



RESOLUTION

concerning

FY1998-99 INSTITUTIONAL SPENDING PLANS AND AUTHORIZED EXPENDITURE LEVELS FOR MANAGEMENT & CONFIDENTIAL PROFESSIONAL PERSONNEL AND SUOAF-AFSCME ADMINISTRATORS

June 12, 1998

- 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 1998-99 to the Board of Trustees and are summarized in Attachments 1 through 5, and
WHEREAS, The Board of Trustees has reviewed and discussed the spending plan proposals with the four university presidents and the Chancellor, and
WHEREAS, The Board finds the FY1998-99 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 are authorized for fiscal year 1998-99 and can be changed upon approval by the Chancellor, except for the System Office/System Support which must be approved by the Board Chairman:

System Office	\$ 3,439,318
System Support	9,484,927
Central Connecticut State University	93,025,024
Eastern Connecticut State University	46,562,330
Southern Connecticut State University	95,881,607
Western Connecticut State University	45,909,061

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	(416,600)
Central Connecticut State University	0
Eastern Connecticut State University	(649,447)
Southern Connecticut State University	1,683,598
Western Connecticut State University	(51,299)

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 1998-99:

System Office and System Support	\$ 1,233,112
Central Connecticut State University	7,890,442
Eastern Connecticut State University	4,722,523
Southern Connecticut State University	7,223,117
Western Connecticut State University	4,328,500

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 1998-99:

System Office and System Support	\$ 2,459,788
Central Connecticut State University	2,523,464
Eastern Connecticut State University	1,901,381
Southern Connecticut State University	2,237,016
Western Connecticut State University	1,587,694

and be it further

RESOLVED, That for FY1998-99 each university is expected to raise projected tuition revenues. To the extent that this does not occur, a university's tuition allocation may be adjusted downward when tuition allocations are recalculated during the fourth quarter of FY1998-99.

FY1998-99 Tuition Revenue Projections

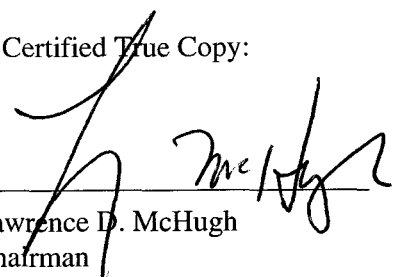
	<u>CCSU</u>	<u>ECSU</u>	<u>SCSU</u>	<u>WCSU</u>
Net Revenue	\$13,447,404	\$6,795,485	\$14,594,518	\$6,642,496

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 1998-99, 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, 1999.

A Certified True Copy:



Lawrence D. McHugh
Chairman

CONNECTICUT STATE UNIVERSITY SYSTEM

Dollar & Percentage Comparison - Total Revenues and Expenditures
Estimated FY 1997-98 and Estimated FY 1998-99

Attachment to BR#98-41

	FY 97-98	FY 98-99	\$ / % CHANGE	
CENTRAL				
Revenues	\$88,446,374	\$102,229,530	\$13,783,156	15.6%
Expenses	<u>87,830,371</u>	<u>102,229,530</u>	14,399,159	16.4%
+/-	\$616,003	\$0		
EASTERN				
Revenues	\$42,514,558	\$51,710,690	\$9,196,132	21.6%
Expenses	<u>42,397,456</u>	<u>52,360,137</u>	9,962,681	23.5%
+/-	\$117,102	(\$649,447)		
SOUTHERN				
Revenues	\$90,900,942	\$106,245,339	\$15,344,397	16.9%
Expenses	<u>87,361,263</u>	<u>104,561,740</u>	17,200,477	19.7%
+/-	\$3,539,679	\$1,683,599		
WESTERN				
Revenues	\$43,501,384	\$49,512,847	\$6,011,463	13.8%
Expenses	<u>43,200,141</u>	<u>49,564,146</u>	6,364,005	14.7%
+/-	\$301,243	(\$51,299)		
SYSTEM OFFICE				
Revenues	\$2,706,621	\$3,439,318	\$732,697	27.1%
Expenses	<u>2,706,621</u>	<u>3,439,318</u>	732,697	27.1%
+/-	\$0	\$0		
SYSTEM SUPPORT				
Revenues	\$7,267,624	\$9,910,642	\$2,643,018	36.4%
Expenses	<u>6,277,525</u>	<u>10,327,242</u>	4,049,717	64.5%
+/-	\$990,099	(\$416,600)		
SYSTEM TOTAL				
Revenues *	\$275,337,503	\$320,727,366	\$45,389,863	16.5%
Expenses **	<u>\$269,261,377</u>	<u>\$319,601,113</u>	50,339,736	18.7%
+/-	\$6,076,126	\$1,126,253		
* Includes Consolidating Adj. FY99 \$2,321,000 Banner				
** Includes Consolidating Adj. FY98 \$432,000 client/serv.pos., \$80,000 training; FY99 \$480,000 client/serv.pos., \$2,321,000 Banner, \$80,000 training				
TELECOM.				
Revenues	\$3,141,928	\$3,496,728	\$354,800	11.3%
Expenses	<u>3,299,928</u>	<u>3,783,774</u>	483,846	14.7%
+/-	(\$158,000)	(\$287,046)		

CONNECTICUT STATE UNIVERSITY SYSTEM

Dollar & Percentage Comparison - Educational & Auxiliary Services Revenues and Expenditures
Estimated FY 1997-98 and Estimated FY 1998-99

Attachment to BR#98-41

	FY 97-98	FY 98-99	\$ / % CHANGE	
CENTRAL				
Revenues	\$79,087,133	\$93,025,024	\$13,937,891	17.6%
Expenses	<u>78,471,130</u>	<u>93,025,024</u>	14,553,894	18.5%
+/-	\$616,003	\$0		
EASTERN				
Revenues	\$36,819,273	\$45,912,883	\$9,093,610	24.7%
Expenses	<u>36,702,171</u>	<u>46,562,330</u>	9,860,159	26.9%
+/-	\$117,102	(\$649,447)		
SOUTHERN				
Revenues	\$81,466,154	\$97,565,206	\$16,099,052	19.8%
Expenses	<u>77,926,475</u>	<u>95,881,607</u>	17,955,132	23.0%
+/-	\$3,539,679	\$1,683,599		
WESTERN				
Revenues	\$38,202,644	\$45,857,762	\$7,655,118	20.0%
Expenses	<u>37,901,401</u>	<u>45,909,061</u>	8,007,660	21.1%
+/-	\$301,243	(\$51,299)		
SYSTEM OFFICE				
Revenues	\$2,706,621	\$3,439,318	\$732,697	27.1%
Expenses	<u>2,706,621</u>	<u>3,439,318</u>	732,697	27.1%
+/-	\$0	\$0		
SYSTEM SUPPORT				
Revenues	\$6,140,686	\$9,068,327	\$2,927,641	47.7%
Expenses	<u>5,182,902</u>	<u>9,484,927</u>	4,302,025	83.0%
+/-	\$957,784	(\$416,600)		
SYSTEM TOTAL				
Revenues *	\$244,422,511	\$292,547,520	\$48,125,009	19.7%
Expenses **	<u>238,378,700</u>	<u>291,421,267</u>	53,042,567	22.3%
+/-	\$6,043,811	\$1,126,253		
TELECOM.				
Revenues	\$3,141,928	\$3,496,728	\$354,800	11.3%
Expenses	<u>3,299,928</u>	<u>3,783,774</u>	483,846	14.7%
+/-	(\$158,000)	(\$287,046)		

* Includes Consolidating Adj. FY99 \$2,321,000 Banner

** Includes Consolidating Adj. FY98 \$432,000 client/serv.pos., \$80,000 training;

FY99 \$480,000 client/serv.pos., \$2,321,000 Banner, \$80,000 training

CONNECTICUT STATE UNIVERSITY SYSTEM

Dollar & Percentage Comparison - Total Revenues and Expenditures

Excluding Fringe Benefit Block Grant

Attachment to BR#98-41

Estimated FY 1997-98 and Estimated FY 1998-99

	FY 97-98	FY 98-99	\$ / % CHANGE	
CENTRAL				
Revenues	\$88,446,374	\$89,788,750	\$1,342,376	1.5%
Expenses	<u>87,830,371</u>	<u>89,788,750</u>	1,958,379	2.2%
+/-	\$616,003	\$0		
EASTERN				
Revenues	\$42,514,558	\$46,238,310	\$3,723,752	8.8%
Expenses	<u>42,397,456</u>	<u>46,887,757</u>	4,490,301	10.6%
+/-	\$117,102	(\$649,447)		
SOUTHERN				
Revenues	\$90,900,942	\$93,246,005	\$2,345,063	2.6%
Expenses	<u>87,361,263</u>	<u>91,562,406</u>	4,201,143	4.8%
+/-	\$3,539,679	\$1,683,599		
WESTERN				
Revenues	\$43,501,384	\$43,528,211	\$26,827	0.1%
Expenses	<u>43,200,141</u>	<u>43,579,510</u>	379,369	0.9%
+/-	\$301,243	(\$51,299)		
SYSTEM OFFICE				
Revenues	\$2,706,621	\$2,592,156	(\$114,465)	-4.2%
Expenses	<u>2,706,621</u>	<u>2,592,156</u>	(114,465)	-4.2%
+/-	\$0	\$0		
SYSTEM SUPPORT				
Revenues	\$7,267,624	\$9,910,642	\$2,643,018	36.4%
Expenses	<u>6,277,525</u>	<u>10,327,242</u>	4,049,717	64.5%
+/-	\$990,099	(\$416,600)		

SYSTEM TOTAL				
Revenues *	\$275,337,503	\$282,983,074	\$7,645,571	2.8%
Expenses **	<u>\$269,261,377</u>	<u>\$281,856,821</u>	12,595,444	4.7%
+/-	\$6,076,126	\$1,126,253		

* Includes Consolidating Adj. FY99 \$2,321,000 Banner

** Includes Consolidating Adj. FY98 \$432,000 client/serv.pos., \$80,000 training;

FY99 \$480,000 client/serv.pos., \$2,321,000 Banner, \$80,000 training

TELECOM.				
Revenues	\$3,141,928	\$3,496,728	\$354,800	11.3%
Expenses	<u>3,299,928</u>	<u>3,783,774</u>	483,846	14.7%
+/-	(\$158,000)	(\$287,046)		

CONNECTICUT STATE UNIVERSITY SYSTEM

Attachment to BR#98-41

Dollar & Percentage Comparison - Educational & Auxiliary Services Revenues and Expenditures
 Excluding Fringe Benefit Block Grant
 Estimated FY 1997-98 and Estimated FY 1998-99

	FY 97-98	FY 98-99	\$ / % CHANGE	
CENTRAL				
Revenues	\$79,087,133	\$80,584,244	\$1,497,111	1.9%
Expenses	<u>78,471,130</u>	<u>80,584,244</u>	2,113,114	2.7%
+/-	\$616,003	\$0		
EASTERN				
Revenues	\$36,819,273	\$40,440,503	\$3,621,230	9.8%
Expenses	<u>36,702,171</u>	<u>41,089,950</u>	4,387,779	12.0%
+/-	\$117,102	(\$649,447)		
SOUTHERN				
Revenues	\$81,466,154	\$84,565,872	\$3,099,718	3.8%
Expenses	<u>77,926,475</u>	<u>82,882,273</u>	4,955,798	6.4%
+/-	\$3,539,679	\$1,683,599		
WESTERN				
Revenues	\$38,202,644	\$39,873,126	\$1,670,482	4.4%
Expenses	<u>37,901,401</u>	<u>39,924,425</u>	2,023,024	5.3%
+/-	\$301,243	(\$51,299)		
SYSTEM OFFICE				
Revenues	\$2,706,621	\$2,592,156	(\$114,465)	-4.2%
Expenses	<u>2,706,621</u>	<u>2,592,156</u>	(114,465)	-4.2%
+/-	\$0	\$0		
SYSTEM SUPPORT				
Revenues	\$6,140,686	\$9,068,327	\$2,927,641	47.7%
Expenses	<u>5,182,902</u>	<u>9,484,927</u>	4,302,025	83.0%
+/-	\$957,784	(\$416,600)		
SYSTEM TOTAL				
Revenues *	\$244,422,511	\$254,803,228	\$10,380,717	4.2%
Expenses **	\$238,378,700	\$253,676,975	15,298,275	6.4%
+/-	\$6,043,811	\$1,126,253		
TELECOM.				
Revenues	\$3,141,928	\$3,496,728	\$354,800	11.3%
Expenses	<u>3,299,928</u>	<u>3,783,774</u>	483,846	14.7%
+/-	(\$158,000)	(\$287,046)		

* Includes Consolidating Adj. FY99 \$2,321,000 Banner

** Includes Consolidating Adj. FY98 \$432,000 client/serv.pos., \$80,000 training;

FY99 \$480,000 client/serv.pos, \$2,321,000 Banner, \$80,000 training

CONNECTICUT STATE UNIVERSITY SYSTEM

Management/Confidential & Administrators (SUOAF/AFSCME)

Salary Caps FY 1997-98 and FY 1998-99

Management / Confidential

	<u>Central</u>	<u>Eastern</u>	<u>Southern</u>	<u>Western</u>	<u>System Office & System Support</u>
FY 97-98 (BOT APPROVED BR 97-50) <small>* Per Midyear Spending Plan</small>	\$2,347,330	\$1,696,455 *	\$2,187,444	\$1,478,611	\$2,241,600
FY 98-99 (REQUESTED CAP)	\$2,523,464	\$1,901,381	\$2,237,016	\$1,587,694	\$2,459,788
Change	\$176,134	\$204,926	\$49,572	\$109,083	\$218,188

Administrators (SUOAF /AFSCME)

	<u>Central</u>	<u>Eastern</u>	<u>Southern</u>	<u>Western</u>	<u>System Office & System Support</u>
FY 97-98 (BOT APPROVED BR 97-50)	\$7,543,565	\$4,270,645	\$6,838,899	\$4,220,772	\$1,047,255
FY 98-99 (REQUESTED CAP)	\$7,890,442	\$4,722,523	\$7,223,117	\$4,328,500	\$1,233,112
Change	\$346,877	\$451,878	\$384,218	\$107,728	\$185,857

ITEM

FY1998-99 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

The proposed FY1998-99 educational and auxiliary services' spending levels for the universities and the System Office 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, 1998. 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, FY1998-99 spending projections for the system (excluding grants, intra/inter agency, and bond funds) reflect an increase of 22.3%. The increase can be attributed largely to the block grant for fringe benefits which is being received for the first time in FY1998-99. Previously, fringe benefits for employees paid from the General Fund were paid by the state as they occurred, and were not reflected in the universities' spending plans. In FY1998-99, CSU will instead be receiving a block grant for these fringe costs; therefore, the additional appropriation, as well as the additional fringe costs, are reflected in the spending plan. Excluding the block grant for fringe benefits, spending projections for the system are increasing by 6.4%, for the most part due to negotiated salary increases approved by the Legislature, as well as approximately \$3.0 million for the implementation of the Banner system. The projected spending levels result in a \$1,126,253 addition to systemwide fund balances.

Student Enrollments

For FY1998-99, full-time undergraduate enrollment is projected to increase by 2.4% at Eastern, and by 2% at the other three universities. The two percent enrollment increase has been encouraged by the Board especially because state funding support for CSU has not kept pace with inflation. The development of this and other revenue sources is imperative to the future fiscal viability of the universities. With the exception of Eastern, full-time enrollment at the other universities had not increased for several years, but has begun to turn around in FY1997-98, with an average increase for the system of 1.9%. Overall, FTE enrollment for the system is projected to increase by 1.4% during the next academic year.

Goal Achievement Set-Aside

During FY1994-95, the Board approved the implementation of a new methodology to distribute tuition and general fund dollars. This methodology included an incentive funding component known as "Goal Achievement Set-Aside", which provided a small pool of money with which the Board could assist the universities in attaining important strategic plan goals. The methodology calls for over \$2 million to be set aside each year; however, due to the potential adverse impact upon the universities if all of those funds were diverted, only \$600,000 of the pool was retained as "Goal Achievement Set-Aside" dollars. Of this \$600,000, \$400,000 was used to fund competitive proposals by each of the four universities for programs which implemented further their strategic plans. \$200,000 went to replenish reserves used to fund additional faculty at Eastern, per an agreement entered into last year.

We recommend that this method of distribution continue this year.

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

In FY1995-96, the Board began a significant initiative to enhance the public's awareness of and improve the image of the Connecticut State University System. Since the beginning of the program, two editions of "CSU Today" have been published each year -- coinciding with CSU Days at the Big E and CSU Day at the State Capitol. During the last year, CSU was featured in *Forbes* magazine, as part of an advertising supplement regarding opportunities and resources within the state of Connecticut. Finally, CSU participates in an initiative of the Connecticut Economic Resource Center which is positioning Connecticut as the state "Where Technology is Going."

During the next fiscal year, it is proposed that \$100,000 be drawn from our reserves for a continuing program to complement our earlier efforts. The specific activities to be undertaken are described in the budget briefing book.

System Office, Management Information Systems and Systemwide Activities - General

Spending plan proposals for the System Office and for Systemwide Activities include information technology, telecommunications, and other projects which assist the system as a whole. Funding for the proposed activities will be met through a) reallocations within a base budget amount established by the Board in the tuition and general fund distribution methodology, b) new bond funds approved by the General Assembly, c) additional dollars from interest earnings on systemwide reserves which may be used without drawing down

the reserve base amount, d) systemwide reserves for selected projects, and e) operating revenues (Telecommunications). Funding will also be met through the use of unexpended operating fund balances carried forward from current operations. We recognize that these unexpended balances would normally revert to reserves, but are requesting permission to carry them forward for use in FY1998-99.

System Office

The System Office is projecting expenditures of \$3.4 million for FY1998-99, a net increase of \$732,697 or 27.1% over FY1997-98. However, if the general fund fringe benefit block grant of \$847,162 were taken into account, the year-to-date change in System Office expenditures would be a 4% 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.

Management Information Systems

For FY1998-99, we are projecting expenditures for Management Information Systems (MIS) of \$11.8 million, an increase of \$3.4 million or 41.1% over FY1997-98. After transfer of staff funding, funding for SCT Banner 2000 expenses, and capital equipment bond funding to the universities, the comparable expenditures for information technology at the systemwide level are \$4.9 million in FY1997-98 and \$6.2 million in FY1998-99, an increase of 27.9%. \$643,133 of this increase is due to the implementation of Banner, while the remainder of the increase is attributable to increased Systems Support and Help Desk staff. The planned expenditure of the \$11.8 million continues many of the normal Management Information Systems office activities, and includes a \$683,429 carryforward from the current fiscal year. The specific activities are described in the budget briefing book.

CSU as the "Hub for Learning" in Connecticut

The recent presentations by Michael Dolence about the overwhelming need to provide education for "lifelong" or "perpetual" learners, often limited by distance or time in their ability to access learning, highlighted the opportunities for us to respond to the prospective demand.

We are accordingly proposing, as a systemwide project that benefits the universities, that we allocate \$220,000 to develop and undertake the first year implementation of an initiative to position CSU as the hub of learning opportunities in Connecticut. This sum includes funding to provide support for faculty who wish to develop courses for the Internet or for other modes of distance learning, funding for a half of a position to determine faculty interest and work with those who are interested to put courses on-line, and funding for legal work to determine how best to shape an entity which would be the coordinating organization.

It is proposed that the necessary funding be allocated from system reserves.

Research and Benchmarking in Support of "Vital Few" Objectives

In support of strategic plan objectives at the universities, including enhancing student satisfaction, increasing fiscal stability, and assuring quality performance, we are proposing the allocation of \$153,000 from system reserves for projects which benefit the universities.

Specifically, this funding would support:

- benchmarking studies conducted through the national American Productivity and Quality Center, of which we are members,
- work to develop assessment mechanisms to provide feedback concerning the attainment of educational objectives,
- action research relevant to attainment of student satisfaction goals in academic affairs and student life, and
- expertise to support knowledgeable investment of university funds, pursuant to recently enacted Legislation, to enhance return while minimizing risk.

Systemwide Activities

In addition to the projects discussed above, we are proposing to continue some systemwide initiatives to be funded from systemwide fiscal resources including carryforward fund balances. These initiatives total \$660,997 and include a) university master planning, b) legal counsel for personnel grievances and grievance arbitration, c) system publications including the *Connecticut Review* and the recruitment brochure, d) system conferences, e) public relations, f) the Committee on the Arts, g) job evaluation activities, h) training in continuous quality improvement (funded through carryforward of the unused portion of a GTE grant from FY1994-95), and i) federal liaison activity to be funded through carryforward of the unused portion of a Pratt and Whitney grant from FY1996-97.

Finally, \$95,000 is recommended for two self-supporting enterprises -- the Global Majority Retreat (\$75,000), and Interconnectivity (Internet) (\$20,000).

Telecommunications System Activity

The Telecommunications operation is completing its fourth year of activity. Revenues are slightly below projections this fiscal year; operating expenditure projections are below budget as well. However, capital expenditures of approximately \$500,000 will result in a use of Telecommunications reserves of \$158,000. The Telecommunications budget for FY1998-99 is projected at \$3.8 million, including \$485,000 in projects resulting in a use of Telecommunications reserves of \$287,046.

In March of 1998, the Board of Trustees received the Advantage Communications Inc. Telecommunication Voice Study. Among the recommendations contained within the report are a realignment of voice functions between the universities and System Office, immediate

implementation of E911, and the purchase and implementation of a Telecommunications Management System. In addition to the voice study, a CSU wide network utilization study was conducted by Digital. Among the issues surfacing from this study were that the wide area network (WAN) was close to capacity and that the WAN should be upgraded; that there was a major exposure in security with lack of network firewalls and network access privileges; that campus local area networks (LANs) were experiencing areas of peak load and should be upgraded; and that network management should be improved.

Several of these issues, among others, are addressed within the Telecommunications budget. Specifically, funding is requested to support an upgrade of the Wide Area Network for data and video, and to fund a position to enhance network security, a position to coordinate and supervise the WAN and LANs, and a position to provide operations support to the network. Funds above those available in prior years are also necessary to support increased maintenance costs.

Reserves available in the telecommunications fund would provide for the purchase of an E911 upgrade, and the purchase of a telecommunications management system.

Central Connecticut State University

Central projects educational and auxiliary services' expenditures of \$93.0 million for FY1998-99; \$14.6 million or 18.5% greater than the current fiscal year. Excluding the general fund fringe benefit block grant, expenditures are increasing \$2.1 million or 2.7% over the current year. Overall expenditures including construction bond funds, equipment bond funds and federal and private grants amount to \$102.2 million. The \$2.1 million increase can be attributed primarily to an estimated \$1.6 million in salary increases projected for FY1998-99, and \$600,000 in Banner implementation costs.

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 \$46.6 million for FY1998-99; \$9.9 million or 26.9% higher than the current fiscal year. Excluding the general fund fringe benefit block grant, expenditures are increasing \$4.4 million or 12.0% over the current year. Overall expenditures including construction bond funds, equipment bond funds and federal and private grants amount to \$52.4 million. The \$4.4 million increase can be attributed in large part to an estimated \$2.9 million in increased personnel costs, including salary increases projected for FY1998-99, five new faculty positions, and thirteen other new positions. Additionally, \$521,000 is budgeted for Banner implementation, while approximately \$1 million is budgeted for non-salary expenditures including increases in self-supporting expenditures such as housing and food service, reflecting the startup of a new residence hall in FY1998-99.

To balance its budget, Eastern projects the drawdown of \$649,447 in institutional reserves for FY1998-99. Eastern also projects the drawdown of reserves during FY1999-00. However,

with careful management of resources on both the revenue and expense sides, we are convinced that Eastern will not need to draw down reserves past FY1999-00.

Eastern's undesignated fund balances meet the Board's fund balance guideline requirements for FY1998-99. However, they may fall below the required level over the next fiscal year given their efforts to respond to increased enrollment.

Southern Connecticut State University

Southern projects educational and auxiliary services' expenditures of \$95.9 million for FY1998-99. This is an increase of approximately \$18.0 million or 23.0% over FY1997-98. Excluding the general fund fringe benefit block grant, expenditures are increasing \$5.0 million or 6.4% over the current year. Overall expenditures including construction bond funds, equipment bond funds and federal and private grants amount to \$104.6 million. Of the \$5.0 million, approximately \$2.2 million is budgeted for increased personnel costs, including negotiated salary increases, seventeen new full-time positions, three position reclassification actions, and the refilling of twelve positions held vacant during the current year due to last year's Early Retirement Program. Additionally, \$600,000 is budgeted for Banner implementation, \$1.2 million from ERIP savings is projected to be spent on strategic initiatives, and approximately \$900,000 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 \$2,430,000 of the increased expenditures for FY1998-99 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 an addition to fund balances of \$1.7 million for FY1998-99.

Western Connecticut State University

Western projects educational and auxiliary services expenditures of \$45.9 million for FY1998-99; an increase of \$8.0 million or 21.1% over FY1997-98. Excluding the general fund fringe benefit block grant, expenditures are increasing \$2.0 million or 5.3% over the current year. Overall expenditures including construction bond funds, equipment bond funds and federal and private grants amount to \$49.6 million. Of the \$2.0 million, approximately \$1.0 million is required to meet salary increases, the hiring of two new staff, and the refilling of two positions held vacant during the current year. The balance of the increase is for Banner implementation costs and other miscellaneous expenditures.

Western will only require a small use of institutional reserves (\$51,000) to balance its budget in FY1998-99. However, in the long run Western will need to continue to maximize non-tuition revenues and to restrain expenses carefully, due to the anticipated impact of the new funding formula upon the university, projected to reduce their funding support by approximately \$3.0 million over 10 years.

Summary

The spending plan proposals have been reviewed by the Finance, 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 strategic plan goals. Central has presented a balanced budget. Southern's budget contributes \$1.7 million to their fund balance, while the spending plans for Western and Eastern project the use of reserves. While Western's use of reserves is minimal, Eastern's budget reflects the continuation of last year's proposal to use institutional reserves coupled with a special funding arrangement from FY1997-98 to FY1999-00 to meet their on-going spending needs. Also, when all of the universities submit their plans for institutional advancement prior to the beginning of the academic year, we will ask the trustees to consider the authorization of university reserves to fund the initial stages of those plans.

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 and benchmarking, CSU as the "Hub for Learning" in Connecticut, and enhancing public awareness of the CSU System. 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 FY1998-99 Institutional Spending Plans and Authorized Expenditure Levels for Management and Confidential Professional Personnel and SUOAF-AFSCME Administrators be approved.