



RESOLUTION

concerning

FY1999-00 INSTITUTIONAL SPENDING PLANS AND AUTHORIZED EXPENDITURE LEVELS FOR MANAGEMENT & CONFIDENTIAL PROFESSIONAL PERSONNEL AND SUOAF-AFSCME ADMINISTRATORS

June 11, 1999

WHEREAS, Pursuant to the provisions of Section 10a-89(a) of the Connecticut General Statutes, the Board of Trustees shall "...subject to state-wide policy and guidelines established by the Board of Governors of Higher Education,...(1) Make rules for the government of the Connecticut State University system and shall determine the general policies of the university system, including...the expenditure of the funds of institutions under its jurisdiction within the amounts available;..." and

WHEREAS, Board Resolution 92-31 provides that each university and the System Office shall submit a fiscal year spending plan proposal to the Board of Trustees for its approval, and

WHEREAS, The spending plan proposal is required to project overall university expenditures and proposed spending levels for full-time positions by major fund source and National Association of College and University Business Officers (NACUBO) program classifications, and

WHEREAS, Each university and the System Office has submitted spending plans for fiscal year 1999-00 to the Board of Trustees and are summarized in Attachments 1 through 5, and

WHEREAS, The Board of Trustees has reviewed and discussed the spending plan proposals with the four university presidents and the Chancellor, and finds the FY1999-00 spending plans appropriate to the system's present fiscal circumstances, and

WHEREAS, The Board approves an overall spending level for all funds except for federal and private grants, bond funds, and intra/inter agency funds, therefore be it

RESOLVED, That each President and the Chancellor shall ensure adherence to the approved spending plan, maintaining expenditure control within the spending caps established for SUOAF-AFSCME, and Management and Confidential Professional personnel categories, and be it further

RESOLVED, That the following levels of spending for each university and the System Office/System Support/OnlineCSU are authorized for fiscal year 1999-00 and can be changed upon approval by the Chancellor, except for the System Office/System Support/OnlineCSU which must be approved by the Board Chairman:

System Office	\$ 3,616,828
System Support	10,815,350
OnlineCSU	1,368,630
Central Connecticut State University	102,417,166
Eastern Connecticut State University	53,841,831
Southern Connecticut State University	102,055,098
Western Connecticut State University	50,548,961

NOTE: Excludes Telecommunications, federal and private grants, and bond funds  
and be it further

RESOLVED, That the above authorized spending levels have the following effect upon the reserves of each university and the System:

System Office	\$ 0
System Support	(1,305,107)
OnlineCSU	( 400,000)
Central Connecticut State University	( 194,253)
Eastern Connecticut State University	( 345,603)
Southern Connecticut State University	( 193,222)
Western Connecticut State University	( 337,519)

NOTE: Excludes Telecommunications, federal and private grants, and bond funds  
and be it further

RESOLVED, That the university Presidents are authorized to establish and refill positions within approved spending caps, and be it further

RESOLVED, That the following expenditure caps are placed on the SUOAF-AFSCME bargaining unit for each university and the System Office/System Support for fiscal year 1999-00:

System Office and System Support	\$ 1,394,272
Central Connecticut State University	9,065,437
Eastern Connecticut State University	5,416,632
Southern Connecticut State University	7,861,109
Western Connecticut State University	4,784,864

and be it further

RESOLVED, That the following expenditure caps are placed on the Managerial and Confidential Professional personnel for each university and the System Office/System Support for the fiscal year 1999-00:

System Office and System Support	\$ 2,637,365
Central Connecticut State University	2,606,850
Eastern Connecticut State University	2,056,892
Southern Connecticut State University	2,455,173
Western Connecticut State University	1,938,109

and be it further

RESOLVED, That for FY1999-00 each university is expected to raise projected tuition revenues. To the extent that this does not occur, a university's tuition allocation may be adjusted downward when tuition allocations are recalculated during the fourth quarter of FY1999-00.

FY1999-00 Tuition Revenue Projections

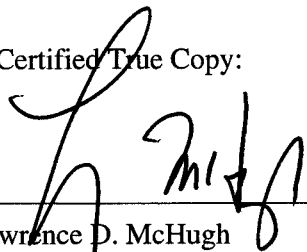
	<u>CCSU</u>	<u>ECSU</u>	<u>SCSU</u>	<u>WCSU</u>
Net Revenue	\$14,056,000	\$7,021,372	\$14,484,958	\$7,092,467

and be it further

RESOLVED, That while expenditures are authorized up to the limit of the spending plans summarized in this resolution, the Presidents and the Chancellor are encouraged to seek further economies in their operations during fiscal year 1999-00, and be it further

RESOLVED, That each university and the System Office submit a progress report on their spending plans at the first scheduled Board of Trustees meeting after February 1, 2000.

A Certified True Copy:

  
\_\_\_\_\_  
Lawrence D. McHugh  
Chairman

**CONNECTICUT STATE UNIVERSITY SYSTEM**

Dollar &amp; Percentage Comparison - Total Revenues and Expenditures

Estimated FY 1998-99 and Estimated FY 1999-00

General Fund and CSU Grants- New Model

Excluding 27th Payroll and Fringe Benefit Increase

	<b>FY 98-99</b>	<b>FY 99-00</b>	<b>\$ / % CHANGE</b>	
<b>CENTRAL</b>				
Revenues	\$105,097,014	\$110,472,983	\$5,375,969	5.1%
Expenses	104,446,069	110,667,246	6,221,177	6.0%
+/-	\$650,945	(\$194,263)		
<b>EASTERN</b>				
Revenues	\$57,340,012	\$57,879,052	\$539,040	0.9%
Expenses	57,803,703	58,224,655	420,952	0.7%
+/-	(\$463,691)	(\$345,603)		
<b>SOUTHERN</b>				
Revenues	\$104,721,780	\$107,165,556	\$2,443,776	2.3%
Expenses	101,110,736	107,358,778	6,248,042	6.2%
+/-	\$3,611,044	(\$193,222)		
<b>WESTERN</b>				
Revenues	\$51,222,907	\$54,970,793	\$3,747,886	7.3%
Expenses	51,020,607	55,308,312	4,287,705	8.4%
+/-	\$202,300	(\$337,519)		
<b>SYSTEM OFFICE</b>				
Revenues	\$3,289,572	\$3,403,728	\$114,156	3.5%
Expenses	3,212,625	3,403,728	191,103	5.9%
+/-	\$76,947	\$0		
<b>ONLINECSU</b>				
Revenues	\$258,783	\$961,249	\$702,466	271.4%
Expenses	512,189	\$1,361,249	849,060	165.8%
+/-	(\$253,406)	(\$400,000)		
<b>SYSTEM SUPPORT</b>				
Revenues	\$9,913,896	\$10,407,250	\$493,354	5.0%
Expenses	9,562,039	11,712,357	2,150,318	22.5%
+/-	\$351,857	(\$1,305,107)		
<b>SYSTEM TOTAL</b>				
Revenues *	\$329,934,801	\$342,523,908	\$12,589,107	3.8%
Expenses **	\$325,198,805	\$344,876,325	19,677,520	6.1%
+/-	\$4,735,996	(\$2,352,417)		
<b>TELECOM.</b>				
Revenues	\$3,379,501	\$3,748,651	\$369,150	10.9%
Expenses	3,251,812	\$3,748,651	496,839	15.3%
+/-	\$127,689	\$0		

\* Includes Consolidating Adj: FY99 \$1,909,163 Banner Implementation; FY00 \$2,600,000 Banner Implementation, \$136,703 OnlineCSU Revenue

\*\* Includes Consolidating Adj.: FY99 P.S. \$480,000 client/server positions, \$1,597,204 Banner Implementation; O.E. \$80,000 training funds, \$311,959 Banner Implementation; FY00 P.S. \$480,000 client/serv. pos., \$1,922,021 Banner Implementation; O.E. \$80,000 training, \$677,979 Banner Implementation

**CONNECTICUT STATE UNIVERSITY SYSTEM**

Dollar &amp; Percentage Comparison - Educational &amp; Auxiliary Services Revenues and Expenditures

Estimated FY 1998-99 and Estimated FY 1999-00

General Fund and CSU Grants - New Model

Excluding 27th Payroll and Fringe Benefit Increase

	FY 98-99	FY 99-00	\$ / % CHANGE	
<b>CENTRAL</b>				
Revenues	\$93,531,480	\$97,755,278	\$4,223,798	4.5%
Expenses	92,880,535	97,949,541	5,069,006	5.5%
+/-	\$650,945	(\$194,263)		
<b>EASTERN</b>				
Revenues	\$45,136,099	\$51,139,409	\$6,003,310	13.3%
Expenses	45,599,790	51,485,012	5,885,222	12.9%
+/-	(\$463,691)	(\$345,603)		
<b>SOUTHERN</b>				
Revenues	\$94,792,213	\$97,356,050	\$2,563,837	2.7%
Expenses	92,098,731	97,549,272	5,450,541	5.9%
+/-	\$2,693,482	(\$193,222)		
<b>WESTERN</b>				
Revenues	\$46,318,608	\$47,908,191	\$1,589,583	3.4%
Expenses	46,116,308	48,245,710	2,129,402	4.6%
+/-	\$202,300	(\$337,519)		
<b>SYSTEM OFFICE</b>				
Revenues	\$3,289,572	\$3,403,728	\$114,156	3.5%
Expenses	3,212,625	\$3,403,728	191,103	5.9%
+/-	\$76,947	\$0		
<b>ONLINE CSU</b>				
Revenues	\$258,783	\$961,249	\$702,466	271.4%
Expenses	\$512,189	\$1,361,249	849,060	165.8%
+/-	(\$253,406)	(\$400,000)		
<b>SYSTEM SUPPORT</b>				
Revenues	\$8,840,350	\$9,365,250	\$524,900	5.9%
Expenses	8,488,493	10,670,357	2,181,864	25.7%
+/-	\$351,857	(\$1,305,107)		
<b>SYSTEM TOTAL</b>				
Revenues *	\$290,257,942	\$305,152,452	\$14,894,510	5.1%
Expenses **	\$286,439,508	\$307,504,869	21,065,361	7.4%
+/-	\$3,818,434	(\$2,352,417)		
<b>TELECOM.</b>				
Revenues	\$3,379,501	\$3,748,651	\$369,150	10.9%
Expenses	3,251,812	\$3,748,651	496,839	15.3%
+/-	\$127,689	\$0		

\* Includes Consolidating Adj. FY99 (\$1,909,163) &amp; FY00 (\$2,600,000) Banner; (\$136,703) OnlineCSU

\*\* Includes Consolidating Adj. FY99 (\$2,077,204) &amp; (\$391,959);

FY00 (\$2,402,021) &amp; (757,979)

**CONNECTICUT STATE UNIVERSITY SYSTEM**

Dollar &amp; Percentage Comparison - Total Revenues and Expenditures

Estimated FY 1998-99 and Estimated FY 1999-00

General Fund and CSU Grants- New Model

	FY 98-99	FY 99-00	\$ / % CHANGE	
<b>CENTRAL</b>				
Revenues	\$105,097,014	\$114,940,608	\$9,843,594	9.4%
Expenses	104,446,069	115,134,871	10,688,802	10.2%
+/-	\$650,945	(\$194,263)		
<b>EASTERN</b>				
Revenues	\$57,340,012	\$60,235,871	\$2,895,859	5.1%
Expenses	57,803,703	60,581,474	2,777,771	4.8%
+/-	(\$463,691)	(\$345,603)		
<b>SOUTHERN</b>				
Revenues	\$104,721,780	\$111,671,382	\$6,949,602	6.6%
Expenses	101,110,736	111,864,604	10,753,868	10.6%
+/-	\$3,611,044	(\$193,222)		
<b>WESTERN</b>				
Revenues	\$51,222,907	\$57,274,044	\$6,051,137	11.8%
Expenses	51,020,607	57,611,563	6,590,956	12.9%
+/-	\$202,300	(\$337,519)		
<b>SYSTEM OFFICE</b>				
Revenues	\$3,289,572	\$3,616,828	\$327,256	9.9%
Expenses	3,212,625	3,616,828	404,203	12.6%
+/-	\$76,947	\$0		
<b>ONLINECSU</b>				
Revenues	\$258,783	\$968,630	\$709,847	274.3%
Expenses	512,189	1,368,630	856,441	167.2%
+/-	(\$253,406)	(\$400,000)		
<b>SYSTEM SUPPORT</b>				
Revenues	\$9,913,896	\$10,552,243	\$638,347	6.4%
Expenses	9,562,039	11,857,350	2,295,311	24.0%
+/-	\$351,857	(\$1,305,107)		
<b>SYSTEM TOTAL</b>				
Revenues *	\$329,934,801	\$356,522,903	\$26,588,102	8.1%
Expenses **	\$325,198,805	\$358,875,320	33,676,515	10.4%
+/-	\$4,735,996	(\$2,352,417)		
<b>TELECOM.</b>				
Revenues	\$3,379,501	\$3,783,127	\$403,626	11.9%
Expenses	3,251,812	3,783,127	531,315	16.3%
+/-	\$127,689	\$0		

\* Includes Consolidating Adj: FY99 \$1,909,163 Banner Implementation; FY00 \$2,600,000 Banner Implementation, \$136,703 OnlineCSU Revenue

\*\* Includes Consolidating Adj.: FY99 P.S. \$480,000 client/server positions, \$1,597,204 Banner Implementation; O.E. \$80,000 training funds, \$311,959 Banner Implementation; FY00 P.S. \$480,000 client/serv. pos., \$1,922,021 Banner Implementation; O.E. \$80,000 training, \$677,979 Banner Implementation

**CONNECTICUT STATE UNIVERSITY SYSTEM**

Dollar &amp; Percentage Comparison - Educational &amp; Auxiliary Services Revenues and Expenditures

Estimated FY 1998-99 and Estimated FY 1999-00

General Fund and CSU Grants - New Model

	FY 98-99	FY 99-00	\$ / % CHANGE	
<b>CENTRAL</b>				
Revenues	\$93,531,480	\$102,222,913	\$8,691,433	9.3%
Expenses	92,880,535	102,417,166	9,536,631	10.3%
+/-	\$650,945	(\$194,253)		
<b>EASTERN</b>				
Revenues	\$45,136,099	\$53,496,228	\$8,360,129	18.5%
Expenses	45,599,790	53,841,831	8,242,041	18.1%
+/-	(\$463,691)	(\$345,603)		
<b>SOUTHERN</b>				
Revenues	\$94,792,213	\$101,861,876	\$7,069,663	7.5%
Expenses	92,098,731	102,055,098	9,956,367	10.8%
+/-	\$2,693,482	(\$193,222)		
<b>WESTERN</b>				
Revenues	\$46,318,608	\$50,211,442	\$3,892,834	8.4%
Expenses	46,116,308	50,548,961	4,432,653	9.6%
+/-	\$202,300	(\$337,519)		
<b>SYSTEM OFFICE</b>				
Revenues	\$3,289,572	\$3,616,828	\$327,256	9.9%
Expenses	3,212,625	3,616,828	404,203	12.6%
+/-	\$76,947	\$0		
<b>ONLINE CSU</b>				
Revenues	\$258,783	\$968,630	\$709,847	274.3%
Expenses	\$512,189	\$1,368,630	856,441	167.2%
+/-	(\$253,406)	(\$400,000)		
<b>SYSTEM SUPPORT</b>				
Revenues	\$8,840,350	\$9,510,243	\$669,893	7.6%
Expenses	8,488,493	10,815,350	2,326,857	27.4%
+/-	\$351,857	(\$1,305,107)		
<b>SYSTEM TOTAL</b>				
Revenues *	\$290,257,942	\$319,151,457	\$28,893,515	10.0%
Expenses **	\$286,439,508	\$321,503,864	35,064,356	12.2%
+/-	\$3,818,434	(\$2,352,407)		
<b>TELECOM.</b>				
Revenues	\$3,379,501	\$3,783,127	\$403,626	11.9%
Expenses	3,251,812	3,783,127	531,315	16.3%
+/-	\$127,689	\$0		

\* Includes Consolidating Adj. FY99 (\$1,909,163) &amp; FY00 (\$2,600,000) Banner; (\$136,703) OnlineCSU

\*\* Includes Consolidating Adj. FY99 (\$2,077,204) &amp; (\$391,959);

FY00 (\$2,402,021) &amp; (757,979)

# CONNECTICUT STATE UNIVERSITY SYSTEM

Management/Confidential & Administrators (SUOAF/AFSCME)

Salary Caps FY 1998-99 and FY 1999-00

## Management / Confidential

	<u>Central</u>	<u>Eastern</u>	<u>Southern</u>	<u>Western</u>	<u>System Office &amp; System Support</u>
<b>FY 98-99</b> (BOT APPROVED BR 98-41)	\$2,523,464	\$1,901,381	\$2,237,016	\$1,595,672 *	\$2,459,788
<b>FY 99-00</b> (REQUESTED CAP)	\$2,606,850	\$2,056,892	\$2,455,173	\$1,938,109	\$2,637,365
<b>Change</b>	\$83,386	\$155,511	\$218,157	\$342,437	\$177,577

## Administrators (SUOAF /AFSCME)

	<u>Central</u>	<u>Eastern</u>	<u>Southern</u>	<u>Western</u>	<u>System Office &amp; System Support</u>
<b>FY 98-99</b> (BOT APPROVED BR 98-41)	\$7,890,442	\$4,722,523	\$7,223,117	\$4,328,500	\$1,233,112
<b>FY 99-00</b> (REQUESTED CAP)	\$9,065,437	\$5,416,632	\$7,861,109	\$4,784,864	\$1,394,272
<b>Change</b>	\$1,174,995	\$694,109	\$637,992	\$456,364	\$161,160

\*Per Midyear Spending Plan



**ITEM**

FY1999-00 Institutional Spending Plans and Authorized Expenditure Levels for Management and Confidential Professional Personnel and SUOAF-AFSCME Administrators

**BACKGROUND**

Pursuant to the provisions of Section 10a-89(a) of the Connecticut General Statutes, the Board of Trustees shall "...subject to state-wide policy and guidelines established by the Board of Governors of Higher Education,...(1) Make rules for the government of the Connecticut State University system and shall determine the general policies of the university system, including those concerning...the expenditure of the funds of the institutions under its jurisdiction within the amounts available;..." In addition, under the provisions of Board Resolution 92-31, dated April 3, 1992, the Board of Trustees granted to the Chancellor and university presidents authority to establish and refill positions within approved spending caps. University spending caps may be adjusted during the fiscal year upon approval of the Chancellor. System Office spending cap adjustments are contingent upon approval of the Board Chairperson. Additionally, the universities and the System Office are required to submit proposed spending plans to the Finance and Administration Committee for their review and subsequent recommendation to the Board for its approval.

**ANALYSIS**

The proposed FY1999-00 educational and auxiliary services' spending levels for the universities and the System Office were reviewed by the Finance and Administration (F&A) Committee and other members of the Board during discussions with the Chancellor and his staff, and the presidents of the universities and their staffs on May 5, 1999. The discussions covered a number of issues of concern to each university and the System Office, as well as issues relating to the educational and fiscal viability of our universities. Brief highlights of the major issues are discussed in the following paragraphs. All numbers assume the adoption of the revised implementation timeline for the General Fund distribution methodology and the CSU Grants distribution methodology.

**System Spending Projections**

Overall, FY1999-00 spending projections for the System (including the four universities, System Office, Systemwide, and OnlineCSU, excluding grants, intra/inter agency, and bond funds) reflect an increase of 12.3% over actual FY1998-99 expenditures, and 10.4% over budgeted FY1998-99 expenditures. This increase can be attributed largely to the 27<sup>th</sup> payroll, which occurs once every ten years within the State, as well as increases in fringe benefit rates from year to year. Excluding the impact of these items, expenditures are increasing by 7.4% over current year actual, and 5.6% over current year budget, for the most part due to the annualization of partial-year salaries for new hires added in the second half of FY1999 (\$5.5 million)

and negotiated salary increases. Expenditures for the implementation of Banner are projected to increase by \$1.2 million or 29.6% in FY1999-00. The projected spending levels result in a \$964,956 reduction to systemwide fund balances.

### **Student Enrollments**

For FY1999-00, full-time undergraduate enrollment is projected to increase by 2% at all four universities. The two percent enrollment increase has been encouraged by the Board especially because State funding support for CSU has not kept pace with inflation. The development of this and other revenue sources is imperative to the future fiscal viability of the universities. In FY1998-99, full-time enrollment continued the turnaround first witnessed in FY1997-98, with an average increase for the system of 2.3%. Overall, FTE enrollment for the system is projected to increase by 1.8% during the next academic year.

### **General Fund and CSU Grants Distribution Methodology**

During FY1994-95, the Board approved new methodologies to distribute tuition and general fund dollars, as well as to distribute CSU Grants. Both resolutions required that the new allocation methodologies be implemented over a period of ten years, in order to minimize the impact of the significant shift of funds among the universities that would be caused by the implementation of the new models. However, delaying implementation penalized those universities for whom the new methodology corrected under-funding caused by the old methodology. In order to alleviate this effect, a new implementation timetable is proposed, whereby for those universities that were under-funded by the old methodology, the implementation of the new methodology for general funds and CSU grants would be accelerated and accomplished in six years rather than ten, with no retroactive funding. Funding for the universities following the accelerated implementation schedule would be provided through Systemwide reserves. Repayment of these reserves would take place through the suspension of the Goal Achievement Set-Aside program until the reserves were repaid, as well as the use of a portion of ERIP savings after Banner is fully implemented.

### **Enhancing the Public Awareness of the Connecticut State University System**

In FY1995-96, the Board began a significant continuing programmatic initiative to enhance the public's awareness of and improve the image of the Connecticut State University System. The thrust of this program has been to better inform the public about the excellent educational programs the Connecticut State University System provides for them and their children, as well as the contributions CSU makes to the economic development of the State. Expanded and targeted distribution of the "CSU Today" publication, radio advertising, and participation in an initiative of the Connecticut Economic Resource Center, which is positioning Connecticut as the state "Where Technology is Going", have resulted in greater media coverage across the board for CSU.

During the next fiscal year, it is proposed that \$134,601 be drawn from our reserves for a continuing program to complement our earlier efforts.

**System Office, Management Information Systems and Systemwide Activities - General**

Spending plan proposals for the System Office and for Systemwide Activities include information technology, telecommunications, and other projects that assist the system as a whole. Funding for the proposed activities will be met through

- a) reallocations within a base budget amount established by the Board in the tuition and general fund distribution methodology,
- b) additional appropriations from FY1998-99 State surplus funds which are designated for specific uses,
- c) new bond funds approved by the General Assembly,
- d) interest earnings on systemwide reserves which may be used without drawing down the reserve base amount,
- e) systemwide reserves for selected projects, and
- f) operating revenues (Telecommunications).

Funding will also come from the use of unexpended operating fund balances carried forward from current operations. We recognize that these unexpended balances would normally revert to reserves, but are requesting permission to carry them forward for use in FY1999-00.

**System Office**

The System Office is projecting expenditures of \$3.6 million for FY1999-00, a net increase of \$404,203 or 12.6% over FY1998-99 actual and \$177,510 or 5.2% over FY1998-99 budget. Excluding the impact of the 27<sup>th</sup> payroll, and fringe benefit increases, expenditures would increase by 5.9% over current year actual, and decline by 1.0% versus current year budget. This funding continues the normal activities performed in the System Office and in addition will provide for a) staff merit pay increases, b) re-evaluation of certain positions, and c) annualization of salary requirements for positions filled for only a portion of the current fiscal year.

**Management Information Systems**

For FY1999-00, we are projecting expenditures for Management Information Systems (MIS) of \$7.9 million, an increase of \$747,510 or 10.5% over FY1998-99 actual and a decrease of \$334,537 or 4.1% versus FY1998-99 budget. After transfer of staff funding and capital equipment bond funding to the universities, the comparable expenditures for information technology at the systemwide level are \$3.9 million in FY1998-99 actual and \$5.0 million in FY1999-00, an increase of 25.4%. After transfers, comparable expenditures versus FY1998-99 budget show a decrease of .6%. Excluding the impact of the 27<sup>th</sup> payroll and fringe benefit increases, expenditures versus current actual are increasing by 23.4%, while expenditures versus current budget are declining by 2.3%. The increase over actual is mainly due to the filling of vacant positions which we were not able to fill for much of FY1998-99. The planned expenditure of \$7.9 million continues many of the normal Management Information Systems office activities, and includes a \$161,500 carryforward from the current fiscal year.

### Research and Benchmarking in Support of Strategic Plan Objectives

In support of strategic plan objectives at the universities, including enhancing student satisfaction, increasing fiscal stability, and assuring quality performance, an allocation of \$103,000 from system reserves is proposed for projects which benefit the universities.

Specifically, this funding would support:

- benchmarking studies conducted through the national American Productivity and Quality Center, of which we are members,
- work to develop assessment mechanisms to provide feedback concerning the attainment of educational objectives,
- expertise to study the promotion of student wellness, study trends in health promotion specific to higher education, assess the cost effectiveness of current delivery systems at the four universities, and make recommendations regarding the most effective ways to provide student health services, and
- expertise to support knowledgeable investment of university funds, pursuant to legislation enacted last year, to enhance return while minimizing risk.

### Systemwide Activities

In addition to the projects discussed above, we are proposing to continue some systemwide initiatives to be funded from systemwide fiscal resources including carryforward fund balances. These initiatives total \$586,726 and include a) university master planning, b) legal counsel for personnel grievances and grievance arbitration, c) system publications including the *Connecticut Review* and the recruitment brochure, d) systemwide academic conferences, e) public relations, f) the Committee on the Arts, g) job evaluation activities, h) strategic planning and i) development of performance measures and assessment.

Finally, \$126,600 is recommended for two self-supporting enterprises – the Global Majority Retreat (\$66,600), and Interconnectivity (Internet) (\$60,000).

### Telecommunications System Activity

The Telecommunications operation is completing its fifth year of activity. Revenues are slightly below projections this fiscal year; operating expenditure projections are below budget as well, resulting in a slight addition to reserves of \$127,689. The Telecommunications budget for FY1999-00 is projected at \$3.8 million, resulting in a balanced budget.

This past fiscal year Telecommunications concentrated on proactive network management tools implementation. An upgrade of the wide area network was

completed, increasing the capability of voice, data and video traffic by more than two-fold. Additionally, another link to the Internet was implemented, essentially doubling the capacity of that link. Planning and implementing the university network is in progress and will continue well into FY 1999-00. In FY 1999-00 the university network backbones will be changed to address the convergence of voice, data and video on the network. RFP's for an E911 upgrade and a telecommunications management system are complete. The implementation of these functions will take place in FY 1999-00. Funding for next fiscal year will cover ongoing expenses; funds for E911 and the telecommunications management system will be provided from Telecommunications reserves.

A telecommunications workgroup has been created to address issues related to the Advantage Voice Communications Study. This group is detailing the roles and responsibilities for System Office Telecommunications and university telecommunications departments. Their recommendation will be forwarded to the Council of Presidents next fiscal year for implementation in FY2000-01.

#### **OnlineCSU**

Last year, the Board of Trustees allocated \$220,000 from Systemwide reserves for the development and implementation of an initiative to increase opportunities for distance learning in Connecticut. Accordingly, in Fall of 1998, CSU piloted its new distance learning venture, OnlineCSU. The first year's results were very encouraging: ten courses were offered in the Fall 1998 semester, serving a total of 71 students; twenty courses were offered in Spring of 1999, with an enrollment of 185 students; and 28 courses are planned for Summer of 1999, with an expected enrollment of over 300 students. It is anticipated that \$600,000 will be allotted from the Governor's budget to continue the OnlineCSU effort; therefore, no further allocation of reserves is requested.

#### **Central Connecticut State University**

Central projects educational and auxiliary services' expenditures of \$102.4 million for FY1999-00, \$9.5 million or 10.3% greater than FY1998-99 actual, and \$9.4 million or 10.1% greater than FY1998-99 budget. Excluding the impact of the 27<sup>th</sup> payroll and fringe benefit rate increases, expenditures are growing \$5.1 million or 5.5% over the current year actual and \$4.9 million or 5.3% over the current year budget. Overall expenditures including construction bond funds, equipment bond funds and federal and private grants amount to \$115.1 million. The \$5.1 million increase can be attributed primarily to salary increases, annualization of salary requirements for positions filled for only a portion of the current fiscal year, and staff additions.

Central has had a balanced budget for the last three years, and projects a surplus this fiscal year. Central's undesignated fund balances are within Board guidelines.

#### **Eastern Connecticut State University**

Eastern's educational and auxiliary services' expenditures are projected at \$53.8 million for FY1999-00, \$8.2 million or 18.1% higher than FY1998-99 actual, and \$7.3

million or 15.6% higher than FY1998-99 budget. Excluding the impact of the 27<sup>th</sup> payroll and fringe benefit rate increases, expenditures are increasing \$5.9 million or 12.9% over the current year actual, and \$4.9 million or 10.6% over the current year budget. Overall expenditures including construction bond funds, equipment bond funds and federal and private grants amount to \$60.6 million. The \$5.9 million increase can be attributed primarily to salary increases, annualization of salary requirements for positions filled for only a portion of the current fiscal year, and staff additions, including five new faculty positions.

To balance its budget, Eastern projects the drawdown of \$254,966 in institutional reserves for FY1999-00 solely to purchase equipment for auxiliary enterprises, which in any case would ordinarily be funded from the use of designated reserves. Eastern's undesignated fund balances (excluding the adjustment for Accrued Compensated Absences) currently meet the Board's fund balance guideline requirements for FY1999-00.

#### **Southern Connecticut State University**

Southern projects educational and auxiliary services' expenditures of \$102.1 million for FY1999-00. This is an increase of approximately \$10.0 million or 10.8% over FY1998-99 actual, and \$6.2 million or 6.4% over FY1998-99 budget. Excluding the impact of the 27<sup>th</sup> payroll and fringe benefit rate increases, expenditures are growing by \$5.5 million or 5.9% over the current year actual, and \$1.7 million or 1.7% over current year budget. Overall expenditures including construction bond funds, equipment bond funds and federal and private grants amount to \$111.9 million. The \$5.5 million increase can be primarily attributed to negotiated salary increases and annualization of salary requirements for positions filled for only a portion of the current fiscal year, as well as staff additions and increases in Operating Expenses and Financial Aid, notably Pell grants.

Southern is projecting an addition to fund balances of \$413,829 for FY1999-00.

#### **Western Connecticut State University**

Western projects educational and auxiliary service expenditures of \$50.5 million for FY1999-00, an increase of \$4.4 million or 9.6% over FY1998-99 actual and \$4.6 million or 10.1% over FY1998-99 budget. Excluding the impact of the 27<sup>th</sup> payroll and fringe benefit rate increases, expenditures are increasing by \$2.1 million or 4.6% over the current year actual, and \$2.3 million or 5.1% over current year budget. Overall expenditures including construction bond funds, equipment bond funds and federal and private grants amount to \$57.6 million. The \$2.1 million increase is due to salary increases, the annualization of salary requirements for positions filled for only a portion of the current fiscal year, and the hiring of additional staff, including three new faculty.

Western will require \$242,009 of institutional reserves to balance its budget in FY1999-00. In the future, Western will need to continue to maximize non-tuition revenues and to restrain expenses carefully, due to the anticipated impact of the new

funding formula upon the university, projected to reduce their funding support by approximately \$3.0 million over 10 years.

### Summary

The spending plan proposals have been reviewed by the Finance and Administration Committee and other members of the Board in consultation with the university presidents and their staffs and the Chancellor and his staff. The spending plan proposals are consistent with Board guidelines and reflect the allocation of resources toward the achievement of institutional strategic plan goals. Central has presented a balanced budget. Southern's budget contributes \$413,829 to their fund balance, while the spending plans for Western and Eastern project the use of reserves. Western's use of reserves is primarily due to the addition of a Vice President of Institutional Advancement position, upon approval of their development plan, and is mostly offset by their estimated FY1998-99 projected budget surplus. Eastern's budget reflects the addition of needed personnel which had been previously deferred due to fiscal constraints, exacerbated by the original ten-year implementation of the new general fund distribution methodology.

The proposals for the System Office, Management Information Systems Operation (MIS) and other systemwide activities, reflect the reallocation of funds within their base budget, the use of carryforward balances from the current fiscal year, and the modest use of systemwide reserves to fund two initiatives - Strategic Plan research and benchmarking, and enhancing public awareness of the CSU System. The MIS spending plan proposal continues the implementation of Banner and recommendations received from several studies completed over the last four years. Lastly, funding is proposed to continue a number of systemwide activities that provide a variety of services to the universities.

### CHANCELLOR'S RECOMMENDATION

The proposed FY1999-00 Institutional Spending Plans and Authorized Expenditure Levels for Management and Confidential Professional Personnel and SUOAF-AFSCME Administrators be conditionally approved subject to the final outcome of legislative action on the biennial budget. Depending on that final outcome it may be necessary to modify these proposals accordingly.