the ability for one party to increase fees unilaterally.

CFO Blanchard agreed and requested that M. Cruanes flag the expiration of the current contract and rethink our approach going forward.

Regent Yang requested we revisit the \$5 million threshold for contracts of significant risk or exposure and/or if they directly impact student's tuition and fees.

Q: Regent Yang asked if this is a single contract across all CSUs and if each institution is affected by the increase.

M. Cruanes confirmed that all 4 universities are affected by this and use this vendor; they all have international transactions online.

Q: Regent Yang asked why this request is time-sensitive and coming before the Board if they have no control over it.

CFO Blanchard responded that the resolution is to remove this fee from the Tier 2 fee schedule because the Board has no control over the changes at the current moment due to the executed contract.

Chair Balducci made a motion to amend the resolution, seconded by Regent Stewart, which was approved by a unanimous vote.

Chair Balducci made a motion to approve the amended resolution, seconded by Regent Stewart, which was approved by a unanimous vote.

Chair Balducci made a motion to request that the next contract for the credit cards be opened to any vendor interested in bidding on it, seconded by Regent Stewart, which was approved by a unanimous vote.

FY 2024 Mid-Year Update

CFO Blanchard provided a recap of the FY 24 budget approved in June which had a \$26.7 million deficit. His presentation showed how the mitigation plans impacted the approved June budget. The resolution is due to the major change to the budget. (Attachment B)

Q: Chair Balducci asked for clarification on net transfers to the system office.

CFO Blanchard explained the net gain and loss before transfers is total revenues minus total expenditures, which are from one institution to another and to/from the system office to pay for services done on behalf of the institutions.

Q: Regent Stewart asked if there is resistance from the universities when funds are transferred to the system office.

CFO Blanchard responded all transfers out are met with resistance, but they all share the costs of the system with shared services and consolidated financial statements.

Q: Prof. Cunningham asked if the system office pays the debt payments for each institution.

CFO Blanchard confirmed system office pays all the debt management payments owed and it is a large portion of what is transferred to the system office.

Q: Regent Yang asked what the difference is between shared services and system office.

CFO Blanchard explained that shared services represent 3/4 of the personnel at the system office, most of whom in HR were the result of the consolidation of CT State; 1/4 of these personnel hold System Office positions.

Chair Balducci summarized that the budget mitigation plans made a positive impact on FY 24 and the committee will continue to discuss how to resolve the deficits coming in FY 25.

Regent Yang thanked those who made the difficult decisions to balance the budget.

Q: Regent Stewart asked if the changes/savings shown today were due to the early retirement program.

CFO Blanchard responded that they are not due to the retirement incentive plan which is an incentive for those who are currently eligible to retire. The estimated savings for the retirement incentive plan have not been estimated yet, as enrollment will close on April 1st.

CFO Blanchard stated the nearly \$36 million in savings are due to the institution's mitigation plans.

Q: Regent Stewart asked for details of the changes and where the savings came from.

CFO Blanchard explained the details of the changes can be found campus by campus in the staff report (attachments).

Q: Regent Stewart asked if the request to legislators will change based on the surplus and how the system now justifies the amount of money requested.

CFO Blanchard stated the difference between the original \$63 million and \$71.7 million is a small proportion of the \$1.4 billion budget. The variance of \$8-9 million is due to the changes in the calculation of fringe. This is the first time the system will be paying for non-retirement costs and the state will be paying for retirement costs.

Chancellor Cheng added there are a lot of moving pieces to balance FY 24 and will continue to watch what will happen in FY 25. The surplus will not affect the conversations with the legislature, OPM, or the Governor. The kind of factors being presented across all the institutions as they roll up into a systemwide conversation will remain the same with the \$47.6 million request for CT State and Western for FY 25.

CFO Blanchard reiterated today's update is on FY 24 and the request to the legislators for \$47.6 million is for FY 25.

Q: Mayor Stewart asked with the success in solving the budget problems this year, isn't it worthwhile to take a victory lap?

CFO Blanchard stated that \$63 million is a victory and that the more than \$100 million mitigation plan impressed the Governor when presented, but we don't want to underestimate the upcoming costs and the uncertainty from the State.

Regent Guay commented that CFO Blanchard and the team presented great detailed information for the mid-year and is looking forward to more information regarding FY 25.

Prof. Cunningham acknowledged the difficulty of the budget circumstances and requested that the Board not lose track of the services that may be compromised through reductions. He provided examples of the effects on the campuses with reduced services.

Chancellor Cheng echoed Prof Cunningham's point to ensure that the voices of students, faculty, and staff are represented in this endeavor to close the budget gap. He commented on how proud he is of everyone who has sacrificed and worked to voice the message that an investment in CSCU is an investment in the people of Connecticut.

Chair Balducci reinforced that the action item going to the Board is due to the major changes achieved by the mitigation plans and changes to the FY 24 budget that were approved in June.

Chair Balducci made a motion to adopt the FY 2024 Mid-Year Update, Regent Yang seconded, following a unanimous vote, the motion was approved.

Chair Balducci requested a motion to adjourn, Regent Yang moved, and Regent Santiago seconded. Following a unanimous vote, the meeting adjourned at 11:26 a.m.

CSCU Board of Regents

RESOLUTION

concerning

CSU – Credit Card Service Fees

February 29, 2024

WHEREAS, The Board of Regents for Higher Education (the Board) under its statutory authority – CGS 10a-99 – reviews and establishes tuition and fees for such purposes as the Board deems necessary, and

WHEREAS, On October 20, 2022 and December 14, 2023, the Board approved the fee structure for CSCU institutions, including what is referred to as “Tier II” Fees for fiscal years 2024 and 2025, respectively. Tier II Fees cover items that are assessed to students on a usage basis and are not necessarily applicable to all students, and

WHEREAS, Among the Tier II Fees approved for the four CSCU universities (CSUs) is one associated with credit card service fees, assessed by the service provider, TouchNet, to process credit cards for our universities, and

WHEREAS, The requested fees previously approved by the Board were at a specific percentage of 2.85% and 2.95% for fiscal year 2024 and fiscal year 2025, respectively,

WHEREAS, The service provider, TouchNet, recently increased the fee for international transactions to 4.25% which is allowable under CSCU Contract No. 22044, therefore be it

RESOLVED That the Tier II Fees schedule line item associated with any credit card service fees shall henceforth appear as an informational item only at the bottom of the fee schedule rather than a set amount within an itemized fee schedule and asterisked to indicate that changes in the percentage are permitted in accordance with the applicable contract with the service provider.

~~RESOLVED, A fee modification is approved for the CSUs to be implemented immediately to accommodate the new credit card service fees for international transactions with a notation allowing for rate changes in accordance with contractually permissible rate adjustments.~~

ITEM

CSU – Credit Card Service Fees

BACKGROUND

On October 20, 2022 and December 14, 2023, the Board approved the fee structure for CSCU institutions for fiscal years 2024 and 2025, respectively, including what is referred to as “Tier II” Fees. Tier II Fees cover items that are assessed to students on a usage basis and are not necessarily applicable to all students. Among the Tier II Fees approved for the CSUs is one associated with credit card service fees. These are the costs assessed by the service provider, TouchNet, to process credit cards for our universities. **The CSUs have historically passed this cost on to the student as a usage fee as not all students use credit cards to pay for the cost of education.**

ANALYSIS

The requested fees approved by the Board were at a specific percentage: 2.85% for fiscal year 2024 and 2.95% for fiscal year 2025. **TouchNet recently increased the fee for international transactions to 4.25% which, although is allowable under CSCU Contract No. 22044, was unexpected.** We are requesting a fee modification for the CSUs to be implemented immediately to accommodate the new credit card service fees.

Further, we are requesting that the Tier II Fees schedule line item associated with the credit card service fees appears as an informational item only at the bottom of the fee schedule rather than a set amount within an itemized fee schedule and asterisked to indicate that changes in the percentage are permitted in accordance with the contract with the service provider.

RECOMMENDATION

Approve a change to CSU’s fiscal year 2024 and 2025 Tier II Fee structure to reflect the current rate for international credit card transactions (4.25%) charged by the service provider with a notation allowing for rate changes in accordance with contractually permissible rate adjustments.



FY2023-24 Mid-Year Budget Update

Finance and Infrastructure Committee
February 14, 2024





Today's Agenda

Informational Items:

- a. Student Worker Pay Rates

Action Items:

- a. CSCU Credit Card Fees
- b. Mid-Year Budget Update



Deficit Mitigation Plan

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

In June, we projected a \$26.7M deficit for FY24.

In November, we presented our Deficit Mitigation Plan that covered FY24 and FY25.

This mid-year update shows how the Deficit Mitigation Plan impacts the FY24 budget.

Today, we project a balanced budget in FY24.

Surplus/(Deficit) reported to June 21 st BOR F&I	(26.7)
Total deficit mitigation (in millions)	<u>\$63.0</u>
1. Adjustments updating deficit	(2.6)
2. New revenue initiatives	16.7
3. Expenditure reductions	36.8
4. Institutional cash support	12.1
Balanced Budget for FY24	0.0



Deficit Mitigation Plan

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

FY24	Central	Eastern	Southern	Western	CT State	Charter Oak	SO/SS
Surplus/Deficit reported to June 21 st BOR F&I	\$13.5	\$0.0	\$5.5	(\$12.0)	(\$33.6)	\$0.0	\$0.0
Total mitigation (in millions)	<u>\$7.6</u>	<u>\$2.1</u>	<u>\$4.2</u>	<u>\$12.1</u>	<u>\$33.6</u>	<u>\$0.4</u>	<u>\$3.0</u>
1. Adjustments updating deficit	(0.5)	(1.4)	(3.8)	0.4	2.5	0.1	0.0
2. New revenue initiatives	8.5	(0.2)	7.6	0.0	0.5	0.3	0.0
3. Expenditure reductions	(0.4)	3.7	0.4	6.6	23.6	0.0	3.0
4. Institutional cash support	0.0	0.0	0.0	5.0	7.1	0.0	0.0



FY24 Systemwide Mid-Year Update

Revenues are adjusted upward by 1.5% (+\$17.5M).

Expenditures are adjusted downward by 4.5% (-\$53.7M)

Projected Net Results are adjusted upward by \$71.7M.

The deficit mitigation plan presented to BOR in Nov 2023 explains the difference between the original FY24 Budget and FY24 Mid-Year Projection.

	FY23 Actual	FY24 Budget	FY24 Mid-year Projection	FY24 MidYear Projection vs. Budget	
				\$ change	% change
Revenue:					
Tuition & Fees	484.1	490.7	501.1	10.4	2.1%
State Appropriations	362.7	358.1	358.1	-	0.0%
Fringe Benefits Paid By State (GF & OF)	396.8	41.7	41.7	-	0.0%
One-time Funding	169.4	189.2	189.2	-	0.0%
Housing and Food Services	89.0	90.7	95.7	5.0	5.5%
Other Revenue	19.2	8.2	10.3	2.1	26.3%
Total Revenue	1,521.2	1,178.7	1,196.2	17.5	1.5%
Expenditures:					
Personnel salaries	650.3	668.1	642.5	(25.6)	-3.8%
Fringe Benefits	444.7	179.9	160.5	(19.5)	-10.8%
Inst. Financial Aid/Match and Waivers	78.6	80.5	80.7	0.2	0.2%
Utilities	28.4	33.6	33.3	(0.3)	-1.0%
Other expenses	174.5	210.6	201.7	(8.9)	-4.2%
Debt Service	29.7	30.9	31.3	0.4	1.3%
Total Expenditures	1,406.2	1,203.6	1,149.9	(53.7)	-4.5%
Net gain/(loss) before transfers	115.0	(24.9)	46.3	71.2	-
Net Transfers	(30.3)	(1.8)	(1.3)	0	-
Net Results	84.7	(26.7)	45.0	71.7	-



State Universities FY24 Mid-Year Update

Revenues are adjusted upward by 2.6% (+\$18.2M).

Expenditures are adjusted downward by .5% (-\$3.7M).

Projected Net Results are adjusted upward by \$20.6M.

	FY23 Actual	FY24 Budget	FY24 Mid-year Projection	FY24 MidYear Projection vs. Budget	
				\$ change	% change
Revenue:					
Tuition & Fees	321.6	326.8	332.5	5.8	1.8%
State Appropriations	174.4	173.7	173.7	-	0.0%
Fringe Benefits Paid By State (GF & OF)	195.5	2.3	2.3	-	0.0%
One-time Funding	88.7	103.2	103.2	-	0.0%
Housing and Food Services	89.0	90.7	95.7	5.0	5.5%
Other Revenue	16.2	11.6	19.0	7.4	64.3%
Total Revenue	885.3	708.3	726.5	18.2	2.6%
Expenditures:					
Personnel salaries	357.5	366.5	361.9	(4.6)	-1.3%
Fringe Benefits	242.6	90.3	91.6	1.3	1.5%
Inst. Financial Aid/Match	57.7	61.4	60.5	(0.9)	-1.4%
Utilities	19.4	22.5	22.2	(0.3)	-1.2%
Other expenses	120.1	128.6	128.9	0.3	0.2%
Debt Service	29.7	30.9	31.3	0.4	1.3%
Total Expenditures	827.0	700.1	696.4	(3.7)	-0.5%
Net gain/(loss) before transfers	58.4	8.3	30.1	21.9	-
Net Transfers	(29.7)	(1.3)	(2.6)	(1.3)	-
Net Results	28.7	7.0	27.6	20.6	-



State Universities FY24 Mid-Year Update

Projected Net Results for our 4 universities combined is \$27.6 million.

	FY24 Mid-year Projection	Central	Eastern	Southern	Western	System Office
Revenue:						
Tuition & Fees	332.5	119.7	46.7	114.5	51.5	-
State Appropriations	173.7	53.2	32.0	50.5	31.9	8.3
Fringe Benefits Paid By State (GF & OF)	2.3	0.8	0.4	0.8	0.4	-
One-time Funding	103.2	35.7	17.0	33.6	16.9	-
Housing and Food Services	95.7	29.2	27.1	26.7	12.7	-
Other Revenue	19.0	6.9	4.1	4.8	3.3	-
Total Revenue	726.5	245.5	127.2	230.8	116.7	8.3
Expenditures:						
Personnel salaries	361.9	111.1	60.1	123.3	61.4	6.0
Fringe Benefits	91.6	28.3	15.2	30.8	16.1	1.2
Inst. Financial Aid/Match	60.5	20.5	15.7	16.9	7.4	-
Utilities	22.2	7.5	4.5	6.0	4.2	-
Other expenses	128.9	41.6	20.4	35.1	25.1	6.8
Debt Service	31.3	13.4	7.1	7.4	5.3	-
Total Expenditures	696.4	222.3	123.0	219.5	119.4	14.1
Net gain/(loss) before transfers	30.1	22.4	3.8	10.9	(3.1)	(5.8)
Net Transfers	(2.6)	(2.3)	(1.6)	(1.6)	(1.6)	6.4
Net Results	27.6	20.1	2.2	9.3	(4.7)	0.6



CT State & Shared Services FY24 Mid-Year Update

Revenues are adjusted downward by .2% (-\$933K).

Expenditures are adjusted downward by 10.3% (-\$49.8M).

Projected Net Results are adjusted upward by \$16.9M.

	FY23 Actual	FY24 Budget	FY24 Mid-year Projection			FY24 MidYear Projection vs. Budget	
			CT State	Shared Services	System Office	\$ change	% change
Revenue:							
Tuition & Fees	150.5	151.4	155.7	-	-	4.3	2.9%
State Appropriations	172.5	168.5	140.0	22.9	5.7	-	0.0%
Fringe Benefits Paid By State (GF & OF)	196.4	40.0	40.0	-	-	-	0.0%
One-time Funding	64.6	83.6	83.6	-	-	-	0.0%
Housing and Food Services	-	-	-	-	-	-	-
Other Revenue	13.7	7.2	1.9	-	-	(5.3)	-73.3%
Total Revenue	597.7	450.6	421.1	22.9	5.7	(0.9)	-0.2%
Expenditures:							
Personnel salaries	282.1	290.3	249.5	15.8	3.9	(21.2)	-7.3%
Fringe Benefits	195.2	86.7	61.1	4.5	0.7	(20.4)	-23.6%
Inst. Financial Aid/Match	19.6	14.4	18.2	0.3	-	4.1	28.6%
Utilities	8.9	11.1	11.0	0.0	-	(0.1)	-0.6%
Other expenses	54.1	81.7	45.8	21.4	2.3	(12.2)	-15.0%
Total Expenditures	559.9	484.2	385.6	41.9	6.9	(49.8)	-10.3%
Net gain/(loss) before transfers	37.8	(33.6)	35.5	(19.0)	(1.3)	48.8	-
Net Transfers							
Total Net Transfers	17.3	-	(26.9)	26.3	2.3	1.7	-
Net Results	55.1	(33.6)	8.6	7.3	1.0	16.9	-



Charter Oak FY24 Mid-Year Update

Revenues are adjusted upward by 1.3% (\$253K).

Expenditures are adjusted downward by 1.2% (\$217K).

Projected Net Results adjusted upward by \$470K.

	FY23 Actual	FY24 Budget	FY24 Mid-year Projection	FY24 MidYear Projection vs. Budget	
				\$ change	% change
Revenue:					
Tuition & Fees	12.0	12.6	12.9	0.3	2.2%
State Appropriations	3.7	3.7	3.7	-	0.0%
Fringe Benefits Paid By State (GF & OF)	4.6	(0.6)	(0.6)	-	0.0%
One-time Funding	1.3	2.5	2.5	-	0.0%
Housing and Food Services	-	-	-	-	-
Other Revenue	1.0	1.1	1.1	(0.0)	-2.3%
Total Revenue	22.5	19.3	19.5	0.3	1.3%
Expenditures:					
Personnel salaries	10.3	10.8	11.0	0.2	1.6%
Fringe Benefits	6.6	2.9	2.6	(0.4)	-12.1%
Inst. Financial Aid/Match	1.4	1.4	1.6	0.2	12.9%
Utilities	0.1	0.1	0.1	0.0	4.2%
Other expenses	3.2	3.5	3.3	(0.2)	-6.4%
Total Expenditures	21.5	18.8	18.6	(0.2)	-1.2%
Net gain/(loss) before transfers	1.0	0.5	1.0	0.5	-
Net Transfers	(0.6)	(0.5)	(0.5)	-	-
Net Results	0.5	0.0	0.5	0.5	-