

**SPECIAL MEETING OF THE
FINANCE COMMITTEE**

Board of Regents for Higher Education

Tuesday, February 19, 2013, at 10:30 am
1st Floor Board Room
61 Woodland Street, Hartford CT

Minutes

REGENTS PRESENT

Lewis Robinson, Chair, Board of Regents for Higher Education
Gary Holloway, Chair, Finance Committee
Richard Balducci
Matt Fleury
Zac Zeitlin
Rene Lerer*
*(telephonic)

REGENTS ABSENT

Catherine Smith

STAFF

Dennis Murphy, Interim Chief of Staff; William Bowes, Chief Financial Officer; Elaine Clark, Vice President for Facilities & Infrastructure Planning; Beverly Lambert, Director of Budget & Finance; Lutishia Pershad, Finance Officer; Alessandra Lundberg, Finance Officer; Maria Claffey, Executive Assistant, Finance; Susan Grant, Senior Finance Officer; Pamela Kedderis; Melentina Pusztay, Assistant for Finance & Management; Kyle Thomas, Legislative Program Manager; Gail Coppage, Director of Innovation and Outreach; Colleen Flanagan-Johnson, Karen Stone, Internal IT Auditor; Mary Lenehan, Assistant Attorney General

ConnSCU Representatives

Ron Jason, WCSU; Jim Blake, Executive Vice President, SCSU; Robert Demezzo, Residence Life, SCSU; Eric Bergenn, CCSU SGA; Charlene Casamento, Vice President for Finance & Administration, CCSU; Steve Frazier, Dean of Administration, NWCC, Paul Reis, Vice President for Finance & Administration, WCSU; Jim Troup, Dean of Administration, NVCC; Barbara Douglass, President, NWCC; Cathryn Addy, President, TXCC; Jim Howarth, Vice President for Finance & Administration, ECSU, Paul Martland, Dean of Administration QVCC, Mike Lopez, Dean of Administration TRCC; Lester Primus, Dean of Administration CCC; Chris Marcelli, CCSU; David Levinson, President, NKCC; Jim McDowell, Dean of Administration MCC;

Guests

Danny Ravizza, Students of CT Universities for Democracy; John Silva, WTIC Radio; Jacqueline Rabe Thomas, CT Mirror; R. Sam Chaney, Students of CT Universities for Democracy;

With a quorum present, Chairman Holloway called the meeting to order at 10:30 am.

1. APPROVAL OF MINUTES FROM THE JANUARY 8, 2013 MEETING

The minutes of the January 8, 2013 Special meeting were unanimously approved, as written.

2. INFORMATION ITEMS

A. FY2013 Second Quarter Financial Report

CFO Bowes discussed the second quarter FY 2013 Revenue and Expenditure Reports prepared by the individual colleges and universities for the quarter ending December 31, 2012. The reports compare actual revenues and expenses to date with an estimated budget to the end of the year to an original approved budget.

Bowes discussed the Consolidated Report made up of the Connecticut State Universities, the Connecticut Community Colleges, Charter Oak State College and the Board of Regents. Each unit was also discussed, highlighting revenue and expense increases or declines and the factors impacting each unit.

ConnSCU revenues are projected to be down by \$2.4 million or -.2%. Expenses are projected to increase by \$7.8 million or .7%. Overall projected deficit is projected at \$6.6 million.

Connecticut State University revenues are projected to be down by \$16.5 million or -2.6%. Expenses are also estimated to be down by \$12.2 million or -2.1%. Overall, there is a projected deficit for CSU of about \$1.6 million. While Southern Connecticut State University and Western Connecticut State University are both significant contributors to the deficit, other factors contributing to CSU's projected deficit include the Governor's 5% rescission; spring enrollments are projected to be down; and there is also a drop projected in debt service.

Connecticut Community Colleges revenues are projected to increase by \$14.1 million or 2.9%. Expenses are projected to increase by \$20.2 million or 4.1%. There is an overall projected deficit of \$4.9 million for the Community Colleges. An increase in grants contributes significantly to the increased revenue projections. Increased fringe benefit costs as well as an increase in part time labor, are both major factors to rising projected expenses.

Charter Oak State College is projecting a slight increase in revenue of 1.2% and a slight drop in expenses of -.6%. The overall projection for Charter Oak State College is a projected deficit of about \$133,990.

Board of Regents revenues are reduced, consistent with the amount of the 5% rescission. Expenses are also projected to be down by the same amount. Overall, the Board of Regents is projecting a balanced budget.

There were discussions after each unit with concerns addressed by Regent members on how each of the units would be handling and working to address projected deficits. CFO Bowes continues to discuss these issues with the colleges to help find ways to cut expenditures. There is a current hold on vacancies in each of the units that will continue through the balance of the fiscal year. Meetings have been scheduled with several of the presidents to discuss the matter further.

3. ACTION ITEMS

B. FY 2014 Tuition & Fees – Connecticut State Universities, Connecticut Community Colleges & Charter Oak State College

Committee Chair Holloway addressed the group prior to discussing the tuition & fee recommendations for the ConnSCU units. Chairman Holloway asked that guests listen to the numbers being presented and to note also that the Finance Committee has not approved these tuition increases about to be presented.

Connecticut State University

CFO Bowes presented background information on tuition and fees for the Connecticut State Universities, including the process for developing recommendations, factors considered and the basis for the proposals. The recommendations called for an increase in tuition of 5.25% over current rates and increases of 5.25% or less for overall student cost. Mr. Bowes reviewed specific recommendations for system-wide fee changes and individual institutional changes. One of the recommendations was to reduce the out-of-state University Fee rate to match the in-state charge. The committee questioned whether this would actually encourage greater enrollment by out-of-state students and whether that would warrant the loss of University Fee revenues. Mr. Bowes was asked to prepare an analysis addressing that issue.

The committee did not take action on the tuition and fee recommendations.

Connecticut Community Colleges

CFO Bowes presented background information on tuition and fees for the Connecticut community Colleges, including the process for developing recommendations, factors considered and the basis for the proposals. The recommendations called for an increase in tuition of 5.25% over current rates and increases of 5.25% or less for overall student cost.

The committee did not take action on the tuition and fee recommendations.

Charter Oak State College

CFO Bowes presented background information on tuition and fees for Charter Oak State College, including the process for developing recommendations, factors considered and the basis for the proposals.

The committee did not take action on the tuition and fee recommendations.

Discussion ensued regarding each unit's current finances, the budget recommended for FY 2014 and the impact that the proposed tuition and fee rates would have on addressing financial needs. Before taking action on the tuition and fee recommendations, the Finance Committee asked that the staff prepare information for the next scheduled Finance Committee Meeting in March on current year funding and projections for next year based on the tuition recommendations, the Governor's recommended budget and other factors.

C. Use of Governance Consolidation Savings

Under the original consolidation plan, savings generated through the merger of the CSU and CCC system offices were to be used to support institutions. At its June and September 2012 meetings, the Board of Regents approved the use of consolidation savings to fund forty-seven new faculty and support positions at the Connecticut Community Colleges and the Connecticut State Universities. In light of changed financial circumstances for the community colleges, the recommendation is use funds saved in the Community College budget under the merger to help address the current budget shortfall.

Motion passed unanimously to approve the revised consolidation savings plan.

D. Policy on Academic Year Housing Contracts

Mr. Bowes recommended the approval of a change in the housing and board refund policy for CSU institutions that adopt full-academic year housing contracts to become effective for the 2013-14 academic year. There is no change to fees with this recommendation and it is a permissive policy; it does not require that all state universities adopt an academic year housing contract. Mr. Bowes indicated that Central Connecticut State University was not ready to take this action.

Motion passed unanimously to adopt full-academic year housing contracts at the Connecticut State Universities.

The meeting was adjourned at 1:00 pm, on a motion by Regent Zeitlin, seconded by Regent Fleury.