



*Connecticut State
Colleges & Universities*

Appropriations Committee – State Agency Budget Presentation

February 22, 2022

CSCU is facing deficits totaling \$268 million over the next year.

- The pandemic has decimated CSCU’s enrollment--tuition and fee revenue is down \$84 million since 2019.
- The SEBAC wage agreement and related fringe will cost CSCU \$143 million for FY 22 and FY 23.
- A once-in-a-decade 27th payroll will cost CSCU \$41 million.
- The Governor’s recommended adjustments would only cover \$93 million, leaving CSCU to make deep cuts or impose tuition hikes to cover \$175 million.

CSCU Combined FY22 and FY23 Shortfall

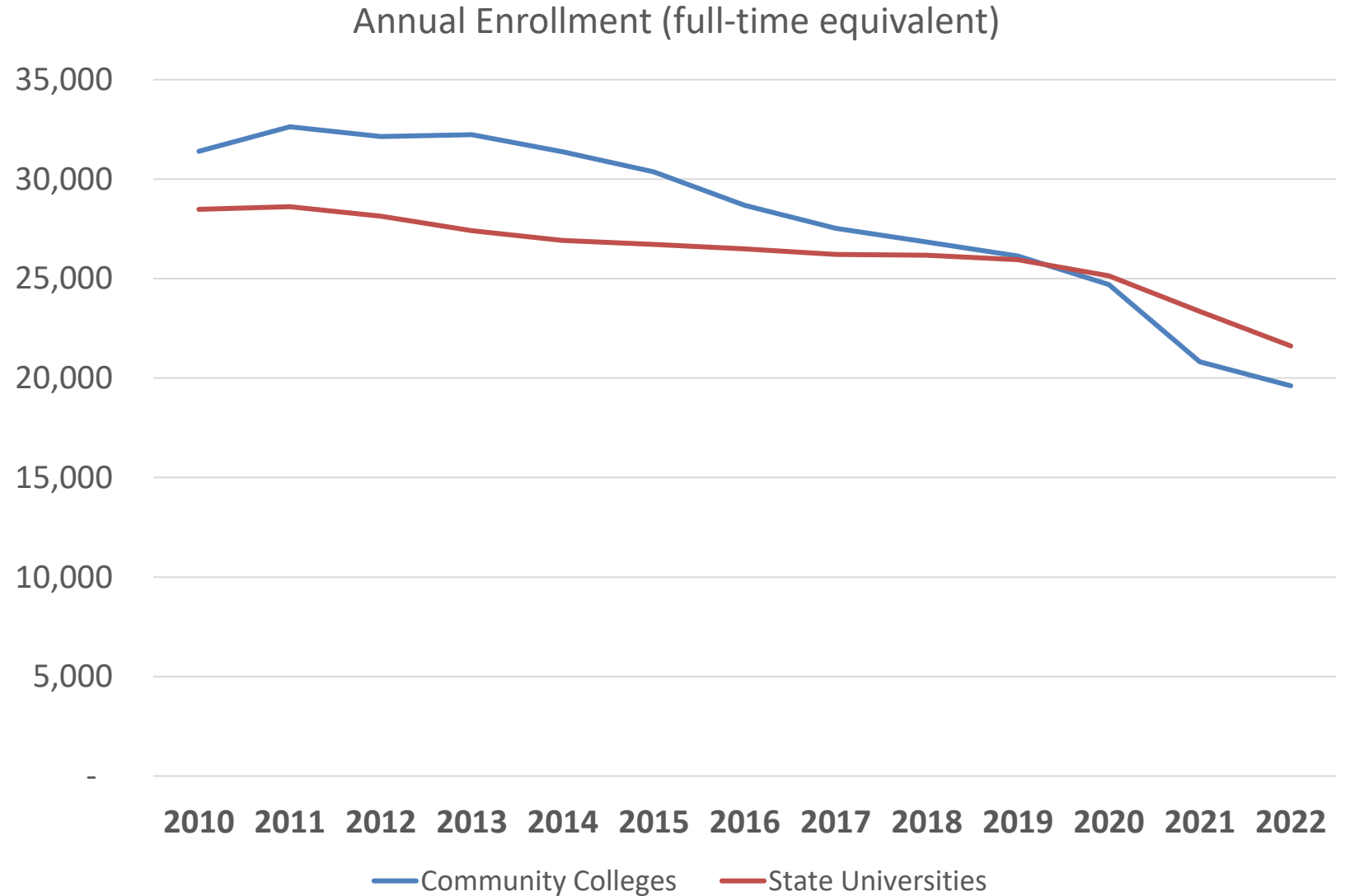
<u>SEBAC, 27th Payroll and Fringe Benefits</u>	
SEBAC Payroll	\$ 82,761,448
Fringe Benefits SEBAC	60,335,055
27th Payroll	23,310,730
Fringe Benefits on 27th Payroll	17,474,679
Pandemic Impact on Enrollment	<u>84,124,889</u>
	\$ 268,006,801
<u>Governor's Recommended Adjustments</u>	
SEBAC Payroll	45,617,000
Fringe Benefits SEBAC	-
27th Payroll	10,000,000
Fringe Benefits on 27th Payroll	-
Pandemic Impact on Enrollment	<u>37,500,000</u>
	\$ 93,117,000
Remaining Two-year Deficit	\$174,889,801

Enrollment declines during pandemic are driving \$84 million drop-off in revenue.

This reflects a national pattern, but CT has been especially hard hit.

Declines in enrollment since before the pandemic have left CSCU short by \$63 million in tuition and fees and \$21 million in housing and meal revenue for the universities.

At the same time, full time wages since FY19 have risen by \$37 million (9%) as we paid the two final years of raises from the 2017 wage agreement. Fringe costs have risen by \$46 million.



CSCU reserves are too small to cover expected losses in FY 2023

The colleges face a shortfall of \$86 million between this year and next, nearly two times their \$45.6 million in reserves.

The universities' reserves are greater, but insufficient to cover projected deficits of \$87 million over FY 22 and 23. Plus, CSU reserves include funds they are required to set aside for debt service and other items.

NECHE accreditation standards require that institutions maintain reserves to meet unexpected needs. CSCU maintains system reserves that are available to individual institutions if necessary. These system reserves help institutions with negative reserves to meet accreditation standards.

Connecticut State Colleges & Universities Unrestricted Net Position (UNP) - Balances 2021 Actual and 2022 Projection

	FY21 Actual (6/30/2021)	FY22 Proj (6/30/2022)
Community Technical Colleges		
Asnuntuck Community College	2,424,055	753,178
Capital Community College	(7,955,762)	(10,738,278)
Gateway Community College	(2,747,950)	(3,095,687)
Housatonic Community College	11,445,011	10,662,126
Manchester Community College	10,431,409	9,669,260
Middlesex Community College	1,726,871	1,255,512
Naugatuck Valley Community College	9,097,903	8,444,276
Northwestern Community College	45,193	(251,695)
Norwalk Community College	6,583,326	6,465,690
Quinebaug Valley Community College	7,807,260	7,807,260
Three Rivers Community College	9,345,840	9,228,489
Tunxis Community College	2,665,197	1,383,473
CCC System Office	4,136,075	4,012,062
CT State	-	173,208
Community Technical College Total	55,004,428	45,595,666
State Universities		
Central Connecticut State University	44,552,641	35,378,063
Eastern Connecticut State University	31,129,148	26,292,630
Southern Connecticut State University	33,404,561	33,404,561
Western Connecticut State University	(2,274,358)	404,516
CSU System Office	53,395,396	53,443,467
State Universities Total *	160,207,388	148,923,237
Charter Oak State College	6,872,990	7,028,129

Notes:

UNP balances do not reflect the following GASB adjustments:

GASB 68 Adjustment for Pension Liability

Cumulative GASB 75 adjustment for OPEB Liability

Governor's Budget Adjustments for CSCU

- \$24 million in block grant increases across the constituent units in FY 23, plus \$22 million in deficiency for FY 22.
 - These funds are restricted to paying for operating fund wage increases required under the statewide SEBAC agreement.
 - The Governor's education implementer (HB 5038 Sec. 37) excludes these funds from the fringe benefit match associated with other general fund block grants appropriations, leaving an estimated shortfall of \$30 million in annual fringe costs related to the SEBAC agreement.
- \$10 million is provided for the 27th payroll salary costs for FY 2023, about one quarter of the total cost of the extra pay cycle for CSCU.
- \$65 million in FY 2023 is provided across the CSCU system to support bolster enrollment using short term recovery funds.
 - 50% of funds will be used for financial aid to students and remainder available to address portion of deficit
- \$5 million for the Universities to fund alterations and improvements to auxiliary facilities.

Targeted Career Pathways

In partnerships with the Office of Workforce Strategy, and CT institutions of higher education, CSCU will create a program to bolster enrollment and faculty recruitment efforts in nursing and behavioral health degree programs across the state.

Financial Aid for Students Pursuing a Nursing or Behavioral Health Degree: \$5 million in FY 2023, \$10 million in FY 2024, and \$5 million in FY 2025.

Nursing and Behavioral Health Programs Faculty Recruitment Support: \$20 million in FY 2023 and \$15 million in FY 2024.

The program will be available to public and private higher education institutions.

FY22 and FY23 Projected Shortfalls and Governor's Recommended Budget Adjustments

	FY2022 Projected				FY2023 Projected			
	CSU Total	Community Colleges	COSC	CSCU Total	CSU Total	Community Colleges	COSC	CSCU Total
<u>SEBAC, 27th Payroll and Fringe Benefits</u>								
SEBAC Payroll	20,598,673	21,358,354	1,053,833	43,010,860	20,830,860	18,218,557	701,172	39,750,588
Fringe Benefits SEBAC*	14,289,943	15,465,359	587,354	30,342,656	14,451,018	15,040,458	500,923	29,992,399
27th Payroll	-	-	-	-	13,127,987	9,831,396	351,346	23,310,730
Fringe Benefits on 27th Payroll	-	-	-	-	9,107,295	8,116,379	251,005	17,474,679
Pandemic Impact on Enrollment**	-	-	-	-	49,177,226	34,947,663	-	84,124,889
Total Shortfall	\$ 34,888,616	\$ 36,823,713	\$ 1,641,187	\$ 73,353,516	\$ 106,694,386	\$ 86,154,453	\$ 1,804,446	\$ 194,653,285
<u>Governor's Recommended Adjustments</u>								
SEBAC Payroll	13,358,000	7,725,000	517,000	21,600,000	14,500,000	9,000,000	517,000	24,017,000
Fringe Benefits SEBAC	-	-	-	-	-	-	-	-
27th Payroll	-	-	-	-	5,100,083	4,785,485	114,432	10,000,000
Fringe Benefits on 27th Payroll	-	-	-	-	-	-	-	-
Pandemic Impact on Enrollment ***	-	-	-	-	21,409,496	15,497,845	592,659	37,500,000
Total Governor's Recommended Adjustments	\$ 13,358,000	\$ 7,725,000	\$ 517,000	\$ 21,600,000	\$ 41,009,579	\$ 29,283,330	\$ 1,224,091	\$ 71,517,000
Remaining Deficit	\$ 21,530,616	\$ 29,098,713	\$ 1,124,187	\$ 51,753,516	\$ 65,684,807	\$ 56,871,123	\$ 580,355	\$ 123,136,285
					\$ 148,923,327	\$ 45,595,666	\$ 7,028,129	\$ 201,547,122

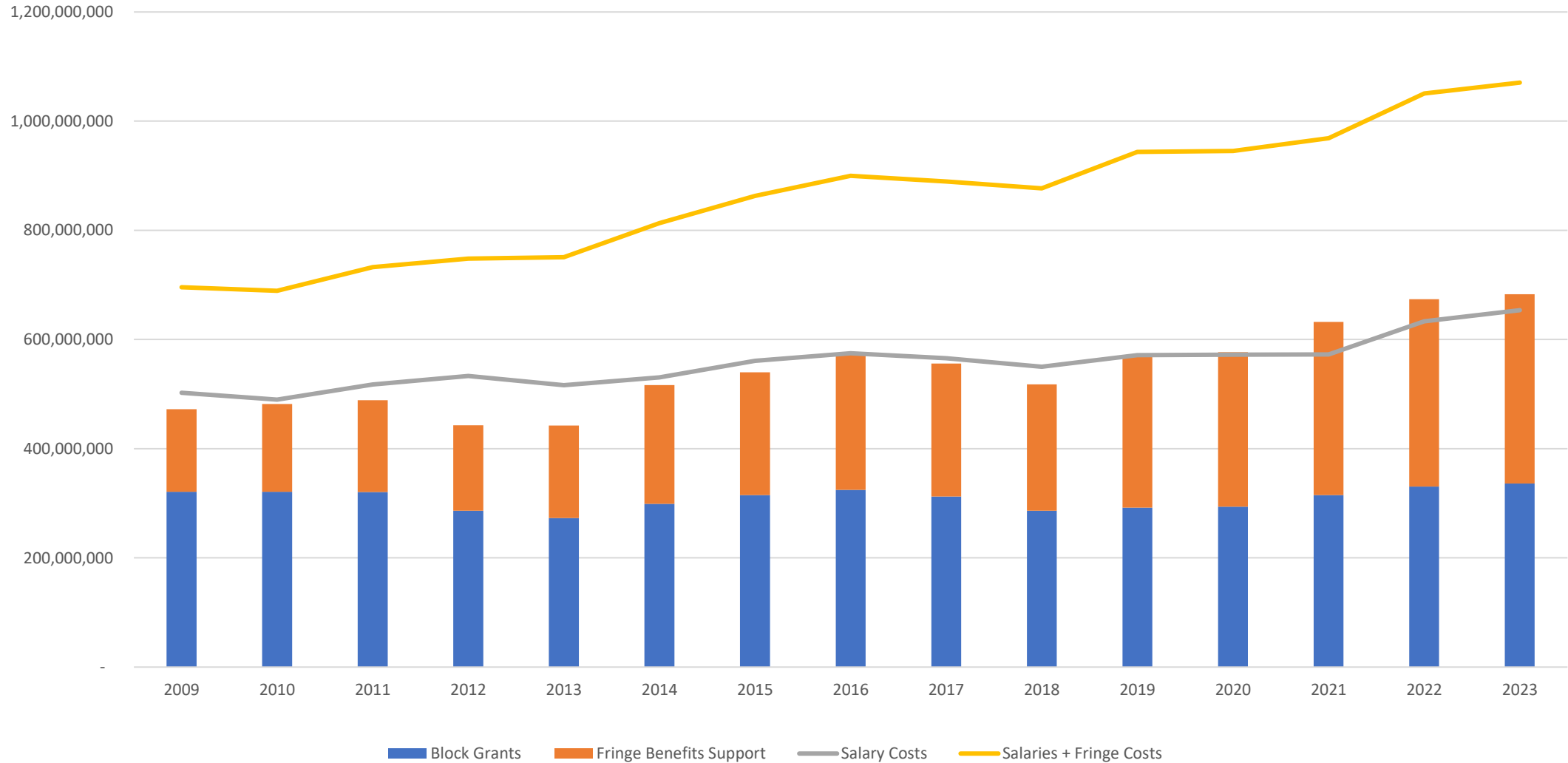
Information only: Total reserves projected as of 6/30/22

*Fringe benefits cost is calculated based on current rates and reflects the increase in salary cost. It does not include any potential increase in rates for which data is not available at this time.

** Pandemic impact reflects tuition and fee revenue declines between FY19 and FY22, attributable to enrollment declines.

*** Includes Gov.'s proposed federal-funded CSCU Short-Term Recovery Funds (50% Financial Aid and 50% Institutional Aid) \$32.5M, plus funding for CSU Auxiliary Service Facilities \$5M

Block Grants and Fringe Benefit Support compared to Salary and Fringe Costs, Colleges and Universities combined



FY 2022 and 23 reflect Governor's recommended adjustments and projected impact of SEBAC wage agreement