



Developing a State of Minds

RESOLUTION

concerning

FY2000-01 INSTITUTIONAL SPENDING PLANS AND AUTHORIZED EXPENDITURE LEVELS FOR MANAGEMENT & CONFIDENTIAL PROFESSIONAL PERSONNEL AND SUOAF-AFSCME ADMINISTRATORS

June 9, 2000

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 2000-01 to the Board of Trustees which 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 FY2000-01 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 2000-01 and can be changed upon approval by the Chancellor, except for the System Office/System Support/*OnlineCSU* which must be approved by the Board Chairperson:

System Office	\$ 3,895,310
System Support	11,933,568
<i>OnlineCSU</i>	1,634,795
Central Connecticut State University	107,691,136
Eastern Connecticut State University	58,097,475
Southern Connecticut State University	106,514,255
Western Connecticut State University	54,702,945

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	( 262,500)
<i>OnlineCSU</i>	0
Central Connecticut State University	(1,022,210)
Eastern Connecticut State University	548,893
Southern Connecticut State University	(1,023,821)
Western Connecticut State University	( 259,440)

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 2000-01:

System Office and System Support	\$ 1,157,335
Central Connecticut State University	9,484,967
Eastern Connecticut State University	6,088,335
Southern Connecticut State University	9,052,343
Western Connecticut State University	4,842,248

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 2000-01:

System Office and System Support	\$	2,739,615
Central Connecticut State University		2,938,564
Eastern Connecticut State University		2,260,122
Southern Connecticut State University		2,801,064
Western Connecticut State University		2,013,064

and be it further

RESOLVED, That for FY2000-01 each university is expected to raise projected tuition revenues, as follows:

FY2000-01 Tuition Revenue Projections

	<u>CCSU</u>	<u>ECSU</u>	<u>SCSU</u>	<u>WCSU</u>
Net Revenue	\$15,625,216	\$8,119,859	\$15,258,059	\$7,874,486

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 2000-01, 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, 2001.

A Certified True Copy:

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

# CONNECTICUT STATE UNIVERSITY SYSTEM

Dollar & Percentage Comparison - Total Revenues and Expenditures  
 Estimated FY 1999-00 and Estimated FY 2000-01

ATTACHMENT TO BR#2000-54

	FY 99-00	FY 00-01	\$ / % CHANGE	
<b>CENTRAL</b>				
Revenues	\$115,458,361	\$119,492,168	\$4,033,807	3.5%
Expenses	115,458,361	120,514,378	5,056,017	4.4%
+/-	\$0	(\$1,022,210)		
<b>EASTERN</b>				
Revenues	\$64,339,554	\$66,614,602	\$2,275,048	3.5%
Expenses	63,571,287	66,065,709	2,494,422	3.9%
+/-	\$768,267	\$548,893		
<b>SOUTHERN</b>				
Revenues	\$113,284,037	\$114,425,099	\$1,141,062	1.0%
Expenses	113,605,379	115,448,920	1,843,541	1.6%
+/-	(\$321,342)	(\$1,023,821)		
<b>WESTERN</b>				
Revenues	\$62,870,675	\$59,851,450	(\$3,019,225)	-4.8%
Expenses	62,978,651	60,110,890	(\$2,867,761)	-4.6%
+/-	(\$107,976)	(\$259,440)		
<b>SYSTEM OFFICE</b>				
Revenues	\$3,615,142	\$3,895,310	\$280,168	7.7%
Expenses	3,615,142	3,895,310	280,168	7.7%
+/-	\$0	\$0		
<b>ONLINECSU</b>				
Revenues	\$561,503	\$1,634,795	\$1,073,292	191.1%
Expenses	\$961,500	\$1,634,795	673,295	70.0%
+/-	(\$399,997)	\$0		
<b>SYSTEM SUPPORT</b>				
Revenues	\$12,658,588	\$12,713,068	\$54,480	0.4%
Expenses	13,565,718	12,975,568	(590,150)	-4.4%
+/-	(\$907,130)	(\$262,500)		
<b>SYSTEM TOTAL</b>				
Revenues *	\$369,958,506	\$374,925,493	\$4,966,987	1.3%
Expenses **	\$370,527,766	\$377,468,687	6,940,921	1.9%
+/-	(\$569,260)	(\$2,543,194)		
<b>TELECOM.</b>				
Revenues	\$3,748,958	\$4,016,618	\$267,660	7.1%
Expenses	3,612,890	3,716,618	103,728	2.9%
+/-	\$136,068	\$300,000		

\* Includes Consolidating Adj. FY00 (\$2,668,272) & FY01 (\$3,176,883) Banner; FY00 (\$161,082), FY01(\$524,116) OnlineCSU

\*\* Includes Consolidating Adj. FY00 (\$2,668,272) Banner, (\$560,000) IT positions and training funds for universities & FY01 (\$3,176,883) Banner

# CONNECTICUT STATE UNIVERSITY SYSTEM

Dollar & Percentage Comparison - Total Revenues and Expenditures

ATTACHMENT TO BR#2000-54

Estimated FY 1999-00 and Estimated FY 2000-01

Adjusted For 27th Payroll in FY00

	FY 99-00	FY 00-01	\$ / % CHANGE	
<b>CENTRAL</b>				
Revenues	\$113,971,476	\$119,492,168	\$5,520,692	4.8%
Expenses	112,587,415	120,514,378	7,926,963	7.0%
+/-	\$1,384,061	(\$1,022,210)		
<b>EASTERN</b>				
Revenues	\$63,645,695	\$66,614,602	\$2,968,907	4.7%
Expenses	62,181,337	66,065,709	3,884,372	6.2%
+/-	\$1,464,358	\$548,893		
<b>SOUTHERN</b>				
Revenues	\$111,804,768	\$114,425,099	\$2,620,331	2.3%
Expenses	110,756,104	115,448,920	4,692,816	4.2%
+/-	\$1,048,664	(\$1,023,821)		
<b>WESTERN</b>				
Revenues	\$62,139,783	\$59,851,450	(\$2,288,333)	-3.7%
Expenses	61,528,651	60,110,890	(\$1,417,761)	-2.3%
+/-	\$611,132	(\$259,440)		
<b>SYSTEM OFFICE</b>				
Revenues	\$3,558,033	\$3,895,310	\$337,277	9.5%
Expenses	3,522,655	3,895,310	372,655	10.6%
+/-	\$35,378	\$0		
<b>ONLINECSU</b>				
Revenues	\$561,503	\$1,634,795	\$1,073,292	191.1%
Expenses	\$954,339	\$1,634,795	680,456	71.3%
+/-	(\$392,836)	\$0		
<b>SYSTEM SUPPORT</b>				
Revenues	\$12,617,234	\$12,713,068	\$95,834	0.8%
Expenses	12,938,252	12,975,568	37,316	0.3%
+/-	(\$321,018)	(\$262,500)		
<b>SYSTEM TOTAL</b>				
Revenues *	\$365,469,138	\$374,925,493	\$9,456,355	2.6%
Expenses **	\$361,800,481	\$377,468,687	15,668,206	4.3%
+/-	\$3,668,657	(\$2,543,194)		
<b>TELECOM.</b>				
Revenues	\$3,748,958	\$4,016,618	\$267,660	7.1%
Expenses	3,587,216	3,716,618	129,402	3.6%
+/-	\$161,742	\$300,000		

\* Includes Consolidating Adj. FY00 (\$2,668,272) & FY01 (\$3,176,883) Banner; FY00 (\$161,082), FY01(\$524,116) OnlineCSU

\*\* Includes Consolidating Adj. FY00 (\$2,668,272) Banner, (\$560,000) IT positions and training funds for universities & FY01 (\$3,176,883) Banner

# CONNECTICUT STATE UNIVERSITY SYSTEM

ATTACHMENT TO BR#2000-54

Dollar & Percentage Comparison - Educational & Auxiliary Services Revenues and Expenditures  
Estimated FY 1999-00 and Estimated FY 2000-01

	FY 99-00	FY 00-01	\$ / % CHANGE	
<b>CENTRAL</b>				
Revenues	\$103,509,864	\$106,668,926	\$3,159,062	3.1%
Expenses	103,509,864	107,691,136	4,181,272	4.0%
+/-	\$0	(\$1,022,210)		
<b>EASTERN</b>				
Revenues	\$55,098,768	\$58,646,368	\$3,547,600	6.4%
Expenses	54,330,501	58,097,475	3,766,974	6.9%
+/-	\$768,267	\$548,893		
<b>SOUTHERN</b>				
Revenues	\$102,582,896	\$105,490,434	\$2,907,538	2.8%
Expenses	102,904,237	106,514,255	3,610,018	3.5%
+/-	(\$321,341)	(\$1,023,821)		
<b>WESTERN</b>				
Revenues	\$51,322,827	\$54,443,505	\$3,120,678	6.1%
Expenses	51,430,803	54,702,945	3,272,142	6.4%
+/-	(\$107,976)	(\$259,440)		
<b>SYSTEM OFFICE</b>				
Revenues	\$3,615,142	\$3,895,310	\$280,168	7.7%
Expenses	3,615,142	3,895,310	280,168	7.7%
+/-	\$0	\$0		
<b>ONLINE CSU</b>				
Revenues	\$561,503	\$1,634,795	\$1,073,292	191.1%
Expenses	\$961,500	\$1,634,795	673,295	70.0%
+/-	(\$399,997)	\$0		
<b>SYSTEM SUPPORT</b>				
Revenues	\$11,751,070	\$11,671,068	(\$80,002)	-0.7%
Expenses	12,658,200	11,933,568	(724,632)	-5.7%
+/-	(\$907,130)	(\$262,500)		
<b>SYSTEM TOTAL</b>				
Revenues *	\$325,612,716	\$338,749,407	\$13,136,691	4.0%
Expenses **	\$326,181,975	\$341,292,601	15,110,626	4.6%
+/-	(\$569,259)	(\$2,543,194)		
<b>TELECOM.</b>				
Revenues	\$3,748,958	\$4,016,618	\$267,660	7.1%
Expenses	3,612,890	3,716,618	103,728	2.9%
+/-	\$136,068	\$300,000		

\* Includes Consolidating Adj. FY00 (\$2,668,272) & FY01 (\$3,041,812) Banner; FY 00 (\$161,082) & FY01 (\$524,116) OnlineCSU

\*\* Includes Consolidating Adj. FY00 (\$2,668,272) Banner, (\$560,000) IT positions and training funds for universities & FY01 (\$3,176,883) Banner

# CONNECTICUT STATE UNIVERSITY SYSTEM

ATTACHMENT TO BR#2000-54

Dollar & Percentage Comparison - Educational & Auxiliary Services Revenues and Expenditures  
 Estimated FY 1999-00 and Estimated FY 2000-01  
 Adjusted for 27th Payroll in FY00

	FY 99-00	FY 00-01	\$ / % CHANGE	
<b>CENTRAL</b>				
Revenues	\$102,022,979	\$106,668,926	\$4,645,947	4.6%
Expenses	100,638,918	107,691,136	7,052,218	7.0%
+/-	\$1,384,061	(\$1,022,210)		
<b>EASTERN</b>				
Revenues	\$54,404,909	\$58,646,368	\$4,241,459	7.8%
Expenses	52,940,551	58,097,475	5,156,924	9.7%
+/-	\$1,464,358	\$548,893		
<b>SOUTHERN</b>				
Revenues	\$101,103,626	\$105,490,434	\$4,386,808	4.3%
Expenses	100,054,962	106,514,255	6,459,293	6.5%
+/-	\$1,048,664	(\$1,023,821)		
<b>WESTERN</b>				
Revenues	\$50,591,935	\$54,443,505	\$3,851,570	7.6%
Expenses	49,980,803	54,702,945	4,722,142	9.4%
+/-	\$611,132	(\$259,440)		
<b>SYSTEM OFFICE</b>				
Revenues	\$3,558,033	\$3,895,310	\$337,277	9.5%
Expenses	3,522,655	3,895,310	372,655	10.6%
+/-	\$35,378	\$0		
<b>ONLINE CSU</b>				
Revenues	\$561,503	\$1,634,795	\$1,073,292	191.1%
Expenses	\$954,339	\$1,634,795	680,456	71.3%
+/-	(\$392,836)	\$0		
<b>SYSTEM SUPPORT</b>				
Revenues	\$11,709,716	\$11,671,068	(\$38,648)	-0.3%
Expenses	12,030,734	11,933,568	(97,166)	-0.8%
+/-	(\$321,018)	(\$262,500)		
<b>SYSTEM TOTAL</b>				
Revenues *	\$321,123,347	\$338,749,407	\$17,626,060	5.5%
Expenses **	\$317,454,690	\$341,292,601	23,837,911	7.5%
+/-	\$3,668,657	(\$2,543,194)		

\* Includes Consolidating Adj. FY00 (\$2,668,272) & FY01 (\$3,176,883) Banner; FY 00 (\$161,082) & FY01 (\$524,116) OnlineCSU

\*\* Includes Consolidating Adj. FY00 (\$2,668,272) Banner, (\$560,000) IT positions and training funds for universities & FY01 (\$3,176,883) Banner

Note: Adjusted for Campus IT positions and training funds no longer budgeted in System Wide IT

	FY 99-00	FY 00-01	\$ / % CHANGE	
<b>TELECOM.</b>				
Revenues	\$3,748,958	\$4,016,618	\$267,660	7.1%
Expenses	3,587,216	3,716,618	129,402	3.6%
+/-	\$161,742	\$300,000		

# CONNECTICUT STATE UNIVERSITY SYSTEM

Management/Confidential & Administrators (SUOAF/AFSCME)

Salary Caps FY 1999-00 and FY 2000-01

## Management / Confidential

	Central	Eastern	Southern	Western	System Office & System Support
FY 1999-00 (BOT APPROVED BR 99-34)	* \$2,612,814	\$2,056,892	\$2,455,173	\$1,938,109	\$2,637,365
FY 2000-01 (REQUESTED CAP)	\$2,938,564	\$2,260,122	\$2,801,064	\$2,013,064	\$2,739,615
Change	\$325,750	\$203,230	\$345,891	\$74,955	\$102,250

## Administrators (SUOAF /AFSCME)

	Central	Eastern	Southern	Western	System Office & System Support
FY 1999-00 (BOT APPROVED BR 99-34)	\$9,065,437	* \$5,543,016	\$7,861,109	\$4,784,864	\$1,394,272
FY 2000-01 (REQUESTED CAP)	\$9,484,967	\$6,088,335	\$9,052,343	\$4,842,248	\$1,157,335
Change	\$419,530	\$545,319	\$1,191,234	\$57,384	(\$236,937)

\*Adjusted at Mid Year

ATTACHMENT TO BR#2000-54



**ITEM**

FY2000-01 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 FY2000-01 educational and auxiliary services' spending levels for the universities and the System Office were reviewed by the Finance and Administration 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 12, 2000. 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 new distribution methodology, which was recommended for approval by the Finance and Administration Committee at its April 24 meeting, and will be submitted to the full Board on June 9.

**System Spending Projections**

Overall, FY2000-01 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 4.6% over actual FY1999-00 expenditures, and 6.2% over budgeted FY1999-00 expenditures. This increase is mitigated by the 27<sup>th</sup> payroll which occurred in FY99-00. Excluding the impact of the 27<sup>th</sup> payroll, expenditures are increasing by 7.5% over current year actual, and 8.4% over current year budget, primarily due to personnel increases in areas such as Faculty, Institutional Advancement and campus Information Technology. Expenditures for the implementation of Banner are projected to increase by \$261,906 or 4.5% (excluding the 27<sup>th</sup> payroll) in FY2000-01. This year, the State Department of Information Technology (DOIT) provided \$3.5 million in funding for Banner implementation; in FY2000-01, however, no State funds will be forthcoming for this project.

Therefore, going forward, Banner implementation will be fully funded from reserves. Projected spending levels, which include expenditures for Banner at Central and Southern and development initiatives at each of the universities, result in a \$2.5 million reduction to systemwide fund balances. In addition, Central and Southern will be lending unrestricted reserves to fund Banner expenses for the other two universities and Systemwide; this further use of reserves totals another \$5.7 million.

### **Student Enrollments**

For FY2000-01, full-time undergraduate enrollment is projected to increase by 2% at three of the four universities. Central is the only university not projecting a 2% full-time undergraduate enrollment increase; rather, they are projecting an increase of .2%. 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 FY1999-00, full-time enrollment continued the turnaround first witnessed in FY1997-98, with an average increase for the system of 5.1%. Overall, FTE enrollment for the system is projected to increase by 1.3% during the next academic year.

### **Funds Distribution Methodology**

At the beginning of this fiscal year, it was decided that an outside consultant with expertise in fund distribution methodology would be hired to take an objective look at CSU's funds distribution methodologies in light of other types of models used by other university systems across the nation. In July of 1999 an RFP was issued, and MGT of America was hired to take on the project. MGT of America's draft report containing several suggested models was presented to the Finance and Administration Committee on January 28, 2000. Since that presentation, several additional models were developed, which were considered and discussed at length with the university Presidents and Vice Presidents for Finance and Administration. A proposed, simplified model was presented to and adopted by the Finance and Administration Committee at its April 24 meeting. The proposed model addresses the issues of equity and stability which had been key concerns with the existing model, and simplifies the entire distribution process, reducing three cumbersome formulas down to one simplified formula. Because the new methodology results in a shift of funds among the universities, universities that receive less General Fund dollars than they would have received under the prior methodology will be provided with supplemental funding from Systemwide reserves of \$375,000 each in FY2000-01, and \$125,000 each in FY2001-02.

### **Enhancing the Public Awareness of the Connecticut State University System (CSU)**

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, television and radio advertising, and participation in the Governor's "You Belong in CT" campaign, have resulted in greater media coverage across the board for CSU.

During the next fiscal year, it is proposed that \$165,000 be drawn from our reserves for a continuing program to complement our earlier efforts. The specific activities to be undertaken are described in the budget briefing book.

### **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) an allocation from the distribution of State general fund appropriations and tuition,
- b) new bond funds approved by the General Assembly,
- c) interest earnings on systemwide reserves which may be used without drawing down the reserve base amount,
- d) systemwide reserves for selected projects,
- e) funds provided from the reserves of Central and Southern to fund Banner costs in accordance with the action of the Board of Trustees in February of 2000, and
- f) operating revenues (Telecommunications).

### **System Office**

The System Office is projecting expenditures of \$3.9 million for FY2000-01, a net increase of 7.7% over both FY1999-00 actual and FY1999-00 budget, or \$280,168 and \$278,482, respectively. Excluding the impact of the 27<sup>th</sup> payroll, expenditures would increase by 10.6% over current year actual, and by 8.8% versus current year budget. This funding continues the normal activities performed in the System Office and in addition will provide for a) reinstatement of a second Internal Audit position, at the Director level; b) addition of a financial position to address increased requirements in the accounting area related to the new GASB 35 directive; c) hiring of a grants writer on a consultant basis; d) staff merit pay increases; and e) annualization of salary requirements for positions filled for only a portion of the current fiscal year.

### **Management Information Systems**

For FY2000-01, we are projecting expenditures for Management Information Systems (MIS) of \$8.6 million, a decrease of \$1,430,043 or 14.3% over FY1999-00 actual and an increase of \$723,475 or 9.2% versus FY1999-00 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 \$6.3 million in FY1999-00 actual and \$5.6 million in FY2000-01, a decrease of 10.3%. After transfers, comparable expenditures versus FY1999-00 budget show an increase of 13.9%. Excluding the impact of the 27<sup>th</sup> payroll, expenditures versus current actual are decreasing by 9.6%, while expenditures versus current budget are increasing by 15.8%. The decline versus actual is mainly due to Y2K expenditures of \$355,025 which took place in FY1999-00 and will not recur; as well as reductions in professional fees and hardware and software costs. The planned expenditure of \$5.6 million continues many of the normal Management Information Systems office activities, and includes a \$47,577 carryforward from the current fiscal year. The specific activities are described in the budget briefing book.

### **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 \$22,500 from system reserves is proposed for projects which benefit the universities. This funding would support the development of an economic impact analysis which would demonstrate the contribution of the CSU System to the Governor's Economic Competitiveness program.

### **Systemwide Activities**

In addition to the projects discussed above, we are proposing to continue some systemwide initiatives to be funded from systemwide fiscal resources. These initiatives total \$983,592 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, i) development of performance measures and assessment, j) establishment of a contract compliance unit, k) internal audit consulting services to address issues such as risk assessment and tax compliance, and l) financial consulting services to address issues arising from the conversion to a new mandated financial reporting format (GASB 35).

Finally, \$87,424 is recommended for two self-supporting enterprises – the Global Majority Retreat (\$67,424), and Interconnectivity (Internet) (\$20,000).

### **Telecommunications System Activity**

The Telecommunications operation is completing its sixth 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 \$136,068. The Telecommunications budget for FY2000-01 is projected at \$3.7 million, resulting in a surplus of \$300,000, which will be transferred to the Telecommunications plant fund in accordance with the Board's fund balance guideline requirements (BR#97-59).

This past fiscal year Telecommunications concentrated on proactive network management tools implementation. An upgrade of our link to the Internet was completed, tripling the capacity. Planning and implementing the university network is in progress and will continue well into FY2000-01. In FY1999-00 the university network backbone upgrades were initiated and over the next two years the equipment will be replaced to provide for very high level bandwidth. Purchases of E911 and a telecommunications management system have been completed, with implementation continuing through FY2000-01. Funding for next fiscal year will cover ongoing expenses.

A telecommunications workgroup is addressing issues related to the Advantage Voice Communications Study; specifically, the group is detailing the roles and responsibilities of System Office Telecommunications and university telecommunications departments. Their

recommendations will be forwarded to the Council of Presidents this fiscal year to be considered for implementation in FY2000-01.

### **OnlineCSU**

This year, the Board of Trustees allocated \$400,000 from Systemwide reserves for the second year of operations for *OnlineCSU*. The second year was very successful: twenty-six courses were offered in the Fall 1999 semester, serving a total of 377 students; and thirty-four courses were offered in Spring of 2000, with an enrollment of 631 students. In FY2000-01, *OnlineCSU* is expected to break even for the first time.

### **Central Connecticut State University**

Central projects educational and auxiliary services' expenditures of \$107.7 million for FY2000-01, \$4.2 million or 4.0% greater than FY1999-00 actual, and \$5.3 million or 5.1% greater than FY1999-00 budget. Excluding the impact of the 27<sup>th</sup> payroll, expenditures are growing \$7.1 million or 7.0% over the current year actual and \$7.3 million or 7.3% over the current year budget. Overall expenditures including equipment bond funds and federal and private grants amount to \$120.5 million. The \$7.1 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 four years. For FY2000-01, however, Central projects a deficit of \$1,022,210, due mainly to the expansion of Central's development initiative, for which reserve use was permitted by the Board; the funding of campus Banner costs; and the new fund distribution formula, which allocates less General Fund dollars to Central compared to the current formula. Central's undesignated fund balances are within Board guidelines for FY1999-00; however, in FY2000-01, Central's undesignated fund balances will fall below Board guidelines due to the lending of the university's reserves to fund Systemwide Banner expense, which was approved by the Board in February of this year (BR#2000-1). Excluding the adjustment for Accrued Compensated Absences, Central's reserves remain in compliance with Board guidelines.

### **Eastern Connecticut State University**

Eastern's educational and auxiliary services' expenditures are projected at \$58.1 million for FY2000-01, \$3.8 million or 6.9% higher than FY1999-00 actual, and \$4.3 million or 7.9% higher than FY1999-00 budget. Excluding the impact of the 27<sup>th</sup> payroll, expenditures are increasing \$5.2 million or 9.7% over the current year actual, and \$5.3 million or 10.0% over the current year budget. Overall expenditures including equipment bond funds and federal and private grants amount to \$66.1 million. The \$6.0 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 eleven new faculty positions.

Eastern projects a surplus of \$548,893 for FY2000-01. Eastern's undesignated fund balance (excluding the adjustment for Accrued Compensated Absences) is projected to meet the Board's fund balance guideline requirements for FY2000-01.

**Southern Connecticut State University**

Southern projects educational and auxiliary services' expenditures of \$106.5 million for FY2000-01. This is an increase of approximately \$3.6 million or 3.5% over FY1999-00 actual, and \$4.4 million or 4.4% over FY1999-00 budget. Excluding the impact of the 27<sup>th</sup> payroll, expenditures are growing by \$6.5 million or 6.5% over the current year actual, and \$6.5 million or 6.5% over current year budget. Overall expenditures including equipment bond funds and federal and private grants amount to \$115.4 million. The \$6.5 million increase can be primarily attributed to salary increases, annualization of salary requirements for positions filled for only a portion of the current fiscal year, staff additions, and increases in Operating Expenses (notably due to Institutional Advancement and Banner) and Financial Aid (notably Stafford loans).

Southern is projecting a drawdown of \$1,023,821 in institutional reserves for FY 2000-01, due to the expansion of Southern's Institutional Advancement initiative, for which reserve use was permitted by the Board; and the funding of campus Banner costs. Southern's undesignated fund balances are within Board guidelines for FY1999-00; however, in FY2000-01, Southern's undesignated fund balances will fall below Board guidelines due to the lending of the university's reserves to fund Systemwide Banner expense, which was approved by the Board in February of this year (BR#2000-1). Excluding the adjustment for Accrued Compensated Absences, Southern's reserves remain in compliance with Board guidelines.

**Western Connecticut State University**

Western projects educational and auxiliary service expenditures of \$54.7 million for FY2000-01, an increase of \$3.3 million or 6.4% over FY1999-00 actual and \$4.2 million or 8.2% over FY1999-00 budget. Excluding the impact of the 27<sup>th</sup> payroll, expenditures are increasing by \$4.7 million or 9.4% over the current year actual, and \$5.5 million or 11.1% over current year budget. Overall expenditures including equipment bond funds and federal and private grants amount to \$60.1 million. The \$4.7 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 seven new faculty, mostly for the Waterbury program.

Western will require \$259,440 of institutional reserves to balance its budget in FY2000-01. The current funding formula was projected to reduce Western's funding support by approximately \$3.0 million, and was being implemented progressively over 10 years, so that Western could ratchet down its spending gradually in response. FY2000-01 would have been the sixth year of this 10-year implementation. The proposed funding formula has the effect of accelerating the implementation, so that Western would have had to absorb the entire remaining funding reduction in FY2000-01. Consequently, Western has been provided with \$400,000 in supplemental funding from Systemwide reserves in FY2000-01 (in addition to the \$375,000 mentioned above) to partially offset the effect of the new formula.

**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, Southern and Western are presenting deficit budgets. Central's and Southern's use of reserves are primarily due to the expansion of their Institutional Advancement programs and funding for campus Banner expenditures. Western's deficit is mainly due the repayment of the Banner loan, which begins this year. Eastern is presenting a budget surplus.

The proposals for the System Office, Management Information Systems Operation (MIS) and other systemwide activities, reflect several new or expanded initiatives reflecting Board priorities, as well as normal inflationary increases. The Systemwide budget reflects 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 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 FY2000-01 Institutional Spending Plans and Authorized Expenditure Levels for Management and Confidential Professional Personnel and SUOAF-AFSCME Administrators be approved.