

**MEETING OF THE  
FINANCE AND INFRASTRUCTURE COMMITTEE**

Board of Regents for Higher Education

Wednesday, October 3, 2018

10:00 a.m.

61 Woodland Street, Hartford, CT

**Minutes**

**REGENTS PRESENT**

Richard Balducci, Committee Chairman

Del Cummings

David Jimenez (Telephonic)

JoAnn Ryan

**REGENTS ABSENT**

Felice Gray-Kemp

Catherine Smith

**CSCU STAFF PRESENTING**

Mark Ojakian, President; Erika Steiner, Chief Financial Officer; Keith Epstein, Vice President, Facilities, Real Estate and Infrastructure Planning

*With a quorum present, Chairman Balducci called the meeting to order at 10:05 a.m.*

**1. Approval of Minutes from the August 14, 2018 Meeting**

*On motion by Regent Jimenez, seconded by Regent Ryan, the minutes of the August 14, 2018 meeting were approved as submitted.*

**2. Information Items**

**2A. CSCU Discussion regarding Tuition and Fee Policies**

President Ojakian recognized the committee's readiness to begin open discussions on new tuition ideas for the future. Over the years, tuition and fee rates were treated as the last variable after state funding and cost of operations, in balancing our budgets. It made it difficult for students and their families to plan for the cost of education. Therefore, the Board approved in principal, that tuition and fee rates would be established as a first in terms of budget considerations.

Tuition and fee adjustments are typically submitted to the Board for approval within the first quarter of each calendar year, to be put into effect for the following academic year. The CSCU management has begun to identify various options to consider that warrant further discussion.

- Tuition/fee freeze to hold tuition and fees flat for a set period of time.
- Tuition/fee flat rate guarantee for 3 years (colleges) and 5 years (universities) for the duration of a student's education, provided they are attending full-time.
- Free education for all colleges and universities with established criteria to qualify.
- Tuition and fee rebate for students who complete. Upon graduation, refund to students some percentage of their cost of education.
- Last semester free would "forgive" ¼ of the cost of education for a full-time college student and 1/8 the cost for a university student.
- Statewide "Promise" program. The State currently has a few city-based Promise programs, but no statewide effort or state funding.

The options identified warrant discussion and further evaluation in order to make informed decisions. Each campus is developing their own process and best practices with consultants. Over the next several months, input from stakeholders on all campuses will be solicited.

President Ojakian announced that Connecticut became the first state in New England to offer free classes to SNAP (federal Supplemental Nutrition Assistance Program) students at all twelve Community Colleges. Individuals who qualify for SNAP can complete coursework, for free, in over 60 programs with high industry demand including Advanced Manufacturing, Allied Health and Emergency Medical Response. Capital Community College was the first CSCU institution to implement this initiative more than 10 years ago.

## **2B. CSCU 2020 Update**

VP Epstein provided an update on the status and progress of CSUS 2020 campus projects and programs. Renovations and expansion of Willard and DiLoreto Halls on the campus of Central is near completion. Renovations to Goddard Hall/Communications Building on the campus of Eastern will be completed this Fall and Higgins Hall renovations on the campus of Western is still under construction. With the exception of the three major projects that are still under construction, the existence of the CSUS 2020 program will end in 2019.

Expansion of new space for the Advanced Manufacturing Technology Program at Asnuntuck CC has been completed to accommodate the ever-increasing demands for the program. The College now has 1,200 sf of new welding, 3,650 sf for the machining program and 8,500 sf dedicated to electro-mechanical programs. A ceremonial program is scheduled for October 4, 2018 in celebration of the expansion of the facilities.

## **3. Action Items**

### **3A. CSCU – FY20/FY21 Biennium Expansion Items**

Under its statutory authority, the Board of Regents reviews and approves the CSCU budget requests and prepares and submits a consolidated system request to the Secretary of the Office of Policy and Management (OPM). At the August 23<sup>rd</sup> meeting, the Board approved submittal of

the Baseline Operating Budget and the Capital Budget as required by OPM. OPM also provides for the opportunity to modify the baseline level of revenue or expenditures for possible inclusion in the final recommended budget.

Accordingly, CSCU management is requesting budgetary expansion for three items that are the most pressing areas requiring additional funds for the system. 1) Covering of the deficits projected under the baseline budget submittal 2) Support community college student outcome initiatives under the umbrella of Guided Pathways and 3) Support university students with adequate staffing of advisors/counselors.

Greg DeSantis, Interim Executive Director of the Student Success Center and Academic Initiatives, provided an overview of the Guided Pathways program, a national model that helps more students efficiently complete credentials, transfer, and attain jobs in the labor market. The approach ensures that all students develop an academic plan early in their college experience, have a clear road map of the courses they need, and receive consistent support to help them stay on track. CSCU is committed to using Guided Pathways to improve student retention and completion. A critical component of the program will require the hiring of advisors/coaches.

In order to implement the Guided Pathways program, supplemental funding would be required. CFO Steiner reviewed the financial aspect and the need for \$4.1M for FY20 and \$8.7M for FY21. The proposal calls for approximately 10,000 students each year who will be required to take a First Year Experience (FYE) course. Assuming 25 students per section, additional faculty would be required.

Similar to the above request for support personnel for the colleges, the universities are understaffed for advisors. It is important to maintain the right number of professional advisors/counselors to ensure students stay on track and complete their education in a timely manner.

These three items total \$41.4M and \$71.2 for FY20 and FY21 respectively, including the impact/delay for the implementation for the first year of the biennium. The System has been defunded by approximately \$77.6M since FY15 and has absorbed wage and fringe benefit increases over that period. It is imperative that adequate fiscal support is provided.

Re-investment in public higher education would serve Connecticut well in supporting the growing needs for an educated workforce.

*On motion of Regent Jimenez, seconded by Regent Ryan, the Resolution concerning CSCU – FY20/FY21 Biennial Budget Expansion Options was unanimously approved.*

*There being no further business, on motion of Regent Ryan, seconded by Regent Jimenez, the meeting adjourned at 11:35 a.m.*

**ITEM – INFORMATION ONLY**

CSCU – Discussion regarding Tuition and Fee Policies

**BACKGROUND**

CSCU is committed to remaining a system of institutions that are affordable and accessible to Connecticut students.

Tuition and fee adjustments are typically submitted to the Board for approval within the first quarter of each calendar year, to be put into effect for the following academic/fiscal year. Two years ago, the Board approved a two-year tuition and fee adjustment, and last year was the second year of that arrangement.

Over the years, tuition and fee rates were treated as the last variable, after considering state funding and cost of operations, in balancing our budgets. The resulting variation in tuition and fee adjustments made it difficult for our students and their families to plan for the cost of education. Therefore the Board approved that in principal, tuition and fees are established as a first, not a last, factor in terms of budget considerations. Further, the system made a two-year commitment for tuition and fee increases in order to provide more stability and transparency to our students and their families.

This discussion item focuses on additional policy considerations for establishing tuition and fees in the future, in advance of a new state administration taking effect and in advance of the Board's deliberation on setting tuition and fees for the next several years. Rather than viewing tuition and fee decisions in isolation, we believe that policy and strategy should frame the decisions made in the next decade.

There are many models to explore and CSCU management has begun by identifying various options to consider in the next calendar year.

**DISCUSSION**

The following are among options identified warranting further discussion:

1. **Tuition/fee freeze** – hold tuition and fees flat with the FY19 rates. This would create a predictability of the cost of education for a set period for our students and their families.

For the next biennium (and provided that the state approves our Expansion Options request to support a break even budget), this can be quantified by the annual increase assumptions (2.0%, 4.0% and 4.0% for CCC, CSU and COSC resp.) in tuition and fees in the model. We

note that these are just modeling assumptions; the Board approves the tuition and fee rates early in the calendar year for each new academic/fiscal year. The following further assumes flat enrollment during the next two years, which although has not been the system trend, is supportable by the many enrollment enhancement programs (e.g. Guided Pathways, TAP) contemplated in the near future (\$ millions):

<b>Data from Baseline Operating Budget</b>				
	<b>CSU</b>	<b>CCC</b>	<b>COSC</b>	<b>CSCU Total</b>
FY19 Tution	170.7	125.3	9.5	305.4
FY19 Fees	181.4	57.3	0.7	239.3
FY19 Institutional Aid	(41.4)	(17.8)	(0.0)	(59.2)
<b>Total FY19</b>	<b>310.7</b>	<b>164.7</b>	<b>10.1</b>	<b>485.6</b>
FY20 Tution	177.5	127.8	9.9	315.1
FY20 Fees	188.2	58.4	0.7	247.3
FY20 Institutional Aid	(43.0)	(18.2)	(0.0)	(61.2)
<b>Total FY20</b>	<b>322.7</b>	<b>168.0</b>	<b>10.5</b>	<b>501.2</b>
<b>Delta from FY19</b>	<b>12.0</b>	<b>3.3</b>	<b>0.4</b>	<b>15.7</b>
FY21 Tution	184.6	130.3	10.3	325.2
FY21 Fees	195.3	59.6	0.7	255.6
FY21 Institutional Aid	(44.8)	(18.5)	(0.0)	(63.3)
<b>Total FY21</b>	<b>335.2</b>	<b>171.4</b>	<b>11.0</b>	<b>517.5</b>
<b>Delta from FY19</b>	<b>24.5</b>	<b>6.7</b>	<b>0.8</b>	<b>31.9</b>

The delta from FY19 would be required to hold tuition and fees flat, or \$15.7M and \$31.9M in FY20 and FY21 respectively.

2. **Tuition/fee flat rate guarantee for 3 years (colleges) and 5 years (universities)** – hold tuition and fees flat for the duration of a student’s education, provided that they are attending full-time. This would ensure full predictability of the cost of education for anyone seeking a degree within a reasonable period of time, and encourage students to finish faster in order to take advantage of the rates. This would also require careful consideration of rates charged to incoming freshman to ensure that they are not covering the flat rates for the preceding students.
  - a. Another rate guarantee may be considered for TAP students who have completed a program at a community college and are transferring to one of our 4-year institutions to pursue a bachelors degree. We may consider flat or reduced rates for the remaining 2 years.

In order to quantify a flat rate guarantee, we would look at the number of freshman as a cohort and track the persistence rate and the years to graduate. Assumptions would need

to be made regarding the number of students per year who would qualify to have tuition held, and further assumptions would need to be made regarding the standard tuition and fee rate changes in each of those years.

3. **Free education** – this would be ideal for our students but costly to the state. The concern here is that the state already realizes great financial strains. To guarantee free education, the state would need to continue to fully subsidize in-state students during a time when budgetary concerns may prohibit that type of funding. We note that at our community colleges, 26% of students are currently full-Pell recipients and therefore do not pay anything out-of-pocket for tuition and fees. We also note that at most states “free education” has a number of restrictions and rules in order for a student to qualify.
  - a. In New York, a student must be a resident, first-time, full-time students- and the free college is only available to families earning under \$125,000. They also must stay in state for the same number of years that they received free education.
  - b. In Rhode Island, in order to qualify for free education, a student must be a resident, full-time student, an immediate high school graduate, and they must stay in-state after education. Also, Pell awards are the first dollar, and the state subsidizes the differential.

In order to quantify the cost to the system of providing “free education” the program would need to be defined in greater detail, e.g. full time or all students, Pell first or last dollar, family income a factor or not,... and the corresponding data would need to be collected.

4. **Tuition and Fee Rebate for Students who Complete** – upon graduation, refund to students some percentage of their cost of education. This option is attractive because it matches the tuition and fee policy with the objectives of the system, and that of the state. This would encourage students to complete, and probably encourage them to complete as quickly as they can. We may or may not want this option to expire after a certain number of years – both features have some attractive qualities. Also, we would want to assign a rebate percentage that provides enough incentive to complete, but recognize the financial implications to the system.

In order to quantify the cost of a rebate program, we would calculate the expected completion rates along a timeline, and the expected tuition and fee rates that would be in existence during the period. The program would need to define whether the years to complete are limited/unlimited, available to full-time and/or part-time students, etc.

5. **Last Semester Free** – this would “forgive” 1/4 of the cost of education for a full-time college student and 1/8 the cost for a university student. This would provide similar incentives to students to achieve the free credits, but may not result in the completions as does 4. above.

The data required to quantify this option is similar to 4. above and includes the average number of units expected as a last semester, and the years over which that needs to be spread.

6. **Promise Programs** – this would require coordination among CSCU, SDE and state funding. Several states throughout the country, and most notably Tennessee, Indiana, and Oklahoma, have established “Promise” programs whereby they begin work with grade school, middle school, or high school students to incentivize the students and their families to strive for a fully-paid higher education. The students are required in most cases to attend classes, perhaps take college preparatory courses, and to maintain an acceptable level of behavior (i.e. stay out of trouble).

Connecticut currently has a few city-based Promise programs, but no state-wide effort or state funding. States that support Promise set aside funds to ensure they are available when the students succeed through high school and enter into college.

Data will need to be gathered from model states to estimate the number of students who may succeed in their Promise program in order to quantify the potential cost to Connecticut.

## CONCLUSION

The options identified above are only a sample of those which we believe warrant discussion and further evaluation in order to make informed decisions, to communicate with the new state administration, and to continue to serve our students with high quality, affordable education.