

FAC Report to Faculty Senate on Budget and Funding during the Pandemic:

I attended the BOR Finances and Infrastructure Committee meeting on Friday, May 1 during which BOR/CFO Ben Barnes presented a report on funding and budget. Here are the relevant aspects for us:

1/ The Coronavirus Aid, Relief, and Economic Security (CARES) act has a component for Higher Education Emergency Relief Fund (HEERF). This is of interest for the sum directed to CCSU. A total of about \$6 billion is allocated to CARES, of which \$54.6 million will be received by the CSCU system (community colleges and universities) in compensation for losses due to measures taken to combat the pandemic, including transferring courses online and the closing of residences. (Charter Oak, which is entirely online is not eligible) For CCSU, there is an allocation, based on an agreed upon formula, of \$9 million, out of the \$26 million allocated to the four CSUs (The CCs receive a total of \$28.5 million).

2/ Of the amount awarded through CARES, $\frac{1}{2}$ must go for emergency financial aid, which, however, is limited by federal decree to students who are eligible for and filed requests for the Free Application for Federal Student Aid program (acronym: FAFSA). In part, this was an effort by the federal government to exclude non-documented students, though it affects many more. For CCSU that means of 10,262 students (head count), 6927 or 68% are eligible for aid, while 3,335 are not (did not file FAFSA or were ruled ineligible when they filed: information from CCSU CFO Charlene Casimento). This percentage is consistent with the other CSU's, which vary from 24% to 35% ineligible. Checks will be distributed to those eligible, in the order of hundreds of dollars (\$300 to \$400 for community college students, probably more for university students depending on the number of credits they are taking). The BOR has requested that the federal government relax the FAFSA criteria, and CCSU is trying to make sure that as many students as possible sign up for FAFSA so as to be eligible.

3/ Estimated university expenditures due to the pandemic are \$29.2 million for the universities and \$1.6 million for the community colleges; the difference being due to closure of dormitories and ending food plans at the universities. The cost to CCSU is \$6.9 million for refunds and \$2.5 million for other expenditures, for a total of \$9.5 million. Of the \$26.5 million provided by CARES (see 1/ above), up to half of \$13 million can go to cover these expenses, covering about $\frac{1}{2}$ of the loss to the four universities and similarly for CCSU.

4/ It is presently too soon to know how badly state revenues will fare, but an estimate of lost revenue in the order of \$1 billion for each of 2020 and 2021 is a reasonable estimate. This is the 2nd year of the budget cycle, so spending parameters have already been fixed. The issue is whether revenue can meet those goals. Note that the state has a "rainy day" fund of app. \$2 billion, which as you recall the Governor refused to use for infrastructure costs in place of proposed tolls; keeping it intact for a real crisis. Obviously, it is now raining. The CSCU budget for FY2020 is \$279.8 million for the four CSUs including fringe benefits paid by the state; in comparison, the budget for the community colleges, including the "debt free community college" PACT program is \$297.5 million.

5/ The Governor has the power to cut the university budgets by a fixed percentage, although he had previously recommended an increase for the CSU's to \$300 million and has not yet indicated his intent to order a rescission, which at 5% would amount to \$14 million for the CSUs, and a total of about \$28 million for CSCU as a whole. (Operating expenses of the System Office of the BOR, now at about \$40 million a year are not separated in the overall CSCU budget, but charged to the CCs and CSUs and included in their overall budgets). We did not discuss the Governor's request indicated in an email from AAUP subsequent to the Finance Committee meeting for an informal meeting with our coalition[SEBAC] to hear the administration's views about the fiscal situation caused by the ongoing COVID-19 (novel coronavirus) crisis."

6/ As another part of the multi-billion dollar CARES act, there was established a Governor's Emergency Education Relief fund (GEER) related to the federal Office of Elementary and Secondary Education. For Connecticut that will amount to about \$28 million, intended for use in pre-school and K-12. In a letter of April 30th distributed to members of the BOR, Pres. Ojakian wrote to Gov. Lamont requesting that \$5 million of that amount be distributed to "recently unemployed and the children of those who have lost a job" on the grounds that this would "incentivize" the recipients to attend community colleges and state universities. I asked Mr. Barnes about this, and he stated that the money is intended, as indicated above, for directly educational purposes, but did not further comment on the request in Pres. Ojakian's letter to use a portion for indirect purposes.