

**MEETING OF THE  
FINANCE & INFRASTRUCTURE COMMITTEE**  
Board of Regents for Higher Education  
Hartford, Connecticut

Thursday, August 25, 2016, at 9:30 am  
Regents Board Room  
61 Woodland Street, Hartford, CT

**Agenda**

- 1. APPROVAL OF MINUTES FROM THE JUNE 9, 2016 MEETING**
- 2. INFORMATION ITEMS**
  - A. CSCU 2020 Reprogramming for Southern Connecticut State University
- 3. ACTION ITEMS**
  - A. FY18/FY19 Biennium Submittal to OPM
  - B. Frequency of CSCU 2020 Reporting
  - C. Purchase of 330 High Street for Eastern Connecticut State University
  - D. Update to Delegation of Signing Authority
  - E. Western Connecticut State University Tuition Pilot

**MEETING OF THE  
FINANCE & INFRASTRUCTURE COMMITTEE**

Board of Regents for Higher Education

June 9, 2016, at 10:00 a.m.

61 Woodland Street, Hartford CT

**Minutes**

**REGENTS PRESENT**

Matt Fleury, Committee Chair

Richard Balducci

William McGurk

Barbara Richards

Catherine Smith (Telephone)

**CSCU REPRESENTATIVES**

James Lombello, President Asnuntuck Community College; DeAngelis Gennaro, Interim Dean of Administration Asnuntuck Community College; Mark Rozewski, Executive Vice President, SCSU; Richard Bachoo, Chief Administrative Officer, CCSU; Charlene Casamento, Chief Financial Officer, CCSU; James Howarth, Vice President for Finance & Administration, ECSU; Sean Loughran, Vice President for Finance & Administration, WCSU; Paul Martland, Dean of Administration, QVCC.

**CSCU STAFF**

Mark Ojakian, President; Erika Steiner, Chief Financial Officer; Sean Bradbury, Legislative Program Manager; Christopher Forster, Controller; Melentina Pusztay, Director for Budgets and Planning; Pamela Mikaelian, Associate Director of Budgets & Planning; Maribel La Luz, Director of Communications; Louisa Despina, Administrative Assistant for Finance

*With a quorum present, Chairman Fleury called the meeting to order on Thursday, June 9, 2016 at 10:05 a.m.*

**1. APPROVAL OF MINUTES FROM THE MAY 11-13, 2016 MEETING**

*The minutes of the May 11-13, 2016 meeting were unanimously approved, as written.*

**INFORMATION ITEMS**

**A. CSCU 2020 Update**

VP Epstein provided an update on CSCU 2020 and other capital projects to date. Most of projects are on schedule and within budget, while some projects are ahead of schedule. Some major project are scheduled at Central Connecticut State University for Kaizer Hall renovations. Eastern Connecticut State University has some minor Capital Improvement Projects and Shafer Hall Renovations (those projects will be part of CHEFA bond that will go out for bid in August). Western Connecticut State University scheduled some exterior renovations and window replacements. VP Epstein stated that all projects are going well without any issues.

## 2. ACTION ITEMS

### A. Approval of FY 2016-17 Budget for the Connecticut Colleges and Universities

CFO Steiner said that the budget hearings lasted over the course of three days and all of the seventeen institutions provided their individual, preliminary budgets that were based on the Governor's Proposed Budget. However, CFO Steiner stated that as of June 8, 2016, \$14.5 million additional spending reductions are required due to the State holdbacks and there will be an estimated fringe benefit impact of such holdbacks as well. The additional state appropriations compared to the preliminary budget has afforded the CSUs to set aside contingencies to support the institutions and/or potential for reductions in appropriations, and improve the negative results in the final submitted budget. Savings realized from the FY16 hiring freeze that roll into FY17 have been redeployed to fund contingency reserves, auxiliary equipment services, and compliance program and energy conservation. CFO Steiner explained that Three Rivers CC has forecasted an enrollment decline of 8% instead of 5% decline for a more conservative view and the costs have been reduced accordingly to present a balanced budget. The Charter Oak State College state appropriation has been reduced and there was an impact on fringe benefits as well.

President Ojakian pointed out that budget is a “moving target” and is always up for debate. He added that all teams did a great job presenting their budgets with contingency plan. He added that in the future there should be serious conversations with the stakeholders about conducting business differently. There is a need for a much more sustainable business model.

Regent Balducci proposed a change to Board Resolution to replace: “That the Board of Regents *may* request that each institution and the System Office submit a progress report on their budgets during the year” with “That the Board of Regents *shall* request.” Regent Balducci requested to reflect the \$14.5 million impact of holdbacks in Board Resolution as well.

*A motion by Chairman Fleury, seconded by Regent Balducci, carried unanimously to approve FY2016-17 Budget for the Connecticut Colleges and Universities with the above proposed changes.*

### B. Out-of-State Tuition Waiver Pilot Program at Asnuntuck Community College

CFO Steiner explained that with the fall 2016 semester, Asnuntuck Community College (ACC) proposes to offer tuition and fee rates to Massachusetts residents that are consistent with those typically reserved for Connecticut residents. Discounting the price of tuition will help to attract out-of-state enrollment. It involves the leveraging of need and/or merit-based institutional grants and scholarships to reduce the net costs for prospective students in hopes of encouraging their enrollment. This form of “back end” tuition discounting is not possible at ACC due to policy restrictions that limit the use of institutional funds to Connecticut residents. ACC is requesting that the discounting of tuition be made effective at the front end of the transaction, rather than in an ex post factor manner. The only way to increase enrollment is to increase applications. ACC staff is confident that they will get enough students to apply.

*The Resolution concerning Out-of- State Tuition Waiver Pilot Program at Asnuntuck Community College was unanimously approved on a motion by Chairman Fleury, seconded by Regent McGurk.*

### **C. Scholarship Program at Eastern Connecticut State University**

President Ojakian stated that Eastern Connecticut State University (ESCU) has been offered a unique opportunity to participate in a scholarship program sponsored by TheDream.US (“Dream”). Qualified students are DREAMers (young undocumented immigrants who came to the US as children and have graduated from a U.S. high school) who are unable to access federal financial aid or assistance needed to complete a college education. ESCU hopes to extend this opportunity to as many as 50 students beginning in the fall 2016 and pay up to \$80,000 for their education throughout their four years at the university. The program will accept only academically qualified students and can include both Connecticut and out-of-state residents.

*The Resolution concerning Scholarship Program at Eastern Connecticut State University was unanimously approved on a motion my Chairman Fleury, seconded by Regent Balducci.*

### **D. Authorization to Issue Bonds through the State of Connecticut Health and Educational Facilities Authority**

CFO Steiner explained that Connecticut Health and Educational Facilities Authority (CHEFA) is one of the ways of financing capital projects for Connecticut State Colleges and Universities. VP Epstein mentioned some of the proposed projects for the FY17: Manafort Parking Garage (preconstruction), Memorial Hall Interior Mechanical Renovation and Minor Capital Projects Program. All CHEFA projects are funded from student fees. There are three types of fees that are used for CHEFA projects: University fee, general University fee and housing fee. Board policy requires that the cost of debt service on new residence halls must be supported 80% by housing fees. 20% of the cost of all projects are supported by the University Fee. VP Epstein stated that payment of debt service is an obligation of the Connecticut Colleges and Universities. The four state universities have no authority to borrow directly through CHEFA.

*The Resolution concerning Authorization to Issue Bonds through the State of Connecticut Health and Educational Facilities Authority was unanimously approved on a motion my Chairman Fleury, seconded by Regent Balducci.*

### **E. Modification of Tuition and Fee Refund Policy to Align Language with Academic Calendar**

SFO Steiner said that the Tuition and Fee Refund Policy consolidates the three constituent groups into a single policy, while recognizing the differences in the timing and scheduling of academic calendars existing within the broader single academic-year calendar. The policy does not change the substance of the former policy and includes all technical changes.

*The Resolution concerning Modification of Tuition and Fee Refund Policy to Align Language with Academic Calendar was unanimously approved on a motion my Chairman Fleury, seconded by Regent Balducci.*

*With no other business to discuss, the meeting was adjourned at 11:23 a.m.*

**INFORMATION ITEM**

CSCU 2020 Reprogramming for Southern Connecticut State University

**BACKGROUND**

Legislative approval of the CSCU 2020 Program allocated project funding based on aggregated project and program estimated costs. Funding for individual projects may deviate from Board approval provided that total project costs do not increase more than 10% for projects one million or lower and 5% for projects two million or lower. Cost exceeding the 10% and 5% thresholds require legislative approval. Southern's new Academic Laboratory Building is a project valued more than \$1,000,000 with a total project cost exceeding the CSCU 2020 estimated cost, but under the 5% threshold.

As an information item, this report identifies a funding deficiency and that CSCU 2020 funding will be reallocated so the facility may be fully funded and all outstanding construction items completed.

**ANALYSIS**

The Department of Construction Services (DCS) is legislatively required to manage construction of all CSCU capital projects valued more than \$500,000. As an exception and with DCS approval the CSCU may manage projects valued less than \$2,000,000. This DCS approval customarily occurs as an "agency administer" approval. The DCS retains all professional consultants required to assist in design and implementation of the capital program for both agency administered and DCS administered projects. Key administration requirements include oversight of design, construction, maintaining project schedules and adhering to project budgets.

As with all CSCU 2020 projects the CSCU establishes the academic program, key project requirements and overall project budget. Overall project budgets are established based on a combination of historic resources, industry standards and a detailed budget breakdown, in concert with the DCS. CSCU is integrally involved through the design process to assure the academic programs are met within established budgets and design of our facilities remain consistent with our vision. Through construction of major projects the CSCU remains present but does not manage the process. Of the CSCU 2020 Program allocated \$808,000,000 funding, approximately \$650,000,000 has been implemented for design and construction of major facilities with more than \$350,000,000 of those fund expended through construction completion. With one exception, all projects have commenced through project phases on or below budget with facility occupancies maintained as scheduled.

The CSCU 2020 Program budgeted \$8,944,000 in FY 2009, \$57,698,000 in FY 2013 and \$5,473,000 in FY 2015, totaling \$72,115,000, for design construction and equipment

purchases for Southern's new Academic Laboratory Building. The DCS commenced with all administrative requirements from the project initiation and provided occupancy of this facility as schedule for the fall, 2015, semester. As the project achieved substantial completion the DCS recognized one of their processes allowed for an internal accounting error. The error allowed work to occur while not being properly identified as a direct project cost or financial exposure on DCS's project logs distributed to the project team, which includes the CSCU. The breakdown of costs is as follows:

**SCSU Academic Laboratory Funding Summary - 8/25/16**

**Project Funding**

\$	8,739,000	FY 2009 CSCU 2020 Preconstruction Funding
\$	205,000	FY 2009 Demolish Seabury Hall Funding
\$	57,698,000	FY 2013 CSCU 2020 Construction Funding
\$	5,473,000	FY 2015 CSCU 2020 Equipment Funding
\$	72,115,000	Total Project Funding

**Project Fund Transfers (committed & expended funds)**

\$	(8,739,000)	FY 2009 Preconstruction Fund Transfers to DCS
\$	(191,261)	FY 2009 Seabury Hall Demolition Fund Transfers to Southern
\$	(219,545)	FY 2013 University Audit Fee & Construction Fund Transfers to Southern
\$	(57,478,455)	FY 2013 Construction Fund Transfers to DCS
\$	(1,503,024)	FY 2015 University Equipment Expenditures
\$	(3,480,858)	FY 2015 DCS Equipment Expenditures
\$	(71,612,143)	Total Expenditures

**CSCU Unallocated Funds (remaining available funds)**

\$	72,115,000	Total Project Funding
\$	(71,612,143)	Total Expenditures
\$	502,857	Total Unallocated Funds

**Project Expenditures**

\$	72,115,000	Total Project Funding
\$	<b>(70,268,888)</b>	<b>DCS Project Expenditures/Commitments to Date</b>
\$	(1,913,830)	Southern Project Expenses to Date
\$	20,000	Budgeted Audit Fees
\$	<b>(1,810,847)</b>	<b>DCS Projected Additional Project Expenses</b>
\$	<b><u>(1,858,565)</u></b>	<b>Funding Shortfall</b>

Over the past several months the DCS has worked with the project consultants to resolve unfunded work completed, fiscal irregularities and remaining work required to close out this project. The Department of Administration's Commissioner has acknowledged the project cost overrun, indicated due to the current fiscal environment limitations does not have available funding to compensate for this overrun and respectfully asked that the CSCU fund the cost overrun. The revised total project cost is estimated at \$73,973,565 which creates a \$1,858,565 funding deficit. This results after negotiation of the requests

and consideration of legitimate vs spurious claims. A cost detail displaying project funding, fund transfers, unallocated funds and project expenditures is attached to this report.

Since the CSCU would not request a retroactive vote from the Board this report is for informational purposes. Since most work is complete or will soon be complete as determined by the DCS, as funding allows, and since all cost overrun items have an academic gainful use or are operation critical, the \$1,858,565 cost overrun will be funded from a portion of the \$10,000,000 FY 2016 Code Compliance /Infrastructure Improvement bond funds that are supplemental to the CSCU 2020 Program.

CSCU staff have worked with senior DCS staff to modify procedures, policy and protocol to assure similar program inconsistencies do not occur for current and future projects.

**CONCLUSION**

CSCU staff will reallocate \$1,858,565 of the \$10,000,000 FY 2016 Code Compliance/Infrastructure Improvement Program bond funds to fund the project cost overrun. In addition, the CSCU staff have developed a process for enhanced reporting to us by the DCS in order to identify potential overruns before they occur.

8/25/16 Finance Committee for informational purposes

9/16/16 Board of Regents for informational purposes

**ITEM**

Connecticut State Colleges & Universities (CSCU) FY18/FY19 Biennium Budget Submittal to OPM

**BACKGROUND**

The Board of Regents under its statutory authority 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).

The following is an excerpt from the Budget Request letter dated August 5, 2016 from Secretary Barnes:

**Development of the Governor’s Recommended Budget for the FY 2018 and FY 2019 Biennium**

The first step in the state’s Biennium budget process is the development of a baseline budget. The baseline budget is based on current appropriations adjusted to reflect changes in funding requirements under existing state and federal laws. Typical adjustments include the impact of reflecting full-year costs or savings for programs that will start or end during the current fiscal year (annualization), legally-required rate changes for rate-based expenditures, anticipated changes in caseload or utilization, funding changes that are contractually required, and the impact of other statutory, federal or legally-required changes that affect expenditure requirements.

The Biennium Budget submittal is not the same as the System’s annual budget, but rather a vehicle to communicate to OPM adjustments required by law or other approved factors to the current baseline of funding provided.

The Biennium Budget submission consists of three distinct pieces: **(1) Baseline Operating Budget, (2) Capital Budget, and (3) Expansion/New Programs**. CSCU has received instructions from OPM for preparation of the first two items, which are due in September. OPM advises that the state’s “ability to fund new or expanded programs in the coming biennium will be constrained by available revenue.”

The **Baseline Operating Budget** is based on our current spending profile (detailed by the roster of current employees and open positions that comprise our approved FY17 Spending Plan), current revenues, and certain revenue and some limited cost growth factors. Some of these factors are provided by OPM and others are developed by CSCU management. A list of these assumptions is provided in Attachment A. The Baseline Operating Budget includes both amounts that are paid for by the State through General Fund Appro-

priations and amounts that are covered by student tuition, fees and other auxiliary funds (Operating Fund).

The **Capital Budget** for this Biennium includes funding required by our longer term plans (institutional master plans), but does not contemplate facilities already planned under CSCU 2020 or facilities that will ultimately be requested through CHEFA financing.

The Baseline Operation Budget and Capital Budget are relatively straightforward and do not include new programs or initiatives which will be covered in the next Expansion Options submission. The Expansion/New Programs budget will be presented to the Committee and the Board pending OPM's instructions for submittal.

The typical process is to continue discussions with members of the Governor's staff and the General Assembly, and provide additional information and clarification, up until such time as the State's final Biennium Budget is approved.

## **ANALYSIS – BASELINE OPERATING BUDGET**

Attachment A to this report outlines some of the basic assumptions built into the biennium modeling, and Attachment B summarizes the FY18 and FY19 models created using such assumptions. These models do not represent the System's Spending Plans, which will be developed prior to each of the biennial years, and brought to the Board for approval in the preceding June of each fiscal year.

The assumption in Attachment A also do not represent the final spending plan assumptions. For example, tuition and fees will be set early in the calendar year of each upcoming fiscal year and fringe benefit assumptions will be adjusted as the year approaches, using Comptroller-provided rates.

The models in Attachment B indicate that the System would result in losses of \$8.7M and \$14.8M in each of the respective years FY18 and FY19. These would be the system's operating results if:

- spending doesn't change from FY17,
- state funding remains flat with FY17, and
- assumptions presented in Attachment A come to fruition

As it is the obligation of CSCU to present a balanced budget, much work and many changes will be required to cover these losses.

The primary drivers of net costs going up (offset by some increase in revenues) are:

- Wages are held flat as bargaining unit agreements which expired June 30, 2016 have not been renegotiated
- Anticipated increases in fringe benefit rates each year based on history averaging 4%,,
- Inflationary cost increases in spending such as utilities and services averaging 1.7% in FY17 and compounded to 2.1%, and
- An FY18 increase of contributions to retiree medical costs in accordance with SEBAC (3% of medical costs)
- OPM provides additional revenues for staffing and expenses associated with new state facilities (additional personnel for new buildings include custodial and security where applicable)
- Housing and Food revenues increase, as do related costs, which offset each other
- Other revenues are essentially flat, except for the State's reimbursement of fringe benefits, assuming:
  - state appropriations are flat
  - a 3% increase in University Fee consistent with assumptions in the current CHEFA Series P calculations
  - a tuition and all other fees increase of 2%, offset by an enrollment decline of 2%

## ANALYSIS – CAPITAL REQUEST

The Capital Request in this Biennium package does not include the funding already approved via Public Act 14-98 enabling the System's CSCU 2020 program. These approvals total \$95.0 million for each of FY18 and FY19. CSCU 2020 was initially developed for the previous University System and served the four Universities with capital requirements extending for ten years. In FY15 certain amounts were brought into the program, which are specifically for the Community Colleges. This funding request also excludes facilities that are funded through CHEFA revenue bonds.

Under this Biennium Capital Request, we are asking the State to support requirements totaling \$121.9 million and \$114.6 million for FY2018 and FY2019, respectively. This is request both respects the funding received for projects during the current biennium period and the state's limited capacity to provide general obligation bond financing in the next biennium.

The primary requirements for the System in this capital request are to continue our programs of code compliance and infrastructure improvements in order to maintain our sizeable investment in state assets. The near term needs of the system are not to increase capacity, but rather modify use of existing facilities or replace and upgrade those that cannot be modified. Two notable exceptions will increase classroom space at Middlesex and

Manchester Community Colleges which, according to our evaluations and master plans, are dense and require more classroom space in certain areas.

In addition, we are requesting modest sums in each year to continue to enhance safety features of our buildings in accordance with the recommendations of our safety experts.

**RECOMMENDATION**

Approve the FY18/FY19 Biennium Baseline Operating Fund and Capital Requests as presented.

08/25/16 Finance & Infrastructure  
09/16/16 BOR

**CONNECTICUT STATE COLLEGES & UNIVERSITIES**  
**FY18 and FY19 Biennium Request**  
**Modeling Assumptions**

	<u>FY18</u>	<u>FY19</u>	<u>Origin</u>	<u>Notes</u>
<b>Key Assumptions:</b>				
Enrollment decline	-2.0%	-2.0%	CSCU	1
Tuition increase	2.0%	2.0%	CSCU	2
Fees increase	2.0%	2.0%	CSCU	2
University fee	3.0%	3.0%	CSCU	3
Retiree medical contribution	3.0%	0.0%	Contract	4
Other fringe benefit rates	4.0%	4.0%	CSCU	5
Housing	3.9%	3.9%	CSCU	5
Food services	3.5%	3.5%	CSCU	6
Other expenses, blended	1.5%	1.5%	CSCU	7
Personnel Costs/Wages	0.0%	0.0%	OPM	8

**Notes:**

General - All assumptions are for modeling purposes and will be updated for formulation of the System's Spending Plans in June of each biennium year.

1. Enrollment decline is based on historical enrollments
2. Tuition and fee increases are consistent with prior biennium submittal
3. University fee increase is consistent with CHEFA submittal for Series P bonds
4. In accordance with SEBAC, state will contribute match for retiree medical costs
5. Other fringe benefit increase assumption is consistent with (1) SEBAC agreement as it relates to retiree medical contributions, and (2) historical in relation to all other costs
6. Housing and food revenues and expenses are both inflated at historical rates
7. Other expenses are inflated at CPI rates depending on type; blended rate shown
8. As instructed by OPM all wages are held at FY17 rates

## CONNECTICUT STATE COLLEGES &amp; UNIVERSITIES

FY18 and FY19 Biennium Submittal - Baseline Operating Budget

\$ millions

Account Name	FY17 Budget	Baseline Operating Budget		FY18 Biennial Budget vs. FY17 Budget		FY19 Biennial Budget vs. FY18 Biennial Budget	
		FY18 Budget	FY19 Budget	Inc (Dec)		Inc (Dec)	
<b>Revenue</b>							
Tuition (Gross)	299.9	299.9	299.9				
Student Fees	226.5	227.1	227.8	0.6	0.3%	0.7	0.3%
State Appropriations	318.0	318.8	322.1				
Fringe Benefits Paid By State	248.1	260.0	270.5	11.9	4.8%	10.4	4.0%
State Appropriation Operational Support	-	-	-				
State Appropriation Dev Education	9.5	9.5	9.5				
Outcomes-Based Funding	1.6	1.6	1.6				
Housing	66.0	67.2	68.4	1.2	1.8%	1.2	1.8%
Food	33.2	33.7	34.2	0.5	1.5%	0.5	1.5%
All Other Revenue	27.6	27.6	27.6				
Less: Contra Revenue	(8.8)	(8.8)	(8.8)				
<b>Total Revenue</b>	<b>1,221.6</b>	<b>1,236.7</b>	<b>1,252.8</b>	<b>15.1</b>	<b>1.2%</b>	<b>16.1</b>	<b>1.3%</b>
<b>Personal Services</b>	588.4	588.5	590.3				
<b>Fringe Benefits</b>	343.4	359.8	374.2	16.4	4.8%	14.4	4.0%
<b>Total Personal Services &amp; Fringe Benefits</b>	931.8	948.3	964.5	16.5	1.8%	16.2	1.7%
<b>Other Expenses</b>	255.0	259.5	264.9	4.5	1.7%	5.4	2.1%
<b>Total Expenditures</b>	<b>1,186.8</b>	<b>1,207.8</b>	<b>1,229.4</b>	<b>21.0</b>	<b>1.8%</b>	<b>21.6</b>	<b>1.8%</b>
<b>Addition to (Use of) Funds Before Designated Items</b>	<b>34.7</b>	<b>28.8</b>	<b>23.3</b>	<b>(5.9)</b>	<b>-16.9%</b>	<b>(5.5)</b>	<b>-19.1%</b>
<b>CSU Transfers Per Policies</b>							
Debt Service CHEFA Transfer	(21.2)	(21.8)	(22.5)	(0.6)	3.0%	(0.7)	3.0%
Debt Service Residence Halls	(9.0)	(9.0)	(9.0)				
Debt Service Parking Garage	(3.4)	(3.4)	(3.4)				
CSU Policy Set-Aside	(2.3)	(2.3)	(2.3)				
CSU Use of Reserves	2.2	-	-	(2.2)	-100.0%		
<b>Total CSU Transfers</b>	<b>(33.7)</b>	<b>(36.5)</b>	<b>(37.2)</b>	<b>(2.8)</b>	<b>8.4%</b>	<b>(0.7)</b>	<b>1.8%</b>
<b>CCC Net Transfers</b>	(0.9)	(1.0)	(1.0)	(0.1)	15.2%		
<b>Net Change</b>	<b>0.2</b>	<b>(8.7)</b>	<b>(14.8)</b>	<b>(8.8)</b>		<b>(6.2)</b>	

## Proposed FY18 and FY19 Biennium Budget FINAL

Project Title (a)	Location	Total Estimated Project Cost (Includes Future Biennium Request)	Previous Authorized Funds	Allocated Authorizations	FY 2018	FY 2019	Total FY 18-19 Requested Funding
<b>Code Compliance/Infrastructure Improvements</b>	<b>Universities</b>	<b>27,248,463</b>			<b>14,469,866</b>	<b>12,778,599</b>	<b>27,248,464</b>
Central Connecticut State University					5,932,235	6,673,764	12,605,999
Eastern Connecticut State University					2,903,563	3,266,508	6,170,071
Southern Connecticut State University					5,200,652	5,850,734	11,051,386
Western Connecticut State University					4,433,416	4,987,593	9,421,008
Preexisting 2020 Funding Commitments					(4,000,000)	(8,000,000)	(12,000,000)
<b>*Code Compliance/Infrastructure Improvements</b>	<b>Colleges/Sys. Off.</b>	<b>57,108,169</b>			<b>26,874,433</b>	<b>30,233,737</b>	<b>57,108,168</b>
Asnuntuck Community College					2,693,248	3,029,904	5,723,152
Capital Community College					1,651,566	1,858,011	3,509,577
Gateway Community College					1,379,466	1,551,899	2,931,365
Housatonic Community College					2,051,424	2,307,852	4,359,276
Manchester Community College					2,272,111	2,556,125	4,828,235
Middlesex Community College					2,863,995	3,221,995	6,085,990
Naugatuck Valley Community College					3,834,292	4,313,579	8,147,871
Northwestern Community College					1,878,210	2,112,986	3,991,196
Norwalk Community College					3,189,026	3,587,654	6,776,680
Quinebaug Community College					1,621,101	1,823,739	3,444,840
Three Rivers Community College					1,314,653	1,478,985	2,793,638
Tunxis Community College					1,754,154	1,973,423	3,727,577
Charter Oak College	Charter Oak				102,644	115,474	218,118
System Office	System Office				268,543	302,111	570,653
<b>Telecommunications Infrastructure Upgrade</b>	<b>System</b>	<b>4,000,000</b>			<b>2,000,000</b>	<b>2,000,000</b>	<b>4,000,000</b>
<b>New and Replacement Equipment Program</b>	<b>System</b>	<b>13,530,000</b>			<b>6,600,000</b>	<b>6,930,000</b>	<b>13,530,000</b>
Charter Oak					600,000	630,000	1,230,000
Community Colleges					6,000,000	6,300,000	12,300,000
Universities							
<b>Convert existing Gym into library and student services</b>	<b>Asnuntuck</b>	<b>34,395,609</b>	<b>3,806,609</b>			<b>30,589,000</b>	<b>30,589,000</b>
<b>New Automotive, Sustainability &amp; Manufacturing</b>	<b>Gateway</b>	<b>56,990,011</b>			<b>5,000,000</b>	<b>4,868,094</b>	<b>9,868,094</b>

ATTACHMENT C

Project Title (a)	Location	Total Estimated Project Cost (Includes Future Biennium Request)	Previous Authorized Funds	Allocated Authorizations	FY 2018	FY 2019	Total FY 18-19 Requested Funding
New Academic Building	Manchester	78,833,008			7,446,802		7,446,802
Weaton & Snow Reno/Addition	Middlesex	67,052,775			11,644,063		11,644,063
MEP & Distribution systems upgrade	Naugatuck	6,000,000			6,000,000		6,000,000
ADA Compliance Project	Naugatuck	10,250,000			5,000,000	5,250,000	10,250,000
Glacer Ridge Site/Ampitheater Improvements	Naugatuck	2,300,000			2,300,000		2,300,000
Renovate the White building	Northwestern	2,846,250			825,000	2,021,250	2,846,250
Renovations to Greenwoods Hall	Northwestern	27,951,394			2,685,817		2,685,817
B wing MEP/code upgrades and new façade	Norwalk	23,804,045	5190031		18,614,014		18,614,014
East campus-re roofing project	Norwalk	3,300,000			300,000	3,000,000	3,300,000
New Maintenance Garage	Quinebaug	4,822,131			476,088	4,346,043	4,822,131
Parking Lot Replacement	Tunxis	3,300,000			300,000	3,000,000	3,300,000
100 & 200 Building Roof Replacement	Tunxis	2,500,000			250,000	2,250,000	2,500,000
Land and Property Acquisition Program	System	5,000,000			5,000,000		5,000,000
Advance Manufacturing-Emerging Technology Centers	System	5,625,000			2,750,000	2,875,000	5,625,000
Security Improvement Program	System	8,000,000			3,000,000	5,000,000	8,000,000
Totals		439,856,855	8,996,640		121,536,083	115,141,723	236,677,803

**BOARD OF REGENTS FOR HIGHER EDUCATION**

**RESOLUTION**

**concerning**

**FY18/FY19 Biennium Submittal to OPM**

**September 16, 2016**

WHEREAS, The Board of Regents for Higher Education (BOR) under its statutory authority shall “prepare a single budget request itemized by [constituent units]... and shall submit such budget request displaying all operating funds to the Secretary of the Office of Policy and Management...”, and

WHEREAS, A proposed FY18/FY19 Biennium Baseline Operating Budget and Capital Budget Requests have been developed for submission to the Office of Policy and Management (OPM), and

WHEREAS, If given the opportunity, the Board intends to request additional funds through Expansion Options for strategic initiatives and other currently unfunded priorities, targeted at student welfare; therefore be it

RESOLVED, That the Board of Regents for Higher Education hereby approves and submits for review and recommendation to OPM the Baseline Operating Budget schedules and detailed data requested by OPM which include the following requests:

	<u>FY18 Request</u>	<u>FY19 Request</u>
State Appropriations	318.8	322.1
Fringe Benefits Paid By State	260.0	270.5
State Appropriation Dev Education	9.5	9.5
Outcomes-Based Funding	1.6	1.6
State Support	<u>589.9</u>	<u>603.6</u>

with expectation that fringe benefits paid by the state will be adjusted for actual costs incurred, and be it further

RESOLVED, That the Board of Regents for Higher Education hereby approves and submits for review and recommendation to OPM a Capital Budget totaling \$121.5 million and \$115.1 million for facilities requirements of FY18 and FY19, respectively, and be it further

RESOLVED, That these requests may be adjusted by the President of the Connecticut State Colleges & Universities as a result of guidelines issued by or discussions with the Secretary of OPM or for other technical purposes, and be it further

RESOLVED, That the requests shall be transmitted to the Office of Policy and Management for its review and recommendation upon approval by the Board of Regents.

A True Copy:

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Erin A. Fitzgerald, Secretary of the  
CT Board of Regents for Higher Education

**ITEM**

Frequency of CSCU 2020 Reporting

**BACKGROUND**

Legislation requires the CSCU 2020 Program provide semiannual and five-year interval fiscal reports in addition to an annual audit to the Governor and General Assembly. Reporting will terminate when all program funds are exhausted after FY 2019. In FY 2009 the former Board of Trustees requested, for their reference, the submission of a monthly report prepared by staff to ensure proper program oversight of projects and funding. The Board has recognized the monthly reports typically display only minor changes from month to month.

**ANALYSIS**

The Connecticut General Statutes Sec. 10a-91a through -91h, “The Board of Regents for Higher Education Infrastructure Act” established the CSCU 2020 program by authorizing up to \$1.053 billion in general obligation bonds beginning Fiscal Year 2009 and ending Fiscal Year 2019, for the purpose of renewing, modernizing, enhancing, expanding, acquiring and maintaining the infrastructure of the Connecticut State Universities in addition to some Community College improvements in FY 2015 and FY 2016.

Several financial reporting requirements are required under Sec. 10a-91 to ensure a level of program oversight.

1. From January, FY 2010, and terminating after FY 2019 when 2020 program funds are exhausted the Board submits semiannual reports to the Governor and General Assembly. The reports identify all projects, program funding, individual project fiscal status, project schedules and projections for the next succeeding year.
2. For January, 2014, and January, 2019, the Board issues a five-year CSCU 2020 performance review to the Governor and General Assembly. The report compares actual expenditures to original estimated costs and the progress of each project.
3. The Board appoints an independent auditor to annually conduct an audit of CSCU 2020. Each annual report is submitted to the Governor and the General Assembly.

In addition to these reports, on October 8, 2008, the former Board of Trustees approved a “Resolution Concerning Fiscal Oversight” BR 08-61 for the CSCU 2020 program that included a requirement to provide the Board with monthly reports containing, at minimum, expenditures to date for each project, projected total expenditures for each project versus budget and progress of each project to completion versus the established project milestones including an explanation of any delays.

The monthly submission of CSCU 2020 program reports to the Board have demonstrated that month-to-month program changes are not significant. Further, as the program has matured there are good control procedures in place and audits have resulted in no adjustments and clean opinions in each year under audit. In an effort to efficiently utilize the Board's and the staff's time, we propose that the reports listed above as part of Sec. 10a-91 continue to be presented to the Board as required by statute, and that after the September 16, 2016 Board meeting, a semiannual presentation will begin. If issues to projects and/or significant changes should arise, such matters shall be presented to the Board at the next available meeting, irrespective of the semiannual schedule.

**RECOMMENDATION**

Rescind BR 08-61 and provide a CSCU 2020 semiannual status report to the Board of Regents following the passage of the proposed resolution.

8/25/16 Finance Committee

9/16/16 Board of Regents for ratification

**BOARD OF REGENTS FOR HIGHER EDUCATION**

**RESOLUTION**

**concerning**

**Frequency of CSCU 2020 Reporting**

**September 16, 2016**

WHEREAS, Legislation requires the CSCU 2020 Program provide semiannual and five-year interval fiscal reports in addition to an annual audit to the Governor and General Assembly, and

WHEREAS, Reporting will terminate when all program funds are exhausted after FY 2019, and

WHEREAS, In FY 2009 the former Board of Trustees requested, for their reference, the submission of a monthly report prepared by staff to ensure proper program oversight of projects and funding (BR 08-61) , and

WHEREAS, The Board has recognized the monthly reports typically display only minor changes from month to month and that the program has matured with good processes and oversight, therefore be it

RESOLVED, That the previous 2009 Board resolution BR 08-61 is rescinded, and

RESOLVED, That reporting and updates of the CSCU 2020 Program shall proceed semiannually.

And be it further

RESOLVED, That if issues arise of a material nature, such matters shall be presented to the Board at the next available meeting, irrespective of the semiannual schedule.

A True Copy:

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Erin A. Fitzgerald, Secretary of the  
CT Board of Regents for Higher Education

**ITEM**

Purchase of 330 High Street for Eastern Connecticut State University

**BACKGROUND**

The CSUS 2020 Land and Property Acquisition Program provides an available fund source for the acquisition of properties that are strategic to meet current and future academic and support needs of the four universities. Land and buildings considered for purchase are located adjacent to, or nearby the universities and will include residential, open land, and industrial zoned properties. It is important that funds be on hand to purchase strategic properties as they become available for acquisition or else they may be sold to private entities and the opportunity for their acquisition may be lost for several years.

Board of Regents Property Acquisition Procedures for the universities permit each university to pursue the first priority on their list at any one time. If the property is unable to be purchased, the university cannot proceed to the second priority until all the other universities have acted on their first priority. To date all priorities have been acted on with either a purchase or elimination. Current purchase are on a request by request basis as funding can support. Of the \$8,250,190 CSUS 2020 funding allocated for property purchases through FY 2017, \$5,185,259 remains uncommitted for potential university purchases.

**ANALYSIS**

Eastern has an established long term goal with obtaining residential properties on Prospect Street, High Street and Windham Street that are adjacent to the university. The long term goal for incorporating land parcels as part of the campus has enabled the university to establish a street presence and expand ever so slightly on the campus footprint as opportunities allow. The owner of 330 High Street has expressed interest with selling their residential property to the State for Eastern's use. 330 High Street is a .19 acre lot containing a 1,166 square foot cape style house constructed in 1954. The acquisition of this property will be the final residential parcel purchased on High Street for the university. This purchase is also significant due to its' close proximity to the new Fine Arts Instructional Center.

Subsequently, the Department of Administrative Service commissioned property appraisals of and negotiated terms and conditions for 330 High Street. The negotiated purchase cost for this property is \$85,000.

This purchase will be funded from FY 2009 of the CSCU 2020 Land and Property Acquisition Program.

**RECOMMENDATION**

Approve the purchase of 330 High Street for \$85,000 for Eastern Connecticut State University pending final approvals of the Department of Administrative Services, State Properties Review Board, and Attorney General.

8/25/16 Finance Committee

9/16/16 Board of Regents for ratification

**BOARD OF REGENTS FOR HIGHER EDUCATION**

**RESOLUTION**  
**concerning**

**The Purchase of 330 High Street for  
Eastern Connecticut State University**

September 16, 2016

- WHEREAS, The purchase of a residential property adjacent to Eastern Connecticut State University has been offered for sale to the Board of Regents of the Connecticut State Colleges and Universities, and
- WHEREAS, The residential property is located at 330 High Street, Willimantic, CT, and
- WHEREAS, The acquisition of property on High Street is part of a planned long term university effort to obtain real estate parcels that are adjacent to Eastern to increase buildable land area, enhance esthetics and better promote the university street frontage, and
- WHEREAS, The acquisition of 330 High Street is consistent with Eastern's long term property acquisition goals, and
- WHEREAS, The purchase of 330 High Street totals \$85,000, and
- WHEREAS, This purchase will be funded from FY 2009 of the CSCU 2020 Program Land and Property Acquisition Program, and
- WHEREAS, The Board of Regents property purchase is contingent on the approvals of the Department of Administrative Services, State Properties Review Board, and Attorney General; therefore be it
- RESOLVED, That the Board of Regents for the Connecticut State Colleges and Universities will purchase 330 High Street for the consideration of \$85,000 for Eastern Connecticut State University.

A CERTIFIED TRUE COPY:

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Erin A. Fitzgerald, Secretary of the CT  
Board of Regents for Higher Education

**ITEM**

Update to Delegation of Signing Authority

**BACKGROUND**

This action is pursuant to the Board of Regents' statutory authority under CGS 10a-72 and 10a-89, which state that the BOR shall make rules for the government of the constituent units of higher education and shall determine the general policies of the constituent units.

**ANALYSIS**

The Board of Regents approved a delegation of signing authority most recently on September 19, 2013. The resolution is included herein as Attachment A.

Pursuant to recommendations provided by employees in a process improvement event held recently at the System Office, management agrees that the current signature authorities require both simplification and more consistent structure at the seventeen institutions and at system office.

The current authorities specify position descriptions for the System Office, the Connecticut State Universities, the Connecticut Community Colleges, and Charter Oak State College. The positions may not apply at each institution and may change from time to time. Further, the current delegation provides unlimited signature authority to all those individuals listed which is not in the best practice of good internal controls.

Each time positions change, this policy must be re-approved by the Board which is an inefficient use of time.

The proposed revision to policy, Attachment B, simplifies the process by providing the Presidents and Chief Financial Officers/Chief Administrative Officers of the institution and the System Office with the authority to sign on behalf of their institutions, or in the case of System Office on behalf of the Connecticut State Colleges & Universities and the institutions. However, if the document (contract, purchase order, etc.) is in excess of \$5M, a second signature is required. It further provides the Presidents with the opportunity to re-delegate authority. Such re-delegation will be in an amount and a designation appropriate to the employee's position, collected by the System Chief Financial Officer, reviewed for consistency among the institutions, updated at least annually, and serve as the System's master documentation of signature authority for control and audit purposes. Each institution will retain its own copy for the same purposes.

**RECOMMENDATION**

Approval of the proposed policy revision, as shown in Attachment B, and accompanying draft Board Resolution, to be effective upon update of re-delegation materials by each of the institutions or System Office, but no later than November 1, 2016, prior to which the existing policy is in force at the respective location.

8/25/16 – Finance Committee

9/16/16 – Board of Regents

**BOARD OF REGENTS FOR HIGHER EDUCATION**

**RESOLUTION**

**concerning**

**Signing Authority**

**September 19, 2013**

WHEREAS, This action is pursuant to the Board of Regents' statutory authority under CGS 10a-72 and 10a-89, which state that the BOR shall make rules for the government of the constituent units of higher education and shall determine the general policies of the constituent units, therefore be it

RESOLVED, That the resolution concerning Signing Authority, adopted by the Board of Regents for Higher Education on January 19, 2012 is rescinded, and

RESOLVED, That persons elected to or employed in the following positions by the Board of Regents (BOR) are authorized to sign all official documents within their jurisdiction executed under the policies of the BOR:

*For the Board of Regents for Higher Education*

President of the Board of Regents  
Senior Vice President for Academic & Student Affairs  
Vice President for Community Colleges  
Vice President for State Universities  
Vice President for Human Resources  
Chief Financial Officer  
Chief Information Officer  
Chief of Staff

*For the Connecticut State Universities*

President  
Executive Vice President  
Provost and Academic Vice President  
Senior Vice President  
Vice President for Academic Affairs  
Vice President for Finance and Administration  
Vice President for Institutional Advancement  
Vice President for Student Affairs  
Vice President for Student and University Affairs  
Chief Administrative Officer  
Chief Financial Officer  
Chief Human Resources Officer  
Chief of Staff/Vice President for Organizational Development

*For the Connecticut Community Colleges*

President  
Deans  
Director of Human Resources

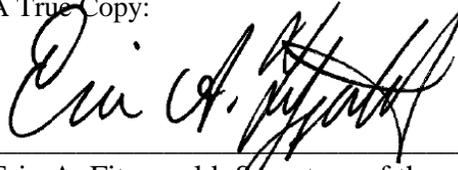
*For Charter Oak State College*

President  
Provost  
Chief Financial and Administrative Officer  
Executive Director of the CTDLC

And be it further

RESOLVED, That the President of the Board of Regents and each University and College President may designate in writing other persons who shall act as their agents in signing contracts of up to \$50,000 and/or other documents in such areas as personnel, payrolls, purchasing, financial matters, university planning, and maintenance. The written authorization shall indicate the appropriate level of signing authority for each person so designated.

A True Copy:



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Erin A. Fitzgerald, Secretary of the  
CT Board of Regents for Higher Education

## **CONNECTICUT STATE COLLEGES & UNIVERSITIES**

### **DELEGATION OF SIGNING AUTHORITY**

**August 2016**

This policy delegates signing authority by the Board of Regents of Higher Education to the Connecticut State Colleges and Universities executives.

The System Office executives listed below have the authority to sign documents on behalf of the System, and on behalf of the institutions it serves. Executives of each institution listed below have the authority to sign documents on behalf of that institution.

**It is expected that all official documents indebteding the respective institutions have been budgeted in the fiscal year in question, or will be accommodated within the approved budget. Any exceptions must be approved by the President of the Connecticut State Colleges & Universities. Any agreements that would structurally change the System must be approved by the Board of Regents.**

For each of the System Office, Connecticut State Universities, Connecticut State Colleges, and Charter Oak State College, the following executives have the authority to sign all documents on behalf of his/her organization:

System President and Institution Presidents  
System Chief Finance Office and Institution Chief Financial Officers/Chief Administrative Officers

However, if the document in question exceeds \$5M, then two signatures shall be required. Each President has the authority to re-delegate authority within his/her institution. Re-delegations will be specific to the employee's function and in an amount appropriate for the position. Such re-delegation must be documented, signed, and will state a dollar value limitation associated with a position/title, not an incumbent's name. The re-delegation documents should be submitted to the System Chief Financial Officer for maintenance of a master documentation of signature authority.

Official documents include contracts and purchase orders, or other items that are external to the System. This policy does not impact personnel policies, or policies that are internal in nature.

The attached template will be completed by each institution, submitted to the System Chief Financial Officer, and reviewed and, if necessary, updated at the beginning of each fiscal year.

This policy will go into effect upon update of re-delegation materials by each of the institutions or System Office, but no later than November 1, 2016, prior to which the existing policy is in force at the respective location.

**Connecticut State Colleges & Universities - (Institution)**

8/15/2016

Approval Level	Position	Financial Matters						
		Contracts	Requisitions	Purchase Orders with Contract	Purchase Orders without Contract	Invoices	Checks	Travel Authorizations
1	President	Unlimited but >\$5,000,000 requires CFO also	≤ \$250,000 > Need Dual Signature	Unlimited				
1	Chief Financial Officer	Unlimited but >\$5,000,000 requires President also	≤ \$250,000 > Need Dual Signature	Unlimited				
1								
1								
2								
2								
3								
3								
4								
4								

Notes:

- 1) Contracts commit the system to business with a particular vendor under certain terms and conditions and thus have the most restrictive approval authorities.
- 2) Requisitions are requests for purchases to be made. These are the least restrictive approvals because there is no encumbrance against system funds until the PO.
- 3) Purchase Orders acknowledge that a purchase is in accordance with all contracts and applicable state Statutes and commits the system to do business for a specific purchase. Purchase Orders under contract are less restrictive than Purchase Orders that are not under contract. In the latter case, such Purchase Order becomes the legal contract.
- 4) Invoice approvals are acknowledging that the goods or services have been received and it is ok to pay. In most instances invoices are against an open purchase order. There are some direct pays such as; subscriptions, food, fees etc. in which case there is more restrictive approvals since there is not already a PO.
- 5) Checks are actual payments and approval signature authority is the most restrictive.
- 6) Travel authorizations are approvals given to employees to travel on state business. In state travel may be approved by a supervisor. Out of state travel is restricted to level 1 approvers.
- 7) Secondary approvals must be from a level 1 or 2 approver if within their limit.
- 8) Approvals may be by any legal means of approving or signing documents and transactions.

**ALL CONTRACTS AND REQUISITIONS MUST BE CONTEMPLATED IN THE BUDGET FOR THE YEAR IN QUESTION. EXCEPTIONS MUST BE APPROVED BY THE INSTITUTION CFO.**

**BOARD OF REGENTS FOR HIGHER EDUCATION**

**RESOLUTION**

**concerning**

**Signing Authority**

**September 16, 2016**

WHEREAS, This action is pursuant to the Board of Regents' statutory authority under CGS 10a-72 and 10a-89, which state that the BOR shall make rules for the government of the constituent units of higher education and shall determine the general policies of the constituent units, therefore be it

RESOLVED, That the resolution concerning Signing Authority, adopted by the Board of Regents for Higher Education on September 19, 2013 is rescinded, and

RESOLVED, That persons elected to or employed in the following positions by the Connecticut State Colleges & Universities are authorized to sign all official documents within their jurisdiction executed under the policies of the Board of Regents, for their respective institutions and, for System Office, for the Connecticut State Colleges and Universities and the institutions therein:

System President and Institution Presidents  
System Chief Finance Office and Institution Chief Financial  
Officers/Chief Administrative Officers

And be it further

RESOLVED, That the documents resulting in expenditures in excess of \$5,000,000 shall require dual signatures, and

RESOLVED, That the each President shall create a re-delegation of signing authority using a prescribed format and submit that form to System Office, and

RESOLVED, That such re-delegations will be appropriate to the employee's position, consistent among the institutions, and be updated annually, and

RESOLVED, That this change will go into effect upon update of re-delegation materials by each of the institutions or System Office, but no later than November 1, 2016, prior to which the existing policy is in force at the respective location.

A True Copy:

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Erin A. Fitzgerald, Secretary of the  
CT Board of Regents for Higher Education

**ITEM**

Western Connecticut State University (“WCSU”) Pilot Program to offer in-state tuition and fees to current and prospective students from certain New York counties.

**BACKGROUND**

WCSU has seen undergraduate enrollment decline by approximately 15% since 2011, as shown in the attached proposal. This has contributed to fiscal challenges that, along with declining state funds, has led to a budget imbalance for the University. In turn, this has necessitated use of unrestricted reserves over the past few years, which is not a sustainable solution.

The University has begun a number of marketing and communication strategies to enhance enrollment. Currently, WCSU has excess capacity in both academic facilities and dormitories. Filling excess capacity will improve fiscal results as well as afford the University the ability to offer more programs and enhanced auxiliary services.

After conferring with the other CSUs, it was determined that WCSU will limit the pilot to only certain neighboring counties which would mitigate the impact on the other CSUs but provide WCSU the biggest positive impact.

As we have increased tuition and fees each year by the same percentage over time, the spread between in-state and out-of-state has continued to grow each year. More currently, our neighboring states have begun to offer competitive rates to out-of-state students, including our Connecticut residents. This pilot program is intended to combat a potential erosion of our base, the Connecticut resident, due to these competitive offers of discounted rates.

**ANALYSIS**

The proposal prepared by WCSU is attached. WCSU proposes to begin this pilot in the Fall 2017 in order to provide time for marketing. The pilot will be extended to existing students from the counties listed as well as new students and will be supported with a marketing program. Additional research performed by the University is included in the attached proposal.

WCSU has provided in their analysis a map showing that within a 35 mile radius of the campus, a significant portion fall into the state of New York. This would indicate that for commuter students, we could expect a great deal more from across the border if the rates were competitive. WCSU Enrollment management expects that the New York enrollments from the select counties could double under this pilot program.

However, we would expect that at least some percentage of students would be residential; as the dormitories are currently under capacity, this would be a good source of additional revenue for the University.

Increases in enrollment would benefit the University both financially and academically. Additional students would afford the opportunity to offer more courses and programs, would support the auxiliary services offered by WCSU, and would enrich the overall student experience through diversity.

As indicated in the attached proposal, WCSU has conferred with the other three CSUs prior to submitting the pilot to the Board for approval. Although the other CSUs raised some concern over creating a competition among the Universities, it was suggested that if price alone were the deciding factor, those New York residents currently attending CSUs would have stayed in New York and gone to SUNY or CUNY.

WCSU estimated that the first year of the pilot would cost approximately \$287K net due to the grandfathering of current students, and the reduction in tuition rates. There are 103 students, at WCSU today who would qualify for the tuition reduction (freshmen through juniors from the specified counties). That figure assumes no natural attrition among those students. In addition, there will be a marketing cost of about \$100,000 to support the pilot, which will be absorbed by prioritizing the University's existing budget. WCSU believes that by the second year, the local marketing with high schools will bring in additional students and that the University will begin to benefit from the increased enrollment, in excess of the tuition differential.

## **RECOMMENDATION**

Approve WCSU's proposal to offer in-state tuition and fee rates to residents of seven New York neighboring counties: Dutchess, Putnam, Westchester, Orange, Rockland, Sullivan and Ulster. This pilot would begin in Fall 2017 and be evaluated after a two-year period for continuation. Those students already at WCSU who geographically qualify and new students admitted under this pilot will continue at in-state rates until graduation or withdrawal.

08/25/16 Finance & Infrastructure  
09/16/16 BOR

August 15, 2016

**Proposal for a Pilot Tuition Discount Plan to Increase Student Enrollment in Select New York Neighboring Counties At Western Connecticut State University (WCSU)**

**1. Proposal**

Commencing with the Fall, 2017 semester, as a two year pilot program, WCSU proposes to charge New York State students residing in the neighboring counties of Dutchess, Orange, Putnam, Rockland, Sullivan, Ulster and Westchester the same in-state tuition and fees it does Connecticut State students. This should have the beneficial impacts of:

- reversing the disturbing decline in WCSU enrollment noted below and increasing overall enrollment in the coming years;
- attracting and importing New York State students to WCSU to increase the number and quality of Connecticut's future workforce;
- increasing the number of students in the residence halls (NOTE: no room and board discount is being proposed, only tuition and fees).

It must be emphasized that WCSU's top priority in enrollment management is and always will be Connecticut students, either first-time/full-time or transfer students especially from CSCU colleges. However, with the declining numbers of Connecticut high school students (see Chart No. 1) and increasing competition for these students from other institutions of higher education, this out-of-state strategy is absolutely essential to WCSU's future as a strong, vibrant and growing institution of higher education.

**2. Discussion**

Western Connecticut State University is located in Danbury, CT. It's Westside and Midtown campuses are located 3.1 and 5.8 miles, respectively, from the New York State border. Within WCSU's regional service area are the bordering counties of Dutchess, Putnam and Westchester and the neighboring counties of Orange, Rockland, Sullivan and Ulster. The cities of Newburgh (Orange), Poughkeepsie (Dutchess) and White Plains (Westchester) are all within easy driving distance of the University (i.e. under one hour). As an added note, two New York high schools, Brewster and Carmel (Putnam) have their graduation exercises in the O'Neill Center on WCSU Westside campus. It is also estimated by officials of the Danbury Fair Mall, New England's fifth largest, that approximately 40% of their retail customers are from New York.

Consequently, because of WCSU's close proximity to New York, one would be led to believe that the University should be able to successfully recruit these students, especially from New York neighboring counties within close traveling distance to the University. However, such is not the case and over the past six years, WCSU has suffered significant and disturbing declines in total FTE student enrollment and New York neighboring county students as the chart on the next page shows:

	<u>Total</u>	<u>NYS Pilot Counties</u>	<u>NYS Pilot Counties as % of Total</u>
FY 2011:	4750.6	234.4	4.9
FY 2012:	4608.8	211.2	4.6
FY 2013:	4356.6	192.5	4.4
FY 2014:	4240.3	180.0	4.2
FY 2015:	4200.8	188.0	4.5
FY 2016:	4081.2	149.7	3.7
FY 2017: (estimated)	4038.0	130.2	3.2

The numbers above represent a total enrollment loss of 15.0% or 712.6 undergraduate students. Over the same time period, students from the NYS pilot counties decreased by 44.4% or 104.2 students. With actions taken this year, current data suggests the possibility of a minor loss or a “flat” (i.e. similar) enrollment for FY 2017 as FY 2016. However, while the losses may have been stopped or minimized, this is clearly not acceptable, WCSU must see positive enrollment growth over the coming years. (See Chart No. 2 for more comprehensive FY 2011-17 enrollment trend data including in-state and all New York State students.)

Unfortunately, due to the significant price spread between the out-of-state tuition of \$22,878 currently charged by WCSU and the in-state tuition of \$8,106 charged by SUNY colleges (e.g. Purchase, New Paltz, Old Westbury, etc.), and \$6,650 charged by City University of New York colleges (e.g. Baruch, CCNY, John Jay, Lehman, etc.) in the region (see Chart No. 3), WCSU has been unable to attract sufficient numbers of New York State students in its regional service area to offset the reduced number of Connecticut resident students due to the declining number of high school graduates noted above. In essence, WCSU has inadvertently “priced itself out of the market” especially for those New York high school students looking for a quality, public university education in the region. Please see Chart No. 4 for WCSU’s regional recruiting area.

As a most disturbing example, despite intensive recruiting efforts, WCSU currently enrolls 38.4 students from the bordering New York county of Westchester with an estimated high school population of 69,868. These 38.4 students represent the total amount attending WCSU (freshman through senior year) or an average 9.6 students per class year! Please see Chart No. 5 for the current (Fall 2016) full time student enrollment for those select New York counties in the pilot proposal, and Chart 6 for a detailed presentation of the current yield and recruiting potential of New York students residing in these counties.

However, given the extremely low number of New York students in these counties attending WCSU, this presents a great potential for enrollment growth, given the correct recruitment strategy and financial tools to do so, i.e. the proposed New York State pilot tuition discount plan.

### **3. Potential Impact on Western Connecticut State University**

If this policy is approved, WCSU enrollment management staff estimate that in the first year (AY2016-17), the University will be able to attract an additional **75 students** from the New York pilot counties. This will result in tuition and fees of \$751,275 (i.e. 75 students times current in-state tuition of \$10,017) and

room and board fees of \$286,000 (based on an estimated 35% or 26 students, who will be campus residents with an average room and board rate of \$11,000) for total increased revenues of \$1,037,275.

However, there will be New York pilot county students already attending WCSU for AY17-18, who would also be eligible or “grandfathered” for the new, discounted rate from the current out-of-state tuition and fees of \$22,878 to the in-state of \$10,017. Consequently, the University would incur a reduction in revenues of \$1,324,683 (based on the AY16-17 enrollment of approximately **103 eligible or “grandfathered” students** by the loss of \$12,861 in tuition and fees per student). Consequently, there would be **revenue shortfall of \$287,408** (loss of \$1,324,580 less new student revenues of \$1,037,275) in the first year of the pilot program. The estimated **“breakeven” for AY17-18 would be 96 students**, (estimated revenues of \$1,331,232) to completely offset any loss.

In the second year of the pilot program, given additional marketing with high school counsellors and intensified recruiting efforts of prospective students and their parents or guardians through social media, advertising campaigns and campus visits, it is hoped that at least an additional 75 students can be enrolled in AY18-19 for a total of **additional 150 students over the two year pilot program**. At this point, the University would experience a net increase in revenues. Most importantly, if the pilot is successful, it could be argued that the policy be extended to all New York residents, especially the major student markets of New York City and Long Island. All the CSUs would be invited and encouraged to participate.

#### **4. Potential Impact on Central, Eastern, and Southern Connecticut State Universities (CSUs)**

It is hoped that in the pilot phase of this proposed policy, that any negative impact on the other CSUs will be minimal and after the pilot, the impact will be beneficial, if the policy adopted turns out to be successful and extended to include all CSUs.

In this regard, it must be emphasized that this proposal is the product of a consultative process which began in Fall, 2015 included numerous meetings and conference calls with representatives from all CSUs and CSCU Central Office. At these discussions, care was taken to appreciate the differences in the enrollment management strategies and particular issues at each sister institution. Importantly, it was also recognized that among the CSUs, WCSU’s significant enrollment declines had reached a critical point which called for immediate action. It was also emphasized that any proposal should not unduly disadvantage the other CSUs. Consequently, the pilot program only includes those New York counties in close proximity to WCSU noted above and does not include those of New York City and Long Island (which may have a negative impact on student enrollment at the other CSUs). Additionally, as far as concerns about any current Central, Eastern or Southern students from the select New York counties who may be attracted to Western because of the lower rates, it was commented that these students may have chosen their respective institutions for reasons other than price (e.g. academic program, athletics, legacy, etc.) and, if indeed, price was the primary factor in their decision a New York student might well have chosen a SUNY or CUNY college with much lower tuition rather than a CSU.

Consequently, if the WCSU pilot program proves to be successful, and with BOR review and approval, it is fully intended that the other CSUs, if they so desire, will then have the same capability to charge in-state tuition and fees to New York residents.

## **5. Conclusion**

This is a student recruitment plan that must be enacted as soon as possible if WCSU is to have the capability to successfully address the mounting financial challenges it faces now and in the future, which are clearly demonstrated in Chart No 7. It will be one of the major components of a comprehensive plan to increase enrollment, restore financial stability and produce an educated workforce to ensure a bright future for WCSU, the region and the State of Connecticut.

### **Charts**

Chart No. 1: Projections of High School Graduates (2011-27) – Connecticut and New York

Chart No. 2: WCSU FY 2011-17 Undergraduate FTE Student Enrollment Trends for In-State, Out-of-State, NY State and Pilot New York Counties

Chart No. 3: New York resident Student College Cost Comparison: WCSU vs. SUNY and CUNY Area Colleges

Chart No. 4: WCSU Regional Recruiting Radius Map

Chart No. 5: Current (Fall 2016) FTE Undergraduate Enrollment by Selected New York Counties and Class

Chart No. 6: WCSU New York Pilot Counties Student Enrollment: Current Yield & Recruiting Potential

Chart No. 7: WCSU Budget History and Outlook – Actual: FY11-FY15; Estimated FY16-FY17

## Projections of High School Graduates – Connecticut and New York\*

Year	CT HS Graduates	NY HS Graduates
2011	43,005	212,829
2012	42,205	207,814
2013	41,146	202,914
2014	40,816	204,966
2015	40,942	206,218
2016	40,606	207,985
2017	40,065	211,809
2018	39,486	211,325
2019	38,503	212,814
2020	39,104	216,885
2021	38,340	217,984
2022	38,264	209,845
2023	38,336	213,018
2024	38,127	216,603
2025	36,949	214,450
2026	35,583	212,669
2027	34,521	208,955

\*Source: Western Interstate Commission for Higher Education (WICHE):  
American College Testing (ACT) and College Board (SAT)

## WCSU FY 2011-17 Undergraduate FTE Student Enrollment Trends for In-State, Out-of-State, NY State and Pilot New York Counties

	Total	In-State	Out-of-State	New York State	Pilot New York Counties**
<b>FY 2011</b>	4750.6	4328.6	422.0	309.2	234.4
<b>FY 2012</b>	4608.8	4246.3	362.5	277.9	211.2
<b>FY 2013</b>	4356.6	4049.7	306.9	243.0	192.5
<b>FY 2014</b>	4240.4	3969.9	270.5	217.9	180.0
<b>FY 2015</b>	4200.8	3954.3	246.5	209.1	188.0
<b>FY 2016</b>	4081.2	3861.4	219.8	188.0	149.7
<b>FY 2017 (Estimated)</b>	4038.0	3836.4	201.6	152.4	130.2

\*Source: WCSU Office of Institutional Research & Assessment

\*\* Includes Dutchess, Orange, Putnam, Rockland, Sullivan,  
Westchester, and Ulster Counties

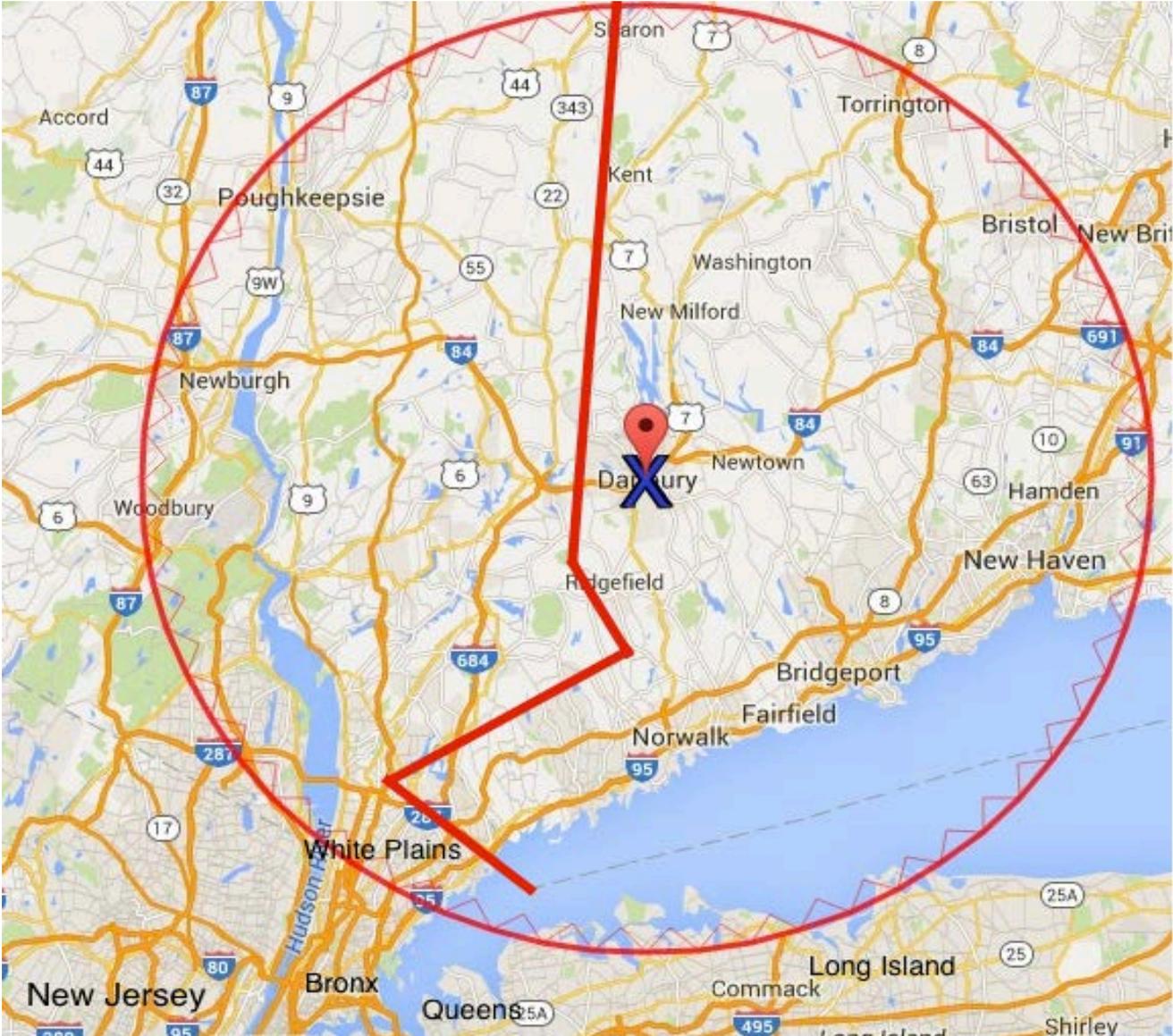
## New York Resident Student College Cost Comparison WCSU vs. SUNY and CUNY Area Colleges\*

Yearly Rate	WCSU		SUNY **	CUNY ***
Yearly Rate (Full Time)	In-State	Out-of-State	In-State	In-State
Tuition	\$5,216	\$16,882	\$6,470	\$6,350
Fees	\$4,801	\$5,996	\$1,636	\$300
<b>Total Tuition &amp; Fees</b>	<b>\$10,017</b>	<b>\$22,878</b>	<b>\$8,106</b>	<b>\$6,650</b>
<b>Difference: WCSU Out-of-State vs. SUNY/CUNY In-State</b>	<b>N/A</b>	<b>N/A</b>	<b>\$14,772</b>	<b>\$16,228</b>

\*\*\* CUNY Colleges: Queens, Lehman, Brooklyn, CCNY, etc.

\*\* SUNY Colleges: Purchase, New Paltz, Old Westbury, etc.

# WCSU Regional Recruiting Radius Map\*



\*Source: Google/acscdg.com

## Current (Fall 2016) FTE Undergraduate Enrollment by Pilot New York Counties and Class\*

Pilot County	Total	Freshman	Sophomore	Junior	Senior
Putnam	<b>64.8</b>	9.4	13.3	23.2	18.9
Westchester	<b>38.4</b>	8.5	10.6	10.3	9.0
Dutchess	<b>41.5</b>	6.0	5.1	13.8	16.6
Orange	<b>1.4</b>	0.0	0.0	0.0	1.4
Rockland	<b>0.9</b>	0.0	0.0	0.0	0.9
Sullivan	<b>1.3</b>	0.0	1.3	0.0	0.0
Ulster	<b>1.4</b>	1.4	0.0	0.0	0.0
<b>Total</b>	<b>149.7</b>	<b>25.3</b>	<b>30.3</b>	<b>47.3</b>	<b>46.8</b>

\*Source: WCSU Office of Institutional Research & Assessment

## WCSU New York Pilot Counties Student Enrollment: Current Yield and Recruiting Potential\*

Pilot County	Estimated High School Population**	WCSU Current FTE Enrollment**	Yield/Percentage
Westchester	69,868	<b>38.4</b>	0.0005
Orange	28,568	<b>1.4</b>	0.0001
Rockland	28,054	<b>0.9</b>	0.0000
Dutchess	20,484	<b>41.5</b>	0.0020
Ulster	10,459	<b>1.4</b>	0.0001
Putnam	6,747	<b>64.8</b>	0.0096
Sullivan	3,572	<b>1.3</b>	0.0004
<b>Total</b>	<b>167,752</b>	<b>149.7</b>	<b>0.0009</b>

\*Source: [www.newyorkschoools.com](http://www.newyorkschoools.com)  
[www.nysed.gov](http://www.nysed.gov)

\*\*Fall 2016

### WCSU Budget History and Outlook Actual: FY11-FY15 / Estimated FY16-FY17\*

	Revenues	Expenditures	Deficit/Surplus	Reserves	Enrollment
FY11	\$115,745,532	\$114,194,914	\$1,550,618	\$12,776,293	4,750.6
FY12	\$110,925,433	\$107,497,387	\$3,428,046	\$16,204,339	4,608.8
FY13	109,448,619	109,313,961	134,658	16,338,997	4,356.6
FY14	118,758,448	118,859,693	101,245	16,237,752	4,240.4
FY15	120,755,551	122,713,498	1,957,987	14,279,765	4200.8
FY16*	125,460,371	127,428,793	1,968,422	12,311,343	4081.2
FY17*	126,586,123	128,769,596	2,183,473	10,127,870	4,038.0

\*Source: WCSU Office of Finance & Administration

**BOARD OF REGENTS FOR HIGHER EDUCATION**

**RESOLUTION**

**concerning**

**Western Connecticut State University Tuition Pilot**

**September 16, 2016**

- WHEREAS, The Board pursuant to its statutory authority - Section 10a-99 and Public Act 11-48 of the Connecticut General Statutes (CGS) – shall review and establish tuition and fees annually for the Connecticut State Colleges & Universities for such purposes as the board deems necessary, and
- WHEREAS, Western Connecticut State University (WCSU) has been developing a strategy to reverse a negative enrollment trend, and
- WHEREAS, WCSU is located on the New York State border, and
- WHEREAS, But for the high differential between in-state and out-of-state tuition and fee rates charged by the Universities WCSU believes that it could considerably increase enrollments from neighboring counties, and
- WHEREAS, In the first year of such pilot, WCSU will need to invest approximately \$2897K in tuition revenue and \$100K in marketing the pilot, and
- WHEREAS, In subsequent years, the management of WCSU believes the program will result in enrollment sufficient to enhance their fiscal position, and
- WHEREAS, The other three CSUs may be impacted, but the impact is mitigated by confining the pilot to select counties, therefore be it
- RESOLVED, That WCSU’s proposal be approved to waive out-of-state rates for students resident in the New York counties of Dutchess, Putnam, Westchester, Orange, Rockland, Sullivan and Ulster to the extent of an in-state student as a pilot program spanning two full academic cycles, and that this pilot will begin in Fall 2017.

A True Copy:

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Erin A. Fitzgerald, Secretary of the  
CT Board of Regents for Higher Education