

RESOLUTION

concerning

FY1997-98 INSTITUTIONAL SPENDING PLANS AND AUTHORIZED EXPENDITURE LEVELS FOR MANAGEMENT & CONFIDENTIAL PROFESSIONAL PERSONNEL AND SUOAF-AFSCME ADMINISTRATORS

June 13, 1997

- 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 1997-98 to the Board of Trustees and are summarized in Attachments 1, 2 and 3, and
WHEREAS, The Board of Trustees has reviewed and discussed the spending plan proposals with the four university presidents and the Chancellor, and
WHEREAS, The Board finds the FY1997-98 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, intra/inter agency funds, and non-mandatory transfers which vary from year to year, therefore be it
RESOLVED, That each president and the Chancellor shall ensure adherence to the approved spending plan, maintaining expenditures 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 are authorized for fiscal year 1997-98 and can be changed upon approval by the Chancellor, except for the System Office/System Support which must be approved by the Board Chairman:

Table with 2 columns: Category and Amount. Rows include System Office (\$ 2,654,155), System Support (6,090,869), Central Connecticut State University (78,402,283), Eastern Connecticut State University (37,739,541), Southern Connecticut State University (77,721,628), and Western Connecticut State University (37,164,698).

NOTE: Excludes Telecommunications, federal and private grants, and bond funds

and be it further

RESOLVED, That the system 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 1997-98:

System Office and System Support	\$ 1,047,255
Central Connecticut State University	7,543,565
Eastern Connecticut State University	4,270,645
Southern Connecticut State University	6,838,899
Western Connecticut State University	4,220,772

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 1997-98:

System Office and System Support	\$ 2,241,600
Central Connecticut State University	2,347,330
Eastern Connecticut State University	1,666,493
Southern Connecticut State University	2,187,444
Western Connecticut State University	1,478,611

and be it further

RESOLVED, That for FY1997-98 each university is expected to raise projected revenues. To the extent that this does not occur, a university's tuition allocation may be adjusted downward when tuition allocations are recalculated during the fourth quarter of FY1997-98.

FY1997-98 Tuition Revenue Projections

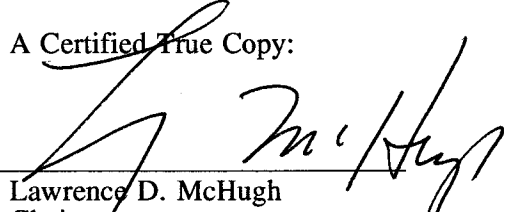
	<u>CCSU</u>	<u>ECSU</u>	<u>SCSU</u>	<u>WCSU</u>
Net Revenue	\$13,106,221	\$6,317,885	\$14,084,709	\$6,345,970

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 1997-98, 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, 1998.

A Certified True Copy:


Lawrence D. McHugh
Chairman

CONNECTICUT STATE UNIVERSITY SYSTEM

Dollar & Percentage Comparison - Total Revenues and Expenditures
 Estimated FY 1996-97 and Proposed FY 1997-98

	FY 96-97	FY 97-98	\$ / % CHANGE	
CENTRAL				
Revenues	\$88,475,929	\$91,548,019	\$3,072,090	3.5%
Expenses	81,375,908	88,282,214	6,906,306	8.5%
Transfers	<u>3,947,103</u>	<u>3,265,805</u>	(681,298)	-17.3%
+/-	\$3,152,918	\$0		
EASTERN				
Revenues	\$42,799,030	\$44,265,104	\$1,466,074	3.4%
Expenses	42,054,155	43,907,325	1,853,170	4.4%
Transfers	<u>1,656,587</u>	<u>1,330,203</u>	(326,384)	-19.7%
+/-	(\$911,712)	(\$972,424)		
SOUTHERN				
Revenues	\$85,396,163	\$87,962,544	\$2,566,381	3.0%
Expenses	79,028,434	83,702,006	4,673,572	5.9%
Transfers	<u>5,550,360</u>	<u>4,237,647</u>	(1,312,713)	-23.7%
+/-	\$817,369	\$22,891		
WESTERN				
Revenues	\$44,203,248	\$46,334,775	\$2,131,527	4.8%
Expenses	42,508,904	44,858,198	2,349,294	5.5%
Transfers	<u>1,708,954</u>	<u>1,478,846</u>	(230,108)	-13.5%
+/-	(\$14,610)	(\$2,269)		
SYSTEM OFFICE				
Revenues	\$1,732,406	\$1,685,641	(\$46,765)	-2.7%
Expenses	2,329,483	2,654,155	324,672	13.9%
Transfers	<u>(\$620,407)</u>	<u>(\$968,514)</u>	(348,107)	56.1%
+/-	\$23,330	\$0		
SYSTEM SPT				
Revenues	\$5,229,826	\$5,295,897	\$66,071	1.3%
Expenses	5,672,105	7,021,599	1,349,494	23.8%
Transfers	<u>(\$1,812,608)</u>	<u>(\$1,746,996)</u>	65,612	-3.6%
+/-	\$1,370,329	\$21,294		
SYSTEM TOTAL				
Revenues	\$267,836,602	\$277,091,980	\$9,255,378	3.5%
Expenses	\$252,968,989	\$270,425,497	17,456,508	6.9%
Transfers	<u>\$10,429,989</u>	<u>\$7,596,991</u>	(2,832,998)	-27.2%
+/-	\$4,437,624	(\$930,508)		
TELECOMM.				
Revenues	\$3,381,455	\$3,266,907	(\$114,548)	-3.4%
Expenses	3,440,081	3,216,907	(\$223,174)	-6.5%
Transfers	<u>\$50,000</u>	<u>\$50,000</u>	0	0.0%
+/-	(\$108,626)	\$0		

CONNECTICUT STATE UNIVERSITY SYSTEM

Dollar & Percentage Comparison - Educational & Auxiliary Services Revenues and Expenditures
Estimated FY 1996-97 and Proposed FY 1997-98

	FY 96-97	FY 97-98	\$ / % CHANGE	
CENTRAL				
Revenues	\$80,963,982	\$82,607,588	\$1,643,606	2.0%
Expenses	72,833,661	78,402,283	5,568,622	7.6%
Transfers	<u>4,977,403</u>	<u>4,205,305</u>	(772,098)	-15.5%
+/-	\$3,152,918	\$0		
EASTERN				
Revenues	\$36,179,834	\$38,740,454	\$2,560,620	7.1%
Expenses	35,328,959	37,739,541	2,410,582	6.8%
Transfers	<u>1,762,587</u>	<u>1,973,337</u>	210,750	12.0%
+/-	(\$911,712)	(\$972,424)		
SOUTHERN				
Revenues	\$79,695,302	\$82,916,844	\$3,221,542	4.0%
Expenses	72,389,989	77,721,628	5,331,639	7.4%
Transfers	<u>6,474,427</u>	<u>5,177,147</u>	(1,297,280)	-20.0%
+/-	\$830,886	\$18,069		
WESTERN				
Revenues	\$37,424,826	\$39,180,775	\$1,755,949	4.7%
Expenses	35,875,482	37,164,698	1,289,216	3.6%
Transfers	<u>1,563,954</u>	<u>2,018,346</u>	454,392	29.1%
+/-	(\$14,610)	(\$2,269)		
SYSTEM OFFICE				
Revenues	\$1,732,406	\$1,685,641	(\$46,765)	-2.7%
Expenses	2,329,483	2,654,155	324,672	13.9%
Transfers	<u>(\$620,407)</u>	<u>(\$968,514)</u>	(348,107)	56.1%
+/-	\$23,330	\$0		
SYSTEM SPT				
Revenues	\$1,105,398	\$1,295,897	\$190,499	17.2%
Expenses	3,576,947	6,090,869	2,513,922	70.3%
Transfers	<u>(\$3,730,608)</u>	<u>(\$4,816,266)</u>	(1,085,658)	29.1%
+/-	\$1,259,059	\$21,294		
SYSTEM TOTAL				
Revenues	\$237,101,748	\$246,427,199	\$9,325,451	3.9%
Expenses	\$222,334,521	\$239,773,174	17,438,653	7.8%
Transfers	<u>\$10,427,356</u>	<u>\$7,589,355</u>	(2,838,001)	-27.2%
+/-	\$4,339,871	(\$935,330)		
TELECOMM.				
Revenues	\$3,381,455	\$3,266,907	(\$114,548)	-3.4%
Expenses	3,440,081	3,216,907	(\$223,174)	-6.5%
Transfers	<u>\$50,000</u>	<u>\$50,000</u>	0	0.0%
+/-	(\$108,626)	\$0		

CONNECTICUT STATE UNIVERSITY SYSTEM						
Management/Confidential & Administrators (SUOAF/AFSCME)						
Salary Caps FY 1996-97 and FY 1997-98						
Management / Confidential						
	<u>Central</u>	<u>Eastern</u>	<u>Southern</u>	<u>Western</u>	<u>System Office & System Support</u>	
FY 96-97 (BOT APPROVED)	\$1,795,207	\$1,752,832	\$2,085,144	\$1,547,841	\$2,000,128	
FY 97-98 (REQUESTED CAP)	\$2,347,330	\$1,666,493	\$2,187,444	\$1,478,611	\$2,241,600	
Change	\$552,123	(\$86,339)	\$102,300	(\$69,230)	\$241,472	
Administrators (SUOAF /AFSCME)						
	<u>Central</u>	<u>Eastern</u>	<u>Southern</u>	<u>Western</u>	<u>System Office & System Support</u>	
FY 96-97 (BOT APPROVED)	\$7,157,791	\$4,022,949	\$6,349,968	\$3,742,243	\$957,398	
FY 97-98 (REQUESTED CAP)	\$7,543,565	\$4,270,645	\$6,838,899	\$4,220,772	\$1,047,255	
Change	\$385,774	\$247,696	\$488,931	\$478,529	\$89,857	

ITEM

FY1997-98 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, Administration and Development Committee for their review and subsequent recommendation to the Board for its approval.

ANALYSIS

Attached for your approval are proposed FY1997-98 educational and auxiliary services' spending levels for the universities and the System Office. These plans were reviewed by the Finance, Administration and Development (FAD) 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 14, 1997. 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, FY1997-98 spending projections for the system reflect an increase of 5.55%. The increase can be attributed for the most part to negotiated salary increases approved by the legislature.

Student Enrollments

For FY1997-98, full-time student enrollment at all of the universities is projected to increase by 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. With the exception of Eastern, full-time enrollment at the other universities has not increased over the last several years. Overall, FTE enrollment for the system is projected to increase by 1.6% or 269 FTE during the next academic year.

Financing Proposal - Eastern Connecticut State University

In FY1994-95, the Board approved a new distribution methodology for both tuition and general funds to be phased in over ten years. The new methodology highlights the fact that Eastern has not received its equitable share of available dollars. Because of the ten-year phase-in called for in the methodology, Eastern is required to use institutional reserves to meet on-going spending needs. Additionally, as Eastern aggressively seeks to increase its enrollment in order to improve its fiscal stability through increased student revenues, additional pressure is placed upon the financial resources of the institution. Eastern's enrollment is projected to grow approximately 2% next year.

The difficulty arises because as Eastern's enrollment increases, the number of faculty, when viewed on the basis of a faculty:student ratio, is far below that of the other universities and impacts the ability of the university to provide a quality education. Eastern's faculty:student ratio is currently 1:21 as contrasted with CCSU's at 1:16, SCSU's at 1:16 and WCSU's at 1:15. President Carter is working to change this circumstance, but with a 10-year transition period relating to the new funds distribution methodology, and diminishing reserves, even a gradually growing enrollment does not provide Eastern with resources sufficient to provide meaningful faculty increases.

Accordingly, we are recommending that systemwide reserves be used to ease the transition for Eastern over the next three years. The supplemental funding would provide for the gradual addition of new faculty to meet the historical and currently growing teaching needs at Eastern. The specific proposal would be to provide funding of \$271,750 for eight (8) new faculty members in FY1998; in FY1999, maintain the eight (8) faculty and add five (5) new faculty at a cost of \$605,310; and in FY2000 maintain the 13 faculty and add eight (8) new faculty at a cost of \$1,089,523. The allocation for FY2000 would be reduced, in part, by a projected operating surplus of \$450,046. The surplus is a result of the funding formulas and the new residential village coming on-line bringing with its added revenues. The total of the supplemental funding to be provided over the three-year timeframe would be \$1,516,537. For succeeding years, FY2001 and on, Eastern should be capable of meeting its on-going spending needs from its own resources.

Finally, we are recommending that systemwide reserves used to support the proposal above, be replenished through the transfer of \$200,000 annually for eight years from the currently anticipated and continuing \$600,000 per year goal-achievement set-aside funding.

Goal Achievement Set-Aside

Two years ago, the Board approved the implementation of a new methodology to distribute tuition and general fund moneys. The methodology includes an incentive funding component known as the "Goal Achievement Set-aside" from which the Board can assist the universities in attaining certain planned goals. Currently, the methodology calls for a set aside in excess of \$2 million. Setting aside this amount immediately would adversely impact the universities. Therefore, we recommend that the FY1997-98 set aside be limited to \$600,000, and the balance of the amount called for in the methodology be distributed to the universities using the current tuition distribution formula.

From the available \$600,000, we propose \$400,000 be used to fund competitive proposals from the universities for programs that implement initiatives compatible with

their strategic plans that would otherwise not be funded. These proposals will be submitted to the Chancellor in June, and his recommendations will be brought to you at the July Board meeting. The remaining \$200,000 will be used to replenish the reserve fund as noted above.

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

In FY1995-96, the Board began a significant programmatic initiative which was continued this year to enhance the public's awareness of and improve the image of the Connecticut State University system. The thrust of this program is to better inform the public about the excellent educational programs we provide for them and their children, as well as the contributions CSU makes to the economic development of the State. Two editions each year of "CSU Today" have been published -- coinciding with CSU Days at the Big E and CSU Day at the State Capitol. Additionally, several more sophisticated image pieces have been sent to friends of CSU, as well as to public opinion leaders in Connecticut.

During the next fiscal year, we propose that \$110,000 be drawn from systemwide reserves for a final program to complement our earlier efforts. Among the activities to be undertaken are: the production and broadcasting of radio advertising and public service announcement(s) about CSU and our programs, expanded communications with high school counselors, mailings to alumni, staff and friends to inform them about CSU and our future direction, and publication and distribution of two additional editions of "CSU Today" to alumni and friends.

System Office, Management Information Systems and Systemwide Activities - General

Spending plan proposals for the System Office and for Systemwide Activities including information technology, telecommunications, and other projects which assist the system as a whole are recommended for your approval. Funding for the proposed activities will be met through a) reallocations within a base budget amount established by the Board in the tuition and general fund distribution methodology, b) unexpended operating fund balances carried forward from current operations, c) new bond funds approved by the General Assembly as well as unexpended prior year bond fund balances, d) additional dollars from interest earnings on systemwide reserves which may be used without drawing down the reserve base amount and e) operating revenues (Telecommunications).

System Office

The System Office is projecting expenditures of \$2.65 million for FY1997-98, a net increase of \$324,672 or 13.94% over FY1996-97. However, if the cost of certain retirements and transfers totalling \$346,830 were taken into account within the FY1996-97 System Office spending plan, the year-to-date change in System Office expenditures would be a 1% decrease. This funding continues the normal activities performed in the System Office and in addition will provide for: a) staff merit pay increases, b) re-evaluation of certain positions, and c) annualization of salary requirements for positions filled for only a portion of the current fiscal year.

You should note that the approved FY1996-97 budget for the System Office was approximately \$2.5 million. However, position vacancies and other expenditure savings resulted in a reduced expenditure level of \$2.33 million.

Management Information Systems

For FY1997-98, we are projecting expenditures for Management Information Systems (MIS) of \$9.3 million; an increase of \$1.4 million or 17.8% over FY1996-97. After transfer of staff funding and capital equipment bond funding to the universities, however, the comparable expenditures for information technology at the systemwide level are \$5.725 million in FY1996-97 and \$5.852 million in FY1997-98, an increase of 2.2%. The planned expenditures of the \$9.3 million continue many of the normal Management Information Systems office activities. The \$9.3 million includes a \$955,000 carryforward from the current fiscal year. The activities are described below.

The spending plan continues implementation of recommendations concerning the upgrade of information systems, arising from the Coopers & Lybrand report received by the Board in June, 1995. These recommendations have been integrated into our strategic plan.

The Chief Information Officer (CIO), hired as a result of the Coopers & Lybrand study, has made tremendous progress in implementing their recommendations. He has consulted widely with various constituencies of the universities, and continues to work with a designated committee consisting of faculty and staff from the universities and the System Office to lay out an information technology plan and to establish priorities which set the direction for CSU's information technology. We are moving in a planned fashion to client-server technology (away from mainframe-based systems), using workstations standardized on the basis of the Intel chip. Additionally, the committee recommended the purchase of an integrated set of software applications (SCT's Banner).

In FY1996-97, CSU secured funding to a) purchase PC's for faculty and staff and provide for technology in the classroom, b) set up a leasing contract to ensure that student PC's are replaced with current hardware, c) hire a vendor to provide PC training, d) upgrade the CONSULS system, e) purchase the SCT Banner client/server software to replace our out-dated administrative systems, and f) purchase video conferencing equipment for each of the universities and System Office (to be installed by the end of the fiscal year). Additionally, the initial rollout of a CSU decision support system was completed, the Financial System was upgraded, the CSU System Worldwide Web Home Page was redesigned and implemented, the admissions application was automated and made on-line accessible, and anti-virus software site license was purchased.

Last year, we worked with the legislature to secure long-range support for our ambitious systemwide information technology initiative. The plan required an investment in information technology of \$25 million - both capital and operating funds - over a five year period. We were successful in obtaining \$4.0 million in additional bonding for information technology equipment for FY1996-97. An additional \$4.0 million has been proposed for each year of the upcoming biennium; the funding has been recommended by the Governor and remains intact, as of this date, in the General Assembly.

The spending plan for systemwide information management activities continues the implementation of the investment the state has now made in our strategic plan for information technology. This year, approximately \$7.9 million was budgeted for systemwide information technology initiatives. For FY1997-98, it is proposed that \$9.3 million be spent for systemwide information technology needs to continue the implementation of our strategic plan. Specifically, our plan includes proposals that:

- \$1,076,400 be allocated to complete the purchase of, and begin the implementation of, new integrated application software,
- \$626,000 be used to continue the installation of technology in university classrooms,
- \$439,000 be allocated to implement full text resources to CSU Library System (CONSULS),
- \$2,400,000 be transferred to the universities to be used to purchase and install 800 PC workstations for faculty and staff as the second year phase of CSU's move to client/server technology,
- \$80,000 be devoted to training systemwide on PC applications,
- \$270,000 be used to assist in upgrading the CSU wide-area network to ATM,
- \$955,000 designated for information technology initiatives in FY1996-97, but not spent, be allocated in 1997-98 for the same purpose for which they were designated in the current fiscal year,
- \$931,955 in equipment bond funds allocated for information technology initiatives in prior years, but not yet spent, be used to support information technology equipment purchases next year, and
- \$490,000 from investment returns on systemwide reserves be used to support information technology operating costs.

Moreover, it is recommended that some dollars be reallocated within the level of past spending plans, and devoted to additional staff for academic and administrative information technology, both at the universities and at the system level. Again, you will recall that Coopers & Lybrand found that staffing for information technology was inadequate, and had recommended a phased increase in the number of staff.

At the Finance, Administration and Development Committee spending plan review, some questions arose concerning differences in the spending plan presentation of the MIS budget proposal. In the original proposal, the FY1996-97 material reflected spending for MIS Operations after certain transfers to the universities, while the FY1997-98 proposal reflected the request before transfers, thus skewing the growth. Attachment 1 serves to clarify these differences and presents the MIS numbers on a comparable basis.

Systemwide Activities

We are proposing to continue some systemwide initiatives, and begin several new initiatives to be funded from systemwide fiscal resources including reserves and carryforward fund balances. These initiatives total \$1,311,928 and include \$1,148,720 for 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) system conferences, e) public relations, f) the Committee on the Arts, g) Connecticut Consortium for Education, Training and Technology, h) job evaluation

activities, i) training in continuous quality improvement (funded through carryforward of the unused portion of a GTE grant from FY1994-95) and j) federal liaison activity to be funded through carryforward of the unused portion of a Pratt and Whitney grant from FY1996-97.

Also included are funds for continuation of the CSU public awareness initiative, "Vital Few" research, and an administrative cost study. These activities are recommended to be funded from systemwide reserves. Additionally, funding is provided for a consultant to conduct an economic analysis relating to potential benefits to be derived from the consolidation of administrative activities within the system and other actions. Finally, \$163,208 is recommended for two self-supporting enterprises - the Global Majority Retreat (\$85,000), and Interconnectivity (Internet) (\$78,208).

Telecommunications System Activity

The Telecommunications Operation is completing its third year of activity. The system continues to work well. Revenues are slightly below projections this fiscal year necessitating the use of Telecommunication contingency reserves to meet on-going spending needs. Expenditure projections are on target. Revenues of \$350,000 budgeted for future equipment replacement/upgrading (\$300,000), and reimbursement to the systemwide operating reserves (\$50,000) which provided start-up operating funds for the telecommunications system, will be realized.

With respect to the Telecommunications budget for FY1997-98, it is projected tentatively at \$3.2 million. However, additional refinements are imperative. As the network has developed, the demand for services, especially data services, has increased dramatically. Because the Telecommunications operation is self-supporting through revenues realized through student and university usage charges, we will be reviewing options available to us in order to meet this demand most economically over the upcoming weeks. Additionally, a Coopers & Lybrand study will be reviewing this area and may necessitate budget changes.

Information Technology Fee

In April 1996, the universities, at the request of the FAD Committee, presented comprehensive three year programmatic and financial plans relative to their request to establish an Information Technology Fee which was subsequently approved by the Board in June 1996. The fee revenues were established as a dedicated supplemental revenue stream to enhance student learning through the expanded use of current computer hardware and software.

During the current fiscal year, Central established a replacement program for student computers used in various academic programs and departments, and in the university's microcomputer laboratory. Central has committed to lease or purchase over \$2.1 million in computers and other related hardware to implement its three year replacement program. To date, 171 of the microcomputers have been installed. Over the summer, the CCSU microcomputer laboratory will be upgraded with 210 new machines.

At Eastern, computer and other related equipment has been purchased or leased to equip several student and classroom computer laboratories. Close to 140 microcomputers have been delivered or installed in three labs with another 25 scheduled for the end of the spring term. Additionally, Eastern has hired one university assistant

and six student assistants to provide expanded student support in the laboratories. For FY1997-98, Eastern will purchase additional hardware and software, and will hire two additional university assistants to provide additional laboratory support.

At Southern, \$867,000 is projected to be spent in the current fiscal year for equipment purchases and leases to replace terminals and printers in several instructional and student laboratories and for new software and hardware maintenance. Specifically, labs in Education, Journalism, Art and Computer Science will be upgraded for a total of \$611,000. The rest is planned for this summer. Additionally, several student workers were hired to provide additional laboratory support. For FY1997-98, four additional staff will be added for increased technical and maintenance support in the computer laboratories. New laboratories are planned for residence halls and many areas accessible to day and evening commuting students.

At Western, \$334,250 is projected to be spent in the current year. This includes purchases and leases of computer equipment, the employment of eight university assistants and four students in the computer laboratories, and for training, maintenance and new software. During the year, the university created a new student computer training laboratory, upgraded two microcomputer labs and two computer classrooms. The total number of microcomputers leased is close to 170. Additionally, the university has extended significantly the number of general computing laboratory hours in two academic laboratories. For FY1997-98, Western has budgeted \$101,000 for personnel and \$250,000 for maintenance, training and leasing activities.

Central Connecticut State University

Central projects educational and auxiliary services' expenditures of \$78.4 million for FY1997-98; about \$5.6 million or 7.6% greater than the current fiscal year. Overall expenditures including construction bond funds, equipment bond funds and federal and private grants amount to \$88.3 million. The \$5.6 million increase can be attributed to an estimated \$3.4 million in negotiated salary increases projected for FY1997-98, 12 new positions, increased fringe benefit costs projected for next fiscal year, early retirement payout costs related to the CSU early retirement program, and other personal services costs. Additionally, \$2.2 million is projected for non-salary inflationary increases, new activities relating to Central's strategic plan, and other miscellaneous expenditures.

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

Eastern Connecticut State University

Eastern's educational and auxiliary services' expenditures are projected at \$37.7 million for FY1997-98; \$2.4 million or 6.8% higher than the current fiscal year. Overall expenditures including construction bond funds, equipment bond funds and federal and private grants amount to \$43.9 million. The \$2.4 million increase can be attributed in large part to an estimated \$2 million in negotiated salary increases projected for FY1997-98, eight new faculty positions, two technology related positions, increased fringe benefit costs projected for next fiscal year, early retirement payout costs related to the CSU early retirement program, and other personal services costs.

To balance its budget, Eastern projects the drawdown of \$972,424 in institutional reserves for FY1997-98. Eastern also projects the drawdown of reserves of \$351,114

during FY1998-99. As described above, in the discussion of the special financing arrangement for Eastern, it is anticipated that Eastern will be in a net surplus position at the end of FY2000. Last year when Eastern presented its FY1996-97 spending plan, it had projected the use of approximately \$1.2 million in institutional reserves to meet ongoing spending needs. That projection has now been reduced to \$911,700 and is reflective of Eastern's efforts to provide a quality education at the most economical cost in a difficult fiscal environment.

Eastern undertook a number of strategic planning initiatives during this year focusing on the "Vital Few" through the reallocation of financial resources. They have proposed two new reallocation initiatives for FY1997-98 relating to mail processing and copying equipment. Eastern's remaining undesignated fund balances are currently at an acceptable level within the Board's fund balance guidelines. They, however, may fall below the required level over the next two fiscal years given their current effort to respond to increased enrollment.

Southern Connecticut State University

Southern projects educational and auxiliary services' expenditures of \$77.7 million for FY1997-98. This is an increase of approximately \$5.3 million or 7.4% over FY1996-97. Overall expenditures including construction bond funds, equipment bond funds and federal and private grants amount to \$83.7 million. Of the \$5.3 million, approximately \$3.8 million is budgeted for negotiated salary increases, eight new full-time positions, five position reclassification actions, the refilling of three positions held vacant during the current year, increased fringe benefit costs projected for next fiscal year, early retirement payout costs related to the CSU early retirement program, and other personal services. Additionally, \$1.5 million is budgeted for non-salary expenditures including increased financial aid, library periodicals and equipment purchases, non-salary inflationary increases, and other miscellaneous expenditures.

Of particular note is that approximately \$800,000 of the increased expenditures for FY1997-98 are paid from carryforward amounts saved by faculty and staff during the current fiscal year. The carryforward results from a program established by the president to insure funds were spent wisely. As an incentive to staff, savings realized in the current year would be added to their budgets in the next fiscal year to be used for new programmatic initiatives.

Southern is projecting a balanced budget for the current fiscal year.

Western Connecticut State University

Western projects educational and auxiliary services expenditures of \$37.2 million for FY1997-98; an increase of approximately \$1.3 million or 3.6% over FY1996-97. Overall expenditures including construction bond funds, equipment bond funds and federal and private grants amount to \$44.9 million. Of the \$1.3 million, approximately \$1.1 million is required to meet negotiated salary increases, hiring of two new staff, increased fringe benefit costs projected for next fiscal year, early retirement payout costs related to the CSU early retirement program, and other personal services. The balance of the increase is for other miscellaneous expenditures. Western has reallocated some of its financial resources during FY1996-97 to implement a number of initiatives and has identified a number of other initiatives for which funds will be reallocated to during FY1997-98.

Despite the severity of the impact of the new funding formula upon Western, projected to reduce their funding support by approximately \$3.0 million over 10 years, Western has taken a number of actions to deal with the situation and has established a sound financial base for University operations. Western will not be required to use institutional reserves to balance its budget in FY1997-98.

Summary

The spending plan proposals presented for your approval have been reviewed by the Finance, Administration and Development 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 "Vital Few" strategic plan goals. Central, Southern, and Western have presented balanced budgets. Eastern proposes the use of institutional reserves over the next two years coupled with a special funding arrangement during the next three years, recommended by the Chancellor to meet their on-going spending needs. It is anticipated that Eastern will not require the use of institutional reserves after FY1999.

The proposals for the System Office, Management Information Systems Operation (MIS) and other systemwide activities, reflect the reallocation of funds within their base budget, the use of carryforward balances from the current fiscal year, and the modest use of systemwide reserves to fund three initiatives - "Vital Few" research, CSU Enhancement, and an administrative study. The MIS spending plan proposal continues the implementation of the Cooper and Lybrand recommendations. Lastly, funding is proposed to continue a number of systemwide activities which provide a variety of services to the universities.

CHANCELLOR'S RECOMMENDATION

The proposed FY1997-98 Institutional Spending Plans and Authorized Expenditure Levels for Management and Confidential Professional Personnel and SUOAF-AFSCME Administrators be approved.