

**BOARD OF REGENTS FOR HIGHER EDUCATION
CT STATE COLLEGES AND UNIVERSITIES (CSCU)
Minutes of Finance & Infrastructure Meeting
Wednesday, September 15, 2021
Conducted Via Remote Participation**

REGENTS - PARTICIPATING (Y = yes / N = no)	
Richard J. Balducci, Chair	Y
Felice Gray-Kemp	Y
David R. Jimenez	Y
JoAnn Ryan	Y
Ari Santiago (arrived at 10:07)	Y
*Dr. David Blitz, FAC Vice Chair	Y
<i>*ex-officio, non-voting member</i>	

CSCU STAFF:

CSCU President Terrence Cheng
Ben Barnes, Chief Financial Officer
Ernestine Weaver, Counsel
Pam Heleen, Asst. Secretary of the Board of Regents (recorder)

CALL TO ORDER

Chair Balducci called the meeting to order at 10:03 a.m. Following roll call, Chair Balducci declared a quorum present.

APPROVAL OF PREVIOUS MEETING MINUTES

On motion of Regent Ryan, seconded by Regent Jimenez, the minutes of the June 9, 2021 Finance and Infrastructure Committee meeting were unanimously approved as submitted.

ACTION ITEMS

- 2021-22 Salary Adjustments for Management and Confidential Professional Employees

Chair Balducci and Ben Barnes deferred introduction of the item to CSCU President Terrence Cheng who provided the following comments:

- CSCU is recommending pay increases of 3 to 5 percent for approximately 300 non-unionized and management staff which make up less than five percent of our workforce. The total cost of the increase is approximately \$1.5 million. The proposal provides greater increases to those at the beginning of the range and less to those at the top of the range - 5 percent for those making under \$120,000 per year, 4 percent for those making \$120-170,000 per year, and 3 percent for those making over \$170,000 per year.
- President Cheng noted that non-unionized employees are valued members of the CSCU community, just as important to CSCU operations as faculty and staff. They have gone above and beyond during the pandemic to ensure our colleges and universities open and operate safely.
- In recognition of the realities of CSCU's finances, the recommended increases are less than nonunion state counterparts (3-5% vs 7.5%). Union members received 11% cumulative raises plus a \$2,000 bonus over the last 5 years under the 2017 SEBAC deal.

- The Governor announced that he would provide raises of up to 7.5% to non-union managers, which in combination with the 3.5% provided to state managers in 2019 provided parity with unionized colleagues.
- The proposed raise should also be considered to partially make up for raises already provided to unionized employees at CSCU. Non-union managers have received between 6 ½% and 8 ½% over the 5-year period.
- The proposal in front of you today strikes a sensible balance while making clear the importance of our nonunion employees.
- The proposal is a step toward fairness for non-union employees who have been substantially outpaced in compensation increases by their unionized counterparts in recent years.

Dr. David Blitz stated that he is not opposed to the increases but commented on the perceived inconsistency with the Board's salary proposal to AAUP.

- President Cheng provided a response to Dr. Blitz stating that any specifics of contract negotiations are not discussed in public. Non-unionized employees have not received pay increases at the same rate as unionized employees, as well as being a bit behind the Governor's recent action. We need to disaggregate bargaining from CSCU's ability to recruit and retain talent into management ranks which are essential to the efficient and effective operation of the campuses that ultimately impact faculty, staff, and students.
- Chair Balducci reinforced the President's comments.

On a motion by Chair Balducci and a second by Regent Ryan, the resolution was carried by unanimous voice vote for full Board consideration.

- Acceptance of Gifts - Northwestern CT Community College - Bequest of Wendy Begansky to Ronald Begansky Memorial Scholarship Fund

Ben Barnes explained that the estate of Wendy Begansky provided a gift to Northwestern Community College which via this resolution will be transferred to the Northwestern Community College Foundation to be combined with the already established Ronald Begansky Scholarship.

Regent Ryan stated that Northwestern Connecticut Community College is very grateful to the late Wendy Begansky for her very generous bequest to the college in memory of her husband. Ronald Begansky was the former chairman of Northwest Community Bank and a supporter of the college. The bequest came to the college and now needs to be transferred to the Foundation so that it can be invested for the purpose of creating student scholarships, as well as program support for the newly named scholarship memorializing both Wendy and Ronald. These scholarships will be directed exclusively toward support of NWCC students.

On a motion by Regent Ryan and a second by Regent Gray-Kemp, the resolution was carried by unanimous voice vote for full Board consideration.

- Acceptance of Gifts - Asnuntuck And Tunxis Community Colleges Advanced Manufacturing Programs

Ben Barnes stated that these gifts were from Richard and Marion Leonhardt of six ProtoTRAK milling machines. Mr. Leonhardt is the former President of the company that manufactures the machines. They would benefit the manufacturing programs at Asnuntuck and Tunxis Community Colleges. Their value is \$164,000.

On a motion by Chair Balducci and a second by Regent Jimenez, the resolution was carried by unanimous voice vote for full Board consideration.

- Acceptance of Gift - Gateway Community College - Automotive Technology Program

Ben Barnes stated that this is a donation of a 2020 GMC SUV with a value of \$7,752 from Northwest Hills Chevrolet Buick GMC Cadillac. Gateway Community College will use this for instruction in the College's Automotive Technology Program.

On a motion by Chair Balducci and a second by Regent Jimenez, the resolution was carried by unanimous voice vote for full Board consideration.

INFORMATIONAL ITEMS

- Finance Update - Ben Barnes
 - Finance is monitoring several budget risk areas closely and is developing proposed actions to address concerns. Details will be presented at an October Finance Committee meeting.
 - Enrollment impacts - Final enrollment numbers will take some time based on movement during the two weeks before census date. Projections based on the September 3 progress report and historical patterns indicate revenue shortfalls compared to budget of approximately \$18 million at the universities and \$14 million at the colleges. At the community colleges, there is a pattern of late enrollment which may reduce the shortfall. The shortfalls include the impact of housing and meal plans.
 - At the universities, there were more retirements at the beginning of the school year than expected. Universities are concerned that they may have underbudgeted for the significant payouts due retirees for accumulated leave of approximately \$5 million. There is uncertainty about the projection as most retirements will take place in April/June 2022.
 - We have been notified by the State that their commitment to support student and faculty COVID testing costs comes from a funding source that expires on December 31, 2021. We are exploring whether we can get funding from other sources at the State-level and whether we can get reimbursement from FEMA. Everyone is hopeful that this can be resolved; however, we should consider setting aside resources to ensure that the testing program can be supported through the spring regardless of efforts to find a third-party payor. (Approx. \$1.5 million for the universities and \$2.5 million for the colleges)
 - The total budget risk is about \$40 million. Strategies within each part of the system are being developed to address the shortfall. The university budgets include surplus due to late information about an increase in state assistance for fringe benefits. A combination of spending adjustments and the surplus should address the shortfall at the universities. Within the colleges, there is no built-in surplus to cover their shortfall, but adjustments in allocation of HEERF funds will be explored. They are relatively confident that a directed set of actions can be put forward to address the deficiency in the current year.
 - The budget already includes \$92 million in on-time federal stimulus funds which must be spent by the end of FY 2022. We might be able to carry some funds forward into FY2023 if the federal government gives us an extension.
 - We will be facing a fiscal cliff in FY2023 which may be larger if we use federal stimulus funds to address the current year deficit. Longer-term solutions are significant and involve efforts to restore enrollment, working with state government to assist in maintaining and perhaps expanding the level of support they generously provide, and a limited number of spending items that are achievable in the upcoming year. Chair Balducci reinforced that the federal stimulus funds are "one shot dollars" that terminate at the end of FY2022.

- Regent Jimenez asked if the revenue shortage from declining enrollment is what we expected or greater than expected. Ben Barnes responded that declining enrollment is slightly less than last year (declines of 10% in universities and 17% in the colleges). This year, we budgeted for flat enrollment at the universities and 5% growth in the colleges. The late development of the delta variant has limited our recovery.
- Dr. Blitz asked for clarification of funding for Guided Pathways advisors in FY2023. Ben Barnes provided a broader answer stating that we clearly do not have the revenue to fund all operations in FY2023. Unless we see an improvement in enrollment or a significant expansion of state or federal assistance, we will have to make significant reductions in the scale and/or scope of the System. We will have a revenue shortfall of double-digit percentages and will have to make deep and painful reductions to the services we provide. The Guided Pathway Advisors is one area of uncertainty, but a minor element of the problem. The major issue is that we do not have enough students enrolled to support our institutions. We must continue to maintain accreditation and effective functioning through the merger into CT State, ensure sufficient enrollment to cover our expenses, and have sufficient housing and meal participation to support our operations. As Guided Pathways is one of the most promising ways to grow enrollment, it is worth implementing. Dr. Blitz questioned the wisdom of hiring 78 Guided Pathways Advisors.
- President Cheng noted the importance of hiring advisors and our ability to retain students if we don't hire them. Success and completion rates and academic momentum, especially at the colleges, is reliant on the level of resources we provide for students.
- Dr. Blitz stated that given the current climate, he believed that the number of faculty retirements at the universities has been underestimated. President Cheng asked Dr. Blitz to provide any evidence/information about potential retirements that could assist Finance staffs in making more precise projections.
- Chair Balducci stated that an update with more accurate projections and proposals to address shortfalls will be provided at the October Finance Committee meeting.
- CSUS Semi-Annual Report on Capital Projects - Keith Epstein
 - CSU2020 program was the primary bond fund source for the universities. As of last year, CSU had exhausted all the funds in terms of what was to be received from the State and we are spending "old" funds at this time.
 - The last project for the community colleges is an Advanced Manufacturing Facility at Spring Lane and will be complete in 6 months.
 - \$71 million has been expended since the last report. Approximately \$190 million remain in the program; much remains pending on current projects, including CCSU's Burritt Library, a new engineering building at Central, a new \$50 million business school at SCSU, and a Health & Human Services facility. The remaining funds will take about three years to spend down.
- Executive Committee Action - Acceptance of Gateway Community College Gift
 - Ben Barnes stated that the Executive Committee is empowered to act when time is of the essence. The acceptance of a gift to Gateway Community College's Automotive Technology Program of a 2020 Chevy Equinox was handled at the August meeting of the Executive Committee to meet the requirements of the donor.
- Adjournment
 - On a motion by Regent Ryan, seconded by Regent Gray-Kemp, the meeting adjourned at 10:49.*