



**MEETING OF THE  
FINANCE AND INFRASTRUCTURE COMMITTEE**

Board of Regents for Higher Education

Thursday, February 14, 2019

11:00 a.m.

61 Woodland Street, Hartford, CT

**Minutes**

**REGENTS PRESENT**

Richard Balducci, Committee Chairman

Del Cummings

David Jimenez (Telephonic)

Sage Maier

**REGENTS ABSENT**

Felice Gray-Kemp

JoAnn Ryan

**CSCU STAFF PRESENTING**

Mark Ojakian, President; Ben Barnes, Chief Financial Officer; Keith Epstein, Vice President, Facilities, Real Estate and Infrastructure Planning

*With a quorum present, Chairman Balducci called the meeting to order at 11:02 a.m.*

**1. Approval of Minutes from the November 28, 2018 Meeting**

*On a motion by Regent Cummings, seconded by Regent Jimenez, the minutes of the November 28, 2018 meeting were unanimously approved as submitted.*

**2. Information Items**

**2A. FY19 Projections**

CFO Barnes provided an overview of the projections for the current fiscal year ending June 30, 2019. The projections are made at the base level with each institution evaluating year-to-date

spending and estimating the remainder of the year. The projections are compared to the BOR approved FY2019 Budget as well as to the actual results for FY2018.

The current projection for the combined enterprise for CSCU for FY2019 is a net loss of \$4.8 million, compared with a budgeted loss of \$8.1 million. The CSUs are projected to gain a net \$765,000 compared to budget loss of \$1.4 million. The CCs are expected to reduce their budget loss of \$6.7 million to \$5.8 million. COSC is projected to end the year narrowly positive. Actual results for the year may be better than projected based on historic underspending compared to mid-year projections. It is unlikely that the Community Colleges will be able to avoid a significant drawdown of reserves in FY2019.

Final resolution of the SEBAC ARP Grievance (SAG Award) will add over \$7 million to the expenses of the system. This will possibly offset favorable operations.

## **2B. CSCU 2020 Semiannual Report**

VP Epstein provided an update on the projects supported by the CSUS 2020 program. A report is also provided semi-annually to the legislature to keep them apprised of the on-going projects. The new Willard-DiLoreto complex renovation was completed and Kaiser Hall is under construction on the campus of CCSU. Goddard Hall/Communications Building renovation is under construction at ECSU. Southern's Business School is in the design phase. The CSUS 2020 program is in the final year of the program. The Governor has requested that we reduce our FY2020 allocation from \$126 million to \$80 million. We requested that the remaining \$46 million be carried forward into FY2021. The deferral, if approved and included in the 2019 bond package, will not impact project completions because construction of the Southern Business School will not be bid until spring 2020.

## **2C. CHEFA Bond Issue**

CFO Barnes commented that the System Office is evaluating scenarios that will reduce debt service for an upcoming CHEFA bond issue. Total cost of projects to be financed is \$100 million, but bond issue may be reduced by surplus debt service funds. Projects include Berkshire Hall at Western and a parking garage at Central. A detailed proposal will be presented to the committee next month.

## **2D. Tuition – preliminary discussion**

President Ojakian commented on preliminary calculations of tuition and appropriation scenarios based on current constrained spending, the impact of state appropriation support, and potential changes to reserve levels.

CFO Barnes provided background information to support tuition policies. Scenarios for appropriation and tuition show that both the colleges and universities will have shortfalls of \$20 million each if the state holds appropriations flat. A strategy to address this issue needs to be developed to offset these shortfalls with tuition, spending reductions, and use of reserves.

Eight policy options were presented for review. The options included free college, promise programs, tuition freeze and pledge, and rebates upon completion. Each policy was evaluated against the following criteria: alignment with student success efforts; impact on enrollment; and potential cost.

President Ojakian noted that discussions will be held with the Presidents before the next Board meeting and continued conversations needs to be held with the Governor and legislature.

*There being no further business, on motion of Regent Cummings, seconded by Regent Jimenez, the meeting adjourned at 12:40 p.m.*