



RESOLUTION

concerning

FY2003-04 INSTITUTIONAL SPENDING PLANS AND AUTHORIZED EXPENDITURE LEVELS FOR MANAGEMENT & CONFIDENTIAL PROFESSIONAL PERSONNEL AND SUOAF-AFSCME ADMINISTRATORS

June 13, 2003

- 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 2003-04 to the Board of Trustees which are summarized in Attachments 1 through 3, 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 FY2003-04 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 2003-04 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 | \$ 4,166,975 |
| System Support | 6,176,456 |
| <i>OnlineCSU</i> | 1,020,334 |
| Central Connecticut State University | 124,696,902 |
| Eastern Connecticut State University | 63,583,758 |
| Southern Connecticut State University | 122,491,545 |
| Western Connecticut State University | 65,672,335 |

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 | (104,257) |
| <i>OnlineCSU</i> | (67,070) |
| Central Connecticut State University | 2,921,446 |
| Eastern Connecticut State University | 431,362 |
| Southern Connecticut State University | 1,179,111 |
| Western Connecticut State University | 300,000 |

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 2003-04:

| | |
|---------------------------------------|--------------|
| System Office and System Support | \$ 1,361,744 |
| Central Connecticut State University | 10,090,866 |
| Eastern Connecticut State University | 6,906,700 |
| Southern Connecticut State University | 10,222,734 |
| Western Connecticut State University | 6,524,183 |

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 2003-04:

| | | |
|---------------------------------------|----|-----------|
| System Office and System Support | \$ | 3,221,874 |
| Central Connecticut State University | | 3,393,265 |
| Eastern Connecticut State University | | 2,841,233 |
| Southern Connecticut State University | | 3,685,064 |
| Western Connecticut State University | | 2,689,562 |

and be it further

RESOLVED, That for FY2003-04 each university is expected to raise projected tuition revenues, as follows:

FY2003-04 Tuition Revenue Projections

| | <u>CCSU</u> | <u>ECSU</u> | <u>SCSU</u> | <u>WCSU</u> |
|-------------|--------------|--------------|--------------|--------------|
| Net Revenue | \$21,234,843 | \$10,745,135 | \$20,412,982 | \$11,892,087 |

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 2003-04, 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, 2004.

A Certified True Copy:



Lawrence D. McHugh, Chairman

CONNECTICUT STATE UNIVERSITY SYSTEMDollar & Percentage Comparison - Educational & Auxiliary Services Revenues and Expenditures
Estimated FY 2002-03 and Budgeted FY 2003-04

| | FY 02-03 Estimate | FY 03-04 Budget | \$ / % CHANGE | |
|-----------------------|------------------------------|----------------------------|----------------------|---------|
| CENTRAL | | | | |
| Revenues | \$120,115,944 | \$131,242,862 | \$11,126,918 | 9.3% |
| Expenses | <u>122,822,004</u> | <u>124,696,902</u> | 1,874,898 | 1.5% |
| +/- Before Transfers | (\$2,706,060) | \$6,545,960 | | |
| Transfers | <u>(\$1,282,654)</u> | <u>(\$3,624,514)</u> | | |
| +/- After Transfers | (\$3,988,714) | \$2,921,446 | | |
| EASTERN | | | | |
| Revenues | \$62,670,369 | \$65,446,224 | \$2,775,855 | 4.4% |
| Expenses | <u>62,023,341</u> | <u>63,583,758</u> | 1,560,417 | 2.5% |
| +/- Before Transfers | \$647,028 | \$1,862,466 | | |
| Transfers | <u>(\$939,425)</u> | <u>(\$1,431,104)</u> | | |
| +/- After Transfers | (\$292,397) | \$431,362 | | |
| SOUTHERN | | | | |
| Revenues | \$118,172,611 | \$124,864,271 | \$6,691,660 | 5.7% |
| Expenses | <u>118,221,775</u> | <u>122,491,545</u> | 4,269,770 | 3.6% |
| +/- Before Transfers | (\$49,164) | \$2,372,726 | | |
| Transfers | <u>(\$580,394)</u> | <u>(\$1,193,614)</u> | | |
| +/- After Transfers | (\$629,558) | \$1,179,111 | | |
| WESTERN | | | | |
| Revenues | \$62,725,959 | \$68,158,675 | \$5,432,716 | 8.7% |
| Expenses | <u>61,944,979</u> | <u>65,672,335</u> | 3,727,356 | 6.0% |
| +/- Before Transfers | \$780,980 | \$2,486,340 | | |
| Transfers | <u>(\$1,907,070)</u> | <u>(\$2,186,340)</u> | | |
| +/- After Transfers | (\$1,126,091) | \$300,000 | | |
| SYSTEM OFFICE | | | | |
| Revenues | \$3,943,482 | \$4,266,975 | \$323,493 | 8.2% |
| Expenses | 3,843,482 | 4,166,975 | 323,493 | 8.4% |
| +/- Before Transfers | \$100,000 | \$100,000 | | |
| Transfers | (\$100,000) | (\$100,000) | | |
| +/- After Transfers | \$0 | \$0 | | |
| ONLINE CSU | | | | |
| Revenues | \$1,360,758 | \$0 | (\$1,360,758) | -100.0% |
| Expenses | <u>\$2,006,024</u> | <u>\$1,020,334</u> | (985,690) | -49.1% |
| +/- Before Transfers | (\$645,266) | (\$1,020,334) | | |
| Transfers | \$757,045 | \$953,264 | | |
| +/- After Transfers | \$111,779 | (\$67,070) | | |
| SYSTEM SUPPORT | | | | |
| Revenues | \$5,733,725 | \$6,072,199 | \$338,474 | 5.9% |
| Expenses | <u>6,159,872</u> | <u>6,176,456</u> | 16,584 | 0.3% |
| +/- Before Transfers | (\$426,147) | (\$104,257) | | |
| Transfers | \$0 | \$0 | | |
| +/- After Transfers | (\$426,147) | (\$104,257) | | |
| SYSTEM TOTAL | | | | |
| Revenues | \$374,722,848 | \$400,051,206 | \$25,328,358 | 6.8% |
| Expenses | <u>\$377,021,477</u> | <u>\$387,808,305</u> | 10,786,828 | 2.9% |
| +/- Before Transfers | (\$2,298,629) | \$12,242,901 | | |
| Transfers | <u>(\$4,052,498)</u> | <u>(\$7,582,308)</u> | | |
| +/- After Transfers | (\$6,351,127) | \$4,660,592 | | |
| TELECOM. | | | | |
| Revenues | \$4,557,709 | \$4,283,023 | (\$274,686) | -6.0% |
| Expenses | <u>4,247,697</u> | <u>4,033,023</u> | (\$214,674) | -5.1% |
| +/- Before Transfers | \$310,012 | \$250,000 | | |
| Transfers | (\$416,950) | (\$250,000) | | |
| +/- After Transfers | (\$106,938) | \$0 | | |

CONNECTICUT STATE UNIVERSITY SYSTEMDollar & Percentage Comparison - Educational & Auxiliary Services Revenues and Expenditures
Budgeted FY 2002-03 and Budgeted FY 2003-04

| | FY 02-03 Budget | FY 03-04 Budget | \$ / % CHANGE | |
|--------------------------------------------------------------------------------------|----------------------------|----------------------------|----------------------|---------|
| CENTRAL | | | | |
| Revenues | \$120,331,026 | \$131,242,862 | \$10,911,836 | 9.1% |
| Expenses | <u>120,594,382</u> | <u>124,696,902</u> | 4,102,520 | 3.4% |
| +/- Before Transfers | (\$263,356) | \$6,545,960 | | |
| Transfers | <u>(\$1,196,000)</u> | <u>(\$3,624,514)</u> | | |
| +/- After Transfers | (\$1,459,356) | \$2,921,446 | | |
| EASTERN | | | | |
| Revenues | \$61,900,626 | \$65,446,224 | \$3,545,598 | 5.7% |
| Expenses | <u>60,776,185</u> | <u>63,583,758</u> | 2,807,573 | 4.6% |
| +/- Before Transfers | \$1,124,441 | \$1,862,466 | | |
| Transfers | <u>(\$1,193,676)</u> | <u>(\$1,431,104)</u> | | |
| +/- After Transfers | (\$69,235) | \$431,362 | | |
| SOUTHERN | | | | |
| Revenues | \$118,157,472 | \$124,864,271 | \$6,706,799 | 5.7% |
| Expenses | <u>119,274,402</u> | <u>122,491,545</u> | 3,217,143 | 2.7% |
| +/- Before Transfers | (\$1,116,930) | \$2,372,726 | | |
| Transfers | <u>\$300,000</u> | <u>(\$1,193,614)</u> | | |
| +/- After Transfers | (\$816,930) | \$1,179,111 | | |
| WESTERN | | | | |
| Revenues | \$61,640,131 | \$68,158,675 | \$6,518,544 | 10.6% |
| Expenses | <u>61,171,793</u> | <u>65,672,335</u> | 4,500,542 | 7.4% |
| +/- Before Transfers | \$468,338 | \$2,486,340 | | |
| Transfers | <u>(\$1,363,325)</u> | <u>(\$2,186,340)</u> | | |
| +/- After Transfers | (\$894,987) | \$300,000 | | |
| SYSTEM OFFICE | | | | |
| Revenues | \$4,180,581 | \$4,266,975 | \$86,394 | 2.1% |
| Expenses | 4,080,581 | 4,166,975 | 86,394 | 2.1% |
| +/- Before Transfers | \$100,000 | \$100,000 | | |
| Transfers | (\$100,000) | (\$100,000) | | |
| +/- After Transfers | \$0 | \$0 | | |
| ONLINE CSU | | | | |
| Revenues | \$822,014 | \$0 | (\$822,014) | -100.0% |
| Expenses | <u>\$1,977,248</u> | <u>\$1,020,334</u> | (956,914) | -48.4% |
| +/- Before Transfers | (\$1,155,234) | (\$1,020,334) | | |
| Transfers | \$685,285 | \$953,264 | | |
| +/- After Transfers | (\$469,949) | (\$67,070) | | |
| SYSTEM SUPPORT | | | | |
| Revenues | \$5,549,720 | \$6,072,199 | \$522,479 | 9.4% |
| Expenses | <u>5,899,220</u> | <u>6,176,456</u> | 277,236 | 4.7% |
| +/- Before Transfers | (\$349,500) | (\$104,257) | | |
| Transfers | \$0 | \$0 | | |
| +/- After Transfers | (\$349,500) | (\$104,257) | | |
| SYSTEM TOTAL | | | | |
| Revenues | \$372,581,570 | \$400,051,206 | \$27,469,636 | 7.4% |
| Expenses * | <u>\$373,088,526</u> | <u>\$387,808,305</u> | 14,719,779 | 3.9% |
| +/- Before Transfers | (\$506,956) | \$12,242,901 | | |
| Transfers * | <u>(\$3,553,001)</u> | <u>(\$7,582,308)</u> | | |
| +/- After Transfers | (\$4,059,957) | \$4,660,592 | | |
| * Includes \$685,285 OnlineCSU credit to expense and offsetting transfer adjustment. | | | | |
| TELECOM. | | | | |
| Revenues | \$4,472,013 | \$4,283,023 | (\$188,990) | -4.2% |
| Expenses | <u>4,084,140</u> | <u>4,033,023</u> | (\$51,117) | -1.3% |
| +/- Before Transfers | \$387,873 | \$250,000 | | |
| Transfers | (\$350,000) | (\$250,000) | | |
| +/- After Transfers | \$37,873 | \$0 | | |

CONNECTICUT STATE UNIVERSITY SYSTEM

Management/Confidential & Administrators (SUOAF/AFSCME)

Salary Caps FY 2002-03 and FY 2003-04

Management / Confidential

| | <u>Central</u> | <u>Eastern</u> | <u>Southern</u> | <u>Western</u> | <u>System Office & System Support</u> |
|---------------------------------------|----------------|----------------|-----------------|----------------|-------------------------------------------|
| FY 2002-03 (BOT APPROVED BR 02-29) | \$3,591,461 | \$2,768,265 | \$3,662,058 | \$2,669,842 | \$2,992,740 |
| FY 2003-04 (REQUESTED CAP) | \$3,393,265 | \$2,841,233 | \$3,685,064 | \$2,689,562 | \$3,221,874 |
| Change | \$198,196 | (\$72,968) | (\$23,006) | (\$19,720) | (\$229,134) |

Administrators (SUOAF /AFSCME)

| | <u>Central</u> | <u>Eastern</u> | <u>Southern</u> | <u>Western</u> | <u>System Office & System Support</u> |
|--------------------------------------|----------------|----------------|-----------------|----------------|-------------------------------------------|
| FY 2002-03 (BOT APPROVED BR02-29) | \$10,321,610 * | \$6,832,292 | \$10,605,031 | \$5,815,705 | \$1,309,008 |
| FY 2003-04 (REQUESTED CAP) | \$10,090,866 | \$6,906,700 | \$10,222,734 | \$6,524,183 | \$1,361,744 |
| Change | (\$230,744) | \$74,408 | (\$382,297) | \$708,478 | \$52,736 |

*Adjusted at Mid-Year

ITEM

FY2003-04 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 FY2003-04 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 13, 2003. 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.

System Spending Projections

Overall, FY2003-04 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 2.9% over estimated FY2002-03 expenditures, and 3.9% over budgeted FY2002-03 expenditures. These increases are primarily due to classified salary increases and refills of vacant positions, as well as increases in All Other Expenses, most notably utilities, food service contracts (offset by food service revenue), and \$1,200,000 in additional expenses for Central as a result of the fact that as their new energy center comes on line in FY04, the old energy plant will need to remain on line for a period of time as well.

Student Enrollments

For FY2003-04, full-time undergraduate enrollment is projected to increase by 1.0% Systemwide, due to increases at three universities (0.9% at Central, 1.9% at Eastern and 2.0% at Western). Southern projects flat enrollment for full-time undergraduates in FY03-04. The number of public high school graduates is projected to grow 37% between 1998 and 2008. CSU has experienced growth in its full-time undergraduate enrollment of 22.2% since FY97; Freshman applications and full-time enrollment are at an all-time high. However, because of continuing cuts in state funding, the CSU universities cannot continue their enrollment

growth as we have seen in the past several years without sacrificing the quality of education offered. The universities are at physical and programmatic capacity, and continue to wrestle with funding and staffing issues. The spending plans reflect the universities' recognition that without additional State investment in higher education to fund the expansion of our educational infrastructure – faculty and staff – to accommodate this ever-growing student population, enrollment increases of the type experienced in the past six years are no longer possible.

Central Connecticut State University

Central projects educational and auxiliary services expenditures of \$124.7 million for FY2003-04, \$1.9 million or 1.5% greater than FY2002-03 estimate, and \$4.1 million or 3.4% greater than FY2002-03 budget. The \$1.9 million increase can be attributed mainly to increases in operating expenses for services, utilities, and food service, and an additional \$1,200,000 as a result of the fact that as the new energy center comes on line in FY04, the old energy plant will need to remain on line as well for a period of time. Partially offsetting these increases are reductions in personal services attributed to a reduction of ten full-time faculty positions as well as the wage freeze for SUOAF and AAUP bargaining unit employees.

For FY2003-04, Central projects a surplus of \$2,921,446, mainly due to higher student revenue generated from increased tuition and fees. Central's undesignated fund balance is in compliance with Board guideline requirements for FY2003-04.

Eastern Connecticut State University

Eastern's educational and auxiliary services expenditures are projected to be \$63.6 million for FY2003-04, \$1.6 million or 2.5% higher than FY2002-03 estimate, and \$2.8 million or 4.6% higher than FY2002-03 budget. The \$1.6 million increase can be attributed primarily to classified salary increases, vacancy refills, increases in overtime and all other personal services; as well as an increase in institutional financial aid. All Other Expenses are expected to be virtually flat with prior year.

Eastern projects a surplus of \$431,362 for FY2003-04. Eastern's undesignated fund balance is projected to meet the Board's fund balance guideline requirements for FY2003-04.

Southern Connecticut State University

Southern projects educational and auxiliary services expenditures of \$122.5 million for FY2003-04. This is an increase of approximately \$4.3 million or 3.6% over FY2002-03 estimate, and \$3.2 million or 2.7% over FY2002-03 budget. The \$4.3 million increase can be primarily attributed to classified salary increases and the refill of 13 full-time vacancies resulting from normal attrition, as well as increases in utilities, food service costs, and prior year encumbrances.

Southern is projecting a surplus of \$1,179,111 for FY2003-04. Southern's undesignated fund balance is not projected to be within Board guidelines for FY2003-04; however, Southern is making progress on their plan to bring fund balance levels into compliance with guidelines within the next several years.

Western Connecticut State University

Western projects educational and auxiliary service expenditures of \$65.7 million for FY2003-04, an increase of \$3.7 million or 6.0% over FY2002-03 estimate and \$4.5 million or 7.4% over FY2002-03 budget. The \$3.7 million increase is due to classified salary increases and refill of vacant positions, as well as increases in operating expenses (including utilities, advertising, insurance and fees).

Western is projecting a surplus of \$300,000 for FY2003-04. Western's undesignated fund balance is projected to be within Board guidelines for FY2003-04.

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. Targeted distribution of the newsletter, "CSU Universe", radio advertising and public service announcements, an enhanced website, a new four-campus brochure highlighting academic programs and alumni, 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, \$160,610 will be expended for a continuing program to complement our earlier efforts. The specific activities to be undertaken are described in the budget briefing book.

System Office, Information Technology Services 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,
- 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) *OnlineCSU* revenue, from which the universities will transfer funds sufficient to cover vendor and administrative costs, and
- e) operating revenues (Telecommunications).

System Office

The System Office is projecting expenditures of \$4.2 million for FY2003-04, a net increase of \$86,394 or 2.1% over the FY2002-03 budget, and \$323,493 or 8.4% over the estimated expenditures for FY2002-03, as reduced from budget in order to achieve savings. This funding allows for the refill of several key position, primarily in Internal Audit, and continues the normal activities performed in the System Office.

Information Technology Services

For FY2003-04, we are projecting expenditures for Information Technology Services (ITS) of \$9.0 million (including capital equipment bond funds), an increase of \$299,306 or 3.4% over FY2002-03 estimate and an increase of \$235,821 or 2.7% versus FY2002-03 budget. After

transfer of capital equipment bond funding to the universities, the comparable expenditures for information technology at the Systemwide level (including \$1.042 million in bond funds for all years) are \$5.8 million in FY2002-03 (estimate) and \$6.1 million in FY2003-04, an increase of 5.2%. After transfers, comparable expenditures versus FY2002-03 budget show an increase of 4.1%. The expense increase is primarily due to additional funding for implementation of the first year of the IT Strategic Plan, including \$100,000 to establish a Systemwide pilot project fund. The planned expenditure of \$6.1 million continues many of the normal Information Technology Services office activities, described more fully in the budget briefing book, including over \$2.0 million in software maintenance, licenses, and support directly for the benefit of the universities.

Systemwide Activities

In addition to the projects discussed above, we are proposing to continue other Systemwide initiatives to be funded from Systemwide fiscal resources. These initiatives total \$934,231, an increase of \$238,080 or 34.2% from the FY2003 estimate and include a) the completion of the SCSU master plan and commencement of the WCSU master plan, b) legal counsel for personnel grievances and grievance arbitration, c) Systemwide public relations and publications including the *Connecticut Review*, d) Systemwide academic conferences, e) the Committee on the Arts, f) strategic planning, g) development of performance measures and assessment, h) continuation of the contract compliance unit including the addition of a legal support position, i) several key surveys of student satisfaction, including a Graduate survey and a national survey regarding First Year Experience/Retention, and j) the engagement of the Advocacy Group, to assist in raising CSU's profile in Washington D.C., including assisting the System in increasing its current level of federal funding and grant opportunities for academic, instructional and research activities.

Finally, \$82,500 is recommended for the Global Majority Retreat, a self-supporting enterprise.

Telecommunications System Activity

The Telecommunications operation is completing its ninth year of activity. Revenues are slightly above budget this fiscal year; operating expenditure projections are also slightly above budget, resulting in a net deficit of \$106,938 after transfers to the Telecommunications plant fund. The Telecommunications expense budget for FY2003-04 is projected at \$4.0 million, resulting in a surplus of \$250,000, which will be transferred to the Telecommunications plant fund as directed by the Board's fund balance guideline requirements (BR#01-02). The fund balance guidelines require a transfer of \$300,000 per year; however, in FY04, it is proposed that the transfer be reduced, to provide expense relief to the universities. It is expected that Telecommunications' fund balance transfer will fully meet requirements in FY05 and beyond.

During this past fiscal year, Telecommunications continued to upgrade and enhance its systems. These improvements included an upgrade to the Telecommunications Management Software, PBX software updates for meet-me conference calling and IP phone and trunking capabilities, completion of the pilot student voice mail project at WCSU, and the installation of environmental monitoring systems in each of the major node rooms on campus. Additionally, new contracts for network services have been negotiated, which, along with our participation in the Connecticut Education Network, are producing savings

in excess of \$70,000 per year. Additional savings on interstate and international calling have been realized with a new long distance contract.

Ongoing support activities include voice services, data services, and video services for the University System, whose customers include faculty, staff and students (approaching 40,000 in total). The majority of these ongoing costs are associated with contracts for maintenance, network access and bandwidth provision. In FY2003-04, plans include network projects such as Application Response Software, Firewall upgrades, Internet Bandwidth upgrade, and a possible Internet 2 pilot project. Voice projects include a pilot unified messaging system for the System Office, Automated Call Distribution (ACD) at each campus and the upgrade of the UPS system at each campus. In addition, an upgrade of the video conference system is planned. Finally, ongoing effort and improvements will continue in the areas of network management, security, support of campus construction projects and upgrading of the campus infrastructure.

OnlineCSU

In FY2002-03, *OnlineCSU* switched online vendors from eCollege to WebCT, and registration and payment functions were decentralized to the universities. Correspondingly, the System Office support function was streamlined and downsized, maintaining a small staff to provide support for vendor management, marketing, and implementation and maintenance of a common learning platform. The Banner/WebCT interface, currently being developed, is projected to "go live" in Fall 2003 when registration begins for the Winter 2003 semester, at which time the universities will assume complete responsibility for all *OnlineCSU* billing, collection and registration activities. Until this time, the *OnlineCSU* staff will continue processing registration activity into WebCT.

In FY2002-03, *OnlineCSU* is projecting a net surplus of \$111,779 versus a budgeted deficit of \$469,949 due to higher than anticipated Summer revenue and lower vendor costs due to timing, with some of these costs shifting to FY2003-04. As a result, vendor costs will be higher in FY2003-04, resulting in a budgeted deficit of \$67,070. It is expected that this deficit will be recouped in FY2004-05, as enrollment rises and vendor costs wind down.

OnlineCSU's fifth year was very successful; forty courses were offered in the Fall 2002 semester, serving a total of 562 students; and forty-nine courses were offered in Spring of 2003, with an enrollment of 783 students. *OnlineCSU's* Spring 2003 Student Satisfaction Survey indicates that 86.3% of respondents are either "very satisfied" or "satisfied" with their online education experience, and 85.3% of respondents would recommend *OnlineCSU* to others.

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. All four universities are projecting a budget surplus for the year. Approved FY2003-04 rate increases for tuition and extension fees have provided substantial revenue increases which partially offset the reduction in "base-level" general fund appropriations initiated by the State in FY2002-03 and carried forward into FY2003-04.

The proposals for the System Office, Information Technology Services (ITS) and other Systemwide activities, reflect expanding initiatives in areas of government relations, contract compliance and ITS, as well as the refill of several key vacancies. In addition, funding is proposed to continue a number of Systemwide activities that provide a variety of services to the universities.

Because the budget for the State is not yet final, there may be a need to revisit our spending plans in the future. Further reductions in expenditures, and/or increases in revenues, may be necessary in order to respond to the challenges presented by the State's fiscal situation.

CHANCELLOR'S RECOMMENDATION

The proposed FY2003-04 Institutional Spending Plans and Authorized Expenditure Levels for Management and Confidential Professional Personnel and SUOAF-AFSCME Administrators be approved pending satisfactory resolution of issues raised during the Committee meeting.