

**MEETING OF THE  
FINANCE & INFRASTRUCTURE COMMITTEE**

Board of Regents for Higher Education  
Thursday, February 19, 2015, at 10:00 a.m.  
61 Woodland Street, Hartford CT

**Minutes**

**REGENTS PRESENT**

Matt Fleury, Committee Chair  
Richard Balducci  
Sarah Greco  
Catherine Smith

**REGENTS ABSENT**

William McGurk

**CSCU REPRESENTATIVES**

John Miller, President, CCSU; James Schmotter, President, WCSU (telephonic); Mark Rozewski, Executive Vice President, SCSU; James Howarth, Vice President for Finance & Administration, ECSU; Sean Loughran, Interim Associate Vice President for Finance and Administration, WCSU; Steven Frazier, Dean of Administration, NWCC; Michael Lopez, Dean of Administration, TRCC; Cliff Williams, Chief Financial Officer, Charter Oak State College; Paul Martland, Dean of Administration, QVCC; Lise Brule, Controller, SCSU

**CONNSCU STAFF**

Elizabeth Caswell, Chief of Staff; Erika Steiner Chief Financial Officer; Keith Epstein, Vice President for Facilities & Infrastructure Planning; Christopher Forster, Controller; Karen Stone, Director of Internal Audit; Michael Kozlowski, Director, Public Affairs & Marketing; Kyle Thomas, Legislative Program Manager; Melentina Pusztay, Director, Budgets and Planning; Ernestine Weaver; Counsel; Erin Fitzgerald, Associate for Board Affairs; Rosalie Butler, Administrative Assistant for Finance

*With a quorum present, Chairman Fleury called the meeting to order at 10:05 a.m. Items were discussed out of agenda order, with consent of all Committee members.*

**1. APPROVAL OF MINUTES FROM THE DECEMBER 9, 2014 MEETING**

*The minutes of the December 9, 2014 meeting were unanimously approved, as written.*

**2. INFORMATION ITEMS**

**A. Chief Financial Officer at Southern Connecticut State University**

Upon the occasion of his retirement this month, CFO Steiner gave thanks to SCSU Executive Vice President James Blake for his long and distinguished service to both Southern and the Connecticut State University System. She then introduced and welcomed Southern’s new Executive Vice President, Mark Rozewski, who previously served as Vice President for Finance and Administration at the University of Southern Indiana and as the Associate Provost for Finance and Administration at Rutgers University.

**B. Mid-Year Spending Plan Update and Trend Analysis**

Chairman Fleury turned to CFO Steiner for further explanation. Steiner provided information concerning projections for the current fiscal year, as compared to the BOR approved budget. She reported that on a consolidated basis, the colleges and universities are projecting a \$353,545 loss in FY2015. On a component basis, Steiner indicated FY15 projections are as follows:

	FY15 Projected Net Change
Connecticut Community Colleges	(1,585,296)
Connecticut State Universities	(2,055,011)
Charter Oak State College	2,786,762
Board of Regents	-
Unallocated Funds	500,000
Connecticut State Colleges & Univeristies	<u>(353,545)</u>

Projections include a \$500 holdback of unallocated General Funds at the System Office, lower-than-predicted costs to the System for Fringe benefits and a \$6 million rescission in FY13. The total impact to the System is \$8.4 million.

BOR System Office showed positive net changes for both CCC and CSU, largely attributed to lower operating expenses and holding open vacant positions. Steiner indicated any unexpended and unrestricted funds will be allocated back to the institutions at the end of the year.

Charter Oak State College is projected to be slightly ahead of budget, due to increased enrollments from the Go Back to Get Ahead program and sound management.

Mid-year projections include enrollment levels (headcount) approximately 2% lower than budget.

Unrestricted Net Positions were also provided (approx., as of 6/30/14). Steiner cited levels are at a cause for concern, as reserves dwindle. She cited that a large portion of the universities' reserves are designated for specific purposes, such as CHEFA debt service (for student parking and dormitories).

Steiner responded to Regents' questions regarding what direction had been given to those campuses projecting a loss. She reaffirmed that each campus has been instructed to take necessary action to reach break-even. She advised that as the Governor's proposed budget had just been released the previous day, specific measures to address the shortfall would be provided at the March Finance Committee meeting.

CFO Steiner addressed several of the System's key performance indicators:

- State appropriations in FY15 are still below that of FY08, while costs have increased roughly 5% annually, and while costs are predominantly fixed or semi-fixed. Few discretionary expenses are left to reduce.
- The proportion of tuition and fees to overall revenue has increased over time
- Continued downward enrollment trends have negatively impacted overall revenues
- When adjusted for inflation, the System Office consolidation is projected to have yielded approximately \$7.9 million in personnel costs through FY15
- Full-time faculty to student ratio is up slightly due to hiring an additional 176 instructional faculty at the Universities. Of those 176, 112 faculty hires were made possible through additional funding returned by the State in FY14.

### **C. CSUS 2020 Update**

VP Epstein provided an update on the CSCU 2020 program. With the exception of a few bidding delays, projects continue to be largely on schedule. Discussion followed on energy efficient buildings and the contradicting high cost to operate them. VP Epstein also offered that a pro forma was being developed to determine the affordability of new buildings, in conjunction with programmatic need.

### **D. CFO's Report to the Finance and Infrastructure Committee**

CFO Steiner discussed the Governor's budget recommendations for FY16 and their impact to CSCU. FY16 Current Services budget came in \$47 million less than requested. OPM did not permit BOR to submit Expansion Options. No funding is provided for early college programs, developmental education, campus security chiefs or academic advisors.

Steiner responded to Regents' questions regarding the possible impact on tuition, projecting single digit increases of 7-8% at the universities and perhaps as much as 15-

16% at the colleges. Similar impacts would be felt in the form of potential staff layoffs and reduction in academic programs. Alternatives must be considered rather quickly, as tuition for academic year 2016-17 will be set at the March 26 BOR meeting.

### **3. ACTION ITEMS**

#### **A. Resolution Naming the Grand Walkway of the Visual and Performing Arts Center at Western Connecticut State University in Honor of The Savings Bank of Danbury**

Chairman Fleury congratulated Western and turned to President Schmotter and VP Loughran for further explanation. The Savings Bank of Danbury and its President have had a longstanding relationship with WCSU and its Foundation. In return for its \$105,000 gift, the Bank has requested that \$50,000 to \$70,000 of its donation be applied to student intern support, with the remaining designated to greatest need as determined by the WCSU Foundation.

*The Resolution was approved on a motion by Regent Balducci, seconded by Regent Greco.*

#### **B. Resolution Naming the former Alumni Hall and honors Program the Irfan Kathwari Honors House and the Home of the Kathwari Honors Program**

President Schmotter gave background on the Honors Program, explaining it currently enrolls over 200 undergraduate students across all four schools. The \$1 million donation from the Irfan Kathwari Foundation will be used to establish an endowment to support the Honors Program at Western.

*The Resolution was approved on a motion by Regent Balducci, seconded by Regent Greco.*

#### **C. Resolution concerning Reallocation of CSCU 2020 FY17 Design Funds for Sports Center Addition, and Goddard Hall Renovation Project Phase I at Eastern Connecticut State University**

Chairman Fleury turned to VP Epstein for further explanation. He indicated that Goddard Hall houses the core of the liberal arts program at ECSU and has not undergone any comprehensive modification since opening in 1968. Similarly, the Communications Building opened in 1974 with no major renovations. Both have reached the end of their useful life and neither is energy efficient. While Goddard Hall improvements has funding for renovations within the CSCU 2020 program, the Communications Building does not. Recognizing these as priority projects, President Nunez has requested that Funding of \$20,334,000 for renovations to Goddard Hall occur within the CSCU 2020 program in FY

2014, FY 2015 and FY 2016. The FY 2014, FY 2015 and FY 2016 funded “Goddard Hall Renovation” project will be renamed “Goddard Hall & Communications Building Renovation – Phase I”; and \$11,048,000 for design of the Sports Center Addition and Renovation project from CSCU 2020 in FY 2017 will be reallocated to the new “Goddard Hall & Media Building Renovation – Phase II” project.

The reallocated funds for Phase II of the Goddard Hall project will allow for comprehensive renovations and improvements to both facilities. Funding for renovations and additions to Eastern’s Sports Center will be viewed as a future priority project.

This CSUS 2020 program funding reallocation request is more than 5% of either project cost, and, pending Board of Regents approval, requires a legislative modification to the CSCU 2020 program.

Pending a legislative modification to the CSCU 2020 program, The Goddard Hall Renovation project funding in FY 2014, FY 2015 and FY 2016 will be renamed the Goddard Hall & Communications Building Renovation – Phase I, and \$11,048,000 is authorized to be reallocated in FY 2017 from Eastern’s Sports Center Addition and Renovation project to the Goddard Hall & Communication Building Renovation - Phase II.

*The Resolution was approved on a motion by Regent Balducci, seconded by Regent Greco.*

#### **D. Resolution concerning Online Course Waivers**

CFO Steiner provided historical background regarding how fee waivers for online courses were established by the predecessor Board of Trustees for the Connecticut State University System (BR08-45). A recent review of policy was undertaken, alongside the statutory language dictating waiver eligibility (CGS 10a-99). With regard to all State residents delineated in the statute, full waivers should be made available for online education, undifferentiated from classroom courses.

*The Resolution was unanimously accepted on a motion by Regent Balducci, seconded by Regent Greco.*

#### **E. Resolution concerning CSU Out-of-State Student Scholarships**

CFO Steiner explained that the Connecticut State Universities propose to charge any student for whom a University is providing a full scholarship (tuition, fees room and board) at the resident rate, by applying a waiver for the difference between in-state and out-of state tuition and fee rates. The difference between resident and non-resident rates is rendered immaterial, because the institution is paying itself. CCSU President Miller

added that applying this waiver would allow for more financial aid for other students, student athletes and non-revenue generating sports. If accepted, this pilot program will be in effect for the next two academic years and subsequently be reviewed for extension.

*The Resolution was unanimously accepted on a motion by Regent Balducci, seconded by Regent Greco.*

*With no other business to discuss, the meeting was adjourned at 11:45 a.m.*