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**Testimony for the Appropriations, Commerce, Finance, Revenue & Bonding, and
Planning & Development Committees on the Report of the
Commission on Fiscal Stability & Economic Growth**

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Connecticut Conference of Independent Colleges
March 23, 2018**

Thank you for the opportunity to testify before you today on the Final Report from the Commission on Fiscal Stability and Economic Growth. We appreciate the hard work of this group that will help put our state on a path towards prosperity once again

We wholeheartedly support the Commission's recommendations surrounding Economic Growth which acknowledge the important contributions of higher education in the state but that more needs to be done to leverage the capacity of these institutions, public and private, to grow our economy. We also strongly support the Commission's recommendation to fund the PILOT program. We oppose the Commission's recommendation to authorize municipalities or COGS to charge non-profit higher education institutions and hospitals fees for municipal services utilized (SILOTs).

Background

Connecticut's 16 private, non-profit colleges that comprise the membership of CCIC enroll over 80,000 students in Connecticut annually. They award nearly 50% of the bachelor's degree earned here each year and over 60% of the graduate degrees earned. Of the degrees awarded in key areas that are targets for economic growth – engineering, computer science, bioscience and the health professions – the majority are earned at the state's independent colleges.

Our member institutions are incredibly diverse in their size, mission and student body. Total student enrollment at our member institutions range in size from 700 to over 12,000. Four of our member institutions enroll nearly all Connecticut residents and four enroll over 7,000 international students, combined. Collectively, we award over 50% of the bachelor's degree earned in this state by minority, non-white students. Two-thirds of our member institutions have endowments smaller than UConn; half have endowments smaller than Central CT State University.

Economic Growth

We strongly support the Commission's recommendations around Economic Growth and the critical need for Connecticut to:

- **Retain more of our graduates**
 - The brain drain that we read so much about begins in Connecticut at high school graduation. We are the only New England state that exports more college going students than it imports. Further, data compiled by the Commission notes **that only 32% of the graduates from our higher education institutions stay in state after graduation**, compared to 54% of graduate retention in New York and 46% in Massachusetts.
 - We applaud legislators for taking this issue seriously over the past few sessions. The Commission has pulled together some very useful recommendations on this issue that we hope legislators will consider moving forward, such as replicating Rhode Island's [Wavemaker Fellowship Program](#), which provides programming and significant tax credits (up to \$6,000/year for four years) to recent STEM degree graduates working in STEM or design fields in state.
 - We must also note that funding for the Roberta Willis Scholarship Program is an important tool for retaining Connecticut students here for college and that this program has been cut in half over the last eight years.

- **Increase STEM degree production to meet employer demands**
 - The Commission notes that while our workforce is one of the most educated in the nation, it still struggles to produce the talent needed for the next generation of jobs, particularly in STEM. While we hear a lot about unfilled manufacturing jobs, the Commission also notes that companies are facing difficulties filling jobs in computer, mathematical and engineering-related roles, and healthcare.
 - Due to state investments at UConn as well as new programs and increased enrollment in computer science and engineering at independent colleges, Connecticut saw a [54% increase in STEM majors](#) between 2010 -2016, the eighth largest increase in the country, but more clearly work needs to be done.
 - We support the Commission's recommendations that the state make targeted investments, use data to inform its decision making and help coordinate ongoing collaborations between institutions and employers to make sure their needs are being met – by public and private institutions.

- **Promote and support innovation and entrepreneurship**
 - The Commission notes the need to stimulate entrepreneurship and innovation we support its recommendation to promote partnerships with academic institutions to sponsor or help operate incubators and accelerators through funding, mentorship and real estate as well as connect entrepreneurial students to relevant incubators and accelerators
 - Higher education has been eager to support recent statewide efforts to promote innovation and entrepreneurship such as CTNext's Innovation Places initiative and the Higher Education initiative, and we look forward to continued engagement on this issue.

In summary, leaders of Connecticut higher education institutions want to be helpful. The question remains though as to “How.”

Connecticut’s [Strategic Master Plan for Higher Education](#) identified a similar challenge back in 2015:

*“Connecticut’s highly diverse network of public and private colleges and universities provide an exceptional resource for providing educational opportunities for the state’s citizens, developing the knowledge and skills of the workforce, and contributing to the future economic competitiveness and quality of life in the state’s regions and communities. **The challenge is to develop a policy environment that engages this exceptional higher education capacity in addressing the state’s major education, social, and economic problems.**”*

PILOT Funding

CCIC supports the Commission’s recommendation for greater funding for the state’s PILOT program, which reimburses towns for a portion of property tax revenue foregone by virtue of hosting nonprofit colleges and hospitals. Our PILOT program recognizes that our non-profit colleges and hospitals provide a service that benefits the whole state as well as their local host communities.

The tax-exempt status for non-profit institutions grew out of the tradition of important public needs being provided by private entities: hospitals, non-profit agencies and private colleges. Our tax exemption recognizes that the government should not be, and in fact cannot afford to be, the sole provider of such services. It has been in place for hundreds of years, in every state.

The thousands of degrees that we award annually saves the state hundreds of millions of dollars alone. The general fund appropriation for the state’s four-year public institutions is over \$400 million for just over 11,100 bachelor’s degrees awarded annually or \$36,000 per degree. The independents colleges award over 10,000 bachelor’s degrees annually and receive less than \$5.9 million in need-based grants for low-income Connecticut students that attend our institutions or \$590 per degree.

Independent colleges provide a significant public benefit and economic impact to this state, as the Commission’s report acknowledges and relies upon. PILOT funding acknowledges that and should continue.

SILOTs

We must oppose the Commission’s recommendation to give municipalities or COGS the authority to charge non-profit institutions of higher education and hospitals fees for services in lieu of taxes (SILOTs). We acknowledge the significant fiscal constraints that our state and its municipalities face. However, many colleges and universities are managing daunting financial stresses of their own.

The majority of independent colleges in this state rely heavily on tuition and fees for revenue. Requiring nonprofit colleges and universities to pay fees to our host communities would divert scarce resources from education, financial aid, and research and result in tuition increases.

These institutions serve as magnets attracting students and their families, alumni and tourists that all spend money locally yet use minimal municipal services. They are large employers in the communities (the largest, in some instances) and collectively employ nearly 30,000 people statewide. They have an estimated \$20 billion annual economic impact in the state, between direct and induced spending. Independent colleges are also strong community partners that provide a myriad of programs, benefits and other support to our host cities.

Between PILOT funding, the number of degrees awarded, the services provided and our economic impact, non-profit higher education institutions are a net asset to this state. Service fees on non-profit institutions will not generate enough revenue for our distressed cities to become viable. It may, however, cause significant financial distress to many of our member institutions. Therefore, we must oppose the Commission's proposal on SILOTs.

Summary

Private non-profit institutions of higher education are ready to answer the Commission's call to engage proactively with employers in economic development. We are nimble and responsive and eager to help. However, putting additional demands on the strained finances of independent colleges and universities by adopting SILOTs would hinder our ability to help support the Economic Growth initiatives that the Commission recommends.