



Senators Harp, Kane and Bye, Representatives Walker, Miner and Willis, and members of the committee, thank you for your time. I have been before this committee numerous times in the past, but never before on behalf of our state universities and community colleges, which is why I am here today. For the record, my name is Philip Austin, and I am the Interim President of the Board of Regents for Higher Education, which governs four state universities, 12 community colleges and Charter Oak State College, the state's only public fully-online institution. I am here today with Dennis Murphy, my Interim Chief of Staff; Bill Bowes, our Chief Financial Officer; Braden Hosch, our Director of Policy and Research and our Interim Director of Academic Affairs; and Elaine Clark, our Vice President of Facilities, who I will ask to assist me as I answer any of the questions your committee may have.

The Board of Regents has been operational for just over 18 months, though in reality, it has been just over a full year since the former boards were officially dissolved. To be sure, there were a number of accomplishments that could not have happened if not for the consolidation. Importantly, because of the merged system offices of the community colleges and state universities, the Board of Regents was able to save more than \$6 million by eliminating duplicative positions which Dr. Kennedy had planned to redirect back to the campuses in the form of at least 47 faculty and direct student support services positions. Unfortunately, because of the fiscal situation we now find ourselves in, we have put that plan on hold until the colleges have a better sense of what the next biennium will mean for their campus budgets.

Early in its tenure, the Board also approved a seamless transfer and articulation agreement across the 17 institutions. While there have been pockets of transfer agreements – either between specific schools or specific programs – there has never been one, seamless agreement that governs the practice of transferring between all 17 institutions. The work to implement this plan is ongoing, but I am pleased with progress thus far.

The Board of Regents also successfully launched three new manufacturing centers based on the model spearheaded by Asnuntuck Community College in Enfield. The money for these centers was included in the bipartisan Jobs Bill passed during 2011, and we sincerely appreciate the investment in our students, our community colleges and our state's workforce. Despite a very aggressive timeline, the centers at Naugatuck Valley, Housatonic and Quinebaug Valley Community Colleges were launched in time for the Fall 2012 semester, and students have just begun their second semester. The target enrollment for the three new schools was 150 students and I am pleased to report that we have exceeded that number by about 14 students.

The work on our system's strategic plan is moving forward, with the identification of key, core goals including:

- A Successful First Year
- Student Success
- Affordability and Sustainability
- Innovation and Economic Growth
- Equity

Lastly, as mandated by the legislature last year, we are implementing a change in the way in which we provide remedial education. While we must not limit access, we also must be mindful of the plight of students who exhaust their financial aid in non-credit remedial courses, only to find themselves without any additional aid and no further along toward their degree.

I have spoken to you about the accomplishments made during the first 18 months of the board's existence, and it would be disingenuous of me not to acknowledge the low points. What happened last fall clearly impacted our system, our students, our faculty and our staff. But it is important for you to know that the people I have met since beginning in this interim position – the board members, the presidents, faculty members and staff on the campuses and at the system office – still strongly believe in the mission of our colleges and universities and simply want to keep doing their jobs on behalf of the schools and the students we serve. The Board of Regents, through its Chairman Lew Robinson, has created an Administration Committee which has not only reviewed the salary adjustments approved last fall, but is in the process of creating an objective systemwide compensation classification system to ensure that there are guidelines and other criteria by which we compensate our non-union staff members at the system office and on our campuses. That work is ongoing, but having a key group of experienced, well-respected Regents leading that effort has been critically important to our movement beyond the issues of last fall.

The Board of Regents has already commenced its search for the next president of the system, with the goal of recommending a candidate to the Governor in April, and having that candidate begin his or her tenure during the summer. I have been clear with staff and presidents that my job is to keep the work at the system office and campuses moving, and ensuring that the system office is ready for its next president.

One of the greatest challenges that has been identified for our system is the attraction, and perhaps more importantly, the retention, of students across our colleges and universities.

Across our 17 institutions, enrollment has increased 14 percent between 2007 and 2010, but it has since leveled off among the community colleges and declined at the state universities. Since the number of students exiting high school is forecast to decline and the economy is showing signs of improvement, we expect downward pressure on enrollments of traditional full-time students as well as part-time non-traditional students and graduate students. Not only must we ensure that our community colleges remain an accessible and affordable option for so many of our state's students, but we must harness the power and innovation of Charter Oak State College – once a leader in online education – and expand its reach and promise, and we must reconfigure the way

in which we provide graduate programs at the state's public universities, perhaps by expanding our online offerings and availability of courses.

To that end, the system has retained Maguire Associates, a nationally-renowned education consulting firm, to help us with enrollment management and other strategic services. Maguire was selected by an RFP review committee that included admissions staff, one president from each of the constituent units, and system office staff. No longer can our institutions afford to ride the wave of high school graduates when it comes to attracting and retaining students. Furthermore, an older cohort than the traditional 18 year old is seeking to further his or her education and training, and our community colleges, in particular, must present themselves as the most accessible, affordable and attractive option for these students. The analyses and projections which will be provided to us by Maguire include both qualitative and quantitative data that may require us to consider any number of options, including a continued flattening of administrative positions, streamlining of programs to ensure workforce needs, additional online programs, and other ways in which we can make our colleges and universities more nimble and flexible in response to the changing higher education landscape.

Over the last five years, the state block grant to Connecticut State Colleges & Universities declined by an average of 17 percent as the state struggled to recover from the recession. As Connecticut struggled to move forward through difficult economic times, the colleges and universities began to shift more faculty and staff positions to operating funds in order to meet student enrollment demand, while at the same time, holding many positions vacant, reducing services and hours of operation, cutting back on facilities maintenance and increasing class sizes.

During the last five years, tuition rates in both the state universities and community colleges increased at an average annual rate of less than five percent. Last year, the Board of Regents approved a 3.8 percent increase in tuition and fees for the state universities and 3.1 percent for the community colleges, despite the continuing loss of state dollars. Today, the community colleges rank in the bottom third in student tuition and fee charges in relation to comparable two-year public colleges in the Northeast. Student charges at the state universities fall about in the middle of the pack. It is the intent of the current Board to keep student cost low while ensuring that we continue to provide academic programs and services of exceptional quality for our students.

With that background, I am also happy to review key components of the Governor's Proposed Budget and their impact on the Board of Regents and our institutions.

The Governor's FY 2014 proposed budget for the Connecticut State Colleges & Universities is \$456.5 million. For FY 2015, the recommended budget is \$479.6 million. In a change from current practice, the Governor's recommendations fold fringe benefit costs into the block grants for the three separate units – state universities, community colleges and Charter Oak State College. Based on our analysis, we find the FY 2014 budget recommendation for community colleges and state universities to be roughly a breakeven budget in comparison to the FY 2013 budget adopted by the General Assembly. While it includes funding for salary increases and other current service level adjustments, it also includes an estimated two percent reduction off the adjusted base as a partial annualization of the five percent FY 2013 budget rescission. We regard this as challenging, but generally good news, for these institutions, given the state's current

fiscal circumstances. Charter Oak State College is facing a somewhat more difficult fiscal situation. The adjustment to the current services budget reflects the full five percent rescission from FY 2013.

We are evaluating the budget to make certain the amount recommended to cover fringe benefit costs – about \$168.8 million – is sufficient to meet actual costs. We have seen a sharp uptick in our fringe benefit rates as many eligible employees took advantage of the opportunity to transfer from the alternate retirement program to the state employees' retirement system. The difference in the required contribution is significant – about nine percent of payroll under the alternative retirement program as compared to roughly 46 percent of payroll under the state employees' retirement system – and, so far, more than 100 of our employees have chosen this option. We are also concerned about how this portion of the block grant will be adjusted going forward. Members of my staff have been in discussion with OPM regarding the basis for the fringe benefit recommendations to determine if adjustments are needed.

The Governor's recommendations also call for the Board of Regents to directly manage construction projects for state universities and community colleges. We are supportive of this change and believe it will result in greater efficiency and effectiveness in the management of our capital program. Approximately 20 staff now under the management of the Department of Construction Services are being transferred to the Board of Regents for this purpose. We will need to work with the Governor's office and the Department of Construction Services on the details of this change.

The Governor's proposal also transfers six positions from the Board of Regents to the Office of Higher Education, allowing that agency to manage its administrative and business functions directly. The Charts-A-Course program, which had been part of the community college budget, will be transferred to a new Office of Early Education. We strongly support these changes and believe that it makes good sense to coordinate state efforts in this area.

Indirectly related to the Connecticut State Colleges & Universities budget, but of critical importance to us, is the proposal to create a new Governor's Scholarship Program. This new program will combine the resources of the current Capitol Scholarships, CAPCS, CICS and Connecticut Aid for Charter Oak students. The program will be administered by the Office of Higher Education and funded in FY 2014 and FY 2015 at a level of \$40.7 million, down from the current combined level of \$44.7 million with funds being split between merit and need-based aid and a separate component to award academic improvement. We do not have further details on this program yet, but do understand the changes will involve a shift of scholarship resources between and among public and private institutions in the state, and within the state's public higher education sector. Tomorrow OPM is hosting a session to discuss the details with representatives from public higher education institutions in the state so we will have a better idea as to how this will impact our colleges and universities at that point.

Many of you know me and I have had the opportunity to work with you on a number of different issues over the years. I firmly believe in a strong system of public higher education, and although many of you may consider me a "UConn Guy," I believe that our state's commitment must extend far beyond our flagship university. Ninety-six percent of students who attend our Connecticut State Colleges & Universities are

residents of this state, and 35 percent of high school graduates attend one of our schools. By comparison, 10 percent attend UConn and 11 percent attend a private institution. Our institutions are an affordable, accessible option to so many of our state's adults, and for the first time, we have the opportunity to connect the community college and state university system in a way that has not happened in the past.

I want you to know that I am optimistic about the future of this board and its governance over the 17 institutions. I have seen nothing but intelligent board members, devoted staff, passionate faculty, strong presidents, and committed students, and I look forward to continuing my work with them – and with you – during my tenure at the Board of Regents. Thank you for your time here today, and I am happy to answer any questions you may have.



CONNECTICUT STATE COLLEGES & UNIVERSITIES

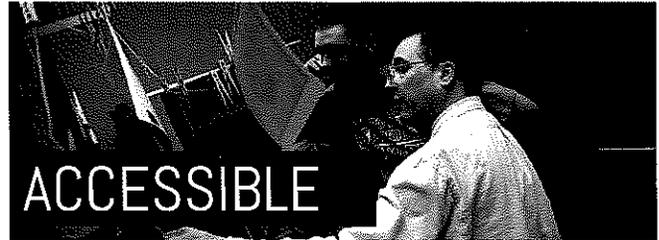
BOARD OF REGENTS FOR HIGHER EDUCATION

The Board of Regents for Higher Education governs the 17 Connecticut State Colleges and Universities (ConnSCU). ConnSCU is comprised of 12 community colleges, four state universities and Charter Oak State College – the state's only public, fully online college.



STATEWIDE REACH

ConnSCU campuses are located in seven out of eight Connecticut counties and every major city (Bridgeport, New Haven, Hartford). There are 95,000 ConnSCU students currently enrolled, and roughly 15,000 graduates each year.



ACCESSIBLE

35% of Connecticut high school graduates attend a ConnSCU institution. By comparison, 10% attend UConn and 11% attend private institutions. 96% of ConnSCU students are Connecticut residents.



DIVERSE

37% of ConnSCU students are from minority race and/or ethnicity groups. Roughly 60% of ConnSCU students are women.



RETURN ON INVESTMENT

The wage premium – the difference between what graduates would make with a high school degree vs. a four-year or a two-year diploma – for ConnSCU's 15,000 graduates annually equates to \$191 million per year. That number grows when you factor in certificate programs.



EDUCATING TOMORROW'S WORKFORCE

Since 1983, ConnSCU institutions have conferred roughly 290,000 degrees. When factoring in certificate programs, the number of awards rises to over 320,000.



AFFORDABLE

ConnSCU institutions have both the lowest sticker price and lowest net price for higher education in the state.

www.ctregents.org



