

The background features abstract, overlapping geometric shapes in various shades of green, ranging from light lime to dark forest green. These shapes are primarily located on the left and right sides of the slide, framing the central white area where the text is placed.

How the State Funds Higher Education Institutions

A Presentation by the Office of Policy and Management

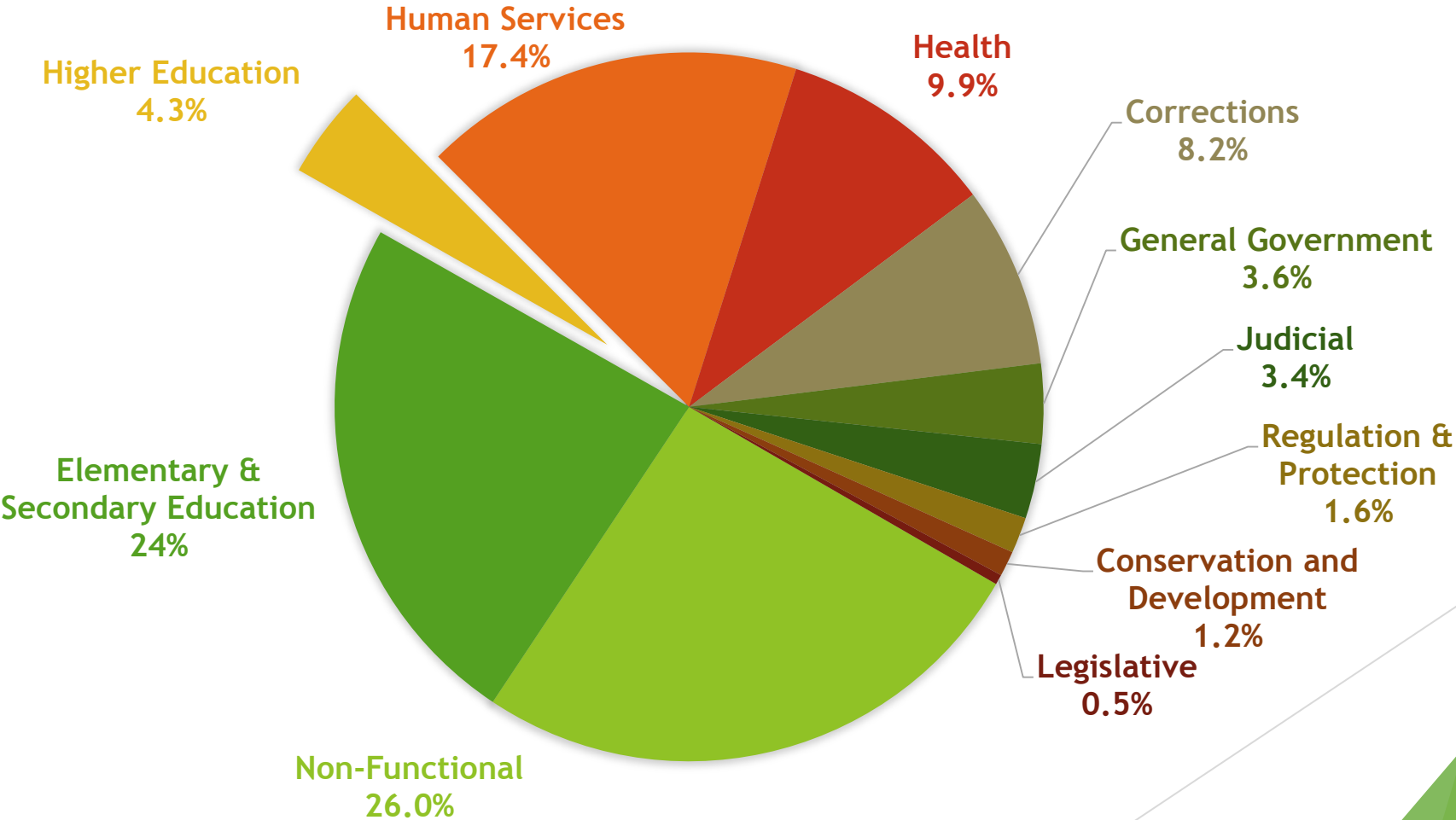
October 30, 2015

State Support for Higher Education Institutions Comes in Four Ways:

- ▶ Direct Appropriations to Public Institutions (Block Grants)
- ▶ Indirect Appropriations to Public Institutions (GF Fringe Benefit Support)
- ▶ Bonding for Capital Improvements at Public Institutions
- ▶ Direct Appropriations for Student Financial Aid to Connecticut Students Attending Public or Private Institutions in the State

How Much of the State Budget Goes to Higher Education

► Direct Appropriations to Higher Education (for Block Grants & Student Financial Aid) is 4.3% of the FY 16 General Fund Budget - Does not capture Non-Functional Support

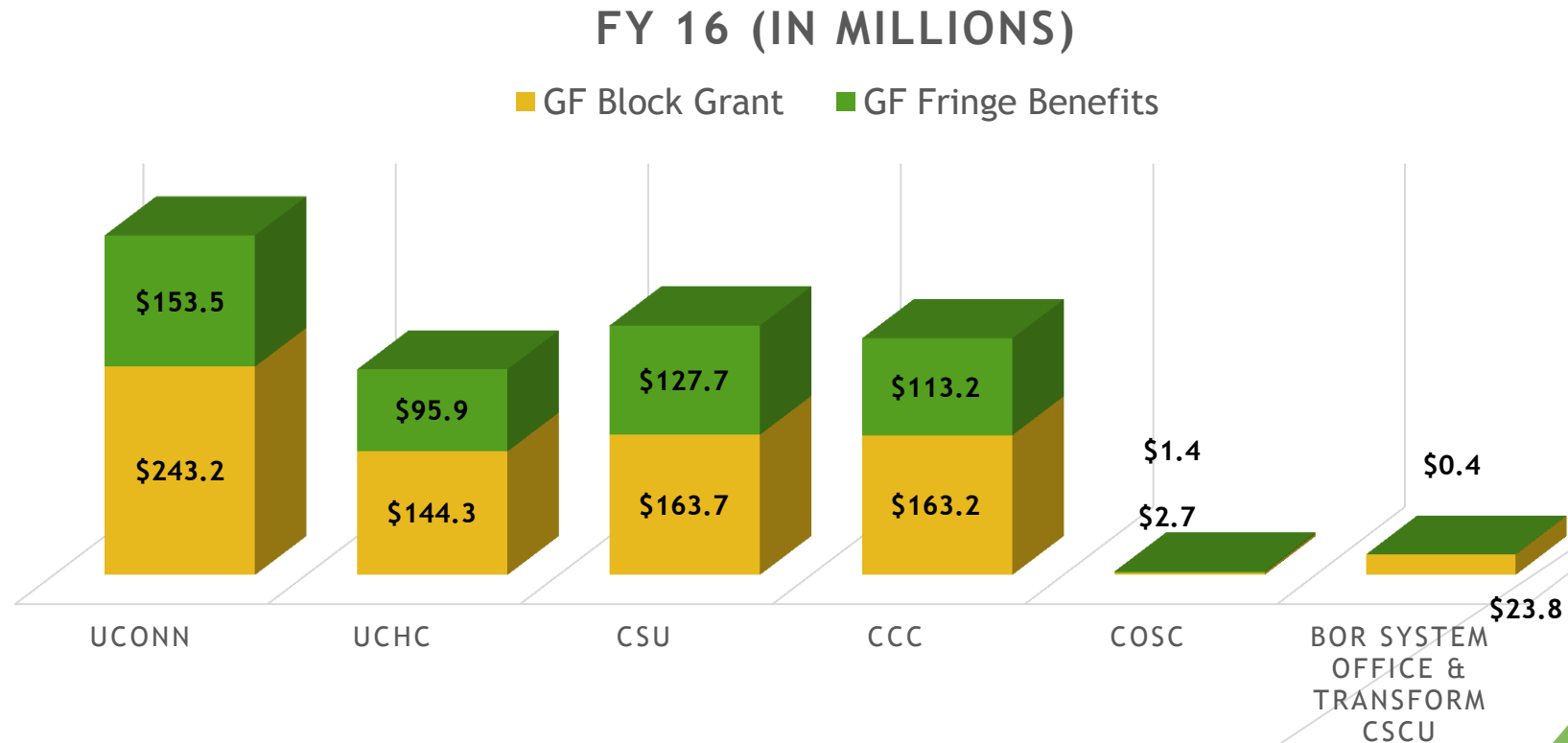


How Higher Education Fringe Benefits are Funded

- ▶ Benefits are negotiated by SEBAC for the entire state - Public Higher Education Systems cannot control these costs
- ▶ Blended rate for all fringe benefits is approximately 80%
- ▶ General Fund pays the fringe benefits for all Higher Education Employees on GF Block Grant via the Comptrollers Fringe Benefit Accounts
- ▶ Higher Education Employees NOT on General Fund are Paid by:
 - ▶ Tuition Fund
 - ▶ Research Grant
 - ▶ Clinical Revenue
- ▶ Comptroller Establishes Component Rates for Fringe Benefits & Other Funding Sources are “Charged Back” for those Employees

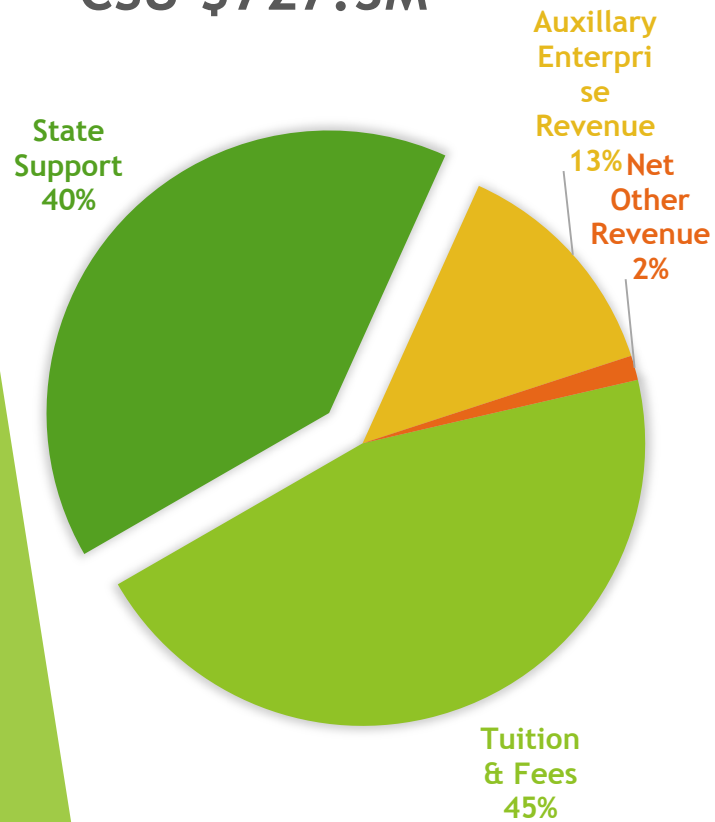
Recognizing the Indirect Fringe Benefit Appropriations

- ▶ Public Systems draw down an additional \$492.1M in GF Fringe Benefit Support
- ▶ Increases GF Support by 2.7% -- Making overall GF Support for Higher Ed = 7%

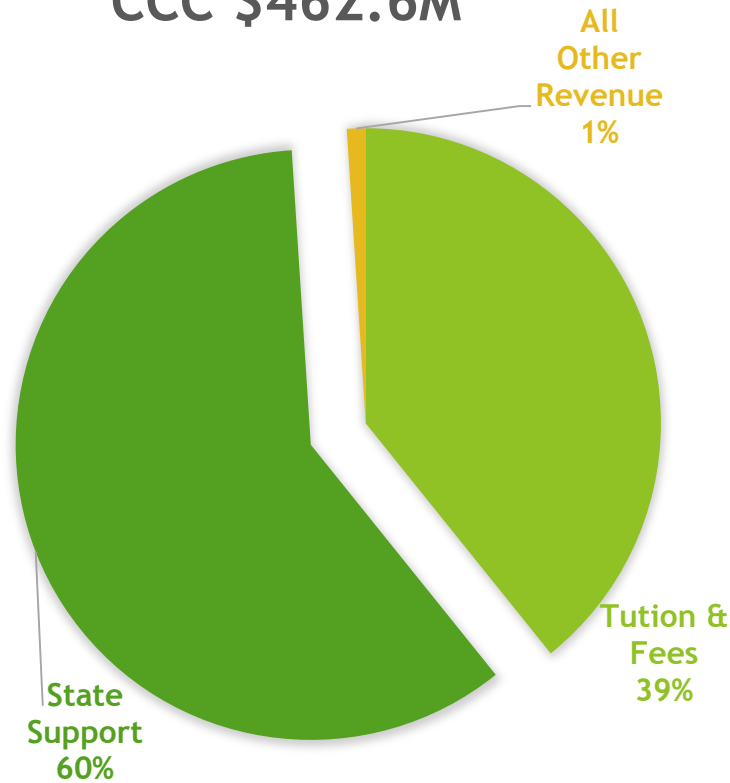


Sources of FY 16 Operating Revenue for Board of Regents

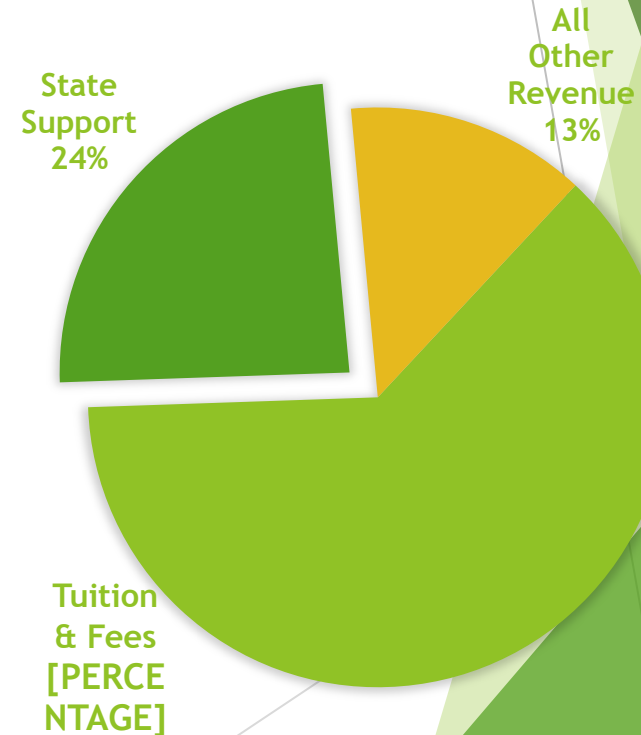
CSU \$727.3M



CCC \$462.6M

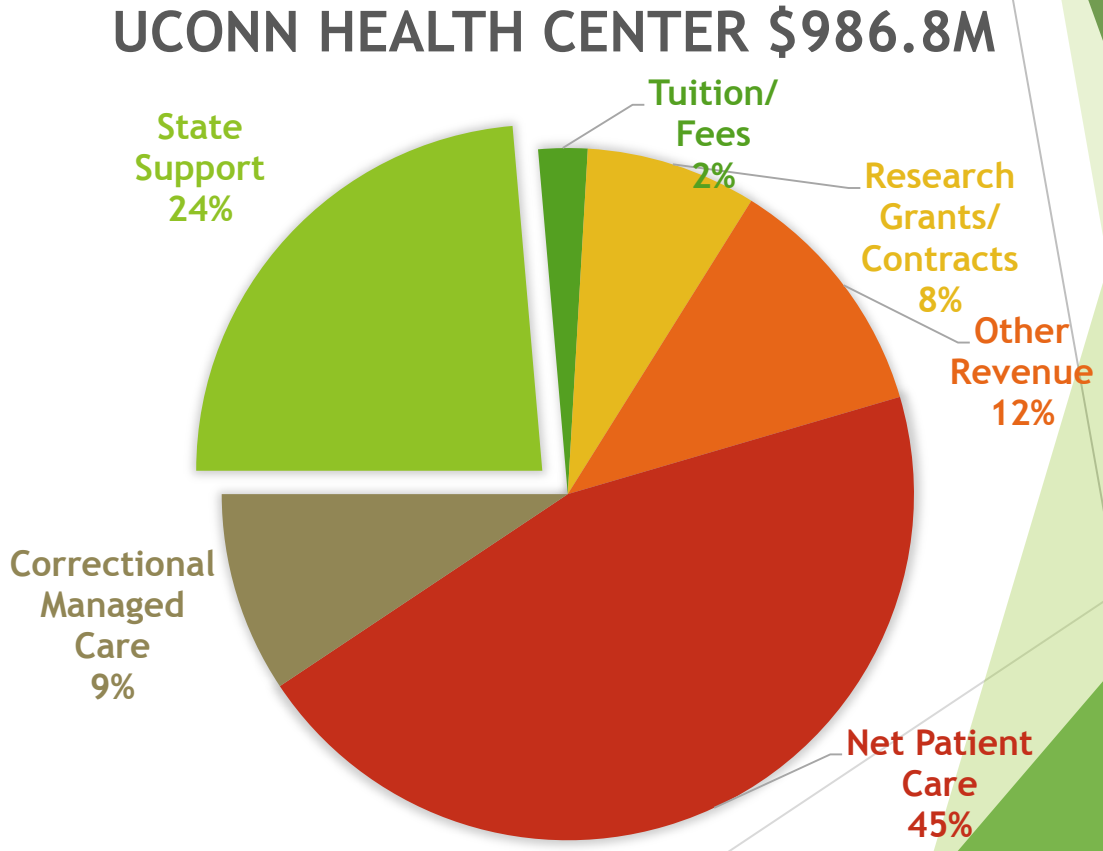
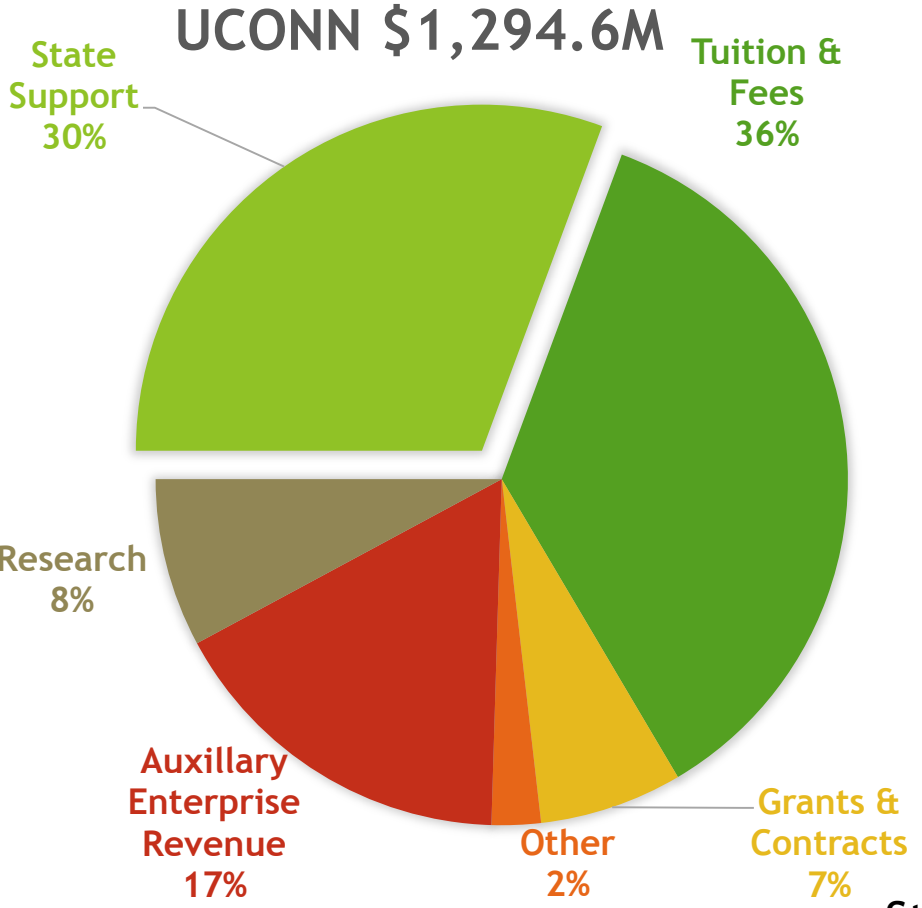


COSC \$17.1 M



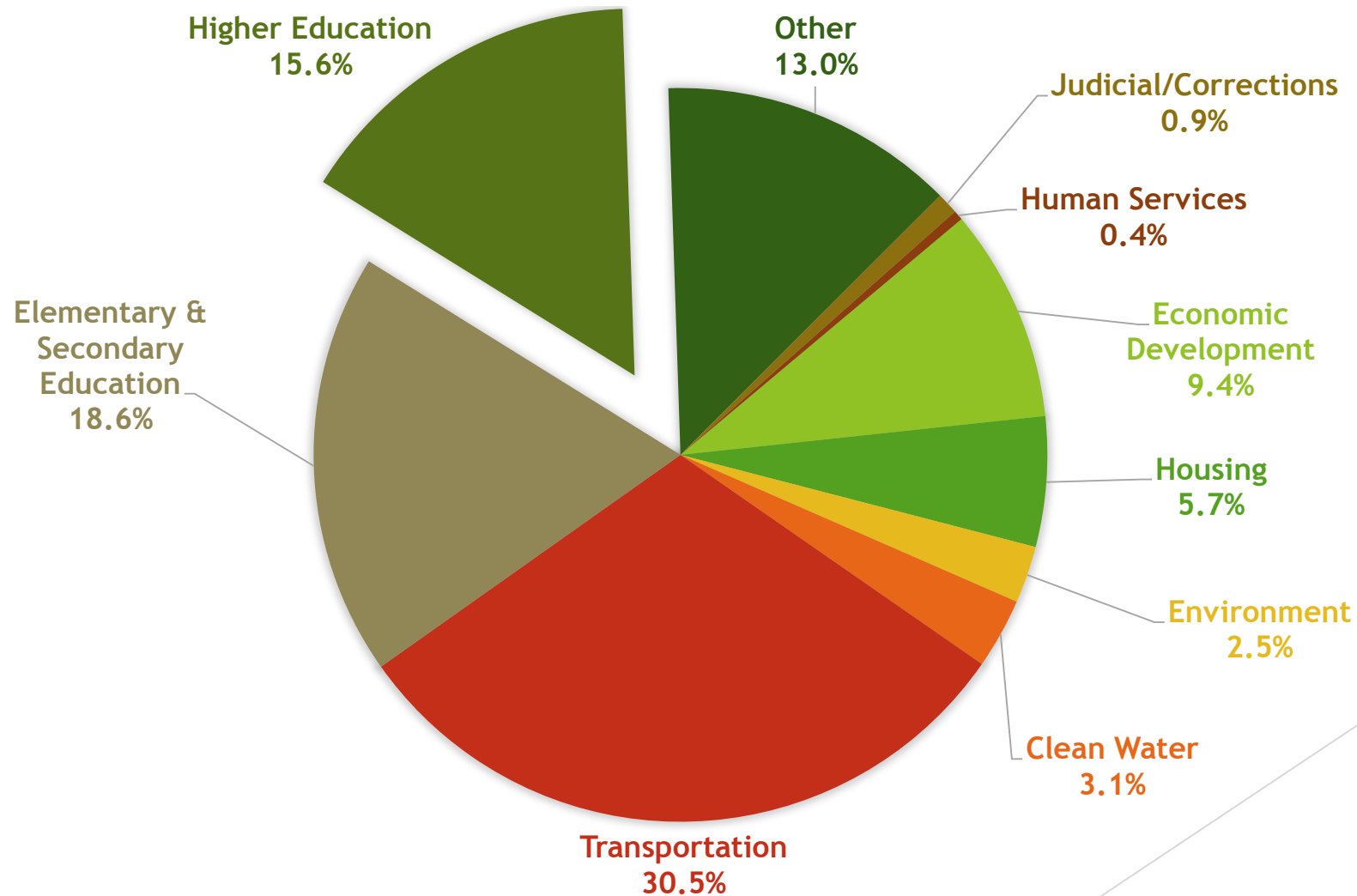
State Support = Block Grants + Fringe Benefit Support

Sources of FY 16 Operating Revenue for UConn & UConn Health Center



State Support = Block Grants + Fringe Benefits

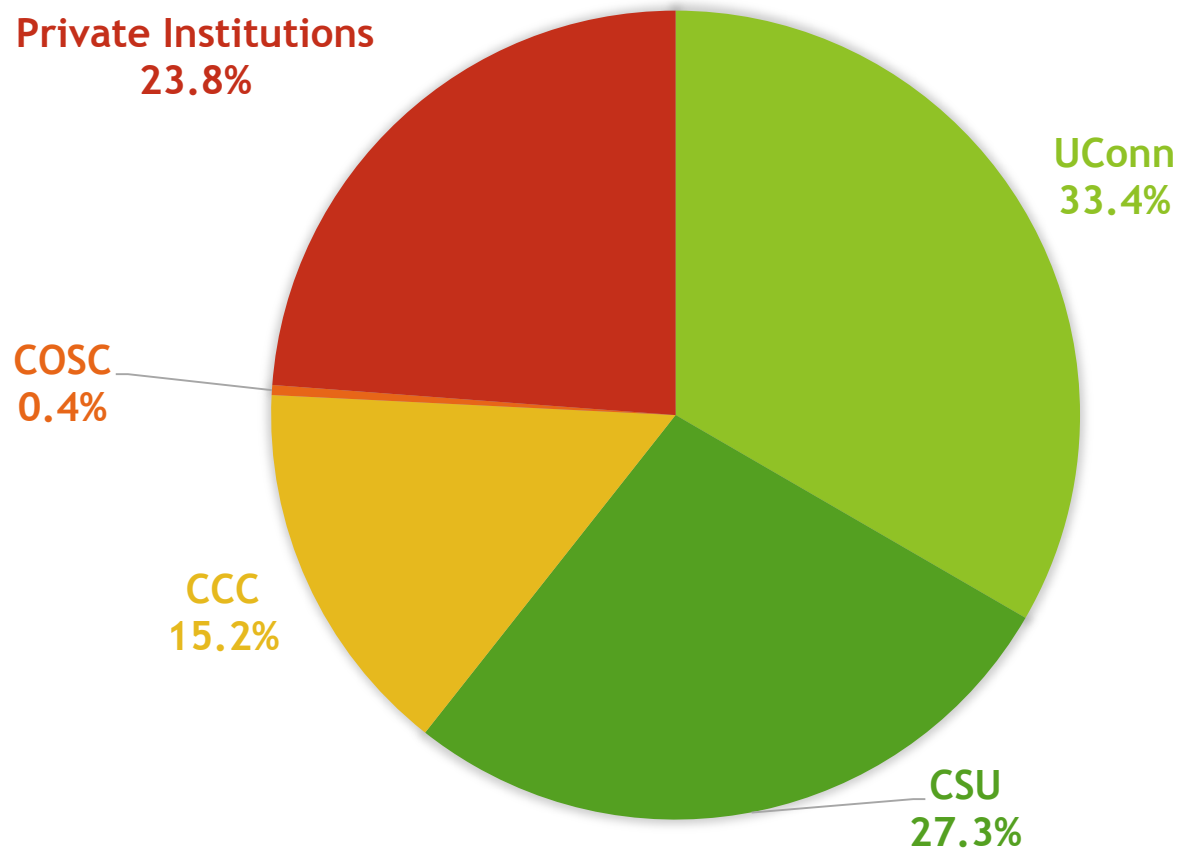
Recognizing State Supported Bond Funds FY 16 Increased Bond Authorizations (\$3,400.8 Million)



Recognizing Student Financial Aid

FY 16 Aid to Public & Private Institutions

(\$43.1 Million Awarded)



How Are State Appropriations Determined?

- ▶ Connecticut has an Incremental Approach to Budgeting
- ▶ Block grants are calculated on a Current Services basis from the Roster
 - ▶ For EXAMPLE:
 - ▶ Take Previous Year Block Grant (Roster)
 - ▶ Add Collective Bargaining Increases
 - ▶ Add 50% of Operating & Maintenance Costs for Any New Facilities
 - ▶ “Rollout” of any Existing Initiatives or Changes in Law
 - ▶ YIELDS CURRENT SERVICES
 - ▶ Governor & Legislature Add/Subtract based on Ability to Pay & Priorities
- ▶ Indirect Appropriations (from the Comptroller’s Accounts) are received at a blended rate of approximately \$0.80 on the dollar for every \$1 of Block Grant Support

Current Funding Process for Public Higher Education Institutions

- ▶ No transparency on significant areas of General Fund support for Higher Education: Fringe Benefits & Debt Service
- ▶ Direct block grant appropriations are handled like a typical line agency - on a roster basis
 - ▶ Does not reflect enrollments
 - ▶ Does not reflect Outcomes Based Metrics
- ▶ Public Systems of Higher Education have autonomy to allocate funds to schools/programs & expend funds with minimal state oversight