



RESOLUTION

concerning

FY2006-07 INSTITUTIONAL SPENDING PLANS AND AUTHORIZED EXPENDITURE LEVELS FOR MANAGEMENT & CONFIDENTIAL PROFESSIONAL PERSONNEL AND SUOAF-AFSCME ADMINISTRATORS

July 28, 2006

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 2006-07 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 FY2006-07 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*/Systemic IT Strategic Initiative are authorized for fiscal year 2006-07 and can be changed upon approval by the Chancellor, except for the System Office/System Support/*OnlineCSU*/Systemic IT Strategic Initiative which must be approved by the Board Chairperson:

System Office	\$ 5,698,360
System Support	7,849,641
<i>OnlineCSU</i>	766,740
Central Connecticut State University	158,086,512
Eastern Connecticut State University	81,351,477
Southern Connecticut State University	154,337,204
Western Connecticut State University	82,667,616

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	\$ (639,397)
System Support	0
<i>OnlineCSU</i>	118,248
Central Connecticut State University	70,580
Eastern Connecticut State University	(440,637)
Southern Connecticut State University	717,090
Western Connecticut State University	(106,000)

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 2006-07:

System Office and System Support	\$ 1,673,957
Central Connecticut State University	13,703,634
Eastern Connecticut State University	8,705,240
Southern Connecticut State University	12,834,470
Western Connecticut State University	7,836,605

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 2006-07:

System Office and System Support	\$	4,269,199
Central Connecticut State University		3,990,226
Eastern Connecticut State University		3,588,815
Southern Connecticut State University		4,210,175
Western Connecticut State University		3,036,521

and be it further

RESOLVED, That for FY2006-07 each university is expected to raise projected tuition revenues, as follows:

FY2006-07 Tuition Revenue Projections

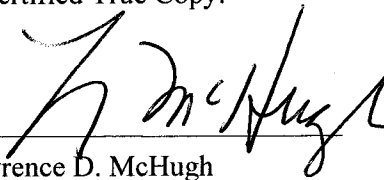
	<u>CCSU</u>	<u>ECSU</u>	<u>SCSU</u>	<u>WCSU</u>
Net Revenue	\$27,296,336	\$13,612,611	\$26,890,213	\$14,756,811

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 2006-07, and be it further

RESOLVED, That the Board of Trustees may request that each university and the System Office submit a progress report on their spending plans at any time during the year as desired.

A Certified True Copy:



Lawrence D. McHugh
Chairman

CONNECTICUT STATE UNIVERSITY SYSTEM

Dollar & Percentage Comparison - Educational & Auxiliary Services Revenues and Expenditures
Budget FY 2005-06 and Budgeted FY 2006-07

	FY 05-06 Budget	FY 06-07 Budget	Favorable (Unfavorable) \$ / % CHANGE	
CENTRAL				
Revenues	\$ 153,669,234	\$ 168,398,261	\$ 14,729,027	9.58%
Expenses	142,780,964	158,086,512	(15,305,548)	-10.72%
Transfers for Debt Service	(7,975,877)	(8,407,926)	(432,049)	-5.42%
+/- Before Other Transfers	2,912,393	1,903,823	(1,008,570)	-34.63%
Other Transfers	(2,218,175)	(1,833,242)	384,933	17.35%
+/- After Transfers	\$ 694,218	\$ 70,581	\$ (623,637)	-89.83%
EASTERN				
Revenues	\$ 83,617,046	\$ 89,650,636	\$ 6,033,590	7.22%
Expenses	76,466,470	81,351,477	(4,885,007)	-6.39%
Transfers for Debt Service	(7,402,702)	(8,095,291)	(692,589)	-9.36%
+/- Before Other Transfers	(252,126)	203,868	455,994	180.86%
Other Transfers	(699,342)	(203,868)	495,474	70.85%
+/- After Transfers	\$ (951,468)	\$ -	\$ 951,468	100.00%
SOUTHERN				
Revenues	\$ 155,193,240	\$ 166,855,519	\$ 11,662,279	7.51%
Expenses	143,280,090	154,337,204	(11,057,114)	-7.72%
Transfers for Debt Service	(10,588,984)	(9,542,909)	1,046,075	9.88%
+/- Before Other Transfers	1,324,166	2,975,406	1,651,240	124.70%
Other Transfers	(219,388)	(2,258,317)	(2,038,929)	-929.37%
+/- After Transfers	\$ 1,104,778	\$ 717,089	\$ (387,689)	-35.09%
WESTERN				
Revenues	\$ 82,345,328	\$ 89,772,340	\$ 7,427,012	9.02%
Expenses	75,989,389	82,667,616	(6,678,227)	-8.79%
Transfers for Debt Service	(5,618,175)	(6,205,046)	(586,871)	-10.45%
+/- Before Other Transfers	737,764	899,678	161,914	21.95%
Other Transfers	(1,047,758)	(899,678)	148,080	14.13%
+/- After Transfers	\$ (309,994)	\$ -	\$ 309,994	100.00%
SYSTEM OFFICE				
Revenues	\$ 4,693,361	\$ 5,158,963	\$ 465,602	9.92%
Expenses	4,677,747	5,698,360	(1,020,613)	-21.82%
Transfers for Debt Service	-	-	-	n.a.
+/- Before Other Transfers	15,614	(539,397)	(555,011)	-3554.57%
Other Transfers	(600,000)	539,397	1,139,397	189.90%
+/- After Transfers	\$ (584,386)	\$ -	\$ 584,386	100.00%
ONLINE CSU				
Revenues	\$ -	\$ -	\$ -	n.a.
Expenses	954,967	766,740	188,227	19.71%
Transfers for Debt Service	-	-	-	n.a.
+/- Before Other Transfers	(954,967)	(766,740)	188,227	19.71%
Other Transfers	846,753	884,989	38,236	4.52%
+/- After Transfers	\$ (108,214)	\$ 118,249	\$ 226,463	209.27%
SYSTEM SUPPORT *				
Revenues	\$ 6,145,826	\$ 7,401,355	\$ 1,255,529	20.43%
Expenses	8,374,000	7,849,641	524,359	6.26%
Transfers for Debt Service	-	-	-	n.a.
+/- Before Other Transfers	(2,228,174)	(448,286)	1,779,888	79.88%
Other Transfers	-	448,286	448,286	n.a.
+/- After Transfers	\$ (2,228,174)	\$ -	\$ 2,228,174	100.00%
SYSTEM TOTAL				
Revenues	\$ 485,664,035	\$ 527,237,074	\$ 41,573,039	8.56%
Expenses	452,523,627	490,757,550	(38,233,923)	-8.45%
Transfers for Debt Service	(31,585,738)	(32,251,172)	(665,434)	-2.11%
+/- Before Other Transfers	1,554,670	4,228,352	2,673,682	171.98%
Other Transfers	(3,937,910)	(3,322,433)	615,477	15.63%
+/- After Transfers	\$ (2,383,240)	\$ 905,919	\$ 3,289,159	138.01%
TELECOM.				
Revenues	\$ 4,598,735	\$ 4,315,758	\$ (282,977)	-6.15%
Expenses	4,098,735	3,825,758	272,977	6.66%
Transfers for Debt Service	-	-	-	n.a.
+/- Before Other Transfers	500,000	490,000	(10,000)	-2.00%
Other Transfers	(500,000)	(490,000)	10,000	2.00%
+/- After Transfers	\$ -	\$ -	\$ -	n.a.

* SYSTEMS SUPPORT includes expenses related to the Systemic IT Strategic Initiative and VISTA Project

CONNECTICUT STATE UNIVERSITY SYSTEM

Dollar & Percentage Comparison - Educational & Auxiliary Services Revenues and Expenditures
Estimated FY 2005-06 and Budgeted FY 2006-07

	FY 05-06 Estimate	FY 06-07 Budget	Favorable (Unfavorable) \$ / % CHANGE	
CENTRAL				
Revenues	\$ 158,020,641	\$ 168,398,261	\$ 10,377,620	6.57%
Expenses	145,565,835	158,086,512	(12,520,677)	-8.60%
Transfers for Debt Service	(7,983,282)	(8,407,926)	(424,644)	-5.32%
+/- Before Other Transfers	4,471,524	1,903,823	(2,567,701)	-57.42%
Other Transfers	(3,497,067)	(1,833,242)	1,663,825	47.58%
+/- After Transfers	\$ 974,457	\$ 70,581	\$ (903,876)	-92.76%
EASTERN				
Revenues	\$ 83,485,439	\$ 89,650,636	\$ 6,165,197	7.38%
Expenses	76,823,209	81,351,477	(4,528,268)	-5.89%
Transfers for Debt Service	(7,337,046)	(8,095,291)	(758,245)	-10.33%
+/- Before Other Transfers	(674,816)	203,868	878,684	130.21%
Other Transfers	674,816	(203,868)	(878,684)	-130.21%
+/- After Transfers	\$ -	\$ -	\$ -	n.a.
SOUTHERN				
Revenues	\$ 155,630,937	\$ 166,855,519	\$ 11,224,582	7.21%
Expenses	143,531,132	154,337,204	(10,806,072)	-7.53%
Transfers for Debt Service	(9,124,537)	(9,542,909)	(418,372)	-4.59%
+/- Before Other Transfers	2,975,268	2,975,406	138	0.00%
Other Transfers	(1,730,550)	(2,258,317)	(527,767)	-30.50%
+/- After Transfers	\$ 1,244,718	\$ 717,089	\$ (527,629)	-42.39%
WESTERN				
Revenues	\$ 83,466,967	\$ 89,772,340	\$ 6,305,373	7.55%
Expenses	77,003,327	82,667,616	(5,664,289)	-7.36%
Transfers for Debt Service	(5,390,979)	(6,205,046)	(814,067)	-15.10%
+/- Before Other Transfers	1,072,661	899,678	(172,983)	-16.13%
Other Transfers	(1,030,494)	(899,678)	130,816	12.69%
+/- After Transfers	\$ 42,167	\$ -	\$ (42,167)	-100.00%
SYSTEM OFFICE				
Revenues	\$ 5,404,817	\$ 5,158,963	\$ (245,854)	-4.55%
Expenses	4,876,353	5,698,360	(822,007)	-16.86%
Transfers for Debt Service	-	-	-	n.a.
+/- Before Other Transfers	528,464	(539,397)	(1,067,861)	-202.07%
Other Transfers	(528,464)	539,397	1,067,861	202.07%
+/- After Transfers	\$ -	\$ -	\$ -	n.a.
ONLINE CSU				
Revenues	\$ -	\$ -	\$ -	n.a.
Expenses	922,270	766,740	155,530	16.86%
Transfers for Debt Service	-	-	-	n.a.
+/- Before Other Transfers	(922,270)	(766,740)	155,530	16.86%
Other Transfers	922,270	884,989	(37,281)	-4.04%
+/- After Transfers	\$ -	\$ 118,249	\$ 118,249	n.a.
SYSTEM SUPPORT *				
Revenues	\$ 5,852,788	\$ 7,401,355	\$ 1,548,567	26.46%
Expenses	6,695,687	7,849,641	(1,153,954)	-17.23%
Transfers for Debt Service	-	-	-	n.a.
+/- Before Other Transfers	(842,899)	(448,286)	394,613	46.82%
Other Transfers	842,899	448,286	(394,613)	-46.82%
+/- After Transfers	\$ -	\$ -	\$ -	n.a.
SYSTEM TOTAL				
Revenues	\$ 491,861,589	\$ 527,237,074	\$ 35,375,485	7.19%
Expenses	455,417,813	490,757,550	(35,339,737)	-7.76%
Transfers for Debt Service	(29,835,844)	(32,251,172)	(2,415,328)	-8.10%
+/- Before Other Transfers	6,607,932	4,228,352	(2,379,580)	-36.01%
Other Transfers	(4,346,590)	(3,322,433)	1,024,157	23.56%
+/- After Transfers	\$ 2,261,342	\$ 905,919	\$ (1,355,423)	-59.94%
TELECOM.				
Revenues	\$ 4,067,703	\$ 4,315,758	\$ 248,055	6.10%
Expenses	3,337,948	3,825,758	(487,810)	-14.61%
Transfers for Debt Service	-	-	-	n.a.
+/- Before Other Transfers	729,755	490,000	(239,755)	-32.85%
Other Transfers	(500,000)	(490,000)	10,000	2.00%
+/- After Transfers	\$ 229,755	\$ -	\$ (229,755)	-100.00%

* SYSTEMS SUPPORT includes expenses related to the Systemic IT Strategic Initiative and VISTA Project

CONNECTICUT STATE UNIVERSITY SYSTEM

Management/Confidential & Administrators (SUOAF/AFSCME)

Salary Caps FY 2005-06 and FY 2006-07

Management / Confidential

	<u>Central</u>	<u>Eastern</u>	<u>Southern</u>	<u>Western</u>	<u>System Office & System Support</u>
FY 2005-06 (BOT APPROVED BR 05-50)	\$ 3,715,641 *	\$ 3,384,997	\$ 3,701,968	\$ 2,789,781	\$ 3,771,902 *
FY 2006-07 (REQUESTED CAP)	\$ 3,990,226	\$ 3,588,815	\$ 4,210,175	\$ 3,036,521	\$ 4,269,199
Change Increase (Decrease)	\$ 274,585	\$ 203,818	\$ 508,207	\$ 246,740	\$ 497,297

Administrators (SUOAF /AFSCME)

	<u>Central</u>	<u>Eastern</u>	<u>Southern</u>	<u>Western</u>	<u>System Office & System Support</u>
FY 2005-06 (BOT APPROVED BR 05-50)	\$ 11,541,284	\$ 8,010,750	\$ 11,673,296	\$ 7,482,466	\$ 2,325,848
FY 2006-07 (REQUESTED CAP)	\$ 13,703,634	\$ 8,705,240	\$ 12,834,470	\$ 7,836,605	\$ 1,673,957
Change Increase (Decrease)	\$ 2,162,350	\$ 694,490	\$ 1,161,174	\$ 354,139	\$ (651,891)

* Adjusted at Mid-Year

ITEM

FY2006-07 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 FY2006-07 educational, auxiliary services' and self-supporting 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 June 9, 2006. 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, FY2006-07 spending projections for the System (including the four universities, System Office, System Support, and *OnlineCSU*, excluding grants, intra/inter agency, and bond funds) reflect an increase of 7.8% over estimated FY2005-06 expenditures, and 8.4% over budgeted FY2005-06 expenditures. These increases are primarily in Personal Services and reflect classified salary increases, refills of vacant positions, requested new positions and increased fringe benefits. Other Expenses, most notably utilities, services, food service contracts (offset by food service revenue) and insurance, reflect additional expenses at the university level.

Student Enrollments

For FY2006-07, full-time undergraduate enrollment is projected to increase by 1.7% Systemwide, due to increases at all four universities, ranging from 1.0% at Southern to 2.6% at Western. Based on State of Connecticut Department of Education data, the number of

Connecticut public high school graduates transitioning to higher education will continue to increase through 2008. CSU has experienced growth in its full-time undergraduate enrollment of 30.6% since FY97; full-time enrollment is at an all-time high. Additionally, FTE is up 23.2% since FY96. What this means is that more CSU students are taking more courses than ever before. With more students taking more credits, it is expected that more students will be graduating in less time and with degrees addressing critical work force needs. But one challenge of this increased credit load is the demand it places on faculty and existing resources. More students taking more courses requires that CSU respond with more faculty to meet this need. CSU is dealing with issues that we have never had to deal with previously. CSU takes students of all educational levels, all backgrounds and all degrees of preparedness, and we help them to become productive citizens and workers. In addition, students today come to our universities with problems and issues (such as depression and other mental disorders) that were not necessarily prevalent in the past. As a result, CSU faculty members not only teach, they also serve as mentors, advisers and more. It is essential that CSU be provided with the funds to meet this growing need for faculty in the future.

Central Connecticut State University

Central projects educational, auxiliary services and self-supporting expenditures of \$158.1 million for FY2006-07, \$12.5 million or 8.6% greater than FY2005-06 estimate, and \$15.3 million or 10.7% higher than FY2005-06 budget. The \$12.5 million increase can be attributed mainly to salary increases and 35 new full time positions (including 14 new faculty, 15 SUOAF, and three each for coaches and maintenance positions), part time positions, and increased fringe benefits. The Administrator positions are primarily to support Institutional Advancement (six positions) and Student Affairs (three positions). All Other Expenses also increased, reflecting higher food service, services and utility expenses. Partly offsetting the increases is a budgeted reduction to Equipment expense of \$1.3 million.

For FY2006-07, Central is projecting a surplus of \$70,581. Central's undesignated fund balance is projected to meet the Board guideline requirements for FY2006-07.

Eastern Connecticut State University

Eastern's educational, auxiliary services and self-supporting expenditures are projected to be \$81.4 million for FY2006-07, \$4.5 million or 5.9% higher than FY2005-06 estimate, and \$4.9 million or 6.4% higher than FY2005-06 budget. The \$4.5 million increase can be attributed primarily to salary increases, the addition of nine new positions (including five SUOAF and four faculty positions), filling seven approved open positions (four SUOAF, and one each for protective services, maintenance and management/confidential) and increased fringe benefit expense. The new faculty positions include staffing for the Director of First Year Programs and three First Year Program faculty. The SUOAF increase includes four Master Teachers for the Early Childhood Development Center and one IT technical support person. All Other Expenses are projected to increase for utilities, insurance, and services.

Eastern projects a use of operating reserves of \$440,637 for FY2006-07. Eastern's undesignated fund balance is projected to be below the Board's fund balance guideline requirements for FY2006-07.

Southern Connecticut State University

Southern projects educational, auxiliary services and self-supporting expenditures of \$154.3 million for FY2006-07. This is an increase of approximately \$10.8 million or 7.5% over FY2005-06 estimate, and \$11.1 million or 7.7% over FY2005-06 budget. The \$10.8 million increase can be primarily attributed to salary increases, the annualization impact of FY2006 hires, 12 new positions (including six faculty, five SUOAF, and one Enrollment A.V.P.), refill of two vacancies and fringe benefit expense. Southern also is projecting higher Other Operating Expense related to utilities, insurance, and food services.

Southern is projecting a surplus of \$717,089 for FY2006-07. Southern's undesignated fund balance is projected to be within Board guidelines for FY 2006-07.

Western Connecticut State University

Western projects educational, auxiliary service and self-supporting expenditures of \$82.7 million for FY2006-07, an increase of \$5.7 million or 7.4% over FY2005-06 estimate and \$6.7 million or 8.8% over FY2005-06 budget. The \$5.7 million increase is due to salary increases, the refill of 22 vacant positions (including seven faculty, three each for maintenance, SUOAF, and management confidential), three new maintenance positions, and increased fringe benefit expense. Increases in Other Operating Expenses reflect higher utilities, services and travel/training.

Western is projecting a use of operating reserves of \$106,000 for FY2006-07. Western's undesignated fund balance is projected to be within Board guidelines for FY2006-07.

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

Building upon an initiative launched in FY1995-96 by the Board, the System Office has continued its efforts to increase the public's awareness and understanding of the Connecticut State University System. The thrust of this image enhancement program has been to inform the public about the excellence of faculty, students and programs at the four State universities and to highlight the many contributions CSU makes to the State. In order to further improve this enhancement program, CSU undertook a market research study in FY05 and based upon that research initiated a television advertising campaign in FY06. The campaign featured three ads, each featuring a successful graduate of a CSU university. The primary target of the ad campaign was the business community, where research found there was a lack of understanding of the quality and success potential of CSU graduates. The ads also provided positive images for other members of the general public, including prospective students and their parents, and alumni and members of the General Assembly. The System Office's newsletter, "CSU Universe," continued production for a sixth year. The newsletter profiles outstanding faculty, students and alumni at each of our universities. The newsletter targets both internal and external audiences, including CSU employees, CSU alumni, state legislators, school superintendents, guidance counselors, and presidents of

peer institutions. The newsletter is distributed both in print and via the Internet. The Connecticut Review, the CSU System's award-winning literary journal, completed a redesign and launch of a website. These marketing initiatives helped increase awareness (and sales and distribution) of the publication.

During the next fiscal year, \$231,490 will be expended to continue these efforts. The specific activities to be undertaken are described in the budget briefing book.

System Office, Information Technology Services and System Support Activities - General

Spending plan proposals for the System Office and for System Support 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) a modest amount of base Systemwide reserves, which will fund various one-time charges,
- e) *OnlineCSU* revenue, from which the universities will transfer funds sufficient to cover vendor and administrative costs, and
- f) operating revenues (Telecommunications).

System Office

The System Office is projecting expenditures of \$5.7 million for FY2006-07. This is an increase of \$822 thousand or 16.9% over the FY2005-06 estimate and \$1.0 million or 21.8% higher than the FY2005-06 budget. It is proposed that \$639,397 of these expenditures be funded using Systemwide reserves. After adjusting for the use of reserves, the increase over the FY2005-06 budget is 8.1%.

Information Technology Services

For FY2006-07, we are projecting expenditures for Information Technology Services (ITS) of \$10.6 million (including capital equipment bond funds), an increase of \$1.0 million or 10.9% from the FY2005-06 estimate and a decrease of \$777,535 or 6.9% versus FY2005-06 budget. After transfer of capital equipment bond funding to the universities, the comparable expenditures for information technology at the System Support level (including \$1.042 million in bond funds for all years) are \$6.6 million in FY2005-06 (estimate) and \$7.6 million in FY2006-07, an increase of 15.9%. After transfers, comparable expenditures versus FY2005-06 budget show a decrease of 9.3%. The planned expenditure of \$7.6 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.

The FY06 budget included very ambitious startup costs for approximately ten systemic initiatives that were to be fully defined as the year progressed. However, the progress of these initiatives was much slower than anticipated, and therefore the budgeted funding was

not expended during the year. The FY07 budget reflects only those projects which have been defined and fully costed; as other projects arise during the year, they will be added to the budget once they are fully costed, as the first step in project management.

System Support Activities

In addition to the projects discussed above, we are proposing to continue other Systemwide initiatives to be funded from Systemwide fiscal resources. The projects include a) the completion of the WCSU master plan and initiation of the ECSU master plan; b) continuation of the contract compliance unit; c) continued engagement of a government relations firm, 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; d) development and publication of the *Connecticut Review*; e) development of performance measures and assessment; f) several key surveys, including a Graduate survey, the National Survey of Student Engagement, and a Higher Education Research Institute College Student survey; g) support for academic priorities, including Math Alignment and Transition, Pre-K through 16, and Key Workforce Priorities; h) legal counsel for personnel grievances and grievance arbitration; i) support for activities recommended by the Committee on the Arts; j) Systemwide academic conferences; and k) support for strategic planning activities. All of the above initiatives total \$1,197,505, a decrease of \$321,384 or 21.2% from FY2005-06 budget.

Finally, \$84,374 is recommended for the Global Majority Retreat, a self-supporting enterprise.

Telecommunications System Activity

The Telecommunications operation is completing its twelfth year of activity. Revenues are estimated to be 11.5% under budget, while operating expenditure projections are 14.7% below budget, resulting in a net surplus of \$229,755 after transfers to the Telecommunications plant fund. The Telecommunications expense budget for FY2006-07 is projected at \$3.8 million, resulting in a surplus of \$490,000, which will be transferred to the Telecommunications plant fund as directed by the Board's fund balance guideline requirements (BR#01-02), and as required for capital projects.

During this past fiscal year Telecommunications continued to meet its charge to upgrade and enhance its systems. The Telecommunications Management Software, Pinnacle CMS, has been upgraded, incorporating an interface to our PBX systems to streamline Moves, Adds and Changes processing. One of the recommendations set forth in the Network Architecture Initiative (NAI) was to migrate our PBX systems into one "converged" system utilizing Voice over Internet Protocol (VoIP). We have taken the first step toward this goal by upgrading our PBXs' hardware and software to next generation technology. The hardware and software for the E911 system implemented in 2000 is currently being upgraded to remain in compliance with state and federal laws and provide accurate location information to Law Enforcement, Medical and Fire personnel when 911 is dialed on campus. Audio conferencing capability has also been upgraded, expanding the number of possible participants from 6 to 50. Telecommunications is also installing hardware to

increase its reporting capabilities to measure incoming calls to specific departments. These reports will assist university management with staff planning to better assist their customers.

In the fiscal years 2003-2004 and 2004-2005, the first two years of a multi-year plan to upgrade CSU Telecommunications infrastructure was funded. Currently in progress is a Wide Area Network (WAN) infrastructure upgrade which will provide CSU with a fiber-optic network. This upgrade is scheduled to be completed by August of 06. At CCSU, a two-phase project to upgrade the ITBD facility is in progress. Phase one includes the installation of dark fiber between the main campus and the ITBD; phase two entails installation of new telecommunications closets and a main telecom room in the ITBD building. At ECSU the move of the main Telecommunication Demarcation facility from Winthrop Hall to the Library is also in progress, scheduled to be completed by the end of summer 06. Other projects awaiting Bond Commission action are the installation of fiber-optic cable at CCSU and WCSU, and the design of additional Outside Plant Telecommunication Conduit and fiber-optic cable at SCSU. Finally, a new contract for local and long distance service has been negotiated, saving CSU more than \$200,000 annually.

The projects scheduled for FY07 are focused around the recommendations set forth in the Security Study and NAI final report. The projects include the upgrade of the WAN hardware, a documentation initiative of all Campus Telecommunications Infrastructure, and the upgrade of the Video technology that was installed in 1997. In anticipation that Higher Education will be required to enhance its ability to comply with the Communications Assistance for Law Enforcement Act (CALEA), funds have been set aside to initiate a project pending the outcome of an FCC ruling. Additional capital projects will also be initiated to add additional fiber-optic cable between buildings on campus to meet the universities' need for additional bandwidth capacity. Finally, the Telecommunications department continues to work with the universities on all construction projects from design through completion to ensure state-of-the-art systems are designed, budgeted, installed and implemented in each of these projects.

A Telecommunications task force is currently underway, with the charge of determining if that which is presently being done is appropriate to the current state of technology, as well as whether it provides the services needed to meet the requirements of the universities. Depending on the recommendations of the task force, the projects and direction described above for FY07 may be revised.

OnlineCSU

OnlineCSU, now in its eighth year, is a true success story, with consistent surpluses since FY2003. The surplus for FY2006 is estimated at approximately \$950 thousand, while FY2007 is projected to be in the range of \$825 thousand. These surpluses accrue to the benefit of the universities, since each university retains that portion of the surplus that its *OnlineCSU* offerings generate.

In FY03, *OnlineCSU* switched online vendors from eCollege to WebCT, and registration and payment functions were decentralized to the universities. At that time the universities

assumed complete responsibility for all *OnlineCSU* billing, collection, and registration activities. Formerly, registration activity was processed into the vendor's system by the *OnlineCSU* staff at the System Office. Coinciding with the timing of the online vendor transition and the decentralization of the registration and payment functions, the System Office support function was streamlined and downsized. The *OnlineCSU* function at the System Office currently maintains a small staff to provide overall staff support for vendor management, marketing, and implementation and maintenance of a common learning platform.

FY07 will once again be a year of transition for *OnlineCSU*, as all functions will be decentralized to the universities and completely incorporated with their on-ground functions. Thus, *OnlineCSU* will become a fully integrated function of the universities, as opposed to an entity with a perceived separate existence. Until this is accomplished, *OnlineCSU* is included in the FY07 budget in its current organizational format.

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. Two universities are projecting budget surpluses for the year.

The proposals for the System Office, Information Technology Services (ITS), and other System Support activities reflect continued implementation of many key initiatives, while ensuring that the activities funded are appropriate given advances in technology and current business practices. New projects will not be added until they are fully analyzed and costed.

CHANCELLOR'S RECOMMENDATION

The proposed FY2006-07 Institutional Spending Plans and Authorized Expenditure Levels for Management and Confidential Professional Personnel and SUOAF-AFSCME Administrators be approved.