



CSU-AAUP

Response to NCHEMS report:

Connecticut Colleges and Universities

December 2024

Introduction

In November 2024 the consulting group National Center for Higher Education Management Systems (NCHEMS) issued a report paid for by the Connecticut State Office of Policy and Management (OPM) to help guide state policy about the Connecticut State Colleges and Universities (CSCU) system. The Connecticut State American Association of University Professors (CSU-AAUP) believes that this report has several key flaws and should be used very cautiously in determining the future of the CSCU system.

NCHEMS/OPM report

Purpose of report

OPM commissioned the report with the explicit goal of justifying reduced state funding for the CSCU system and cuts to its size. NCHEMS started with assumptions provided them by OPM that 1) the state cannot afford such an expensive system of higher education and 2) that the current size of CSCU is unnecessary due to the recent decline in student enrollment that is projected to continue in the future. This report, therefore, is intended to make recommendations for why the state should not provide any additional funding to CSCU and for how the system can make cuts and shrink in order to “live within its means” of less support.

The NCHEMS report supports these assumptions with a great deal of data. But that data does not adequately explain the economic context of state finances in the past or present. And it provides a view from a height that ignores realities on the ground. The real economic and educational lives of CSCU students, and the impact on the classrooms of institutional responses to state spending choices are ignored. As a result, the causes of recent enrollment declines and financial problems have not been adequately explained, and without a true understanding of causes, recommendations for solutions are misguided.

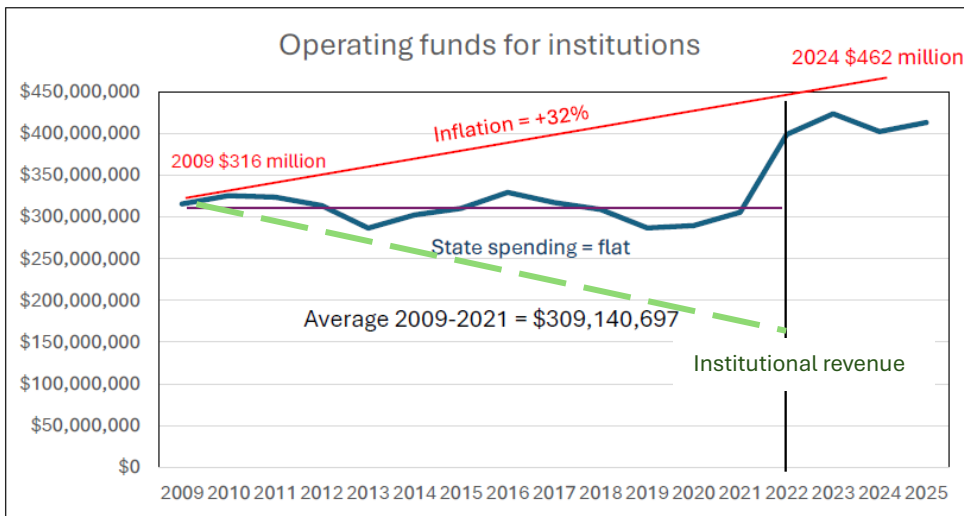
State spending

The NCHEMS report begins with the assumption that state funding has been adequate for the CSCU system in the past and that the state is not able to afford any additional funding currently.



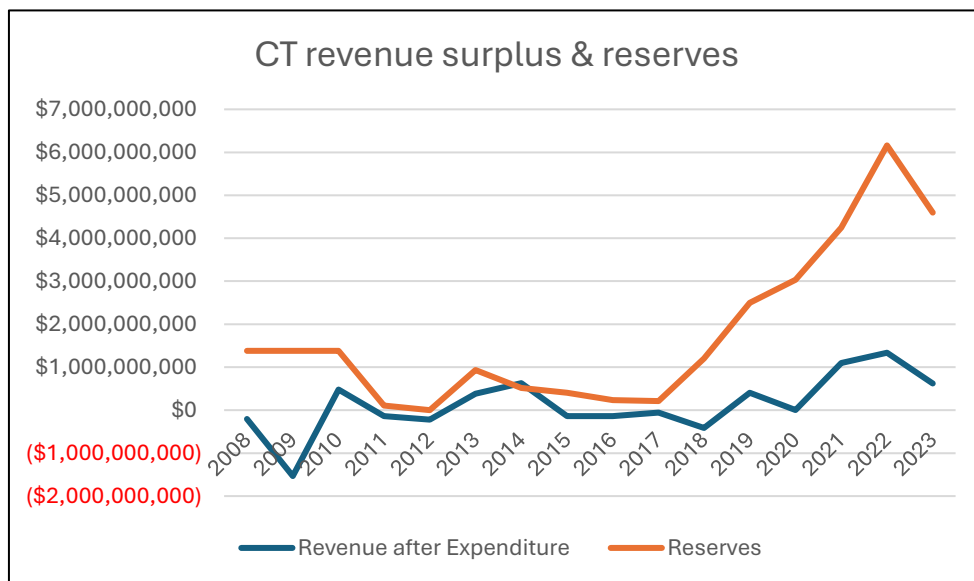
Historical

If operating funds for the various institutions are considered, it is clear that historically the state has not adequately funded the CSCU system. Funding remained basically flat for over a decade, from 2009 to 2021 and was not increased to account for inflation. This means that the operating costs of the colleges and universities grew without additional state support. In effect, this was a funding cut; the institutions could not pay for the same things that cost more over time. In fact, 32% inflation by 2022 and flat spending, translates into a 32% cut.



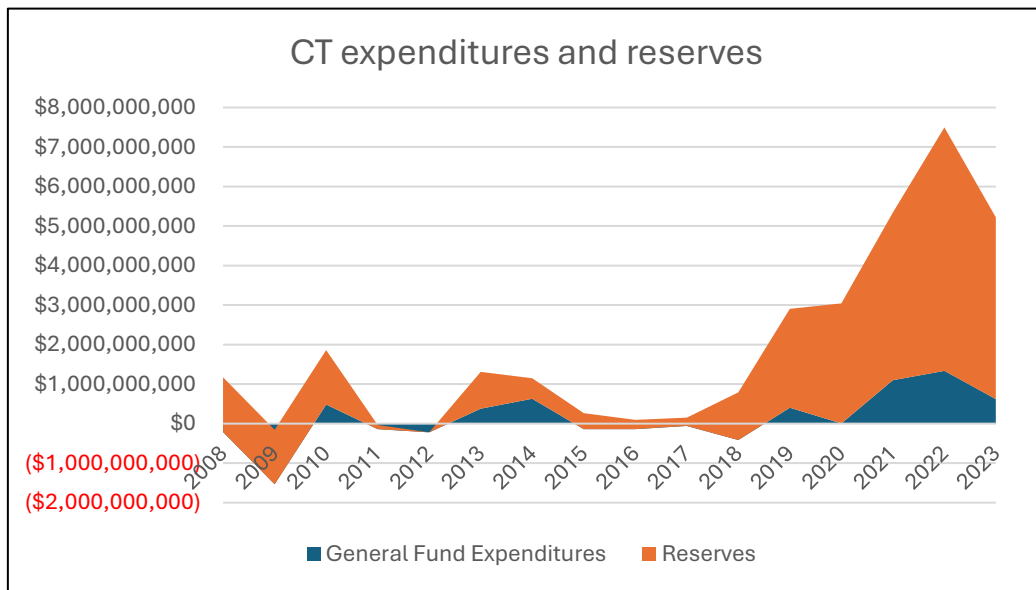
Current

It is also clear that, currently, far from not being able to afford an excellent system of higher education, Connecticut has more than enough money to maintain and even expand the CSCUs. Although spending is constrained by the so-called “fiscal guardrails,” if these roadblocks were adjusted slightly, it would be possible to provide more than adequate funding for the system.



It is not surprising that funding was flat for the CSCU system from 2009-2018 as there was little surplus money after spending because the legislature did not wish to increase taxes on the very wealthy. As a result, reserves periodically were used to make up for necessary state expenses.

But since 2018 the state has collected huge sums of money, especially from taxes on the increasing income of the wealthiest residents. Part of this money, some \$8.6 billion, has been used to pay down pension debt, which now is at a historic low. The rest has been put into savings. The Connecticut state “rainy day” fund has reached over \$4 billion in 2024. If there was the political will for fiscal flexibility, a fraction of this savings could be used to solve all the current financial problems of the CSCU system.

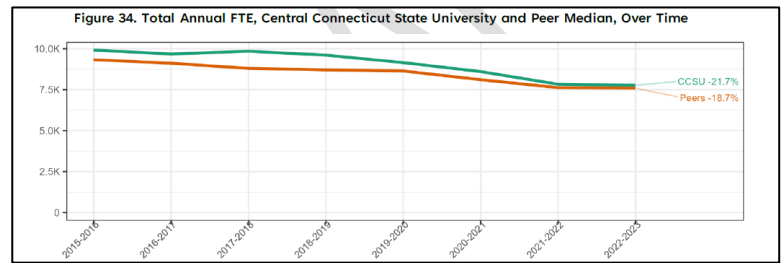
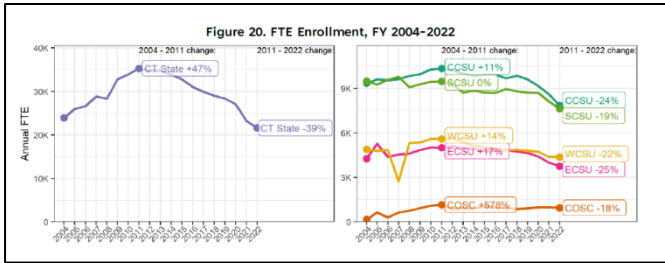


That Connecticut cannot afford any more spending on the CSCU system is simply not true. That NCHEMS does not consider this in making future recommendations about higher education is irresponsible.

Enrollment decline

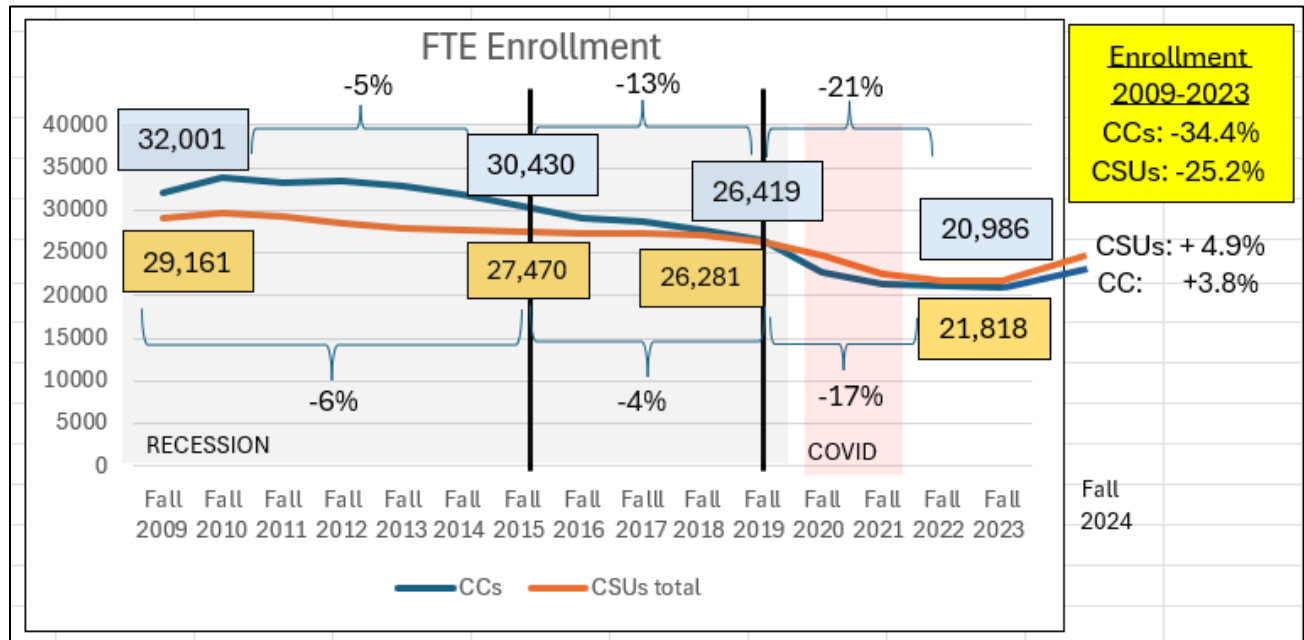
NCHEMS and OPM base much of their recommendations for the future of CSCU on historical enrollment declines and unproven demographic predictions. They note that since 2011 enrollment fell at CT State Community College by 39% and at the Connecticut State Universities (CSUs) between 19% and 25%. Yet they do not analyze this decline carefully or try to understand its complex causes. And without understanding causes, it is impossible to judge whether these declines are reversible or not.

The graphs NCHEMS uses to illustrate enrollment decline are very simple, use varying historical timeframes, and do not divide the decline into different chronological periods.



Historical context

A more useful illustration of enrollment decline at the CSCUs is one that reflects the historical context of the period under consideration.



This graph shows that the decline in enrollment began almost immediately after the great recession of 2008. NCHEMS does not consider the impact of the recession on CSCU enrollments, because it accepts the commonplace assumption that enrollments should increase during a recession, not decline; students delay entering a weak job market by attending school to earn credentials that will give them a stronger advantage in the future. But the exact opposite happened at the CSCU schools. NCHEMS does not explain this other than referring to general demographic decline; there were fewer children in high schools at the time. But this does not make sense given another fact NCHEMS admits; certain higher education institutions, such as UConn and many private schools saw enrollments increase in exactly the same period.

NCHEMS does provide a few explanations for enrollment decline in general, but they have little application to the CSCU system. There is no evidence provided that families or students perceive the CSCU campuses as sites for “partisan clashes,” where our current “culture wars” are being



waged” or as places with issues of “campus safety.” These concerns are more applicable to the types of universities where enrollments have increased, rather than declined, such as Research-1 universities and elite private schools.

Had NCHEMS more carefully considered the type of students who attend the CSCU schools they might have been less contradictory and provided a better explanation for the causes of enrollment decline. The assumption that more students enroll in colleges and universities during an economic recession may be true of those who have the economic advantages that mean they do not have to work while going to school. But few CSCU students have that luxury; the vast majority of our students are employed part-time or full-time. During an economic recession they cannot afford the extra money to pay for tuition and many would have been forced to leave school to make ends meet. This would explain the increased enrollments in more elite schools and the decline at the CSCUs. Economic causes, more than demographic or political ones, are primary.

The context of wider economic trends, therefore, must be considered when assessing enrollments and making predictions or recommendations for the future. For example, the economic recession that began in 2008 lasted much longer in Connecticut than it did in other states. Annual Budget Reports issued by OPM made this point repeatedly. In FY 2015 OPM remarked that “General Fund revenue growth has been slow to recover from the 2008 recession.” The next year it noted again that Connecticut’s economy “has yet to reach past recovery growth levels.” And in 2017 OPM worried that “Connecticut's economy experiences lower levels of growth compared with past recoveries” and that personal income was expanding at an annual rate of just 1%.

Those difficult economic times, and the fact that most families of CSCU students did not have the extra money to spend on higher education, may explain why enrollments continued to decline for a decade.

After 2015 the decline slowed down at the CSUs but picked up at CT State Community College. Again, historical context that is not considered by NCHEMS might explain this. This was the period of the Students First consolidation of the community colleges with all its controversy and confusion. The process of making this fundamental change may have discouraged potential applicants.

It was only during the COVID crisis that the declines increased seriously. It was Fall 2020 to Fall 2022 that enrollments really fell -- by 17% at the CSUs and 21% at the Community colleges. NCHEMS does not consider very carefully the impact of COVID on enrollments. They did not ask students or faculty for qualitative data to explain why students may have left school. It is very likely that young people were required to work full-time to support their parents and older relatives who lost jobs or could not work outside home because of childcare duties or health concerns. This was more important than any dissatisfaction with virtual learning that NCHEMS mentions. Again, the type of students the CSCUs serve were unlikely to have remote options for work at entry level jobs and would have had to take up the slack for their entire families. This was an extraordinary circumstance that hopefully will not be repeated and cannot serve as the basis of recommendations for the future.

NCHEMS also does not analyze the enrollment increases that began at the Community College in 2023 (which they acknowledge but don’t discuss fully). The increases continue into Fall 2024; 3.8%

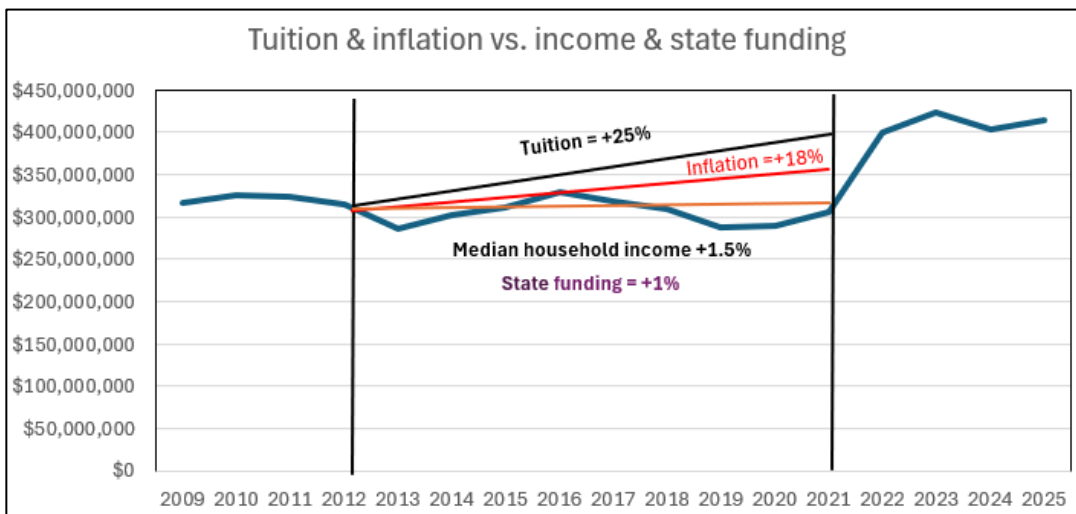


at the Community College and 4.9% at the CSUs. Perhaps students are coming back after COVID. Perhaps the economic condition of families has improved. Perhaps the institutions have put into place more mechanisms to reverse enrollment declines. All of this must be considered before recommendations about the future of higher education in Connecticut can be made responsibly.

Tuition costs

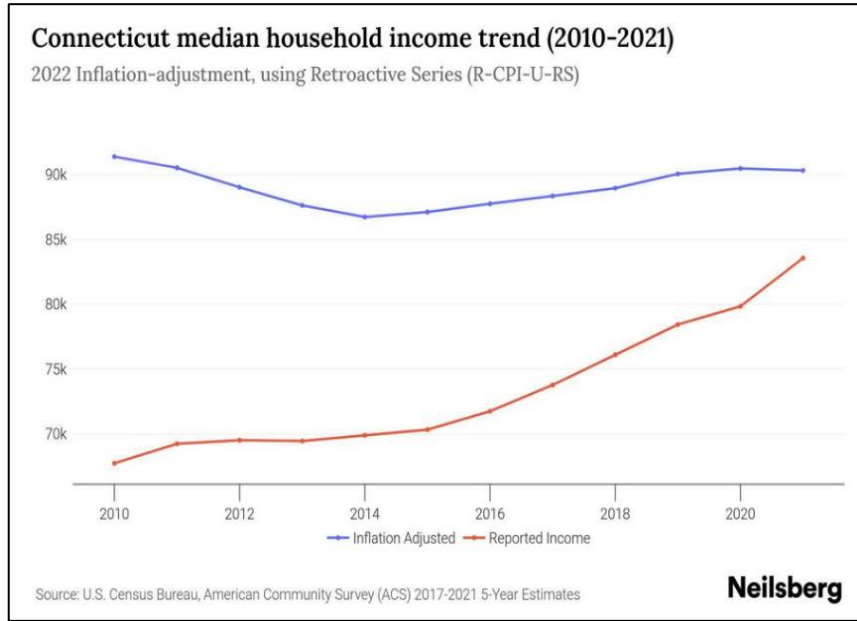
Another key factor in assessing the causes of enrollment declines must be the cost of attendance at the CSCU schools. NCHEMS argues that the schools have become too expensive because of rising personnel costs. But it does not mention that the lack of adequate state funding to cover those staffing and other costs was a key factor.

With state funding that did not keep up with inflation, the CSCU schools had to increase tuition gradually almost every year in order to maintain necessary services that had grown more expensive. With an inflation of 18% between 2009 and 2021 and no additional state funding commensurate with it, the only source of additional revenue was tuition.



Tuition increases must have had an impact on enrollments, especially considering the economic background of the period. If the universities were suffering from rising costs, so too were students.

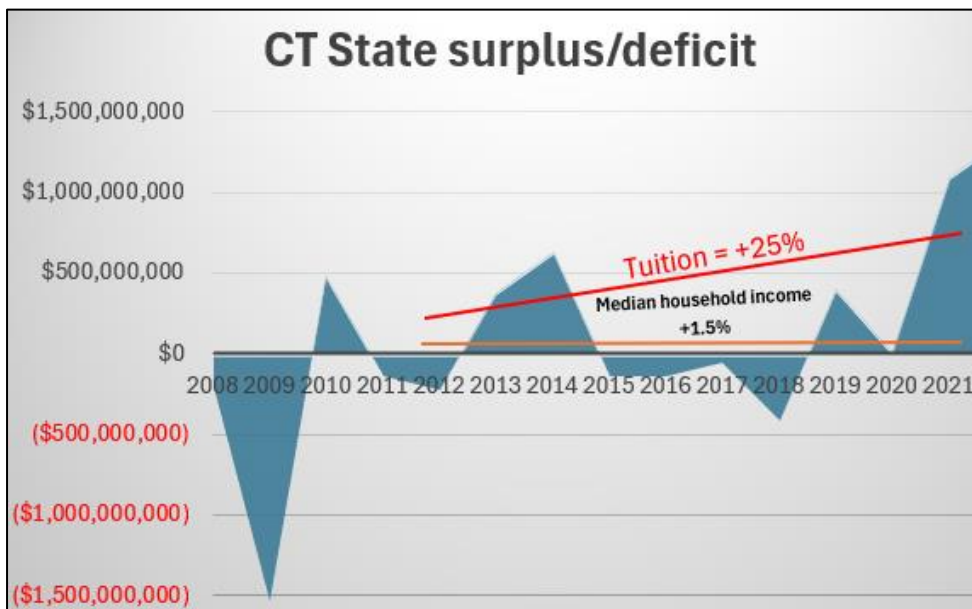
In fact, in the years between 2012 and 2020, when enrollments declined the most, median household incomes in Connecticut rose a mere 1.5% adjusted for inflation, from \$89,040 in 2012 to \$90,334 in 2021. This was nowhere close to the 25% increase in tuition. Tuition had risen to almost \$12,000 at the CSUs, or 13% of the median annual income of all residents, and now was simply unaffordable.



Rising tuition led to declining enrollments, which in turn led to even higher tuition. This was why tuition rose much more than inflation. Fewer students meant fewer tuition dollars were coming into the schools. When combined with flat state funding, institutions had no other option to cover operating costs but to keep raising tuition.

By 2020 tuition was 30-35% higher than in 2009. It was a vicious cycle that could only have been remedied by more state funding or financial aid for students.

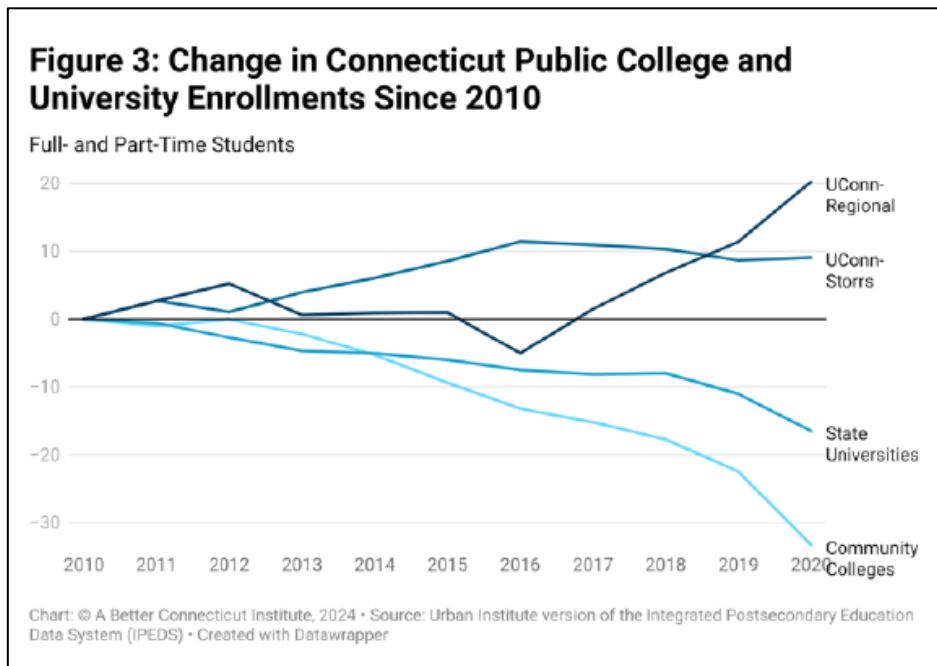
But in those difficult economic times, the state did not believe it had the money to spend on higher education. Neither did the students.



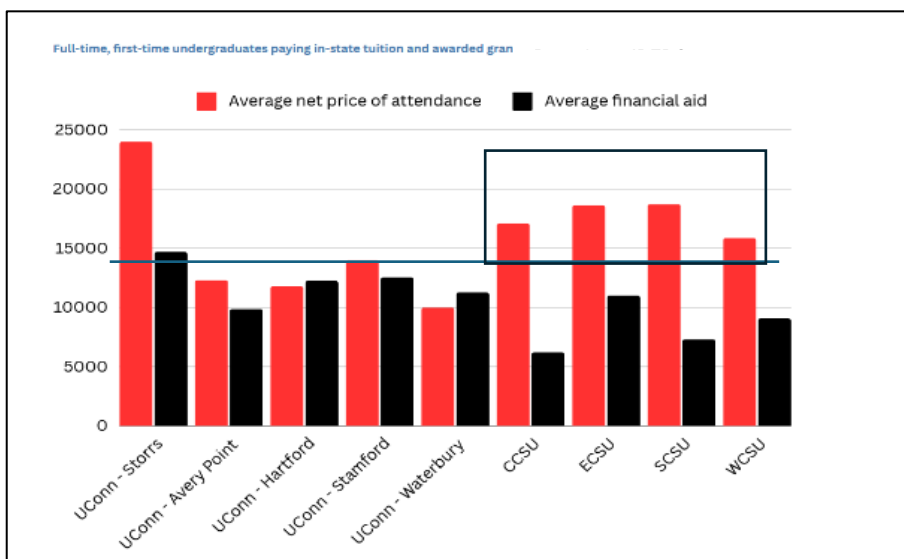
And by not raising taxes slightly on the very rich to invest in higher education, a political decision was made by state lawmakers that perpetuated the cycle of declining revenue and increasing tuition.

Other colleges and universities

The cost of tuition may be another explanation for why enrollments rose at some Connecticut schools, such as UConn, its regional satellites, and private schools, rather than at the CSCUs during the period before COVID. Again, NCHEMS mentions this but does not analyze it fully.



These are schools that have higher, not lower tuition than at the CSCUs. But they also are schools that provide much more institutional financial aid for students. Because of this, the real cost of attendance is in fact cheaper for many students, especially for those from under resourced families, despite the hefty price tag.

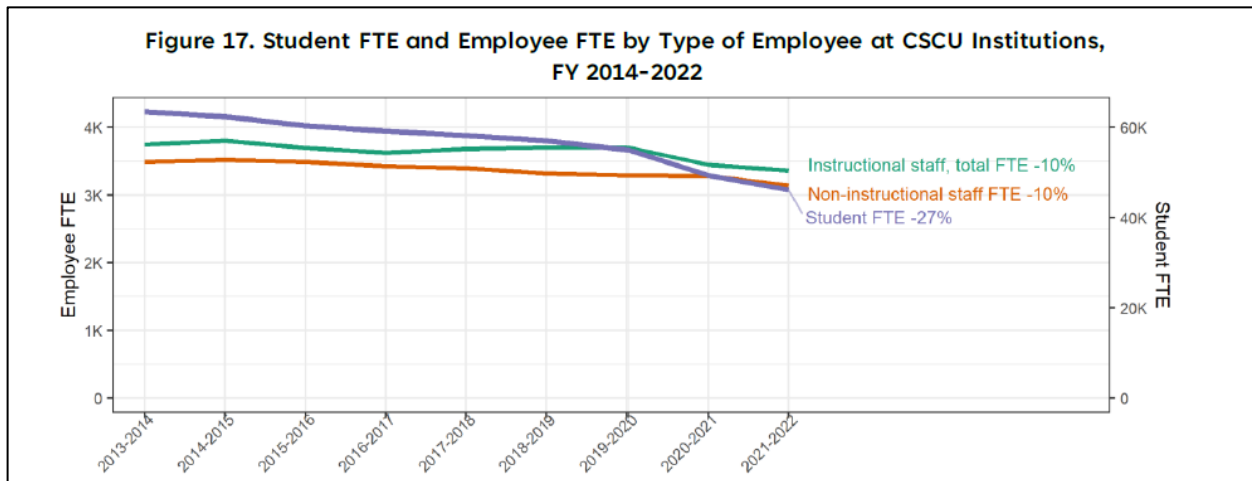


Again, economics and the financial considerations of students, not just demographics, must be considered in any recommendations about the future of the CSCU system.

Institutional cuts

NCHEMS primarily blames the expense of the CSCU schools on the high cost of the personnel, rather than the lack of state funding, economic problems of the time, or inflation. The report argues that the schools did not cut personnel numbers enough to match declining enrollments. NCHEMS admits that faculty and staff were cut by 20% (10% faculty plus 10% staff) from 2014 to 2022.

It does not consider these cuts to be sufficient because of the 27% decline in student enrollment. The main recommendation for the future, therefore, is to adjust staffing to match enrollment declines by cutting personnel further.



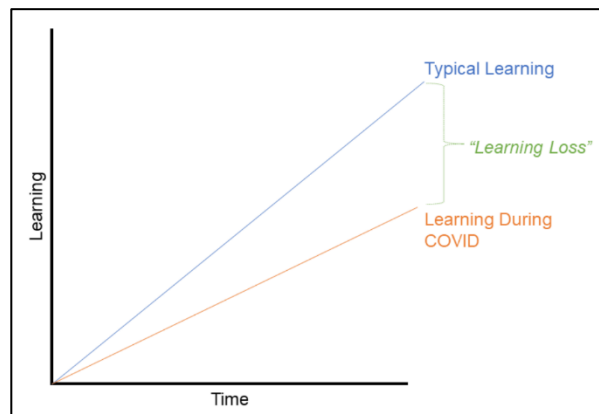
But NCHEMS does not consider that historically 17-21% of that enrollment decline happened in the two years beginning in 2020 because of the COVID pandemic. That means that 6-10% of the 27% decline was long term, over a period of seven years, and cutting faculty and staff by 20% did not just match that decline but exceeded it. The institutions, therefore, have responded appropriately and aggressively, and did shrink to match enrollments of the pre-COVID period.

It would have been irresponsible for the CSCU institutions to reduce staffing and services further than 20% because that would negatively impact student experiences and perpetuate enrollment decline. It also would put the institutions in a weaker position to respond to the changes of the post-COVID period. It was hardly unreasonable to assume that once the pandemic was over enrollment would increase, as the recent changes appear to indicate is already happening. What is unreasonable is for the state to punish the CSCU system by withholding funding and demanding more cuts be made because of losses due to an emergency. This is precisely what state reserves should be used for -- responding to emergencies.

NCHEMS also does not mention or analyze the mitigation efforts that have been made at all the CSCU institutions in the past decade, other than a reduction in staffing. This includes cuts to courses and programs, department budgets, reassigned time, and increases in class sizes and workload. This especially became serious at CT State Community College after the pandemic, where cuts were so severe the that Board of Regents realized they had to be reversed in 2024.

These cuts and their impact on the ground at the CSCU schools are not analyzed by NCHEMS. Again, it would be irresponsible to make further cuts that will effect the quality of education and the reputation of the schools because they may perpetuate further enrollment declines.

In fact, the CSCU schools should have more instructional faculty and support staff, rather than less, to deal with the serious learning loss that the students we serve have been struggling with recently. Their educational challenges are due to many causes, from underfunding of K-12 schools in many regions, to new technology and social media, virtual and online learning during COVID, and anxiety and other mental health issues. Not only are the problems of this generation of students well-documented in the scholarship, they are very visible to the faculty who have been teaching in the CSCU system for many years. Students require a lower student-faculty ration than ever to get the personal attention necessary for them to truly succeed. If this is not done, there will be a major impact on the economy of our state when our graduates enter the workforce.



<https://edpolicyinca.org/newsroom/covid-19-and-educational-equity-crisis>

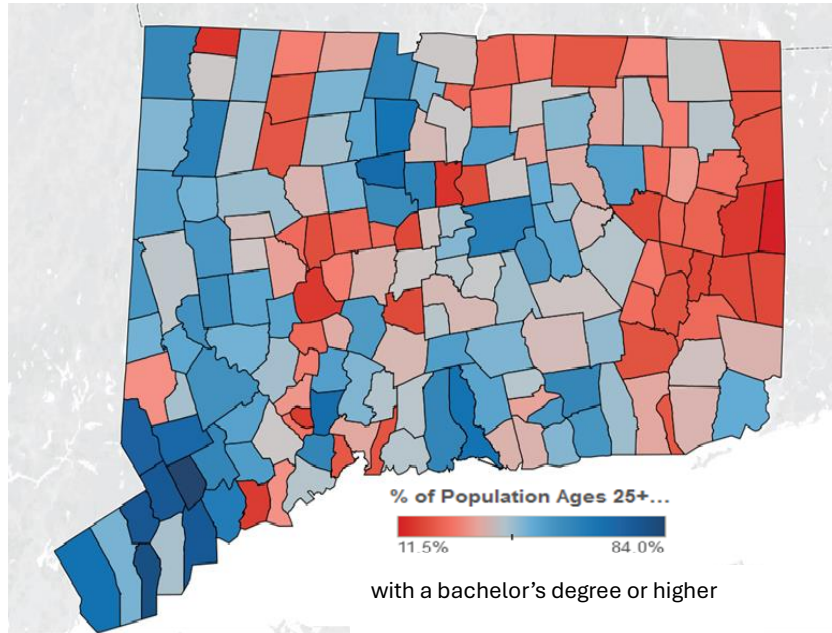
Just as NCHEMS does not consider the economic struggles of our students, it does not rely on first-hand knowledge of the educational experience in our classrooms. Only faculty and staff truly understand both of those crucial factors which are necessary to determine the future of the CSCU system.

Recommendations

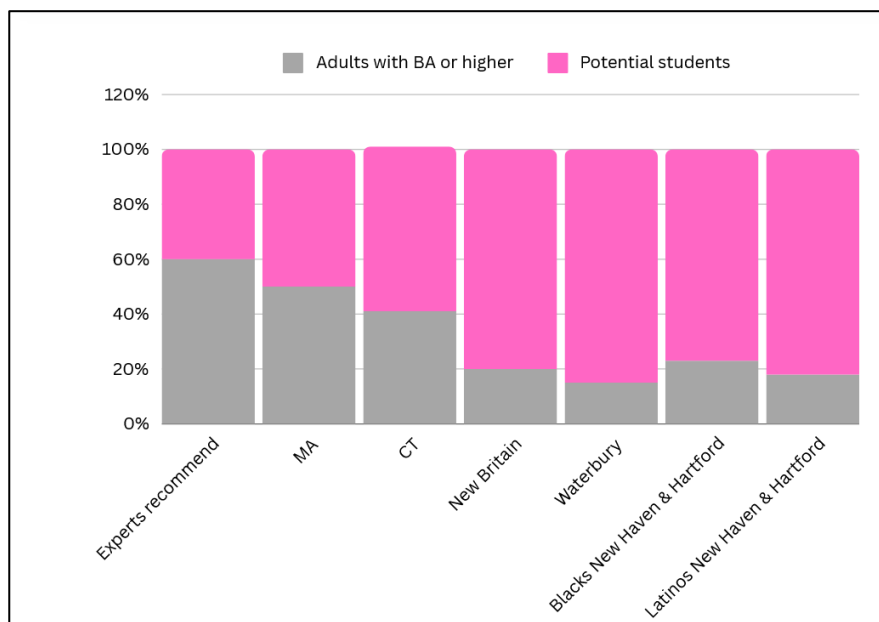
NCHEMS claims that because of a predicted demographic decline, the enrollment problems at the CSCU schools will continue indefinitely and pro-active cuts must be made. It concludes that the system cannot “grow its way out of its financial problems” but must shrink to adjust to declining funding.

But predictions are not facts. And if enrollment declines were the result of historical economic, political, and social facts of the past decade, as well as demographics, as is argued here, those conditions certainly will change in coming years. Decisions about the future of the CSCU system, therefore, cannot be made on speculations about possible inevitable and continual decline. Hopefully, there will not be another pandemic like COVID. Certainly, making changes because of the consequences of a once in a generation event should be done with extreme caution.

In addition, the NCHEMS report ignores the real need for more, not less, higher education in Connecticut. It does not consider how many residents in Connecticut do not have advanced degrees and may wish to do so to gain the higher income and better lifestyle they confer. There is a real potential for enrollment increase in the future among residents in many parts of the state where less than 25% of the population have BAs, as long as tuition costs are contained or mitigated.

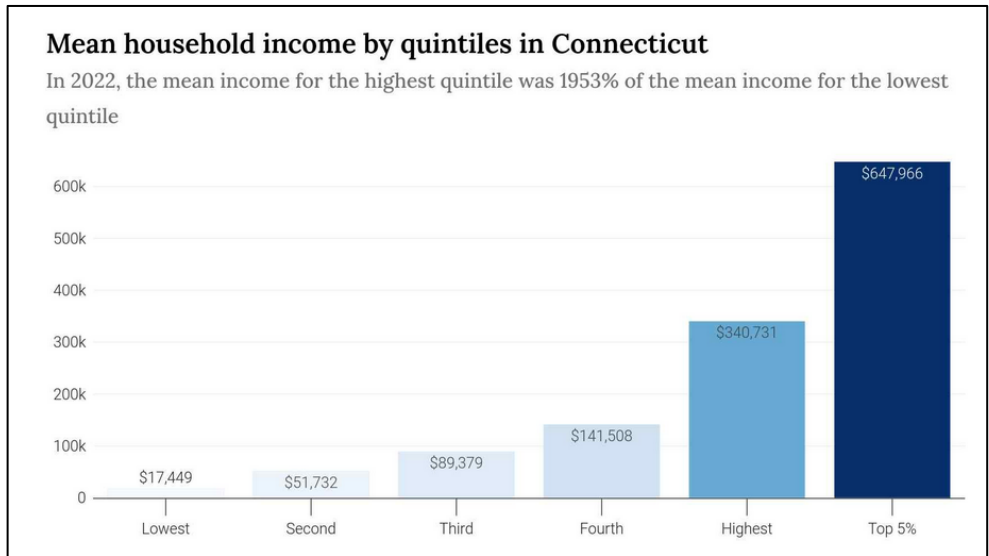


There also is a need for higher education especially among those residents that NCHEMS claims the CSCU system should try to attract in the future – non-traditional students who are first generation, minorities, and adults (including those who may wish to return after the COVID disruption).



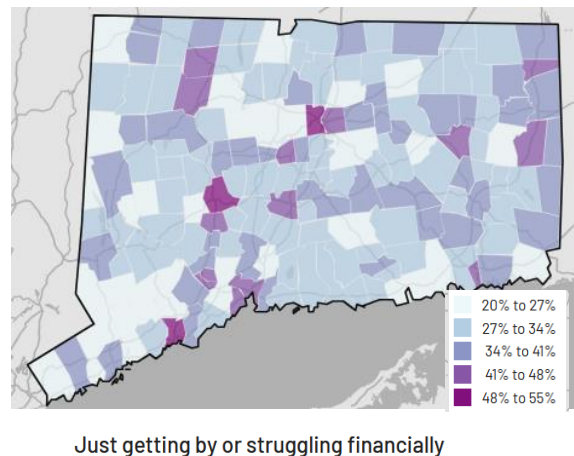
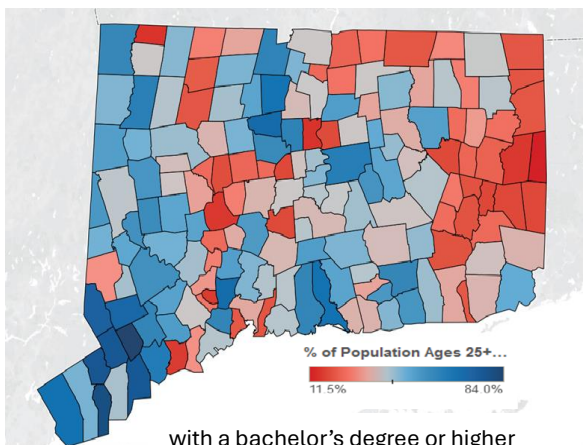
This is also essential for the state’s economic and social future. It is well known that increased higher education for more residents can help solve the problem of inequality that continues to plague Connecticut. In fact, in 2021 Connecticut was tied with Wyoming as the most unequal state in the nation.

Currently the income gap between the highest earners and the majority in Connecticut is huge. The top 5% of residents have a household income 88% higher than 80% of the population. And this does not take into consideration the number of millionaires and billionaires who live in the state.

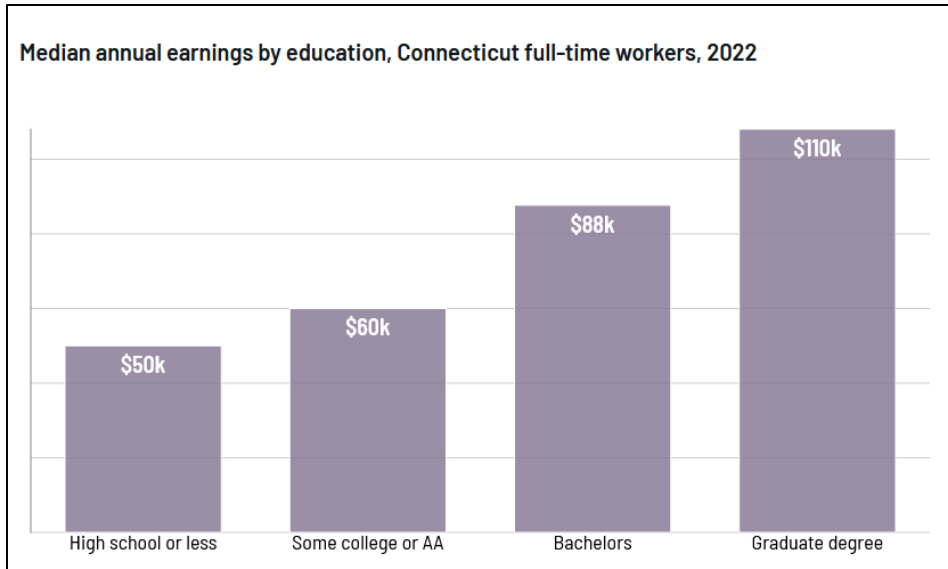


<https://www.neilsberg.com/insights/connecticut-median-household-income/#income-by-quintile>

According to a newly released study, this inequality is getting worse, not better. In the past decade, the decade of declining enrollments at the CSCUs, food, housing, and financial insecurity has increased in Connecticut. In 2024 almost 40% of adults are struggling financially or just getting by. And the majority of the residents who are struggling live in precisely those areas with the fewest number of BAs.



All Connecticut residents deserve to earn a higher income that comes with advanced degrees. Only an increase in higher education opportunities, not a shrinking of them, will give them the means do that. It is unconscionable that anyone, including OPM or NCHEMS, would deny any CT resident the opportunity to an earn an extra \$28,000-\$38,000 per year, or the state the extra revenue in tax dollars that higher incomes produce, simply because of past economic problems.



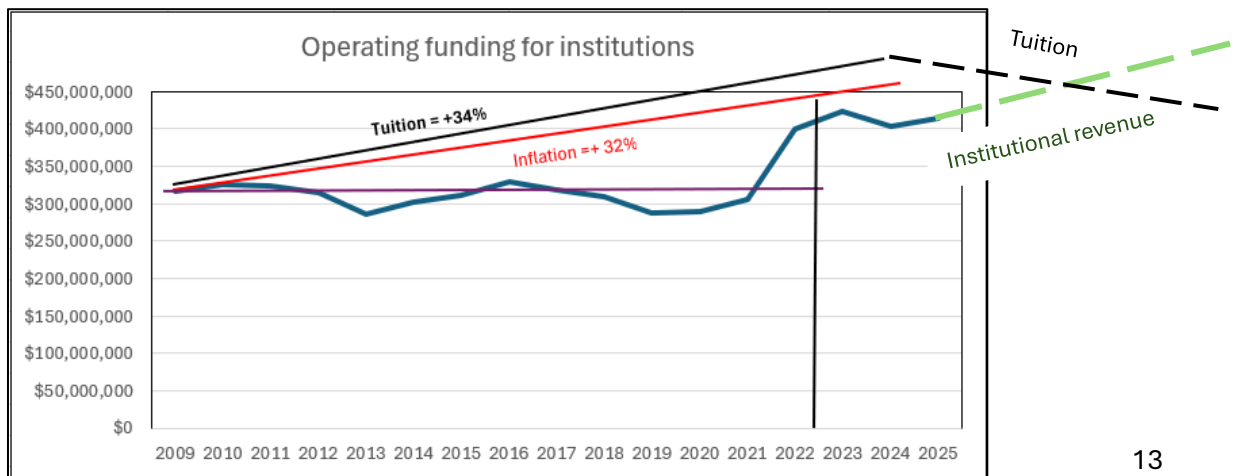
CSU-AAUP has two main recommendations:

- increase state funding to the CSCU system; and
- provide more state financial aid through a PACT expansion.

Increase state funding to match inflation.

State funding should be increased to make up for historical underfunding. This is essential to avoid tuition increases or decline in quality of education, both of which will deter enrollment.

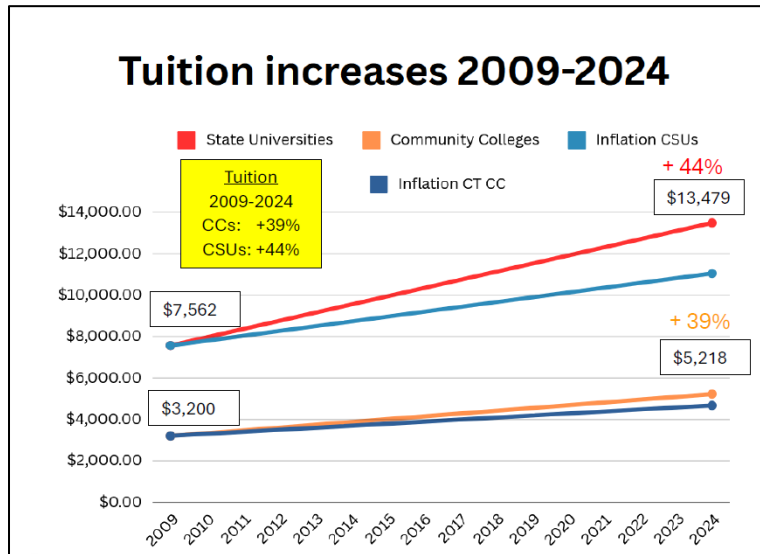
Funding has grown since 2021. This must continue to keep up with inflation. And federal ARPA funds provided during the pandemic, which helped the CSCU institutions come closer to where they could have been had prior funding been appropriate, should be replaced by the state.



Higher education is a public good that helps more than those individuals who pursue degrees. It contributes to the well-being of all residents of the state. It is the responsibility of all taxpayers to contribute to that public good.

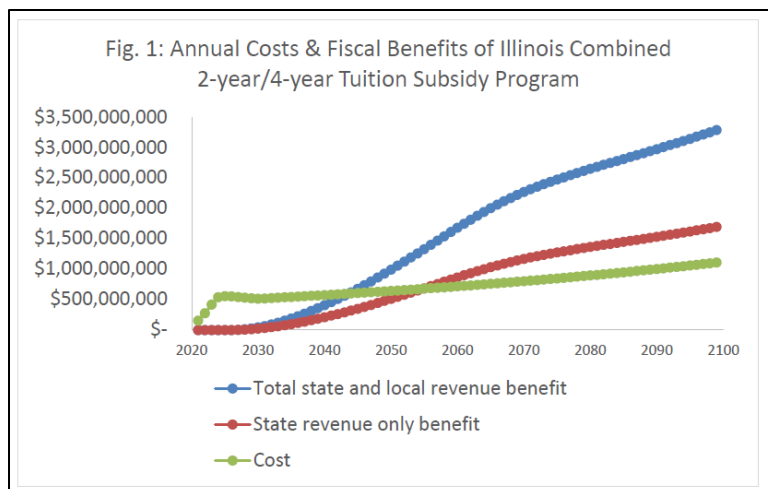
Reduce tuition burden by providing tuition assistance through a “PACT for All” expansion.

The cost of tuition without adequate financial aid, and the cycle of enrollment declines it perpetuates, is what is unsustainable about the current CSU system.



Increased state funding may make a reduction of tuition possible eventually. But in the short term, expanding the PACT program to the State Universities and at CT State Community College will be a quick and effective way to ease the financial problems of students and schools.

NCHEMS admits that the PACT program is beginning to increase enrollments at CT State Community College. But it does not even consider the possibility of an expansion of it. This is surprising because there is much evidence that free tuition programs, especially when applied to both to Universities and Community colleges, can grow enrollments 9-20%. Not only is more money brought into the institutions, but the additional revenue to the state in the form of higher taxes can help fund those programs in the future. See “CSU-AAUP PACT for All; Bill Summary” for more information about the advantages of extending the PACT program to the CSUs.



Conclusion

Much can be done to improve the CSCU system without reducing opportunities and advantages for higher education by cutting and shrinking it. Doors and Minds must be open, not closed. All the people of Connecticut deserve this.

