

**BOARD OF REGENTS FOR HIGHER EDUCATION
CONNECTICUT STATE COLLEGES AND UNIVERSITIES
Minutes of Special Finance & Infrastructure Committee Meeting
Wednesday, August 24, 2023
Conducted In Person**

REGENTS – PARTICIPATING (Y = yes / N = no)	
Richard J. Balducci, Chair	Y
Ari Santiago	N
Erin Stewart	Y
*Dr. David Blitz, FAC Vice Chair	Y
<i>*ex-officio, non-voting member</i>	

OTHER REGENTS:

BOR Chair JoAnn Ryan
BOR Vice Chair Jim McCarthy
Regent Rick Porth

CSCU STAFF:

Terrence Cheng, Chancellor
Pamela Heleen, Secretary of the Board of Regents

INSTITUTION PRESIDENTS/CFOs

Central Connecticut State University – President Zulma Toro
CFO Lisa Bucher
Eastern Connecticut State University - CFO Jim Howarth
Southern Connecticut State University - CFO Mark Rozewski
Western Connecticut State University - Interim President Paul Beran
CFO Beatrice Fevry
Charter Oak State College - CFO Mike Moriarty
CT State Community College - President John Maduko
CFO Kerry Kelley

1. CALL TO ORDER:

Committee Chair Balducci called the meeting to order at 10:32 a.m. and, following roll call, declared a quorum of the Committee present.

2. INTRODUCTORY REMARKS:

Committee Chair Balducci noted the need for this Special Meeting of the Finance Committee so that each institution may provide an update on the work that is underway to address the fiscal situation on each campus. He also noted that today’s reports will not be detailed plans, but a look into the general plans being developed and what the Committee might be able to expect in November.

Regent Stewart thanked everyone for attending the meeting and stressed the importance of teamwork, open communication, dialogue, and sharing best practices.

3. DISCUSSION:

a. System-wide Financial Strategy Updates

Chancellor Cheng provided the following remarks focusing on slides 3 and 4 of the PowerPoint presentation (Attachment A):

- The Chancellor provided an overview of the system-wide work that has been ongoing since the Board approved FY2024 Spending Plan. At that time, the BOR charged the Chancellor with addressing the projected fiscal challenges for FY24, FY25, and FY26. Since then, the System Office team and the leadership of the six institutions have been working together to address anticipated budgetary shortfalls and preparing for a comprehensive review of academic and student support programs, as well as all other areas of operation. He reinforced that this is a progress report; no final decisions have been made. With the return of faculty, the next phase of work will begin and will continue through the fall. There is no higher priority anywhere in the System to ensure the long-term sustainability, viability, quality, and efficacy of CSCU.
- The Chancellor provided a recap of the financial landscape reported at the June Board meeting and then highlighted key system-wide activities and initiatives that are shaping our path forward. He stressed during that meeting that this is not a two-year biennium budget problem. No increase in state funding is anticipated. He noted that even if we were to remain at current funding levels, the path forward would not be sustainable. Demographics in Connecticut and the entire New England/northeast region show only decline in traditional college-age students for the next two decades. Changes in the labor market and society at large require higher education to adjust to an ever-evolving landscape. He stated that this is CSCU's opportunity to meet the challenges that lie ahead while continuing to serve our students and our communities at the highest level, in new, innovative, and transformative ways.
- System-wide strategies – Chancellor Cheng has charged his staff and institution leadership to put into place immediate actions that will positively impact the finances of the System and reaffirm our commitment to responsible resource allocation. One of the first actions is a hiring freeze. The Chancellor reinforced that this does not mean we are shutting down all hiring. The initiative is designed to put into place additional levels of scrutiny to ensure that only positions that are integral to the system's or institution's core mission and day-to-day operations are approved -if funding is available.

Additionally, employees have been informed about an existing opportunity offered by the state of Connecticut. The Voluntary Schedule Reduction Program (VSRP) allows permanent employees to adjust their weekly work schedules or opt for intermittent unpaid days off. Those who choose to be part of the program keep the accrual of benefits including health and dental insurance, seniority, longevity, and accumulated leave, as if they were maintaining their full-time schedule.

Next, while certain events and activities must continue to occur, all faculty and staff are being asked to limit non-essential travel and food purchases. To that end, each institution and the System Office will be closely scrutinizing and putting restrictions on such activities.

An Academic Program Planning Process that the Board charged in June is being mapped out. This will allow institutions to work with their faculty and key stakeholders to optimize program by evaluating outcomes and budgetary impact. The work is expected to intensify and accelerate as the planning process is conducted across each of the institutions under the auspices of shared governance.

Enormous amounts of data have been collected and analyzed allowing the System and each institution to make decisions agnostically and objectively for the best interests of the institutions and students.

Bi-weekly meetings are now occurring with each level of institutional leadership – CFOs are meeting with CFOs; Provosts are meeting with Provosts – and so forth. Each institution's leadership team meets every two weeks with System Office leadership so that collaboration and strategic problem solving can occur.

A review of vendor contracts is being conducted to leverage the purchasing power of the System to establish better terms with vendors to better serve students and identify potential savings. For example, system-wide bookstore management contracts are being reviewed.

To help strengthen our finances, Chancellor Cheng has asked each institution President to double their efforts to increase transfer enrollment, improve retention, strengthen existing and create new pipeline partnerships and programs with K-12 school districts. They've been asked to work with industry, state, and community partners to serve the educational needs of their employees and constituents. These activities will ensure that CSCU continues to be the primary engine of social mobility in Connecticut, while also generating new revenue through enrollment growth.

- CompleteCT will launch fall and is a joint collaborative initiative of all six CSCU institutions to encourage students who have stopped-out or otherwise discontinued their educational journey to re-enroll in the CSCU institution that best fits their needs and career goals. In Connecticut, there are more than 370,000 adults with some college, but no credential. CompleteCT will harness the power of one-on-one student success coaching to help students with some college and no credential return to and complete their studies at one of the 6 CSCU colleges and universities.

b. Institution-Specific Financial Strategy Updates

- Western Connecticut State University – CFO Beatrice Fevry presented a WCSU update (Attachment B).

Regent Stewart asked how the gap gets so big between the ~\$1M surplus in FY22 and the ~\$20M loss in FY25. CFO Fevry confirmed that the difference is mostly in enrollment. Interim President Beran added that every year there was a projection of enrollment growth that was never realized, and management dipped into reserves for approx. 9 years to cover the expenses that were not paid by enrollment revenue. In addition, he noted that the institution had not been organized with tight budgetary controls. Organizational changes have been put into place over the last year.

- Central Connecticut State University – CFO Lisa Bucher presented a CCSU update (Attachment C). She summarized the revised budget figures for Regent Balducci.

Regent Porth asked if Central has managed the budget responsibly while continuing to fulfill our basic mission of academic progress, adequate support services, and retention initiatives. President Toro responded that the budget management process has been in place for more than 3 years. During COVID, she and her team reviewed the budget and staffing levels and made the difficult decision to cut \$13.1M from the base budget. Cuts were made based on unfilled positions and considering the drop in enrollment in certain programs. The 2020 budget changes included a hiring freeze which has not changed. Investments continue in strategic areas and are tied to the CCSU strategic plan (supporting both retention and recruitment).

Regent McCarthy commended Central for their exceptional retention rate. President Toro commented on the shared governance process that recommends investments in new programs and improvements to existing programs.

- Eastern Connecticut State University – CFO Jim Howarth presented an ECSU update (Attachment D).

Regent McCarthy commended Eastern on their retention rate.

Regent Balducci asked for clarification on Eastern's enrollment for the fall. CFO Howarth noted that FY24 enrollment is projected to be on budget.

Prof. Blitz asked two questions concerning Eastern's partnership with Bisk Education Services: (1) what the revenue sharing distribution between ECSU and Bisk Education Services for online programs that Bisk would promote was; and (2) did the fact that a program was being marketed by Bisk preclude ECSU from offering an equivalent one. CFO Howarth responded that the revenue distribution would be 50/50 and that Bisk's marketing would not preclude Eastern from offering an equivalent program.

Regent Stewart and Regent Porth asked for clarification that Eastern is not projecting deficits until FY25 and FY26. CFO Howarth confirmed. Investment in online learning will improve enrollment and retention outcomes.

- Southern Connecticut State University – CFO Mark Rozewski presented a SCSU update (Attachment E).

Regent Balducci asked how realistic the "increase in transfer students" goal is. CFO Rozewski stated that it is an aggressive goal and will rely on the years of relationship building with CT State and its predecessor institutions. Regent Stewart also voiced concerns about whether the goals are attainable.

Regent Porth asked how the current budget constraints would impact Southern's ability to meet the aspirational goals and how/if Southern's work so far has impacted their projected budget deficit. CFO Rozewski stated that he hadn't worked the numbers for FY25 and FY26 yet. For FY24, Southern has a surplus and looks better than the spending plan approved by the Board in June.

Regent McCarthy encouraged the CFOs and the System Office to get the three-week enrollment census data to the Board as quickly as we can to publicize the expected good news - a very different narrative than the one that has been in the press. Campuses will then be

able to make some adjustments to the reported spending plans. Committee Chair Balducci agreed and noted that he is encouraged by the preliminary numbers. The Governor and legislature will be happy to see that CSCU is heading in the right direction.

- Charter Oak State College – CFO Mike Moriarty provided remarks focusing on slides 6 – 10 (Attachment A).

Regent Stewart gave kudos to everyone at Charter Oak for the work they are doing.

Regent McCarthy noted that he would love, in the future, to hear that Charter Oak and one or more of the CSUs or CT State is collaborating on online instruction to benefit CSCU goals and further expanding their outreach to different students and/or better serving existing students.

- CT State Community College – President Maduko provided context concerning what CT State is:
 - CT State is an open enrollment institution.
 - CT State served over 70,000 students this past academic year (50,000 credit-based students and 20,000 non-credit-based students.
 - CT State has 18 locations with over 4 million square feet of real estate.
 - 9 out of 12 of CT State’s main campuses have suffered flooding damage. Repairs are being conducted right now to prepare for the start of the fall semester.
 - CT State has over 6,400 employees.
 - CT State is the largest college in Connecticut and the largest community college in New England and in the tri-state area, and the 14th largest community college in America.
 - CT State students represent urban, rural, and non-traditional students.

He continued by stating that nationally, IPEDS is not the standard to assess community colleges. First-time, full-time students are less than 10% of students; this can never give the full picture of CT State’s performance. CT State is about 70% part-time students compared to about 76% full-time students at the CSUs. CT State’s retention rate is about 69%, on par with all New England community colleges and a point above the national average.

CFO Kerry Kelley provided remarks focusing on slides 11 – 23 (Attachment A). President Maduko added detail to the presentation of slide 21. He mentioned that the original regional organizational structure was bloated, and projections were communicated that were not true (i.e., enrollment growth and retention).

Regent Balducci suggested that when the legislature is back in session, a meeting might be beneficial to find out if there is a way to modify the fringe calculation and the amount that CT State must cover. He also mentioned that the transfer articulation agreements need to be reviewed and revised/updated.

Regent Stewart congratulated CT State on taking the steps to do the necessary work. She asked what the recommendation is for the amount reserves. CFO Kelley stated that the recommended amount is four months of cash on hand which CT State does not have. She continued by stating that if the level of funding from the state is not changed, the magnitude of the cut that CT State will face in FY25 is so great that even depleting reserves will not be enough.

Regent Porth asked if the strategies currently being worked on at CT State will realistically generate higher enrollment. President Maduko noted that based on information from SDE, CT State provided 27% of dual enrollment in the State (only 3% of CT State enrollment). He continued by stating that we do not have a standard dual enrollment structure in Connecticut. We will be announcing a partnership with the Connecticut technical school system this fall. Ct State is going to be aggressive in pursuing the dual enrollment initiative and will see significant enrollment gains as a result. President Maduko stated that initially any cuts in personnel will hurt; the deficit for the next three fiscal years is massive and CT State has never promised or guaranteed that there would not be an impact to services. He assured the Regents that they are doing their best to mitigate and prioritize academic excellence, student support services, public safety, IT infrastructure and equity values.

Chancellor Cheng agreed with the focus on transfer; a deep analysis has been conducted, a draft framework of plans for enhanced transfer activity has been put together by a Transfer Council, a system-wide council comprised of the professionals who conduct that work. He continued by pointing out the massive imbalance in dual enrollment – CT State has 27%, the CSUs have 4% of dual enrollment in the State, and UConn has 64%. Regent Balducci asked who is going to pay for dual enrollment. President Maduko stated that the focus is on the cost of delivering a dual enrollment program; different models are being analyzed.

Regent McCarthy asked CFO Kelley if there was something about the fringe benefit calculation that uniquely affected CT State and its employment structure or was it the result of scale. CFO Kelley responded by stating that institutions that have a significant staff or are supported by something other than the general fund (i.e., research fund, clinical operation fund) receive more benefit from the new way the calculation works. CT State had most of their employees paid for by the general fund.

Prof. Blitz asked at what level reserves should be maintained and, in an emergency or crisis, what percentage should be made available over and above what might be nationally accepted norms. He referenced the use of system reserves. President Maduko responded by stating that CT State/CSCU does not have the reserves to offset the multi-year structural deficit and the emergency costs (i.e., flooding). He continued by referencing OPM's statement that CSCU should not expect additional dollars for this biennium budget. This is the struggle. Decisions have not been made as they are waiting for the faculty to come back on contract so that the shared governance process can weigh in the process. Regent McCarthy supported President Maduko's approach.

Prof. Blitz followed up with a question concerning the status of the educational assistants (EAs). CFO Kelley responded that the reduction of EAs is 166; these individuals had temporary engagements that expired, some were never going to be coming back as the work was completed, some were working in a temporary position and reverted to an existing position on campus, and some have been hired into a permanent role. In fact, 166 EAs have not left the enterprise. She noted that if CT State were to snapshot what was expended in the prior year compared to this year, \$5.8 million would be saved in personnel costs and fringe benefits. President Maduko stressed that this reduction in EAs has not led to the cancellation or removal of services; service hours will need to be adjusted. CT State is not eliminating libraries or tutoring or food pantries.

Chair Ryan mentioned that there are opportunities to partner with corporations who are willing to pay for employee training. President Maduko concurred with this strategy/opportunity; he served on the Governor’s Workforce Cabinet where discussions took place on revenue sharing and supporting costs.

4. CLOSING REMARKS

Regent Stewart thanked everyone for their presentations; she was happy to hear, in a public setting, of all the work being done.

Chancellor Cheng thanked all the Presidents, CFOs, Provosts, and staff for the work that they are doing. He appreciated this kind of engagement and the questions that not only helped CSCU be accountable, but to tell CSCU’s story in a very transparent way with integrity.

Committee Chair Balducci thanked the members of the Finance Committee, Chair Ryan and the other Regents who joined the meeting, as well as the Presidents and CFOs in attendance for their thoughtful comments.

On a motion by Regent Stewart, seconded by Regent McCarthy, the meeting adjourned at 12:44 p.m.

Submitted,

Pamela Heleen

Secretary of the CT Board of Regents for Higher Education



CSCU | Board of Regents

Special Finance Committee Meeting

August 23, 2023

CSCU | Board of Regents

Agenda

1. **Call to Order and Declaration of Quorum**
2. **Introductory Remarks**
3. **Discussion**
 - System-wide Financial Strategy Update
 - Institution-Specific Financial Strategy Update
4. **Closing Remarks**

BOR Finance Committee Chair Richard Balducci

Chancellor Terrence Cheng
Institution CFOs

Chancellor Terrence Cheng and Chair Balducci

CSCU | Board of Regents

Overview of Financial State

FY24-FY26 Systemwide Financial Projections as reported at the June 21st BOR Finance Committee Meeting

CONNECTICUT STATE COLLEGES & UNIVERSITIES

Millions (\$)	Projected Results		
	FY24 Bud	FY25 Proj	FY26 Proj
Central Connecticut State University	13.5	(4.7)	(14.8)
Eastern Connecticut State University	-	(8.0)	(12.7)
Southern Connecticut State University	5.5	(12.1)	(21.6)
Western Connecticut State University	(12.0)	(21.6)	(25.2)
CT State Community College **	(33.6)	(91.3)	(118.1)
Charter Oak State College	(0.6)	(2.5)	(2.4)
Operations Support Funding*	13.5	-	-
CSCU Total	\$ (13.7)	\$ (140.2)	\$ (194.7)

* Reserved for System Initiatives from the one-time Operations Support Through Short-Term Recovery Funds Allocation

** FY25 and FY26 Projected Net Results for CT State have been revised to reflect the \$6.5M allotment moved under the block grant from ARPA federal grant.

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**Systemwide
Strategies**

**Systemwide
Activities**

**Systemwide
Enrollment Initiatives**

CSCU | Board of Regents

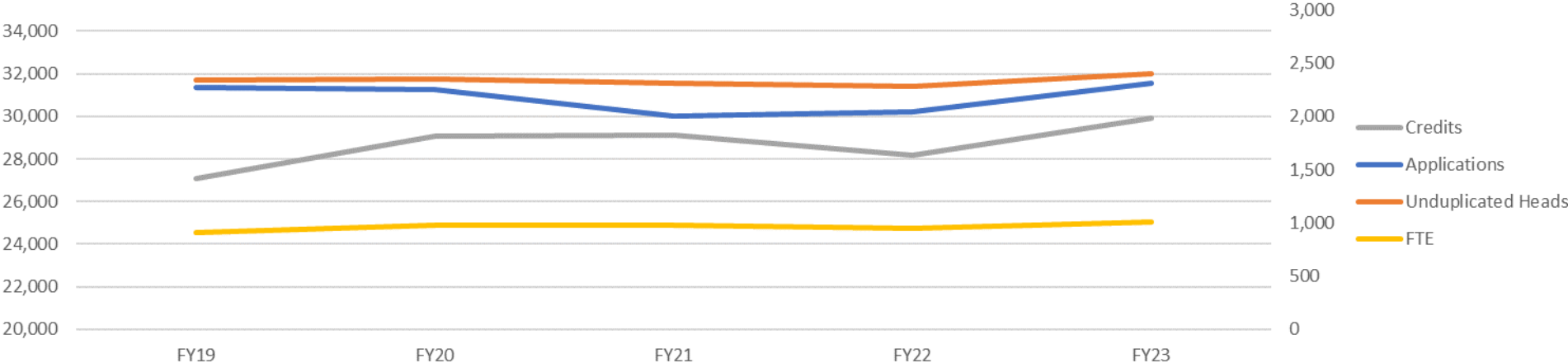
Institutions

1. WCSU
2. CCSU
3. ECSU
4. SCSU
5. COSC (slides provided)
6. CT State (slides provided)

- **Summary of FY24-FY26 Budget Projections**
- **Initiatives for Revenue Growth**
- **Expense Stabilization / Reduction Strategies**
- **Q&A**

Charter Oak Enrollment & Operating Trends

Enrollment Trends:



Financial Stability Ratios:

	FY18	FY19	FY20	FY21	FY22	Benchmark
Operating Margin	-4%	9%	7%	3%	4%	2% ○
Primary Reserve Ratio (UNP)	5%	22%	35%	37%	40%	40%
Minimum Reserve Indicator (Cash)	61	110	143	153	183	90

Indicator of pricing & staffing strategies

Sufficiency of the College's expendable funds

Charter Oak Unadjusted Budget Highlights

Highlights & Assumptions:

- A. State appropriation decrease of 22% (-\$900K)
- B. Additional -\$550K lost to change in fringe methodology
- C. Temporary state funding helps with FY24, winds down in FY25.
- D. Tuition increase of 3% planned for FY24 only, 4% enrollment gain thereafter.
- E. Salary increase in FY24. FY25+ pending SEBAC

Initiatives for Revenue Growth

+9% Enrollment Goal for Next 3 Years (+\$1M)

- College wide goal set in July 2023
- Broaden External Funnel
 - Industry Verticals
 - Out of State Rate Flattening
 - Understanding current vs. legacy students
- Smooth Out Internal Pipeline
 - Acceptance & Advisement Process
 - Student Finance Experience

CareerInvest “5250” Program (+TBD)

- Leverage Corporate Tax Benefit
- Self Funded Simplistic Financial Model

Growing through Grants (+TBD)

- CareerConnect “Earn while you learn”
- 3rd Party Grant Researcher

Online Non-Credit Division (+TBD)

- Seed Cost Funded through Grant
- Continue if Economically Viable

New Program Development (+TBD)

- Fringe Reduction / ROI Re-Evaluation
- 3 Year Test Cycle

Charter Oak “Target” Pro Forma

	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>
Unadjusted Gain / (Loss)	288,205	386,643	(694,011)	(1,526,769)
12 Increased Tuition Revenue	-	1,076,271	F 1,789,001	2,590,512
13 Increased Institutional Aid	-	(74,765)	(159,250)	(254,448)
14 Increased Teaching Costs	-	(400,000)	(725,000)	(1,097,000)
	-	601,506	904,751	1,239,064
Target Gain / (Loss)	288,205	988,148	210,740	(287,705)

Highlights & Assumptions:

F. Impact of successful 9% growth in enrollment

The College will continue to scenario plan between positive and negative enrollment trends and look to offset changes with expense reductions.

Expense Stabilization / Reduction Strategies

Non-Mission Critical Program Closures

- Adult Virtual High School
- Connect-a-bility

Reduce Academic Maintenance Costs

- A La Carte Payments for Maintenance
- Un/Under Utilized Courses Sunset
- Academic Program Planning
 - Discontinue / Modify / Monitor / Add

Scaling Academic Support

- Use Technology Better to Scale
- Bookstore / Inclusive Access

Institutional Aid Reduction

- General Institutional Aid Reduced
- Strategic Merit / Partner Based Programs

Institutional Overhead Expenditures

- Vendor Review
- Administrative / UA Support
- Capital Funding Plan
 - Re-foot technology infrastructure

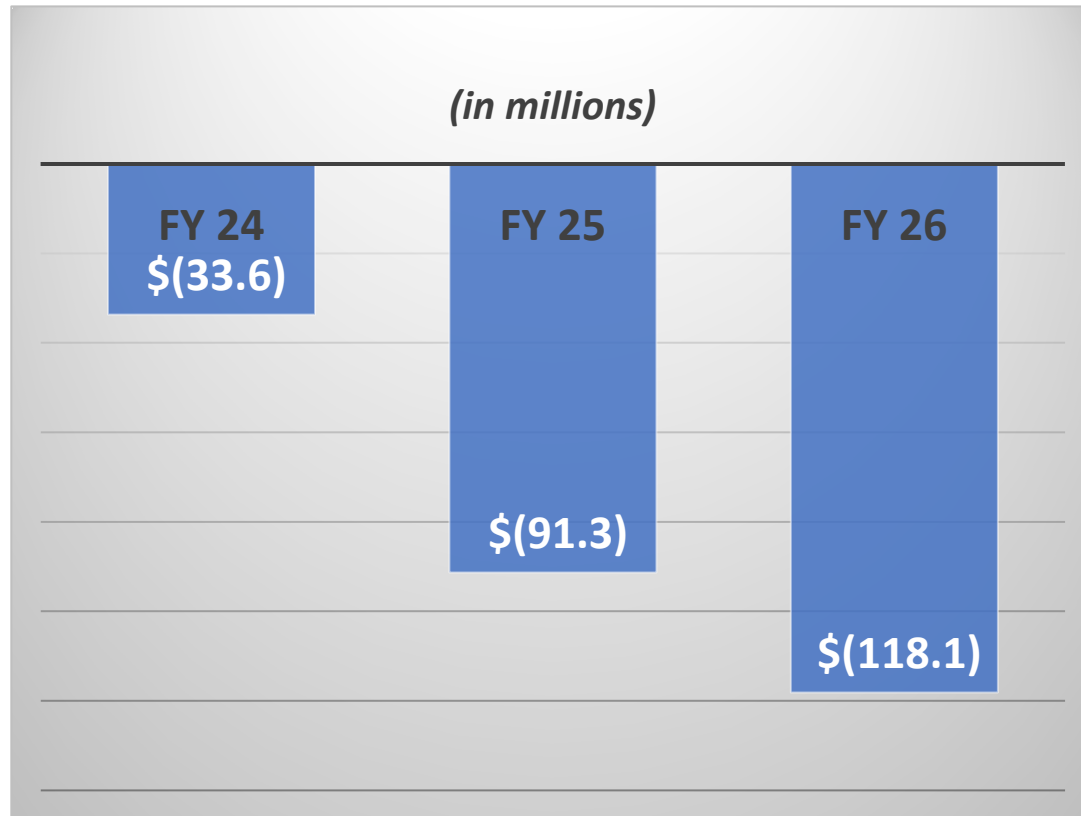
Presentation to the Finance & Infrastructure Committee

August 23, 2023

CT STATE
COMMUNITY COLLEGE

CT State Community College has a Structural Imbalance

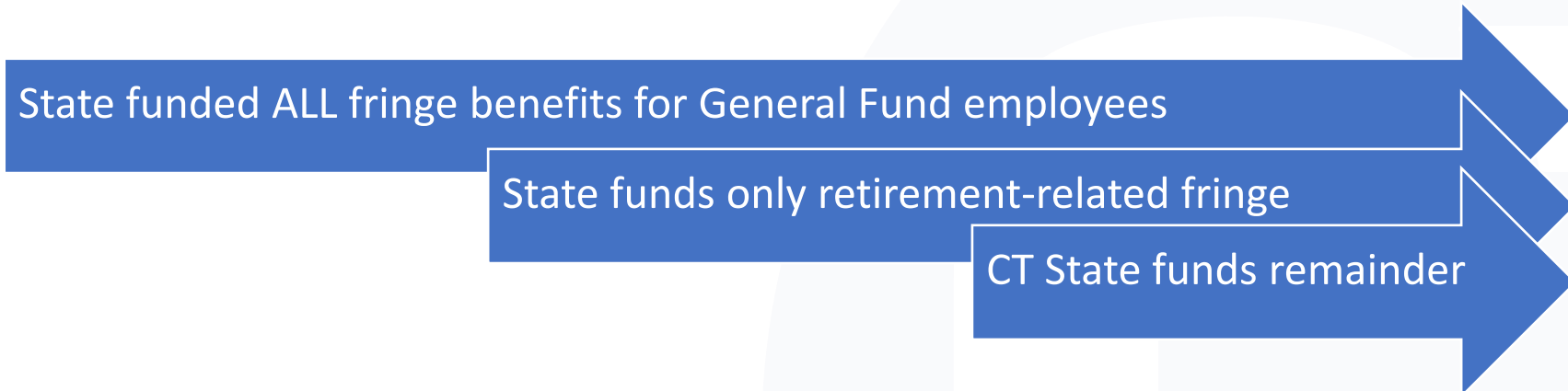
Forecast Deficits



This is caused by:

- Increasing Costs
- Lower Revenue due to:
 - Declining Enrollments
 - Expiration of One-Time Funding
- Changes in State Fringe Benefits "Swap" that disadvantage CT State

Changes in State Funds Fringe Benefits Disadvantage CT State



Net Impact of Fringe Benefits Changes on CT State's Budget

CT State Fringe Benefit Expenditures by Funding Source								
<i>(in millions)</i>								
	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26
	Actual	Actual	Actual	Actual	Estimate	Budget	Projection	Projection
Total Fringe Benefit Cost	\$ 164.79	\$ 164.22	\$ 172.19	\$ 173.59	\$ 199.34	\$ 86.74	\$ 88.95	\$ 88.95
GF Fringe Benefit Support	\$ 124.75	\$ 123.69	\$ 134.81	\$ 148.96	\$ 159.08			
Additional OF Fringe Benefit Support	\$ 16.20	\$ 24.40	\$ 36.55	\$ 37.53	\$ 38.37			
State Funds for Fringe Benefits						\$ 39.98	\$ 39.98	\$ 39.98
NET FB COST PAID BY TUITION FUNDS	\$ 23.84	\$ 16.13	\$ 0.83	\$ (12.91)	\$ 1.90	\$ 46.76	\$ 48.97	\$ 48.97

- The FY 24 forecast deficit of \$33.6 million is less than the amount FB offset
- 53% of FY 25's forecast deficit is attributable to the Fringe Benefits
- 41% of FY 26's forecast deficit is attributable to Fringe Benefits

**CT STATE NEEDS TO ACHIEVE
STRUCTURAL BALANCE
THROUGH DEFICIT MITIGATION**

Deficit Mitigation Planning Started in October 2022 & is Ongoing

- Identify Strategic Priorities & Areas of Continued Investment
- Multi-year Recommendations from each campus and member of cabinet:
 - Revenue Enhancement Strategies
 - Expenditure Reductions
- Evaluate through a lens of:
 - Mission Impact
 - Student Impact
 - Employee Impact
 - Equity Impact
- Be transparent and uphold our principles of shared governance

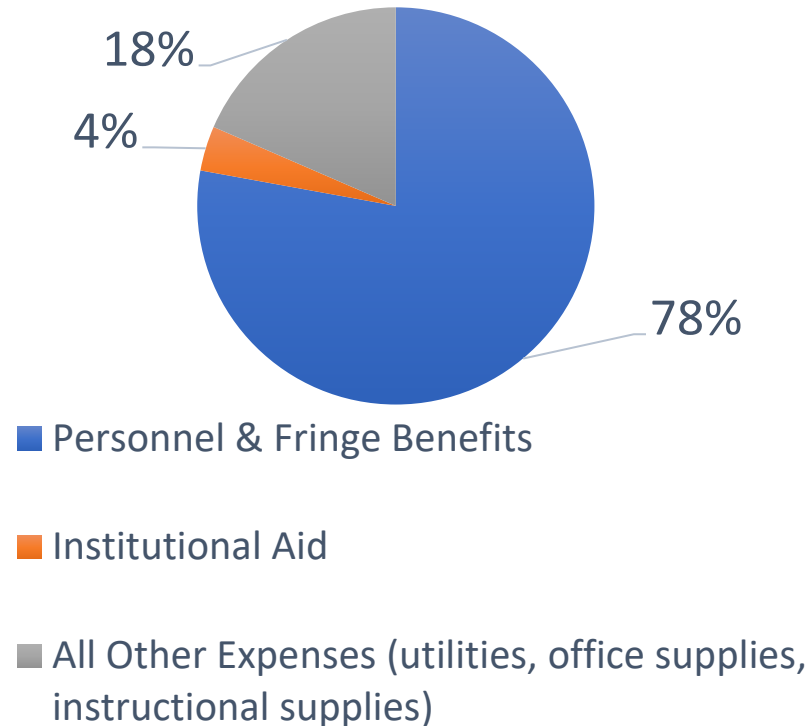
**A FY 24 Deficit of \$33.6M
means we cannot
maintain Current Services.
We are working to
minimize impacts to
students, employees,
equity & our mission.**

Our Deficit Mitigation Strategy for FY 24 is:

- \$24 million in revenue & savings targets for campuses
- \$9.6 million in reserves
- Work in parallel to plan for FY 25 and beyond
- Some FY 24 strategies will be recurring

Deficit Mitigation Strategies Will Likely Align with Areas of Expenditure

FY 24 Expenditures by Area

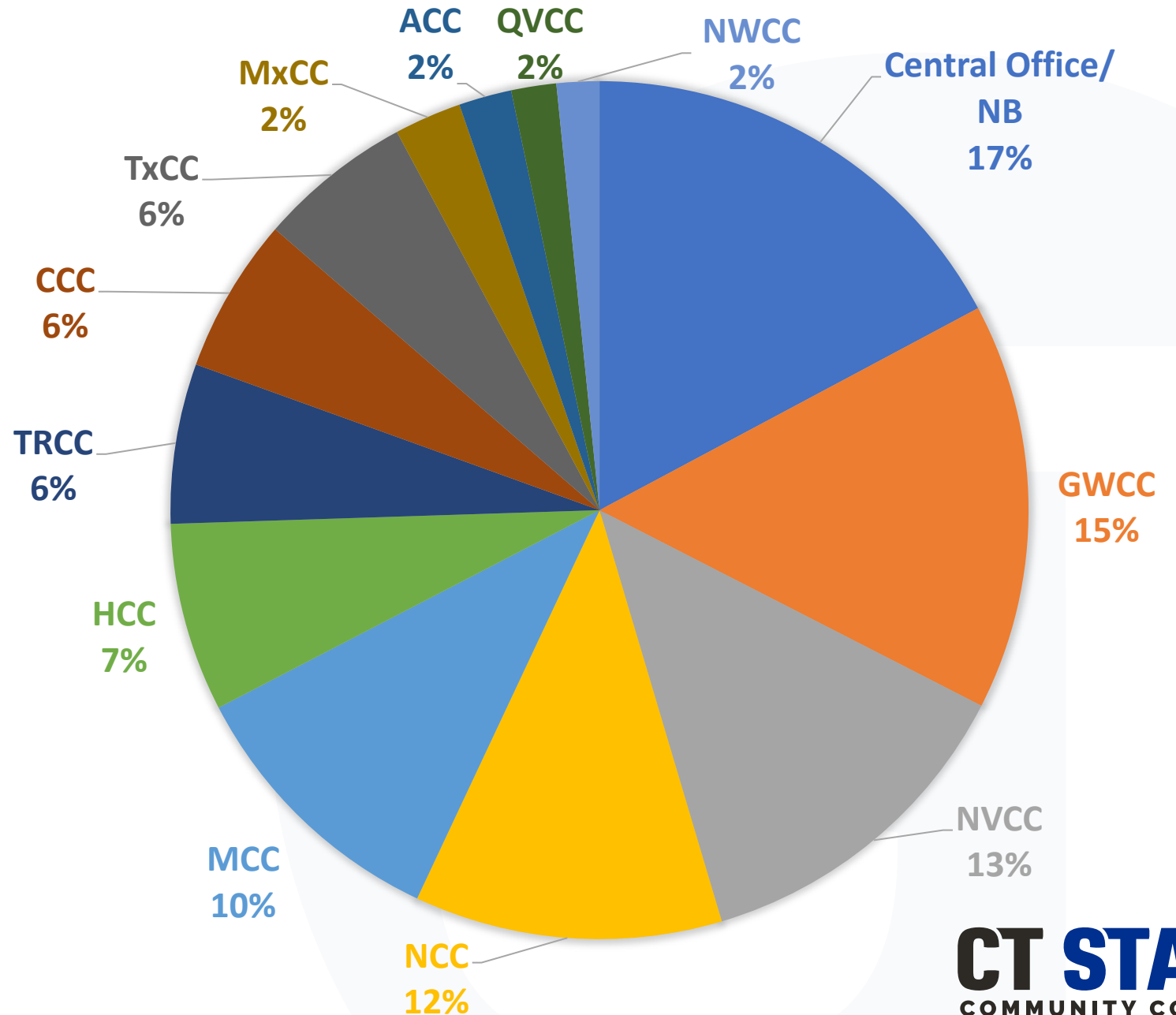


Order of Magnitude

- 78% for Personnel & Fringe
- 4% for Institutional Aid
- 18% for Other Expenses
 - FY 23 Actuals for Food - \$389,799 (>1%)
 - FY 23 Actuals for In/State Travel - \$254,466 (>1%)

FY 24:

**\$24 Million
in Deficit
Mitigation
Targets by
Campus**



Reductions in Management Structure

- Since February, CT State has made significant changes to the management structure through retirements, resignations & eliminations of positions through non-continuation of contracts:
- Eliminates 7 Executive Positions, including:
 - 5 Executive Regional Positions (e.g., Regional Presidents/Executive Vice Presidents)
 - 2 Associate Vice Presidents
- When final, we will realize \$1.7 million in annual savings

Since 2018, the CT State reserves have increased by \$55.2 million through prudent fiscal management

CT State Community College Reserves				
<i>(in \$ millions)</i>				
FY 18	FY 19	FY 20	FY 21	FY 22
\$ 44.90	\$ 39.90	\$ 32.60	\$ 55.00	\$ 100.10

Reserves Ensure the Stability of the Institution

- To allow time to respond to changes in economic environment
- To sustain through temporary revenue setbacks
- To respond to unexpected costs (e.g., campus flood damage)
- To fund unexpected opportunities
- To protect against unpredictable political behavior (e.g., shutdown of federal government)

RESERVES SHOULD NOT BE USED TO FUND STRUCTURAL BUDGET DEFICITS

Western Connecticut State University

BOR Finance Meeting: Wednesday, August 23, 2023

Thank you, Mr. Chairman. As everyone is aware, WCSU has had its financial challenges for many years. For example, over a period of nine [9] years, those challenges drained WCSU's reserve from \$24.5M in FY2012 to -\$2.3M in FY2021. The Covid Years of 2020-2021 expedited WCSU's issues to the surface – "the Covid Reveal" and heightened the need for WCSU to change course. This urgency led to the hiring of an outside consultant, the **National Center for Higher Education Management Systems. (NCHEMS)** shed light to many systemic issues that needed to be addressed; and WCSU has stepped up to the challenge of addressing its systemic issues to the point where it was able to end FY22 with a positive reserve of \$1.4M. What follows are some steps that WCSU continues to make as it seeks to recover.

(I) Summary of FY 24 – FY 26 Budget Projections

The FY 2024 budget that was submitted to BOR on 6/28/23 showed a projected deficit of -\$12M that is driven by the loss of about \$30M in revenue [driven by non-recurring ARPA funds and previous fringe benefits paid by the state]. The projected deficit for FY25 and FY26 is -\$21.6M and -\$25.2M respectively. These preliminary numbers indicate that WCSU's road to recovery is steep with a lot of work requiring strategic and immediate attention. We continue to monitor enrollment and housing numbers, which are both trending downward at -6% from what was budgeted.

NOTE: additional students are expected between now and the official 3rd week census date (9/19/23). Hence, these preliminary projections are expected to be revised after the Fall 2023 census. We will then have a better understanding for enrollment and housing.

(II) Initiatives for Revenue Growth [Strategies for Increasing Enrollment/Academic Offerings]

Expanded the capacity for online programs.

- Secured approval from NECHE to grow our online offerings. Converted most of our graduate degrees to online delivery and have approval for two online undergraduate degrees to be launched in spring 2024.
- We anticipate a full evaluation of how to effectively integrate online learning into undergraduate programs this AY. When complete, the results should improve student outcomes, and reduce classroom space demands.

Added the following degree programs to reflect shifting interests and workforce demand:

- BS in Health Promotion and Management [great recruitment tool]
- BS in Popular Music [approved, not yet launched]
- BFA in Theatre [already recruiting strongly + projected to reach enrollment cap of about 60]
- Currently seeking state approval for an accelerated post-bachelors RN degree, anticipated launch 2024.
- Anticipate development of three new UG degrees this year to launch in 2024.

Changed the names of two programs to better communicate their value.

- BA in Biology to BS in Biology [for market demands BS]
- BS in Health Promotion Studies to BS in Public Health

Fall 2022 Retention rate was 74.5%; Graduation rate = 53% [both numbers are increasing are expected to IMPROVE WITH:

-- **NEW University Advising Program Model**-That office is now responsible for the advisement of all incoming first year and transfer students. The Advisors will work in teams with Financial Aid, Registrar, Cashier/Bursar,

Counseling, and The Tutoring and Resource Center to offer individualized assistance [One person there to connect them with all their needs & facilitate onboarding]. The students will have a single point of contact for all matters related to their four-year degree plan, course selection, and registration. In year two, once declared, each student will migrate to a faculty advisor who will become their primary contact. However, each student will always have the resources of the University Advisement Center available for their use.

--**Transfers**: The Enrollment/Student Affairs division was recently given managing control over all endowed awards previously controlled by the WCSU foundation. These funds should enable us to further impact retention and recruitment. The admissions staff has increased their outreach to our CT State campuses to recruit additional transfer students. The new University Advisement center is facilitating the onboarding and registration of all new transfer students.

--**Enrollment Recruitment Tool - OTHOT**: Using data analytics derived from our **OTHOT** platform, we are making targeted decisions on recruitment markets and outreach for fall travel. There has been an increase in our total applicant pool and our total admit pool over the last two recruitment cycles. Our focus is on increasing the yield of converting admitted students into enrolled students. The **OTHOT** Program identifies targeted students where financial aid will make the most impact in converting admitted students to enroll students -- Hence maximizing our limited resources to enroll the most students.

[[III] Expense Stabilization / Reduction Strategies [On-Going]

Streamlining Academic Programs for efficiency:

WCSU is continuing to evaluate enrollment and degree completion rates as part of its program review process. Over the last five years this has resulted in the following program closures:

- BA American Studies (Closed = teach out in progress)
- BA Earth and Planetary Sciences (Closed=Teach out in progress)
- BA Social Sciences (students moved to related major).
- MS Earth and Planetary Sciences (Closed-teach out complete)
- MA English (Closed - teach out complete).
- MS Education (Closed-teach out in progress)*

Some programs have been parked for a thorough review:

- MA Mathematics; MS Music Education; MS Nutrition

Additionally, through program review we have identified programs for revision:

- Anthropology/Sociology; Economics; Political Science; Meteorology

Over the course of 2023-2024, we anticipate continued analysis of programs with reference to student demand, regional employment needs, and the overall balancing of the academic opportunities available in our region.

Expense Reduction - Attrition/Delay Filling Vacancies and Hiring Freezes:

- WCSU has instituted a hiring freeze. We activated a Position Review Committee [PRC] that meets regularly to discuss/review staffing hiring positions critical for operations. Notice went out to university community regarding limiting expenses [including travel and food].
- SWOT analyses are being performed and processes are being reviewed for efficiency and effectiveness.
- We are reviewing current provider contracts and moving to consortiums and other providers where savings are identified. We have, for example amended our SODEXO contract which led to saving over \$1.2M in FY23.

To conclude: As WCSU continues on its path to rebuild and restore financial stability, the University Community remains committed to successfully address its challenges now and take appropriate steps to prepare for what lies ahead in this ever-changing world. We recognize that it is imperative for us to continue operating efficiently in order to be effective, and also the need to invest in order to attract and retain more students.

This concludes WCSU's report Mr. Chairman. Thank you!

Central Connecticut State University
FY24 – FY26 Overview to Finance Committee
8/23/2023

CCSU is currently projecting a balanced budget in FY24 and FY25 and a very preliminary deficit of approximately \$3.5 to \$4.9M in FY26. CCSU will continue to look for opportunities to produce alternative revenue sources and refine our efforts on increasing enrollment and retention, as well as increasing fiscal savings where possible to mitigate any deficit in FY26.

Cost Containing Strategies – Ongoing

CCSU has been committed to ensuring financial stability for a number of years now.

- ❖ CCSU instituted a hiring freeze process in FY2021 which remains in place. This process consists of rethinking positions as they become vacant from resignations or retirements. Only those positions critical to our organizational needs, day-to-day operations and within our budget have been approved.
- ❖ Change of course offering cycles
- ❖ Reduce the number of options or tracks within academic programs
- ❖ Review of Academic Student Support Services for relevancy and effectiveness
- ❖ Capitalize on synergies between/among Academic Programs

Revenue Enhancements

- ❖ FY24 Increased enrollment projected at 2% compared to conservative Flat budgeted + \$1.1M
- ❖ FY24 Increased housing occupancy projected at 2,200 compared to 2,000 budgeted + \$1.5M

First Time – Full Time – Fall 2023 Goal was 1,350 and is currently at 1,424

Retention – Projected rate is expected to increase from 76.5% (Fall 2021 class returning in Fall 2022) to 79.2% (for the Fall 2022 class) which is a significant increase of 2.7%

Latest Projections

FY24 - \$17M Surplus

FY25 - \$2.1M Surplus

FY26 – (\$3.5 to \$4.9M) Deficit

Initiatives in Progress, Refining or Completed

- ❖ Expanding our market for Enrollment by being deliberate about our outreach
- ❖ Personalized approach and outreach to schools
- ❖ Implemented Campus ESP
- ❖ Implemented Civitas scheduler to help build class schedules
- ❖ Refining Slate software implementation for continued improvement for recruitment and retention
- ❖ Create the College of Health and Rehabilitation Sciences
- ❖ New Academic Programs

We are optimistic that the increases in enrollment and housing along with all the additional initiatives we have in progress or completed, will enable CCSU to continue to move to a financial stable position.

Eastern Connecticut State University
BOR Finance Committee Meeting August 23, 2023

Summary of FY 24 – FY 26 Budget and Projections

- Our FY 2024 budget as submitted is to achieve a balanced budget. At this time, we continue to believe this is achievable. We continue to monitor enrollment and housing numbers and look to the official 3rd week numbers project our spring and annual impact on our budget.
- As presented earlier by our Chancellor our early and preliminary projections is a deficit for FY 2025 of \$8.0 million and, a deficit of \$12.7 million for FY 2026.
 - These are early and preliminary and based on our FY 2024 budget. These projections will continue to be revised once we have a better understanding of our fall enrollment and housing.
- Our current enrollment for FY 2024 is tracking to our budget.

Initiatives for Revenue Growth

- Nursing Major
 - Nursing Major received external financial support for startup expenses and scholarships.
 - State Horizons Health Care Grant Initial Funding \$1.2 million
 - Hartford HealthCare \$500,000 for Simulation Lab
 - Donor \$200,000 will provide nursing scholarships
 - We expect by next fall we will enroll a cohort of 60 new students each year
 - Projected revenue for each cohort of 60 is approximately \$1.0 million
 - When fully operational, 240 students' revenue is approximately \$4.0 million
 - Eastern is Partnering with Hartford HealthCare for a simulation lab to be constructed at the Windham Hospital for our nursing students to utilize in our program.
 - Hartford HealthCare will provide the space for the simulation lab in addition to their \$500,00 in renovations and equipment.
- Enhanced Online Graduate Education
 - Asynchronous courses for Accounting, Data Science, Management and Special Education.
 - Working with our third party vendor Bisk, they have over 40 years' experience in remote learning.
 - Bisk will market, promote, and assist with admitting students into our programs
 - Conservative projection for increased revenue for the year with Bisk is \$1.4 million.

- Eastern Pre-College Summer
 - Provides a pre-college experience, living on campus for a week, socializing at game nights, music sessions, crafts and more.
 - Areas of study included Intro to Film Making, poetry and Fiction Writing.
 - Strong response from those who attended our first pre-college summer.
- Launching SLATE Software for Recruiting and Admissions
 - SLATE is the industry standard for reporting on and communicating with prospective students.
 - Software follows prospective student from initial inquiry through the admissions process to enrollment and the start of classes.
- Retention
 - Eastern retention rate for Fall 2022 was 83%
 - **This is the highest in CSCU and is one of the highest student retention rates for a public liberal arts university in the country!**
 - Projected retention rate is 84%
 - **Again, this year Eastern will be one of the highest in the country!**
- Graduation Rate
 - Eastern Graduation Rate for 2022 was 60%
 - **Our graduation rate was the highest in CSCU!**

Expense Stabilization / Reduction Strategies

- Continued hiring only for positions critical to university and student requirements
 - Providing notice to university community regarding limiting expenses in general and specifically in the areas of travel and food expenses.
 - Limit travel to union supported travel funds with limited university support when accompanying a student or presenting at a conference.
- Purchasing is reviewing current provider contracts and moving to consortiums and other providers where savings are identified.
- Facilities working to save utilities with recommissioning of existing buildings with funding from Eversource.
- Transition to LED lighting for energy savings
- Working with VP Epstein of the System Office on possibility installing solar power on existing parking garages.

Eastern demonstrated strong financial performance, as of the FY 2022 audited statements we have established a reserve of \$31.4 million through careful hiring and expense control. While the future holds new challenges, we are confident Eastern will continue to make progress and remain financially stable.

BOR Budget Remarks 8.23.23

As per Southern's approved spending plan for the current fiscal year, the university has a projected surplus of \$5.5 million. This is mostly due to: a freeze of about 45 positions, a reduction of adjunct hiring, and a reduction of non-contractual faculty reassigned time. It also assumes, because we always budget essential inputs conservatively, a -3% downward adjustment in enrollment and flat housing occupancy for this Fall, because that is what past performance suggested on both counts.

We are confident that enrollment will surpass this spending plan estimate, possibly yielding an additional \$1.5 to \$2 million dollars in revenue this year.

Similarly, our estimate of housing occupancy, which was flat with the previous year, now appears to be slightly up; between 50 to 75 occupants, or \$400,000 to \$600,000 in new revenue, Occupancy of the housing complex appears to be consistently increasing since 2020, and now appears to be in the 85% range.

Auguring well for the future; full time students appear to be rebounding; with first-time full-time undergraduate ranks, originally projected to be 1175, now at 1210.

We note also that retention is projected to increase, from 73.2% (Fall 2021 cohort) , to 75% (Fall 2022 cohort).

For the future, we are closely evaluating discretionary spending like food and travel, and, most importantly, undertaking an Academic Program Review with the other CSU's. All of these may yield future savings.

Guided by our new Strategic Plan, which puts enrollment gains at the forefront of our goals for the next 5 years, we hope to achieve the following:

Increase the number of transfer students from CT State 25% by 2028,
Retain 25% of each EARLY College class as matriculating students at Southern,

Increase the cohort undergraduate graduation rate 1% per year, to 60% by 2028,

Increase the number of new matriculated undergraduate students by 2% annually,

Double the geographic diversity of our enrollment, (particularly NEBHE and international)

Increase the 3-year graduation rate for transfer students to 60%,
Surpass an 80% retention rate for first-to-second year students.

This concludes my report Mr. Chairman