

**MEETING OF THE
FINANCE & INFRASTRUCTURE COMMITTEE**

Board of Regents for Higher Education
Tuesday, June 23, 2015, at 10:00 a.m.
61 Woodland Street, Hartford CT

Minutes

REGENTS PRESENT

Matt Fleury, Committee Chair
Richard Balducci
Sarah Greco (Telephonic)
William McGurk

REGENTS ABSENT

Catherine Smith

CSCU REPRESENTATIVES

Mark Rozewski, Executive Vice President, SCSU; Lester Primus, Dean of Administration, CCC; Charlene Casamento, Chief Financial Officer, CCSU; James Howarth, Vice President for Finance & Administration, ECSU; Paul Martland, Dean of Administration, QVCC; Sean Loughran, Interim Chief Financial Officer, WCSU

CSCU STAFF

Erika Steiner Chief Financial Officer; Keith Epstein, Vice President for Facilities & Infrastructure Planning; Karen Stone, Director of Internal Audit; Kyle Thomas, Legislative Program Manager; Michael Kozlowski, Director, Public Affairs & Marketing; Melentina Pusztay, Director, Budgets and Planning; Pamela Mikaelian, Associate Director for Budgets and Planning; Rosalie Butler, Administrative Assistant for Finance

With a quorum present, Chairman Fleury called the meeting to order at 10:00 a.m.

1. APPROVAL OF MINUTES FROM THE MAY 12, 2015 MEETING

The minutes of the May 12, 2015 meeting were unanimously approved, with one minor correction.

2. INFORMATION ITEMS

A. CSCU 2020 Update

VP Epstein provided an update on CSCU projects to date. He characterized projects as being largely on schedule and within budget. Projects of note include the Fine Arts Instructional Center at ECSU, opening this winter; the Academic Laboratory building at

SCSU, opening this fall; the Police Station at WCSU, now in the design phase. VP Epstein also cited the need for supplementary funds for Goddard Hall at ECSU, since reallocation of CSCU 2020 funds had not occurred as anticipated.

3. ACTION ITEMS

B. Approval of the FY15-16 Budget for the Connecticut State Colleges and Universities

Chairman Fleury provided context and background for the budget proceedings to date, thanking Committee members for the substantial time they devoted over three days of budget hearings. He turned to CFO Steiner for further explanation. She provided an in-depth recap of budget events, since the Governor released his budget on February 18, 2015. In the absence of a legislative budget proposal, all institutions were asked to present a break-even scenario based on the Governor's budget.

Steiner explained that the Legislature had restored some funding, providing earmarks for specific projects (Veterans' Oases, Racial Profiling studies). This returned funding to a level more closely reflecting the System's original Current Services Request. The proposed budget before the Committee reflects what the institutions preferred to restore, if and when funds were added back to the budget.

Steiner further explained that \$353M (excluding Fringe benefit costs) is being provided to the System in order that it might begin to manage Workers Compensation benefits. This was previously handled by the Office of the State Comptroller. Steiner indicated a discussion with the Office of Policy & Management was needed to better understand the Operating Fund portion of the process.

Steiner indicated the proposed budget was based on Tuition and Fee revenues as approved by the BOR and provided the following key points:

- Personnel costs are expected to increase by 4.2%
- Fringe benefit costs are expected to increase by \$2.3%. This is largely attributable to the increase in retirement costs.
- All institutions will set aside at least 15% of revenue for financial aid (University set-asides may be as high as 24%).
- The majority of the institutions are projecting flat enrollment, with two projecting decreasing enrollment. Community Colleges are making contingent plans, should enrollment decline further. COSC is projecting lower enrollment, due to the one-time boost received from last year's Go Back to Get Ahead program.
- Three institutions have budgeted to utilize reserves:
 - \$2M at WCSU due to negative enrollment results
 - \$1.5M at SCSU for laboratory equipment (set aside for that purpose)
 - \$170K at COSC to establish a new Graduate program (of which \$137k will come from reserves)

CFO Steiner walked Regents through Designated Transfers for revenue and expense items. She then spoke to the institutions' Unrestricted Net Position, indicating the Community Colleges ended the year, better than anticipated, at \$12.3 million (\$11.7 million was projected at mid-year).

Steiner distributed an addendum to the FY16 Budget Staff Report, providing additional information and expected changes in personnel from FY15 to FY16. Steiner explained the attached headcount/salary schedules were based on actual payroll data and simply present a snapshot in time.

Underscoring the volatility of the State budget, Steiner related the Governor's most recent proposal for tax relief, which would reduce funding for all State agencies by 1.5% across the board. She requested the Committee approve the budget presented, with the potential for leeway, in the instance that additional funding cuts of up to 1.5% come to fruition.

Regents expressed concern regarding Community College reserves, salary levels, and access and affordability.

The FY15-16 Budget was unanimously approved on a motion by Regent Balducci, seconded by Regent McGurk.

Chairman Fleury thanked staff for their efforts.

With no other business to discuss, the meeting was adjourned at 11:00 a.m.