

**MEETING OF THE  
FINANCE & INFRASTRUCTURE COMMITTEE**

Board of Regents for Higher Education

Thursday, March 6, 2014, at 9:30 am

61 Woodland Street, Hartford CT

**Minutes**

**REGENTS PRESENT**

Matt Fleury, Chair, Finance Committee

Richard Balducci

Gary Holloway

Stephen Adair, FAC

**REGENTS ABSENT**

Renè Lerer

Catherine Smith

**CONNSCU REPRESENTATIVES**

Gregory Gray, President, BOR; Jack Miller, President, CCSU; Ed Klonoski, President,

COSC; Dorsey Kendrick, President, GCC; James Blake, Executive Vice President,

SCSU; Charlene Casamento, Chief Financial Officer, CCSU; Louis D'

Antonio, Dean of Administration, GCC; Jim McDowell, Dean of Administration, MCC;

David Sykes, Dean of Administration, MxCC; James Howarth, Vice President for

Finance & Administration, ECSU; Cliff Williams, CFO, COSC; Paul Martland, Dean of

Administration, QVCC; Michael Lopez, Dean of Administration, TRCC; Paul Reis, Vice

President for Finance & Administration, WCSU; James Troup, Dean of Administration,

NVCC; Darlene Mancini-Brown, Director of Facilities Management, MCC

**CONNSCU STAFF**

Erika Steiner Chief Financial Officer; Liz Caswell, Chief of Staff; Keith Epstein, Vice

President for Facilities & Infrastructure Planning; Karen Stone, Director of Internal

Audit; Director of Capital Projects; Kyle Thomas, Legislative Program Manager;

Melentina Puszta, Interim Budget Director; Erin Fitzgerald, BOR Secretary; Rosalie

Butler, Administrative Assistant

**GUESTS**

Jacqueline Rabe Thomas, CT Mirror

Kerry Kelley, OPM

*With a quorum present, Chairman Fleury called the meeting to order at 9:45 am.*

## **1. APPROVAL OF MINUTES FROM THE NOVEMBER 12, 2013 MEETING**

*The minutes of the November 12, 2013 meeting were unanimously approved, as written.*

## **2. INFORMATION ITEMS**

### **A. FY2014 Second Quarter Financial Report**

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 the colleges and universities are projecting a \$5.3 million loss in FY2014, compared to a budgeted loss of \$760,000. This is largely due to decreased enrollment, which has lowered overall tuition and fee revenues by \$15.5 million when compared to budget. Further contributing to the loss is a \$1.2 million projected reduction in State appropriations compared to budget, significantly higher fringe benefit costs due both from conversion of employees from the Alternate Retirement Plan to the State Employees Retirement Plan and from increased medical and other costs, and higher than anticipated financial aid expenses. Offsetting are lower personnel costs due to delayed hiring, and a decrease in other expenses with the universities coming in at \$2.9 million lower than budget, as management continues to tighten controllable expenses.

### **B. FY2015 State Appropriation Distribution Models**

Chairman Fleury turned to CFO Steiner for further explanation. Steiner outlined how the System receives its allocation in four distinct block grants for the universities, colleges, Charter Oak and BOR System Office. Discussion followed on the requirement to refresh the university model every two years; the evolution and differences between the college and university models and the need for an updated formula to provide more budgetary control and transparency. Committee members heard commentary from campus Presidents, Vice Presidents for Finance and Deans of Administration.

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

Chairman Fleury offered congratulations to Keith Epstein on his promotion to Vice President for Facilities, Real Estate and Infrastructure Planning. CFO Steiner explained that as part of the Senate Bill 30, \$60 million had been designated in new funds for a program called Transform CSU 2020. Bond opportunities will be afforded to not only the universities, but to the community colleges as well. VP Epstein further explained how current CSUS 2020 funds will be reallocated to the State Universities for capital projects and master planning. Monies will also be allocated to deferred maintenance at the community colleges. Discussion followed regarding alignment with academic and strategic planning.

### 3. ACTION ITEMS

#### A. FY2015 Tuition and Fees for the Connecticut State Colleges and Universities

Chairman Fleury spoke briefly about three major drivers for the establishment of tuition and fees: The cost of running the system; the amount of state appropriations; and the level and cost of enrollment in the colleges and universities.

He turned to CFO Steiner for further explanation. She cited the Board of Regents commitment to making a sustainable, affordable, world-class system of higher education. Factors in setting tuition include significant reductions in state funding in recent years, offset by cost reductions in areas where we control expenses; by using reserve funds; and through increases in tuition. None are sustainable in the long term and tuition increases make it difficult for students and families to plan effectively. Re-investment is required now to mitigate tuition increases and advance the strategies needed for a more competitive, efficient system that merits support and is always financially accessible to our students.

Steiner further explained the process by which BOR management, OPM and the Governor devised a plan to support the seventeen institutions and enable a tuition increase to its lowest level in 15 years, 2%.

The funding is dependent upon final legislative approval of the Governor's proposed mid-term budget, including the funding for initiatives such as the "Go Back to Get Ahead" program to generate enrollment and create additional revenue.

The 2% increase in tuition represents a \$179 per semester increase for Undergraduate In-state Connecticut State University students and a \$4.00 per credit increase for In-state students at the Community Colleges.

*FY2015 Tuition & Fees were unanimously approved on a motion by Regent Balducci, seconded by Regent Holloway.*

#### B. Use of Reserves at Charter Oak State College

CFO Steiner and COSC President Klonoski explained how Charter Oak State College is poised to spearhead the marketing efforts of the System's Go Back to Get Ahead program, an integral part of the first phase in the Board's strategic plan. Governor Malloy has proposed funding in his Fiscal Year 2015 Midterm Budget Adjustments. The Governor's proposal has not yet been approved by legislators; however the Go Back to Get Ahead program has received support from numerous members of the State's General Assembly.

In order for the system to attract students into the program beginning in the Fall of 2015, it is critical that the marketing campaign begin now. However, funding for the program

will not be provided until July 1, 2015. This will require expenditure prior to the receipt of funds. Charter Oak has estimated total marketing expenses of approximately \$2 million, of which \$600,000 is needed in Fiscal Year 2014, but is not included in the Fiscal Year 2014 Operating Plan. At June 30, 2013, the Unrestricted Net Position at Charter Oak State College was \$1,314,655. Charter Oak will be reimbursed in Fiscal Year 2015 and must set this reimbursement aside in order to replenish the Unrestricted Net Position in Fiscal Year 2015. Any remaining marketing expense will be included in the Fiscal Year 2015 Operating Plan.

*The use of reserves was unanimously approved.*

### **C. Funding Reallocation for the Fine Arts Instructional Center at Western Connecticut State University**

VP Epstein explained that the Fine Arts Instructional Center will be substantially complete in April of 2014, with occupancy as early as July 2014. The Department of Construction Services indicates that of the approximately \$80.6 million in construction funds, construction will be complete approximately \$1.5 million under budget. WCSU asks that \$950,000 of the \$1.5 million be reallocated to FY12 Code Compliance and Infrastructure Improvement program for other capital needs.

*The funding reallocation was unanimously approved on a motion by Regent Fleury, seconded by Regent Holloway.*

### **D. Resolution concerning Reassignment of Care, Control & Custody of the Long Wharf Campus at Gateway Community College**

VP Epstein gave a brief history of the use of the Long Wharf Campus to date. As the site is currently vacant, GCC intended to relinquish custody of the campus and surplus the site. Having become aware of its availability, SCSU seeks approval to assume custody of the Long Wharf campus in order to perform a feasibility study into relocating their existing Health and Human Services program. Design and construction for such a facility were already included in FY15 and FY18 budgets. Annual cost to secure and maintain the campus is \$200,000 and will be funded from operating funds. Transfer of the site is anticipated for April 1, 2014.

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

### **E. Conservation Restriction for Two Parcels of Land located at Central Connecticut State University**

Director Epstein explained that an error had been made when two parcels of land were transferred to the predecessor CSUS Board of Trustees as part of a 1994 expansion along the Route 9 corridor between Newington and New Britain. Both parcels of land, being primarily sloped and designated as wetlands, are not developable and should have been placed under conservation restriction. The Department of Transportation, having recognized the error, now requests the Board of Regents record a “Declaration of Restricted Use” on the public land records for the two wetland parcels.

*The Conservation Restriction was accepted unanimously on a motion by Regent Fleury and seconded by Regent Balducci.*

*With no other business to discuss, the meeting was adjourned at 11:50 a.m., on a motion by Regent Balducci, seconded by Regent Holloway.*