



Senators Bartolomeo and Witkos, Representatives Willis and Betts, and members of the Higher Education and Employment Advancement Committee, thank you for the opportunity to speak today on three items: ***HB 5420, An Act Eliminating College Application Fees For Connecticut Residents, HB 5421, An Act Prohibiting Institutions Of Higher Education From Charging A Convenience Fee For The Use Of Credit Cards In Making A Tuition Payment, and HB 5798, An Act Establishing A Tuition Waiver Program At The Regional Community-Technical Colleges For Highly Qualified High School Students.***

For the record, my name Erika Steiner, and I am the Chief Financial Officer of the Connecticut State College and University system, comprised of 17 public institutions of higher education in this state. The Board of Regents (BOR) stands opposed to each of these bills, and I will address each individually after providing context that applies the same to all three items.

As you may know, the anticipated Fiscal Year 2016 deficit for our institutions, given the current budget proposal, is \$38 million dollars, representing a decrease of 5.7% in our state appropriation. We are examining all possible options to close this deficit, and every sensible option will be considered. In that light, student fees that are rationally based on actual costs incurred by the colleges and universities and are tied to those costs are likely to be given very strong consideration and are perhaps some of the most palatable options available to close a deficit of this size.

### **HB 5420, An Act Eliminating College Application Fees For Connecticut Residents**

About 96% of our student population is comprised of Connecticut resident students, and this proposal would eliminate a fee targeted at a very specific and real cost of processing applications for the admission of those students. In academic year 2014, these fees produced \$1.95m in revenue for the system. At the same time, recognizing that we do need to provide for students for whom an application fee is a financial hardship, we waived application fees to the tune of \$385,000 in that same year.

At the community colleges, where we recognize a higher sensitivity to cost and where the work involved in processing applications is less than that at universities, the cost to the student is \$20, regardless of the number of colleges to which one applies. The universities charge \$50 per application.

Fee waivers at the university level are primarily authorized to students that received a SAT fee waiver, but they are additionally authorized for students in certain programs designed to serve low-income populations. The Board has also granted discretion to the institution to award a waiver for special circumstances. At the community college level, Presidents have a broad authority to issue hardship waivers to students provided that those waivers issued do not exceed 5% of applications received.

As with the other items on this agenda, eliminating the BOR's ability to collect this revenue will increase the projected size of our operating deficit, resulting in an increased need for further revenue increases or decreased staff, programming, or services elsewhere.

**HB 5421, An Act Prohibiting Institutions Of Higher Education from Charging A Convenience Fee For The Use Of Credit Cards In Making A Tuition Payment**

As credit card companies offer consumers incentives and awards programs, the cost of those programs is charged to merchants by way of increased processing fees. The awards themselves result in higher utilization of the cards, and processing costs can significantly reduce net revenue from tuition payments.

Below is a table that shows pre-fee processing costs and post-fee costs and revenue at the state universities. The colleges are omitted because they currently do not accept credit card payments online. They are expected to, and to charge a processing fee this year.

**Elimination of CT State University Convenience Fee Impact**

(FY10-Prior to the fee vs. FY14)

	<b>FY10 (prior to fee)</b>	<b>FY14</b>	<b>Est. Potential Cost Increase</b>
Cost of Accepting CC's	\$ 2,052,482.38	\$ 533,422.68	\$ 1,519,059.70
Convenience Fee Revenue	\$ -	\$ 499,077.58	\$ (499,077.58)
<b>Net Cost to Universities</b>	<b>\$ 2,052,482.38</b>	<b>\$ 34,345.10</b>	<b>\$ 2,018,137.28</b>

As the table shows, the fee has successfully reduced the cost to the universities of accepting payment. The table also shows that not only do we not charge more than is needed to cover our processing costs, we in fact charge less.

The passage of this bill would result in an addition to the projected deficit of over \$2 million through lost processing revenue and the anticipated rise in credit card utilization.

**HB 5798, An Act Establishing A Tuition Waiver Program At The Regional Community-Technical Colleges For Highly Qualified High School Students**

The Board sincerely appreciates the goal of this legislation, aimed at attracting and retaining high quality students in high-demand fields in the state, by providing a tuition waiver should the students have and maintain a satisfactory performance in coursework. However, such an incentive to students should be provided by a state funded scholarship, whereby the institution (and thus other students) covers the cost of the waiver.

Attached is a table that shows all waivers provided and the cost to the institutions of providing those waivers as mandated by law. We would encourage the legislature to examine the current list of statutory waivers and ask whether such waivers are serving important policy goals, eliminating the ones that do not, rather than expand tuition waivers at this time. As they are not funded through state appropriations, tuition waivers carry a large fiscal impact to institutions.

Thank you. I look forward to your questions.

Connecticut State Colleges and Universities

TUITION WAIVER SUMMARY

	<u>Actual FY 2013</u>		<u>Actual FY 2014</u>		<u>Preliminary FY 2015</u>	
<u>Category</u>	<u>Number of Waivers</u>	<u>Dollar Value</u>	<u>Number of Waivers</u>	<u>Dollar Value</u>	<u>Number of Waivers</u>	<u>Dollar Value</u>
<b>Statutory Waivers</b>						
Veterans	3,206	3,101,977	3,198	3,452,141	3,179	3,383,634
Over 62	1,935	1,232,347	1,795	1,260,329	1,948	1,403,093
National Guard	555	878,677	617	1,076,478	707	1,236,001
Dependent Fire/Police/Spouse 9/11	21	37,805	14	36,177	13	38,139
Subtotal	5,717	\$ 5,250,806	5,624	\$ 5,825,125	5,847	\$ 6,060,867
Other Contractual	2,310	2,244,416	2,668	2,549,296	2,721	2,771,927
<b>Grand Total</b>	<b>8,027</b>	<b>\$ 7,495,222</b>	<b>8,292</b>	<b>\$ 8,374,421</b>	<b>8,568</b>	<b>\$ 8,832,794</b>