

RESOLUTION

concerning

FY 2001-03 BIENNIAL BUDGET REQUEST - GENERAL FUND
AND OPERATING FUND

August 25, 2000

- WHEREAS, The Board of Trustees for the Connecticut State University system under its statutory authority shall "review and approve institutional budget requests and prepare and submit to the Board of Governors of Higher Education,..." for review and recommendation, and
- WHEREAS, A proposed FY 2001-03 Biennial Budget Current Services request which includes continuation funding for positions projected to be funded through the General Fund and the Operating Fund; funding to meet known collective bargaining requirements; funding to meet operating costs for new General Fund facilities projected to go on-line; and a request for State reimbursement of the impact of PA99-142, An Act Setting Standard Wage Rates for Certain Service Workers has been developed for submission to DHE and OPM, and
- WHEREAS, Inflationary increases for expenditures reflected in the Operating Fund component of the budget are based upon guidelines provided by OPM, and
- WHEREAS, The budget process furthermore provides for requesting funding for programmatic initiatives or other "above current service" needs, and
- WHEREAS, CSU's full-time student enrollment now exceeds the largest number of student ever previously enrolled, and
- WHEREAS, Current services appropriations are no longer sufficient to meet the needs of full-time students in numbers exceeding this all-time high, and
- WHEREAS, Funding is needed for the expansion of CSU's educational infrastructure - faculty and staff - to accommodate the projected enrollment growth of full-time students, and
- WHEREAS, CSU's part-time students can no longer be supported by just their fees and an undetermined percentage of services primarily intended for full-time students, and

- WHEREAS, A budget expansion option is proposed which would phase in, over a period of five years, full state General Fund support for CSU's part time students, equivalent to that already provided to full-time students, and
- WHEREAS, This support would fund a series of strategic initiatives to benefiting for all CSU students, which part-time student "extension fees" alone have been unable to adequately fund, and
- WHEREAS, In addition to the five-year phased-in proposal, further funding is requested to for a series of strategic initiatives to provide education opportunities to benefit both CSU students and the State of Connecticut, and
- WHEREAS, The CSU Waterbury program is beginning in fall of 2000, offering Bachelors degree programs in criminal justice, nursing, and business management and leadership, and
- WHEREAS, Startup funding for this program was generously supplied by the General Assembly, and
- WHEREAS, In order to continue and expand this program, additional funding is needed, therefore be it
- RESOLVED, That the Board of Trustees for the Connecticut State University system hereby approves and submits for review and recommendation to the Board of Governors a biennial budget Current Services request of \$371,970,807 and \$387,713,473 for FY2001-02 and FY2002-03 respectively, including expected collective bargaining increases. A breakdown of the current service request is shown below:

	FY 2001-02		
	General Fund	Operating Fund	Total
Personal Services	\$132,356,617	\$72,927,065	\$205,283,682
Fringe Benefits	47,076,619	12,367,735	59,444,354
Other Expenses	9,767,405	61,623,425	71,390,830
Equipment		8,214,149	8,214,149
Financial Aid		12,333,891	12,333,891
Debt service		15,303,901	15,303,901
TOTAL	\$189,200,641	\$182,770,166	\$371,970,807

FY 2002-03

	General Fund	Operating Fund	Total
Personal Services	\$139,339,603	\$74,577,149	\$213,916,752
Fringe Benefits	49,573,736	12,378,752	61,952,488
Other Expenses	12,275,845	62,256,331	74,532,176
Equipment		8,796,876	8,796,876
Financial Aid		12,843,986	12,843,986
Debt service		15,671,195	15,671,195
TOTAL	\$201,189,184	\$186,524,289	\$387,713,473

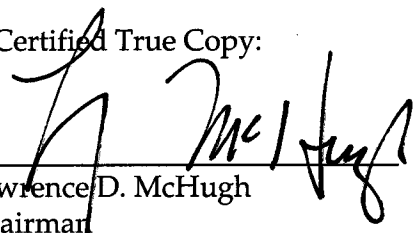
and be it further

RESOLVED, That the Board of Trustees for the Connecticut State University System hereby approves and submits for review and recommendation to the Board of Governors a Biennial Budget Above Current Services request of \$14.98 million for FY2001-02 and \$29.963 million for FY2002-03, and be it further

RESOLVED, That these requests may be adjusted by the Chancellor of the Connecticut State University System in response to directives of the Secretary of the Office of Policy and Management or for other technical purposes, and be it further

RESOLVED, That the requests shall be transmitted to the Board of Governors for its review and recommendation by the Chancellor of the Connecticut State University, who shall work cooperatively with said Board and its staff to provide further information and analysis as requested.

A Certified True Copy:



 Lawrence D. McHugh
 Chairman

Distributed at 10-5-00
BOT meeting - changes
since 8/25/00
approval.

**CONNECTICUT STATE UNIVERSITY SYSTEM
FY2001-03 BIENNIAL BUDGET
ABOVE CURRENT SERVICES REQUEST**

The Biennial Budget process provides for requesting funding for programmatic initiatives or other "above current service" needs. At its August meeting, the Executive Committee authorized an "above current services" request of \$14.98 million in FY 2001-02, and \$29.963 million in FY 2002-03, but authorized the Chancellor to adjust that request in light of changing circumstances.

After discussions with the Executive Committee on September 26th, I have modified the "above current services" request as follows, which I am now reporting to you.

CSU is requesting funding of \$11.9 million in FY2001-02 and \$19.684 million in FY 2002-03, plus fringe benefits, specifically for three areas: (1) support for the expansion of faculty and staff to accommodate the projected enrollment growth of full-time students, (2) phase-in of full state General Fund support for our part-time students, equivalent to that already provided our full-time students, and (3) support for the expansion of the Waterbury program beyond the first year of operation.

Of the total "above current services" request, \$6.5 million in FY2001-02 and \$9.1 million in FY2002-03, plus fringe benefits, is requested to support expected growth in the current average full-time headcount of 5% above FY 2000-01 spending plan projections for FY2001-02 and 2% additional growth for FY2002-03.

In addition, CSU requests a budget expansion option which would phase in, over a period of five years, full state General Fund support (an increase of \$5,000,000 per year, \$25,000,000 in total – plus fringe benefits) for our part-time students, equivalent to that already provided our full-time students.

The funding for full-time enrollment and part-time enrollment would provide for a series of strategic initiatives benefiting students and supporting workforce development in important industry clusters. These strategic initiatives include:

- Academic advising for part-time students: \$645,000 in FY2001-02 and \$1,290,000 in FY2002-03
- Student support services for part-time students: \$1,355,000 in FY2001-02 and \$2,710,000 in FY2002-03

This includes evening staff for financial aid, registrar, cashier's office, and dean's offices, to allow the universities to provide more complete services to evening students, who are frequently part-time students.

- Replacement of direct educational costs for part-time students now supported by extension fee revenue: \$1,000,000 in FY2001-02 and \$2,000,000 in FY2002-03

This will enable the universities to set aside a portion of extension fee revenues for scholarship aid under DHE guidelines.

- Americans with Disabilities Act (ADA) compliance: \$1,022,875 in FY2001-02 and \$1,471,375 in FY2002-03

This includes staff for counseling and testing, as well as services which ensure equal access to education for disabled individuals, such as signing services and other reasonable accommodation.

- Enhancement of library holdings and staffing so that they adhere to the American Library Association standards: \$1,500,000 in FY2001-02 and \$2,000,000 in FY2002-03

- Additional programming to enhance learning outcomes, retention rates and graduation rates, pursuant to attaining outcomes measured by performance assessments: \$2,000,000 in FY2001-02 and \$4,000,000 in FY2002-03

This includes continuing development of Freshman Year programming, additional information technology support services for academic programs, and library skills instructional programs at each university.

- Informatics Program: \$300,000 in FY2001-02 and \$600,000 in FY2002-03

This program, being developed by CCSU's Computer Science, Management Information, and Mathematics Departments, will allow students to pursue a course of study that will integrate mathematics and information sciences, and relate this field to other disciplines such as bioscience.

- eCommerce: \$250,000 in both FY2001-02 and FY2002-03

These funds would provide eCommerce programs in the western part of Connecticut.

- Information Technology and Computer Science: \$500,000 in FY2001-02 and \$1,000,000 in FY2002-03

- Child and Family Development Center at ECSU: \$127,125 in FY2001-02 and \$478,625 in FY2002-03

The requested funds would be used to provide startup funding for the Center.

- Bioscience: \$500,000 in FY2001-02 and \$1,000,000 in FY2002-03

- Engineering: Manufacturing/Electrical - \$1,000,000 in both FY2001-02 and FY2002-03

CCSU is currently exploring the possibility of developing programs in manufacturing and electrical engineering, which would complement its strong current programs in Technology.

- Energy Science and Technology: \$300,000 in both FY2001-02 and FY2002-03
ECSU is developing a program that would respond to the need for graduates with knowledge of energy science, skills in economic analysis of energy use and skills in developing cost-effective measures for managing and utilizing energy.
- Enhance opportunities for minority students to enter teaching: \$1,000,000 in both FY2001-02 and FY2002-03
These funds would expand programs at all four universities designed to encourage minority students to enter the teaching profession.

Finally, the CSU "above current services" request includes funding to continue and expand CSU's Waterbury program into years two and three: \$333,015 plus fringe benefits in FY2002, and \$472,477 plus fringe benefits in FY2003.

ITEM

FY2001-03 Biennial Budget Request - General Fund and Operating Fund

BACKGROUND

The Board of Trustees under its statutory authority reviews and approves the universities' and System Office budget requests and prepares and submits a consolidated system request to the Board of Governors for Higher Education for its review and recommendation. The budget request is prepared in accordance with guidelines provided by the Department of Higher Education (DHE) and the Office of Policy and Management (OPM). Guidelines this year *require* a "Current Services" budget request, and *permit* an "Above Current Services" budget request, for both FY2001-02 and FY2002-03.

ANALYSIS

The Biennial Budget request to the Governor and the General Assembly represents a summary projection of Systemwide spending needs for FY2001-03. Specific university and system spending plans are approved by the Board prior to the beginning of each new fiscal year. The "Current Services" request provides for funds to maintain services at the current level. Additional services are funded through additional appropriations "above current services". The recommended "above current services" budget request provides for support for the expansion of faculty and staff to accommodate the projected enrollment growth of full-time students; a phase-in of full State General Fund support for our part-time students, equivalent to that already provided our full-time students; and funding for the expansion of the Waterbury program, which is starting up this fall. Minor changes to our request may be required to reflect refinements to the university submissions as a result of OPM or DHE directives.

For the General Fund, we are requesting \$189.2 million for FY2001-02. The requested \$189.2 million (including \$47.1 million for the fringe benefit block grant) includes an additional \$11.0 million in General Fund appropriations (a 6.1% increase) which will be necessary to provide for certain cost increases, including \$7.0 million to meet known collective bargaining needs, \$871,591 to meet the operating costs of new facilities projected to go on-line in FY2001-02, and \$823,289 (including auxiliary services) for reimbursement of the impact of PA99-142, An Act Setting Standard Wage Rates for Certain Service Workers. For FY2002-03, we are requesting \$201.2 million, an increase of \$12.0 million or 6.3% over FY2001-02. This includes approximately \$49.6 million for the fringe benefit block grant, \$7.0 million to meet known collective bargaining needs, \$1,211,979 for reimbursement of the impact of the Standard Wage act, and \$1,837,514 to meet the operating costs of new facilities brought on-line in FY2001-02 and FY2002-03.

For the non-General Fund portion of the Operating Fund, we are projecting expenditures of \$182.8 million for FY2001-02, an increase of \$2.0 million or 1.1% over FY2000-01.

This increase includes inflationary increases for operating costs and salary requirements, offset by reductions of expenses (funded from reserves) due to the completion of the Banner project. For FY2002-03 we are projecting expenditures of \$186.5 million, an increase of \$3.8 million or 2.1% over FY2001-02.

The Biennial Budget process also provides for requesting funding for programmatic initiatives or other "above current service" needs. We are proposing a request for additional funding of \$14.98 million in FY2001-02 and \$29.963 million in FY 2002-03, specifically for three areas: (1) support for the expansion of faculty and staff to accommodate the projected enrollment growth of full-time students, (2) phase-in of full state General Fund support for our part-time students, equivalent to that already provided our full-time students, and (3) support for the expansion of the Waterbury program beyond the first year of operation. This request, if approved by the Board of Trustees, will be submitted to the Department of Higher Education for their review and recommendation, and to OPM in accordance with their guidelines.

Our full-time student enrollment now exceeds the largest number of students we had ever previously enrolled. For several years after that number topped out in 1990-91, our full-time enrollment declined. But in the mid-1990s, the Board of Trustees determined that CSU should play a major role in seeking to keep Connecticut's graduating high school seniors in the state, and so established a strategic goal of 2% enrollment growth per year. The downward trend was reversed in 1997-98, and aided by the demographic trend of larger high school graduating cohorts, the trend has now been upward for four years. In the 2000-01 academic year, CSU will enroll the largest number of full-time students ever.

At the same time as this enrollment growth has been secured, higher education has had to remake itself in order to respond to Information Age demands. CSU has been at the vanguard of change, as our universities have restructured their curricula and undertaken a performance assessment program to ensure that our graduates meet the needs of the marketplace for competencies in high-demand areas. These changes have been made possible, fiscally, because the State has maintained our appropriations at the current services level of 1990-91.

Now that our full-time enrollment has surpassed the 1990-91 peak, current services appropriations at that decade-old level no longer are sufficient to meet the needs of full-time students who exceed the 1990-91 number. If we do not want to degrade the quality of educational opportunities we offer, we must look to the State to fund the expansion of our educational infrastructure – faculty and staff – to accommodate the projected enrollment growth of full-time students. Of the total "above current services" request, \$2.6 million in FY2001-02 and \$5.2 million in FY2002-03 is requested to support a 2% annual growth in the current average full-time headcount.

In addition, our part-time students – generally known as "extension fund" students – can no longer be supported by just their fees and an undetermined percentage of services primarily intended for full-time students. For the past decade, while the annual av-

erage number of full-time students has been below the peak 1990-91 level, some educational and support services for part-time students could be accommodated within the 1990-91 "current services" state appropriation. Those limited services have been increasingly difficult to fund, however, as the number of full-time students has increased. Even major increases in the "extension fees" charged to part-time students have not been sufficient to meet their educational and support needs. For example, advising for part-time students has not been as comprehensive nor as available as we would wish. Office hours for university functions have not been convenient for those who take classes after 5:00 p.m. And financial aid for part-time students has not met the needs of these students. (DHE has not required CSU to set aside 15% of extension fees for financial aid; while that decision has made it possible to devote the full amount of fee receipts to direct expenditures, it has also meant that financial aid for part-time students has not in any way been equivalent to the financial aid available to full-time students.)

The differential treatment of part-time students may have been appropriate for the 70's and 80's and maybe even the 90's. But it is now increasingly clear that part-time students at CSU will play at least as important a role in the future economic development of the state as will full-time students. Employers are increasingly looking to their staff members to gain additional competencies, but do not want to lose the current expertise of these valued employees to full-time university education. Part-time students can move immediately to provide additional support for the enterprise in which they are engaged. They may need only a few courses or a certificate to gain the knowledge they need, but it is knowledge which will have an immediate impact.

The use of state appropriation funds to fund some services for part-time students has reduced our ability to implement strategic initiatives which would benefit all students, part-time and full-time alike. Accordingly, CSU proposes a budget expansion option which would phase in, over a period of five years, full state General Fund support for our part-time students, equivalent to that already provided our full-time students. This support (an increase of \$8,000,000 per year, \$40,000,000 in total) would fund a series of strategic initiatives which would benefit all of our students.

These strategic initiatives include:

- Academic advising for part-time students - \$645,000 in FY2001-02 and \$1,290,000 in FY2002-03
- Student support services for part-time students - \$1,355,000 in FY2001-02 and \$2,710,000 in FY2002-03
 - This includes evening staff for financial aid, registrar, cashier's office, and dean's offices, to allow the universities to provide more complete services to evening students, who are frequently part-time students.
- Replacement of direct educational costs for part-time students now supported by extension fee revenue - \$1,000,000 in FY2001-02 and \$2,000,000 in FY2002-03
 - This will enable the universities to set aside a portion extension fee revenues for scholarship aid under DHE guidelines.

- Americans with Disabilities Act (ADA) compliance - \$1,500,000 in FY2001-02 and \$3,000,000 in FY2002-03
This includes staff for counseling and testing, as well as services which ensure equal access to education for disabled individuals, such as signing services and other reasonable accommodation.
- Enhance library holdings and staffing so that they adhere to the American Library Association standards - \$1,500,000 in FY2001-02 and \$3,000,000 in FY2002-03
- Additional programming to enhance learning outcomes, retention rates and graduation rates - \$2,000,000 in FY2001-02 and \$4,000,000 in FY2002-03
This includes continuing development of Freshman Year programming, additional information technology support services for academic programs, and library skills instructional programs at each university.

In addition to the five-year phased-in funding of \$8,000,000 per year, we are requesting further funding of \$3.977 million in FY2001-02 and \$8.179 million in FY2002-03 for a series of strategic initiatives to provide educational opportunities to benefit both our students and the State of Connecticut, as follows:

- Informatics Program - \$300,000 in FY2001-02 and \$600,000 in FY2002-03
This program, being developed by CCSU's Computer Science, Management Information, and Mathematics Departments, will allow students to pursue a course of study that will integrate mathematics and information sciences, and relate this field to other disciplines such as bioscience. Students in this program will be able to respond to high need areas in the State's bioscience, information technology, and financial services clusters.
- eCommerce - \$250,000 in FY2001-02 and \$500,000 in FY2002-03
These funds would provide eCommerce programs in the western part of Connecticut in response to requests from businesses in that area through the CEO Forum at WCSU.
- Information Technology and Computer Science - \$500,000 in FY2001-02 and \$1,000,000 in FY2002-03
These funds would expand Bachelor's and Master's offerings in these programs at SCSU in response to the demonstrated need for information technology personnel in the State's developing knowledge economy.
- Child and Family Development Center at ECSU - \$127,125 in FY2001-02 and \$478,625 in FY2002-03
The requested funds would be used to provide startup funding for the Center, which will provide a comprehensive program for approximately 90 children, including health, education, social services, nutrition, etc.; and will provide teachers-in-training with a workshop environment and supplement the college classroom for early childhood education majors.
- Bioscience - \$500,000 in FY2001-02 and \$1,000,000 in FY2002-03
The requested funds would be used to develop programs at all four universities in the bioscience field.

- Engineering – Manufacturing/Electrical - \$1,000,000 in FY2001-02 and \$2,000,000 in FY2002-03
CCSU is currently exploring the possibility of developing programs in manufacturing and electrical engineering, which would complement its strong current programs in Technology.
- Energy Science and Technology - \$300,000 in FY2001-02 and \$600,000 in FY2002-03
ECSU is developing a program that would respond to the need for graduates with knowledge of energy science, skills in economic analysis of energy use and skills in developing cost-effective measures for managing and utilizing energy.
- Enhance opportunities for minority students to enter teaching - \$1,000,000 in FY2001-02 and \$2,000,000 in FY2002-03
These funds would expand programs at all four universities designed to encourage minority students to enter the teaching profession.

Furthermore, the CSU Waterbury program is beginning this fall. The program, offered by WCSU and CCSU, will initially provide three degree programs at the Bachelors level in Waterbury: criminal justice, nursing, and business management and leadership. The initial startup funding was generously supplied by the General Assembly at the level of \$405,000 plus fringe benefits. In order to continue and expand this program into years two and three, we are requesting additional funds of \$333,015 plus fringe benefits in FY2002 (\$402,920 total, assuming a 30% fringe rate) and \$472,477 plus fringe benefits in FY2003 (\$584,220 total, assuming a 30% fringe rate).

In summary, the FY2001-03 Biennial Budget request would maintain the current services level of CSU operations, provide operating support for new facilities going on-line or annualization of certain facilities costs, and provide reimbursement for increased contract costs due to the enactment of the Standard Wage act. In addition, state funding support of \$14.98 million in FY2001-02 and \$29.963 million in FY2002-03 is requested to fund increases in full-time enrollment, to provide State support to part-time students at the same level as currently enjoyed by full-time students, and to continue and expand the CSU Waterbury program.

Because the biennial budget request must be submitted to the Department of Higher Education by August 25, 2000, the Executive Committee, acting on behalf of the Board, may approve the recommendation with ratification of its action by the full Board at the next scheduled meeting in October.

RECOMMENDATION

That the FY2001-03 Biennial Budget request be approved as presented subject to modification in response to DHE and OPM requirements.