Testimony before the Higher Education and Employment Advancement Committee
By David G. Carter, Chancellor, Connecticut State University System
Thursday, March 4, 2010

Thank you Senator Handley, Representative Willis and members of the Committee for the opportunity to testify today. My name is David Carter, Chancellor of the Connecticut State University System (CSUS). I would like to comment briefly on three bills before you today, Senate Bill 329, "An Act Concerning Student Tuition at Public Institutions of Higher Education," House Bill 5368, "An Act Concerning No Worker Left Behind," and Senate Bill 45, "An Act Concerning Higher Education Remediation Programs."

In the context of Senate Bill 329, let me briefly mention some statistics that underscore the role we play as a catalyst for Connecticut.

1. 93 percent of our students are from Connecticut, and 86 percent of our graduates stay in the state to pursue their careers, raise families and contribute to the quality of life in our state.
2. The number of students transferring from Connecticut Community Colleges continues to increase, up 51 percent since 2001. At seven of the 12 colleges in 2009, the number of transfer students to CSUS matched or surpassed previous record levels.
3. More than 1,000 students transferred from out-of-state colleges and universities to CSUS universities in Fall 2009, and four out of five, about 83 percent, were Connecticut residents. That's up from 76 percent the previous year.
4. An increasing number of CSUS graduating seniors, 29 percent, have decided to pursue a master's degree, up from 22 percent a year ago. In fact, 60 percent of those pursuing further education plan to study at Central, Eastern, Southern or Western, which is up from 53 percent a year ago.
5. Our total enrollment, including full-time and part-time students, is at the highest level in the past six years, at 36,503. And this year, we reached an all-time high in the number of full-time students at both the undergraduate and graduate levels.

All of these statistics show that CSUS is moving in the right direction, and that is good news for Connecticut. Now, regarding, Senate Bill 329, there are a number of points I'd like to make.

First, <u>setting tuition is the statutory obligation of the Board of Trustees</u>. It is a job they take seriously and do well. I must commend the members of our Board of Trustees for their diligence and for the process that is now in place, which I will outline in just a moment.

Second, <u>we are an excellent value</u>. Here's where we stand when compared with the other universities that our students consider attending before they decide to attend Central, Eastern, Southern or Western. In comparing FY2010 average tuition and required fees for CSUS with those of 11 competitor universities, <u>CSUS tuition and fees were the lowest</u>. The cost of attendance is also among the lowest compared with public universities in the Northeast. In addition, CSUS tuition and fee increases have been below the national average in nine of the past 12 years, including last year.

Third, <u>we do all that we can to reduce costs</u>. Some examples:

- Since February 2006, the staff at the System Office has been reduced by 32 percent, and operating costs have been reduced by over $2 million.
- By direction of the Board of Trustees, each of the universities and the System Office have cut management staff by 10 percent.
- The universities have cut back on student support services, and vacant positions remain in everything from maintenance to the Registrar's office.
- And let me also say that our cost reductions began even before the Governor began calling for reductions. We began with a three percent cut even before word came down, so when the order was issued, we were prepared to act.

Even as those cuts are being made, we know that there are some inescapable expenses ahead, such as salary increases in FY11, which we must fund completely through tuition and fees; the 27th payroll dictated by the calendar in FY2012; and the RIP sick and vacation payouts beginning in 2013.

Fourth, <u>the financial contribution of the state has continued to diminish</u>. Over the past 10 years, General Fund support has dropped from 52.5 percent of revenue to 39.1 percent. That has forced the student share to rise from 42.8 percent of revenue to 58.1 percent. There are no other significant sources of revenue for CSUS; it either comes from the state or comes from the students – along with the cost savings measure that we have and continue to take.

Fifth, <u>we go above and beyond what's required to provide financial aid</u> to our students. We know that 49 percent of our students are the first generation in their families to attend college, and that many are working one job, or two, to help pay the costs of tuition, and in many cases help their families as well. That's why, for example, over the past three years our tuition set-aside for need-based aid has averaged close to 17 percent each year, versus the required 15 percent. And while we are extremely pleased and grateful that the Legislature has continued to fund the CAPCS grant at the FY2008 level, it is important to recognize that this means it is funded at only 55 percent of formula; so we have done our utmost to maintain and increase our institutional grant funding so that students will not need to take on more student loan debt than absolutely necessary.

Now, let me briefly walk you through the rigorous process we follow, at the Board's direction, to determine the level of tuition and fees, which resulted this past year in a 6.3 percent increase – an increase, by the way, that does not cover the true costs of doing business, given all the factors that I have outlined.

The Board has made it quite clear, on more than one occasion, that we need to not only keep tuition and fees from rising precipitously, but we need to keep students informed of the steps we are taking, and why. And we have done that, through a process that includes both thorough analysis, and clear communication, at all levels. This process is detailed on the attached timeline.

Our process for setting tuition and fees begins at the universities, where each university undertakes a rigorous analysis of factors, including projected enrollment, program needs,

expected "steady state" expense levels given the impact of collective bargaining and inflation, student requests, and anticipated state support.

From this analysis results a university tuition and fee request, which is shared with student leadership at each university before it is discussed with the Chancellor. For instance, we started discussing in very general terms a range that might be appropriate back in the spring of 2009. At the conclusion of these sessions, System Office fiscal staff conducts another detailed analysis of the university proposals, performing "what-if" analyses at various levels of tuition and fees, projected enrollment, and state funding versus required funding levels. When all is said and done, and necessary revisions are made, a recommendation is brought to the Board.

In addition, throughout this entire process we meet regularly with a Student Advisory Board, consisting of the leadership of student government at each of the four universities. For several months leading up to a Board vote on tuition, we share with students an explanation of the range in which tuition is likely to be set, and respond to their questions and concerns as to the reasons behind any anticipated increase and take into account their suggestions and advice. I believe, and our Board believes, that keeping students informed, and listening to their concerns, is essential.

And let me add that last year, prior to the Board vote on tuition and fees for the coming year, the student leaders from the four universities were not only understanding but supportive of the ultimate decision by the Board. During that process, they stressed we should do all that we could to preserve class size and the quality of the education they receive. In fact, one of the school newspapers printed an editorial to that effect.

So, I believe that the process, as it stands, has worked well. It is very thorough and very deliberative, with the Board considering a range of options, and the impact of each of those options. Students are part of the process. Cost reductions and controls come first, before any increase is contemplated. And any action to increase tuition and fees is weighed carefully before it is taken.

Let me make just one additional point. The legislature has previously considered the most effective and responsive means of determining tuition levels, and accepted the recommendation of the Thomas Commission regarding the importance of autonomy to the efficient and effective operation of the constituent units of higher education. That included the authority of their Boards to establish tuition and fee levels for the institutions under their oversight.

Really, when you consider the questions of state support, tuition levels, access and student success, it comes down to this. Do we continue to serve more students as demand continues to increase, or do we begin to turn students away? I believe that you share my view that we do not want to find ourselves in the position of being unable to serve students because we have artificially limited our ability to provide the level of education they need to succeed in today's competitive global environment.

So, my conclusion is this. We have skilled and capable Board members who are meeting their statutory obligations and doing so while keeping students and their families at the top of their

agenda. These decisions are always difficult, but the Board has the statutory obligation to make tough decisions, and they do so with distinction. Please be assured that we will continue to do everything in our power to make sure that each of our universities remains affordable and accessible to Connecticut's students, and that the excellent education we provide is sustained and remains within their reach.

House Bill 5368 proposes a waiver, for those who are either unemployed, soon to be unemployed, or employed but earning less than $40,000 per year in gross annual family income. I am certainly cognizant of the very real struggles that people face in the current economy and the significant impact education can have to enhance opportunity, so I can well understand the rationale for such a public policy proposal.

It is essential, however, that policymakers are fully cognizant of the potential fiscal ramifications of such an action, which, in this case, I believe could be considerable – but which may be offset by many of these indivdiuals eligibility for federal and state need-based aid. We look forward to working with you to achieve this laudable goal while minimizing the fiscal impact.

Regarding Senate Bill 45, this bill proposes to require the Department of Higher Education to study "issues concerning remediation programs offered by the public institutions of higher education." The Department of Higher Education, through its Standing Advisory Committee, is currently requesting reports from the public colleges and universities in Connecticut on this issue. In fact, CSUS will report to the committee on March 11, and the community colleges will do so in April, followed by UConn. We are happy to collaborate in such a study, and most willing to share our strategies (and their successes) to reduce the need for remediation for students entering our universities. The universities are involved in many strategies on campus to deliver the necessary work in innovative ways to bring entering students up to speed quickly, and also in programs to work with high schools in Connecticut to provide an aligned high school curriculum for Connecticut students to reduce the need for remedial work, most notably our Bridges program.

Thank you very much, and I would welcome any questions you may have.

Connecticut State University System
Process and Timeline for Establishment of Tuition and Fees
(Generic – dates subject to change)

April, September-December	Chancellor meets with Student Advisory Board to share pro-forma tuition and fee request, discuss concerns and suggestions. These discussions start in April, then in the Fall meetings take place regularly throughout the process
July	Tuition and fee proposals are discussed in concept at a Council of Presidents meeting in order to "kick off" the process. Included in the discussion would be the national, state, and local economic climate; anticipated enrollment; current campus issues; and new programs being considered.
August	Tuition and Fee Preliminary Package e-mailed to the Universities. This includes some preliminary guidelines, such as anticipated inflation and fringe benefit rates for the tuition year being considered; and a simple financial model that projects the dollar impact of increase percentages, for the universities to use in considering various tuition and fee scenarios.
October	Preliminary university tuition and fee requests are submitted to the System Office for analysis and review. Initial impact analyses are performed by System Office staff using a projection model including such factors as projected enrollment, State funding levels, inflation, and collective bargaining agreements, to consider the impact of each university's request as well as alternative scenarios.
October	Detailed Tuition and Fee Request worksheets and instructions are e-mailed to the universities by the System Office, for their use in developing and presenting their final tuition and fee requests.
October-December	University officials discuss proposed tuition and fees with Student Government leadership.
November	Tuition and Fee Request worksheets and business cases are submitted by the universities to the System Office. Further detailed analysis of requests and alternative scenarios are performed by System Office staff.

November	Tuition and fee discussions are held with each university and the Chancellor. In these sessions, the university has the opportunity to present its tuition and fee request and address any questions and observations.
November	System Office staff continue to analyze various scenarios using a range of tuition increases and alternatives. A final System-wide tuition and fee proposal is decided upon.
December	The Finance and Administration Committee of the Board of Trustees meets to consider the tuition and fee proposal.
December	The tuition and fee proposal approved by the Finance and Administration Committee is brought before the full Board of Trustees for consideration.
February	Approved tuition and fees submitted to Department of Higher Education.