

**BOARD OF REGENTS FOR HIGHER EDUCATION
CT STATE COLLEGES AND UNIVERSITIES (CSCU)
Minutes of Finance & Infrastructure Meeting
Wednesday, October 13, 2021
Conducted Via Remote Participation**

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

CSCU STAFF:

Ben Barnes, Chief Financial Officer
Pam Heleen, Asst. Secretary of the Board of Regents (recorder)

CALL TO ORDER

Chair Balducci called the meeting to order at 10:00 a.m. Following roll call, Chair Balducci declared a quorum present.

APPROVAL OF PREVIOUS MEETING MINUTES

On motion of Regent Jimenez, seconded by Regent Ryan, the minutes of the September 15, 2021 Finance and Infrastructure Committee meeting were unanimously approved as submitted.

ACTION ITEMS

Adoption of Revised CSCU Distribution Model for CSU State Aid

Ben Barnes presented the item and provided the following comments:

- CSCU receives 3 block grants - one for the community colleges, one for the universities, and one for Charter Oak. Though the 2009 BOR policy requires that CSCU review the model biennially, a review has been conducted annually. The review has seldom led to changes in methodology given the challenges in reallocating resources among institutions with ongoing budget challenges.
- This year, in the context of a \$22.5 million state support for fringe benefits coupled with unprecedented enrollment challenges, the universities and system office undertook a thorough review of all aspects of the distribution model.
- The existing Distribution Model includes several components:
 - Base funding of \$6.5 million to each university
 - Additional funding for specified items based on past action by the legislature to fund a particular activity at a university
 - Variable funding based on student counts, with additional weighting for in-state students and excluding part-time students
 - Distribution of State fringe-benefit assistance based on student counts on the same basis as the variable funding.

- The proposed distribution of the General Fund Block Grant includes:
 - Increase base funding to \$11 million (excluding fringe) to cover basic costs of university operations.
 - Eliminate all funding for specified items. If the legislature passes new mandates for specific items, they will need to be accommodated.
 - The change to variable funding is to include the full-time equivalent of part-time students in the calculation. The recommendation is for each university to be provided with a variable block grant proportionally based on three-year rolling average of full-time-equivalent (FTE) of full-time and part-time students enrolled in most recently closed fiscal years.
 - The method to allocate fringe benefit support from the State has been changed. Previously, the method was based on enrollment; now, it will be based on the cost of fringe benefits at each campus.
 - If the additional operating fund fringe benefits provided for in this biennial budget are discontinued or restructured or if there are other substantial changes to the State aid received by CSCU, we will need to revisit this spending model.
 - Regent Jimenez reinforced that Ben Barnes' statement that every University President and CFO agree with this new model. Ben Barnes noted that neither Charter Oak nor any of the Community Colleges are involved with this distribution formula. The current Community College distribution model will end when the merger to CT State is complete in fiscal 2024.
 - Regent Jimenez asked who was on the CSU Distribution Model Review Committee. Ben Barnes stated that he, the University CFOs, Melentina Pusztay, and additional staff support comprised the Committee. Final recommendations were brought to the four University Presidents before coming to the Finance Committee.
 - Professor Blitz expressed concern that there was no limit placed of the portion of the block grant that will continue to be assessed to support System Office operations and suggests that there should be a fixed percentage of revenue allowed to limit System Office growth. Ben Barnes indicated that there has been no growth for the past several years in the System Office operations that support the universities. The dollar amount for the System Office operations in the CSU model went down or flat in this year's allocation. The growth that Professor Blitz refers to is in the EMSA shared services areas and represents individuals who previously worked on community college campuses. Professor Blitz indicated that the numbers supporting CFO Barnes' references would be helpful.
 - Professor Blitz asked if there were any projections as to what will happen to the "additional fringe benefits" after FY2024. CFO Barnes indicated that there were no projections but did share with the Committee the request process he will go through for the next biennial budget.
 - For a later time, Professor Blitz asked Ben Barnes what would be needed from the State to fully fund the universities. He also expressed his disappointment at the lack of detail in comparison data in the Staff Report.
 - Regent Jimenez stated that he disagreed with Professor Blitz's first concern and didn't believe that it was appropriate at this time to require limits on System Office operations as the organization continues to evolve with the Students First initiative and the accreditation process. He is confident that any review or assessment of funds for the System Office will be done with the same transparency and brought before the BOR in a public meeting.
 - Regent Jimenez stated that he was very pleased that the review of this new distribution model was so inclusive (with the CFOs and Presidents of the universities). It was well thought and well developed.

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

Revised Spending Plan for Universities and Community Colleges

- Ben Barnes provided an introductory comment that the revised spending plans did not affect Charter Oak as they are on track to meet their enrollment targets. Additionally, he stated that the reason we needed to proceed with the revised spending plan is that enrollment targets for the fall were not met.
- CFO Barnes reviewed the enrollment data presented in the Staff Report (pg. 11 of packet). Significant decline in revenue will result from missing enrollment targets.
- Other changes that are reflected in the revised plan include:
 - Changes to part-time staffing budgets at colleges and universities
 - Updated information concerning fringe benefit support from the State
 - Changes in use of HEERF funds to support the budget at both colleges and universities
- CFO Barnes continued to summarize the impact of the proposed budget adjustments on operating results at each university (pg. 12 of packet). He pointed out the significant accomplishment in bringing back students to campus as reflected by the increase in housing and food service revenue. In the case of community colleges, there has been significant decline in tuition and fees (pg. 16 of packet).
- Regent Jimenez asked what process was followed and who was involved in the development of the revised spending plan. Ben Barnes indicated that revised university spending plans were developed and submitted by the individual universities; system office staff involvement was limited to compiling their information. Universities leadership indicated earlier in the summer that revisions to their spending plans would be necessary based on the projections for enrollment. For the community colleges, the budget directors for each region worked with System Office staff to identify spending plan revisions by campus. The campuses were asked to build in COVID testing costs for the spring as there is no commitment from the State to cover them past Dec. 31, 2021. A uniform methodology was developed by the System Office and region budget offices. The revisions to staffing and operating expenses were developed by each campus in conjunction with the regional budget staff and submitted to the System Office. The System office did not change the data other than to reallocate the HEERF funds to bring individual campus deficits back into balance.
- Regent Jimenez asked about the statement in the resolution concerning each institution's commitment to adhere to expenditure control within the spending caps established. CFO Barnes indicated that each institution developed the levels of spending and put into place the controls to adhere to them.
- Professor Blitz repeated his concerns for the funding for Guided Pathways. CFO Barnes indicated that his staff is reviewing the Guided Pathways projected expenditures as they have learned more about the requirements to receive State pass-through ARPA grant funds. The mid-year budget review will include new information about our intention to use these funds for Guided Pathways.
- CFO Barnes continued by stating that in times of fiscal distress, decisions must be made by the Board of Regents to prioritize spending. The Board may be faced with these difficult decisions in Spring, 2022 for both universities and community colleges as we try to balance the budgets.

- Professor Blitz believes that Guided Pathway projections for increased revenue based on student retention, persistence, and completion are unrealistic. Chair Balducci reinforced Ben Barnes' statement that projections will be reviewed in the spring. CFO Barnes also pointed out that a revenue and cost model for the community colleges is in development.
- CFO Barnes commented on the difficulty in making projections. COVID has made it difficult to understand how enrollment will respond and recovery. Regent Jimenez noted that the Board trusts that the people who are putting the projections together have a much better degree of information and professional judgment about enrollment, expenses, student-related costs, and the cost of providing Guided Pathways because it is their job. The Board's job is governance and monitoring, not second guessing the professionals.

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

INFORMATIONAL ITEMS

- Pam Heleen presented a revised policy, staff report, and resolution to solicit comments. This project was under way in October 2019 under review by the Naming Policy Review Workgroup but has not met since 2019. The Community College policy is 15 years old, and the CSU policy is 12 years old. The new policy streamlines the former policy and provides flexibility and ownership for donor development under the CSUs, Regional Presidents and Campus CEOs. She reviewed the chronology of work done, provided a summary of significant changes and improvements, and requested feedback within 30 days.

ADJOURNMENT

On a motion by Regent Jimenez, seconded by Regent Ryan, the meeting adjourned at 11:12.