

**MEETING OF THE  
FINANCE & INFRASTRUCTURE COMMITTEE**  
Board of Regents for Higher Education  
Hartford, Connecticut

Thursday, October 13, 2016, at 10:00 am  
Regents Board Room  
61 Woodland Street, Hartford, CT

**REVISED Agenda**

**1. APPROVAL OF MINUTES FROM THE AUGUST 25, 2016 MEETING**

**2. ACTION ITEMS**

- A. Connecticut State Universities Policy re: Consolidated Telecommunication Charges
- B. Connecticut State Universities Student Health Insurance Policy

**3. DISCUSSION ITEMS**

- A. Connecticut Community Colleges Banded Tuition Policy

**MEETING OF THE  
FINANCE & INFRASTRUCTURE COMMITTEE**

Board of Regents for Higher Education

August 25, 2016, at 9:30 a.m.

61 Woodland Street, Hartford CT

**Minutes**

**REGENTS PRESENT**

Matt Fleury, Chair, Board of Regents

Richard Balducci, Chair, Finance & Infrastructure Committee

Naomi Cohen

Merle Harris

David Jimenez

Gordon Plouffe

Barbara Richards

Yvette Melendez

**REGENTS ABSENT**

William McGurk

Catherine Smith

**CSCU STAFF - PRESENTING**

Mark Ojakian, President; Erika Steiner, Chief Financial Officer; Keith Epstein, Vice President, Facilities; John Clark, President, WCSU

**CSCU STAFF – IN ATTENDANCE**

Jane Gates, Provost; Alice Pritchard, Chief of Staff; Sean Bradbury, Director of Government Relations; Melentina Pusztay, Director for Budgets and Planning; Pamela Mikaelian, Associate Director of Budgets & Planning; Michael Lopez, Director, Human Resources Administration; Erin Fitzgerald, Associate for Board Affairs; Rosalie Butler, Administrative Assistant; Gena Glickman, President, MCC; Mark Rozewski, Executive Vice President, SCSU; Charlene Casamento, Chief Financial Officer, CCSU; James Howarth, Vice President for Finance & Administration, ECSU; Sean Loughran, Vice President for Finance & Administration, WCSU; Paul Martland, Dean of Administration, QVCC; Jay Murray, Associate VP for Enrollment Services, WCSU

*With a quorum present, Chairman Balducci called the meeting to order at 9:30 a.m.*

**1. APPROVAL OF MINUTES FROM THE JUNE 9, 2016 MEETING**

*The minutes of the June 9, 2016 meeting were unanimously approved, as amended.*

## **INFORMATION ITEMS**

### **A. CSCU 2020 REPROGRAMMING FOR SOUTHERN CT STATE UNIVERSITY**

VP Epstein provided background on an approximately \$1.8 million overrun in project expenditures associated with the DCS-administered construction of the Academic Laboratory Building at Southern CT State University. Under normal circumstance, any expenditure in excess of budget would be brought to the BOR for a vote. However, the DCS notified CSCU after the fact and the work is largely complete. DCS has indicated that due to the current fiscal environment, it respectfully asked CSCU to fund the overrun. \$1,858,565 will be funded from a portion of the \$10 million FY16 Code Compliance and Infrastructure Improvement bond funds supplemental to the CSCU 2020 program.

## **2. ACTION ITEMS**

### **A. CSCU FY18/FY19 BIENNIUM BUDGET SUBMITTAL TO OPM**

CFO Steiner provided an overview of the process by which the biennium budget request is submitted to the Office of Policy and Management (OPM). She emphasized that the request before the Committee was the very beginning of the budget process and not a part of the system's annual Spending Plan. She further explained the submission consists of three distinct pieces, Capital Requests, Current Services and Expansion Options. The first two pieces are due to OPM shortly, while Expansion Options are not due to OPM until October 2016. Any Expansion Options budget will be presented to the Committee and full BOR prior to submission to OPM.

CFO Steiner indicated the request would consist of \$121.5 million and \$115.1 million for Capital requirements, and \$578.8 million and \$592.6 million for Current Services requirements for FY2018 and FY2019 respectively. This proposal holds wages flat, per OPM guidelines. The same assumptions are carried for FY 2019.

Key assumptions were discussed (including a tuition and fee increase of 2%, decrease in enrollment of 2%, inflationary increases to the cost of utilities, housing, food service and fringe benefit cost), as were capital planning, deferred maintenance and project prioritization.

*The Resolution concerning the CSCU FY2018/FY2019 Biennium Budget Submittal to OPM was unanimously approved.*

### **B. FREQUENCY OF CSCU 2020 REPORTING**

CFO Steiner provided background for the monthly reporting requirements of the CSU 2020 program to the predecessor Board of Trustees for the State Universities. The BOR is also required to report to the Governor and Legislature both semiannually and at 5-year intervals. Given the minor changes in reporting from month to month, as well as the controls in place and clean audits received, Management proposes that, going forward, report be presented to the Board as required by statute on a semi-annual basis. Should any

matters or significant changes arise, such matters would be presented to the Board at the next available meeting.

*The Resolution concerning the Frequency of CSCU 2020 Reporting was unanimously approved on a motion by Regent Jimenez, seconded by Regent Balducci.*

#### **C. PURCHASE OF 330 HIGH STREET FOR EASTERN CT STATE UNIVERSITY**

VP Epstein provided background on the CSUS 2020 Land and Property Acquisition Program which was designed to meet the current and future strategic academic needs of the four universities. He cited ECSU's long-term goal of obtaining residential properties on streets adjacent to the university, as they became available. One such property is 330 High Street, which VP Epstein characterized as being located at the "front door" of Eastern, and situated in front of the newly-constructed Fine Arts Instructional Center. The purchase price of the property, negotiated by DCS, is \$85,000 and will be funded from FY2009 of the CSCU Land and Property Acquisition Program.

*The Resolution concerning the Purchase of 330 High Street for Eastern Connecticut State University was unanimously approved on a motion by Regent Jimenez, seconded by Chairman Balducci.*

#### **D. UPDATE TO DELEGATION OF SIGNING AUTHORITY**

CFO Steiner explained that System Office employees had recently participated in certain LeanCT activities using organizational, process and programmatic improvement techniques designed to streamline processes and eliminate waste. Stemming from this, employees suggested revision to the current BOR signing policy. Management concurs that the current policy requires both simplification and more consistent structure across the institutions and System Office. In addition, the policy inforce provided unlimited authority to all those positions specifically noted, while not covering other position requiring signature authority. The revision would provide the Presidents and Chief Financial/Administrative Officers with the authority to sign on behalf of their institutions. It further provides them with the ability to re-delegate authority at their respective campuses. CFO Steiner elaborated as to the specific thresholds considered by the revised policy.

*The Resolution concerning Signing Authority was unanimously approved on a motion by Regent Jimenez, seconded by Chairman Balducci.*

#### **E. WESTERN CT STATE UNIVERSITY PILOT PROGRAM TO OFFER IN-STATE TUITION AND FEES TO CURRENT AND PROSPECTIVE STUDENTS FROM CERTAIN NEW YORK COUNTIES**

CFO Steiner likened Western's tuition pilot program to attract students from neighboring New York counties to that of Asnuntuck Community College's (adopted by the BOR in June 2016). She reported that thus far, the results were encouraging, as the number of Massachusetts students enrolled at ACC was increasing. She turned to President Clark for further explanation. He discussed overall declining trends in the high school population, competition in the marketplace and vacancies in Western's residence halls. He characterized the pilot program as a socioeconomic strategy to keep students in the State. The proposed pilot would lower tuition and fees for New York students by about \$10,000. If successful, this 2-year pilot could be adopted system-wide.

*The Resolution concerning Western Connecticut State University Tuition Pilot was unanimously approved on a motion by Regent Jimenez, seconded by Chairman Balducci.*

*With no other business to discuss, the meeting was adjourned at 10:27 a.m.*

**STAFF REPORT****FINANCE COMMITTEE**

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**ITEM**

Connecticut State Universities (CSU) Policy re: Telecommunication Charges

**BACKGROUND**

Board Resolution # 08-039 approved on May 15, 2008 provides Fund Balance Guidelines for the CSUs. In accordance with this resolutions, the CSUs are required to “within the Systemwide unrestricted fund balance, [provide an amount] of three hundred thousand (\$300,000) dollars annually to provide for ongoing telecommunication equipment replacement and upgrade.”

These funds were used as a reserve for CSU equipment and projects managed by the System Office Telecommunications staff. In order to support this requirement, funds were collected from each university, and accumulated in a reserve which totals approximately \$3.1M as of September 7, 2016.

**ANALYSIS**

After significant evaluation of the process by the Chief Information Officer, his staff, and the four CSU leadership teams, the CSU telecomm auxiliary services is being dissolved and the funds will be returned to the CSUs.

The model of centralized services for telecommunications is no longer valid at a residential campus that operates 24 hours a day. It's more appropriate that each University manage and control their own networks and telecommunications infrastructures.

The CIO's organization is in the process of disbanding the central function, ensuring that the Universities are equipped to transition responsibility, and dispersing the system reserves to each institution's reserve balance. The timing coincides with new voice and network systems being implemented at the CSUs. The Universities will in turn hold the reserves for repair and replacement equipment, and in the future establish individual reserves as required to maintain their equipment. As of now, Eastern, Central and Southern are ready to take ownership of the process, and the team at Western is still in transition.

As a result of this transition, management is requesting that the Board rescind the former policy, and that System Office cease collection of funds from the four Universities beginning immediately. Further, management requests that the Board approve returning the System Office reserve to the four Universities in a mutually agreed upon, equitable manner.

**RECOMMENDATION**

Rescind Board Resolution 08-39 and abolish the need for a system reserve for telecommunications, allowing each CSU to manage their own telecommunication costs and requirements and allowing the CSUs to establish individual reserves within their available resources to provide for telecomm replacement and upgrade requirements.

## RESOLUTION

### concerning CONNECTICUT STATE UNIVERSITIES (CSU) POLICY RE: TELECOMMUNICATION CHARGES

October 20, 2016

WHEREAS, Board Resolution # 08-039 approved on May 15, 2008 provides Fund Balance Guidelines for the CSUs, and states that the CSUs are required to set aside “within the Systemwide unrestricted fund balance, [ ] three hundred thousand (\$300,000) dollars annually to provide for ongoing telecommunication equipment replacement and upgrade,” and

WHEREAS, These funds were used as a reserve for CSU equipment and projects managed by the System Office Telecommunications staff, and

WHEREAS, In order to support this requirement, funds were collected from each university, and accumulated in a reserve which totals approximately \$3.1M as of September 7, 2016, and

WHEREAS, This process is being decentralized in order to allow the individual universities to manage the process locally so that they may accommodate the varying campus needs, therefore be it

RESOLVED, That the Board Resolution 08-39 is rescinded, abolishing the need for collecting telecommunications support funds from the CSUs, and abolishing the need for a System reserve for telecommunications, and be it further

RESOLVED, That the current funds held at the System Office for this purpose will be allocated to the CSUs to hold in reserve to support their individual telecommunication requirements, and be it further

RESOLVED, That the CSUs will establish individual reserves going forward as deemed appropriate for this purpose.

A True Copy:

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Erin A. Fitzgerald  
Secretary, Board of Regents  
for Higher Education

**ITEM**

Connecticut State Universities (CSUs) Student Health Insurance Policy

**BACKGROUND**

Board Resolution 12-094, which amends Board Resolution 03-15, states that “The Board has approved a mandatory accident and sickness insurance program for full-time and certain matriculated part-time students who elect to participate in sponsored activities, and the mandatory sickness insurance may be waived...”

This resolution currently covers only the CSUs, as the Connecticut Community Colleges (CCC) offered health insurance in the past voluntarily. In the last fiscal year however, we were unable to obtain a bid on the CCC insurance coverage, so stopped offering a health care plan through the system.

**ANALYSIS**

Since the implementation of the Affordable Care Act (ACA), there have been a number of significant changes in the coverage available to our students, and the way that they access that coverage. Dependents now have the option to stay on their parents’ plans until age 26, while the expansion of Medicaid and the availability of federal subsidies has made care no cost or lower cost to many individuals. At the same time, insurance exchanges and mobile devices have made enrollment easier than ever.

All of this has likely contributed to the decreasing participation rates in these plans at the CSUs. In FY2013 the average system wide enrollment in the student health plan was 14.3%, we were down to 11.4% in FY2016 and CCSU is currently at 5.7% for FY2017. At the same time, annual premiums have increased year over year to a current \$2,953 annual premium.

Additionally an analysis of Fall 2015 FAFSA data for CCSU and SCSU (for sampling purposes the two larger CSUs were used), it was revealed that a significant number of these students currently enrolled in our health plan would be Medicaid eligible, and more would still be eligible for subsidized private coverage through Access Health CT (the CT state-based insurance exchange).

Further, in order to keep the cost of this coverage affordable, the insurance carriers require higher education institutions like ours to adopt an opt-out policy, which means that a student is signed up for coverage unless he/she proactively opts out. This means that a student who has existing coverage but does not actively opt-out is paying for coverage they may not need, and that students eligible for Medicaid or a subsidy are paying significantly more for coverage than they can access elsewhere. In addition, the process currently is an administrative burden to our CSUs inasmuch as staff has to “chase down” students for verification of insurance and/or payments, and the payments are just passed through to the insurance carrier.



In summary, although we have offered health care coverage to our CSU students, there are now alternative avenues to access available to our students which can help reduce the costs for those who need coverage, and prevent charging students with coverage who fail to opt-out.

The CSUs propose as an alternative to actively inform our students of their other coverage options, and to partner with Access Health CT, and the Office of the Health Care Advocate to improve the health insurance literacy of our students. Further, those students who are currently covered under the CSUs' procured policy will be advised via letter of the change being made, and also provided with information to help them choose a more favorable plan.

### **RECOMMENDATION**

Amend Board Resolution 12-094 and 03-15 to no longer mandate sickness insurance programs and related automatic billings at the CSUs for full-time and certain matriculated part-time students, without impacting existing accident insurance board policy. This would then eliminate the CSU-provided plan, and instead allow the system to provide information and guidance for students to obtain coverage through other means.

10/13/16 – Finance Committee

10/20/16 – Board of Regents

## RESOLUTION

concerning  
CONNECTICUT STATE UNIVERSITIES (CSUs)  
STUDENT HEALTH INSURANCE POLICY

October 20, 2016

WHEREAS, Board Resolution 12-094, which amends Board Resolution 03-15, states that “The Board has approved a mandatory accident and sickness insurance program for full-time and certain matriculated part-time students who elect to participate in sponsored activities, and the mandatory sickness insurance may be waived,” and

WHEREAS, Since the implementation of the Affordable Care Act (ACA), there have been a number of significant changes in the coverage available to our students and the way that they access that coverage, and

WHEREAS, This has likely contributed to the decreasing participation rates in these plans at the CSUs as students can now more easily obtain lower cost coverage, including many student who are eligible for Medicaid or subsidized private coverage, which has rendered CSU- provided plans superfluous, therefore be it

RESOLVED, That Board Resolutions 12-094 and 03-15 are amended to no longer mandate sickness insurance programs and related automatic billings at the CSUs for full-time and certain matriculated part-time students, only, and be it further

RESOLVED, That existing accident insurance board policy shall not be impacted, and be it further

RESOLVED, That the CSUs shall no longer provide its own sickness insurance program but instead sanction the system to provide information and guidance for students to obtain coverage through other means.

A True Copy:

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Erin A. Fitzgerald  
Secretary, Board of Regents  
for Higher Education

**STAFF REPORT****FINANCE COMMITTEE**

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**ITEM - FOR DISCUSSION PURPOSES ONLY****Connecticut Community Colleges (CCC) Banded Tuition & Fee Policy****BACKGROUND**

Section 10a-6 of the CT General Statutes states that it is the responsibility of the Board of Regents to “establish tuition and student fee policies for the Connecticut State University System, the regional community-technical college system and Charter Oak State College.”

In addition, section 6.5.2 of the Board of Trustees of Community-Technical Colleges Policy Manual states that “tuition charge per semester hour, up to a maximum full-time rate for twelve or more semester hours per semester, shall be made for each credit course supported primarily by general fund and tuition resources.”

Our Community Colleges currently charge per credit for the majority of our students (83%) who take 12 credits or fewer. The remaining 17% take more than 12 credits with no additional charge. We are proposing that all students pay the same rate per credit hour taken.

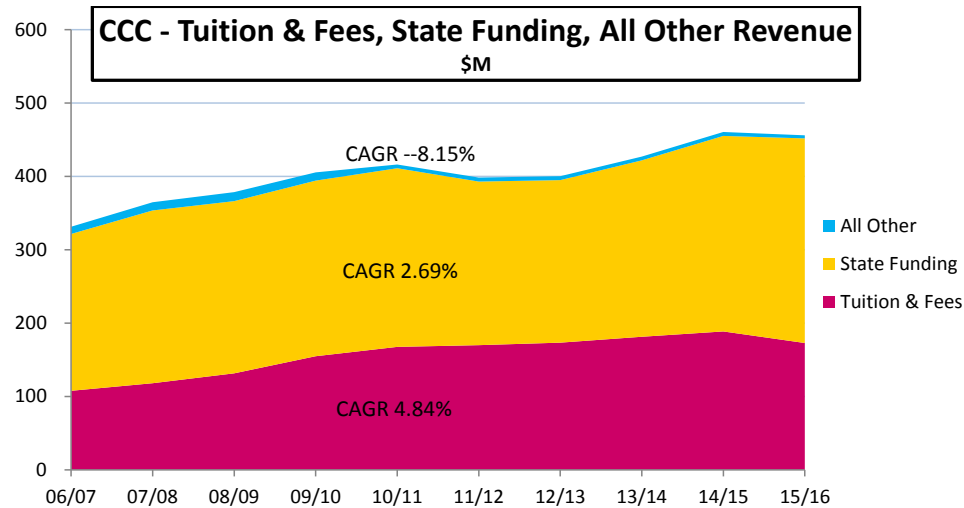
This strategy is being proposed as we continue to examine all revenue enhancements and cost cutting options in order to provide access and a high quality of education to all students and prospective students. State funding of the community colleges continues to be negatively impacted by the state’s fiscal position, and we understand that the next biennium will be provide even greater challenges. In addition, there are numerous fixed costs that the System must also fund internally, including collective bargaining requirements, facilities costs, and unfunded state mandates which limit our cost cutting options.

We have considered un-banding of tuition as a means to charge for services provided in proportion to the level of credit hours taken. Our research shows that charging tuition by the credit hour is consistent with tuition schedules in Massachusetts, Maine, New Hampshire, and Vermont community colleges.

A number of concerns have been raised by Board members and by presidents of our Community Colleges, and we want to be responsive and to consider all facts before asking the Board to vote on this matter. As a result, we have moved this to a discussion matter at this time and will bring it forward at a later date.

**DISCUSSION**

The following chart shows that over time, the Tuition & Fee share of revenue has grown faster than the State Funding provided (CAGR: Compounded Annual Growth Rate):



As indicated in this chart, the community colleges are heavily reliant on state funding (approximately 61% of revenue in FY16). This makes the colleges highly vulnerable to reductions in the level of state funding, which prompted us to examine our tuition and fee structure.

Currently, the majority of Community College Presidents along with System management would propose to un-band tuition. We would further propose that we continue to study the structure of fees in order to provide a more thoughtful recommendation in the near future.

The impact of un-banding tuition at each of our colleges would have totaled \$6.1M in FY16, as follows:

**Fall/Spring 2015-2016 Total**

College	Headcount	HC Above 12			Credits Above 12	Gross Revenue		Fees Collected above 18 Credits		Net Revenue		FTE Enrolled at No Cost	% of FTE Enrolled at No Cost
		FTE	Credits	Percentage		Loss	Loss	Loss	Loss	Loss	Loss		
Asnuntuck	3030	1788	749	24.7%	2289	\$343,350		\$10,200		\$333,150		152.6	8.5%
Capital	6740	3589	599	8.9%	1264	\$189,600		\$1,300		\$188,300		84.3	2.3%
Gateway	15008	8313	2161	14.4%	4785	\$717,750		\$4,700		\$713,050		319.0	3.8%
Housatonic	10307	5713	1327	12.9%	3636	\$545,400		\$13,400		\$532,000		242.4	4.2%
Manchester	13377	7628	2350	17.6%	5288	\$793,200		\$4,900		\$788,300		352.5	4.6%
Middlesex	5588	3281	1073	19.2%	2815	\$422,250		\$2,800		\$419,450		187.7	5.7%
Naugatuck Valley	13163	7685	2544	19.3%	5692	\$853,800		\$7,100		\$846,700		379.5	4.9%
Northwestern	2861	1522	551	19.3%	1390	\$208,500		\$3,900		\$204,600		92.7	6.1%
Norwalk	11586	6904	2546	22.0%	5815	\$872,250		\$10,500		\$861,750		387.7	5.6%
Quinebaug Valley	3148	1763	480	15.2%	1256	\$188,400		\$2,800		\$185,600		83.7	4.7%
Three Rivers	8175	4672	1402	17.1%	3860	\$579,000		\$14,200		\$564,800		257.3	5.5%
Tunxis	7691	4486	1291	16.8%	2865	\$429,750		\$5,600		\$424,150		191.0	4.3%
<b>Total</b>	<b>100674</b>	<b>57344</b>	<b>17073</b>	<b>17.0%</b>	<b>40955</b>	<b>\$6,143,250</b>		<b>\$81,400</b>		<b>\$6,061,850</b>		<b>2730.3</b>	<b>4.8%</b>

Evaluating the data at Asnuntuck Community College by way of example discloses the following:

- 83% of students registered for 12 or fewer credits in FY16. Un-banding tuition would have no effect on the cost of college for them, so one can assume that there would be no corresponding change in enrollment behavior as a direct result of such a change

- With respect to the remaining 17%, we believe that either students will be able to pay the difference, PELL would support those students most in need, and institutional aid could support the remainder.

The following is the current tuition table for one semester using FY17 approved tuition rates:

<b>Credit Hours</b>	<b>Current FY 17 Tuition</b>	<b>Un-banded FY 17 Tuition</b>	<b># of FY16 Fall Students</b>	<b>% Total</b>
1	\$155	\$155	168	0.3%
2	\$310	\$310	230	0.4%
3	\$465	\$465	6918	13.1%
4	\$620	\$620	3193	6.1%
5	\$775	\$775	92	0.2%
6	\$930	\$930	9294	17.6%
7	\$1,085	\$1,085	3571	6.8%
8	\$1,240	\$1,240	1208	2.3%
9	\$1,395	\$1,395	6689	12.7%
10	\$1,550	\$1,550	3216	6.1%
11	\$1,705	\$1,705	774	1.5%
12	\$1,860	\$1,860	8088	15.4%
13	\$1,860	\$2,015	3654	6.9%
14	\$1,860	\$2,170	1522	2.9%
15	\$1,860	\$2,325	2346	4.5%
16	\$1,860	\$2,480	1152	2.2%
17	\$1,860	\$2,635	281	0.5%
18	\$1,860	\$2,790	262	0.5%

As noted in the background, our peer institutions in New England charge a fixed tuition by the credit hour, which is consistent with this current proposal.

## **CONCLUSION**

We believe that the sustainability of the community colleges will require systemic changes in the near future and therefore propose un-banding of tuition as one avenue for discussion. We look to solicit questions and concerns from our Board members on this item and will return to the Finance Committee with our final request when appropriate.

10/13/16 – Finance Committee

10/20/16 – Board of Regents