



RESOLUTION

concerning

**FY2005-06 INSTITUTIONAL SPENDING PLANS AND
AUTHORIZED EXPENDITURE LEVELS
FOR
MANAGEMENT & CONFIDENTIAL PROFESSIONAL PERSONNEL
AND SUOAF-AFSCME ADMINISTRATORS**

July 22, 2005

- 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 2005-06 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 FY2005-06 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 2005-06 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	\$ 4,677,747
System Support	6,405,826
<i>OnlineCSU</i>	954,967
Systemic IT Strategic Initiative	2,542,860
Central Connecticut State University	142,780,964
Eastern Connecticut State University	76,466,470
Southern Connecticut State University	143,280,090
Western Connecticut State University	75,989,389

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	\$ (584,386)
System Support	(260,000)
<i>OnlineCSU</i>	(108,214)
Systemic IT Strategic Initiative	(2,542,860)
Central Connecticut State University	694,218
Eastern Connecticut State University	(951,468)
Southern Connecticut State University	1,104,778
Western Connecticut State University	(309,994)

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 2005-06:

System Office and System Support	\$ 1,025,273
Systemic IT Strategic Initiative	1,300,575
Central Connecticut State University	11,541,284
Eastern Connecticut State University	8,010,750
Southern Connecticut State University	11,673,296
Western Connecticut State University	7,482,466

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 2005-06:

System Office and System Support	\$	3,578,435
Central Connecticut State University		3,574,977
Eastern Connecticut State University		3,384,997
Southern Connecticut State University		3,701,968
Western Connecticut State University		2,789,781

and be it further

RESOLVED, That for FY2005-06 each university is expected to raise projected tuition revenues, as follows:

FY2005-06 Tuition Revenue Projections

	<u>CCSU</u>	<u>ECSU</u>	<u>SCSU</u>	<u>WCSU</u>
Net Revenue	\$25,511,314	\$12,585,728	\$25,476,072	\$14,331,154

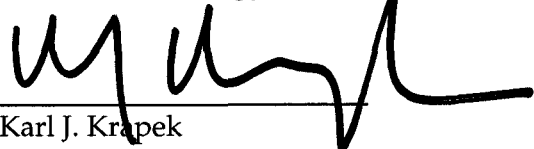
and be it further

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 2005-06, and be it further

RESOLVED, That all university caps may be reduced during the year to reflect savings realized from the implementation of the Systemic IT Strategic Initiative, 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:



Karl J. Krapek
Vice-Chairman

CONNECTICUT STATE UNIVERSITY SYSTEM

Dollar & Percentage Comparison - Educational & Auxiliary Services Revenues and Expenditures
 Budgeted FY 2004-05 and Budgeted FY 2005-06

	FY 04-05 Budget	FY 05-06 Budget	\$ / % CHANGE	
CENTRAL				
Revenues	143,842,376	153,669,234	9,826,858	6.83%
Expenses	130,503,951	142,780,964	12,277,013	9.41%
Transfers for Debt Service	(7,636,412)	(7,975,877)	(339,465)	4.45%
+/- Before Other Transfers	5,702,013	2,912,393	(2,789,620)	-48.92%
Other Transfers	(5,339,877)	(2,218,175)	3,121,702	-58.46%
+/- After Transfers	362,136	694,218	332,082	91.70%
EASTERN				
Revenues	75,663,349	83,617,046	7,953,697	10.51%
Expenses	69,927,866	76,466,470	6,538,604	9.35%
Transfers for Debt Service	(5,389,328)	(7,402,702)	(2,013,374)	37.36%
+/- Before Other Transfers	346,155	(252,126)	(598,281)	-172.84%
Other Transfers	(881,907)	(699,342)	182,565	-20.70%
+/- After Transfers	(535,752)	(951,468)	(415,716)	77.59%
SOUTHERN				
Revenues	148,050,731	155,193,240	7,142,509	4.82%
Expenses	134,924,660	143,280,090	8,355,430	6.19%
Transfers for Debt Service	(10,152,931)	(10,588,984)	(436,053)	4.29%
+/- Before Other Transfers	2,973,140	1,324,166	(1,648,974)	-55.46%
Other Transfers	(1,721,092)	(219,388)	1,501,704	-87.25%
+/- After Transfers	1,252,048	1,104,778	(147,270)	-11.76%
WESTERN				
Revenues	79,648,948	82,345,328	2,696,380	3.39%
Expenses	73,103,204	75,989,389	2,886,185	3.95%
Transfers for Debt Service	(5,026,980)	(5,618,175)	(591,195)	11.76%
+/- Before Other Transfers	1,518,764	737,764	(781,000)	-51.42%
Other Transfers	(1,314,062)	(1,047,758)	266,304	-20.27%
+/- After Transfers	204,702	(309,994)	(514,696)	-251.44%
SYSTEM OFFICE				
Revenues	4,474,629	4,693,361	218,732	4.89%
Expenses	4,374,629	4,677,747	303,118	6.93%
Transfers for Debt Service	-	-	-	NA
+/- Before Other Transfers	100,000	15,614	(84,386)	-84.39%
Other Transfers	(100,000)	(600,000)	(500,000)	500.00%
+/- After Transfers	-	(584,386)	(584,386)	NA
ONLINE CSU				
Revenues	-	-	-	NA
Expenses	707,241	954,967	247,726	35.03%
Transfers for Debt Service	-	-	-	NA
+/- Before Other Transfers	(707,241)	(954,967)	(247,726)	35.03%
Other Transfers	850,434	846,753	(3,681)	-0.43%
+/- After Transfers	143,193	(108,214)	(251,407)	-175.57%
SYSTEM SUPPORT				
Revenues	6,421,162	6,145,826	(275,336)	-4.29%
Expenses	6,421,162	6,405,826	(15,336)	-0.24%
Transfers for Debt Service	-	-	-	NA
+/- Before Other Transfers	-	(260,000)	(260,000)	NA
Other Transfers	-	-	-	NA
+/- After Transfers	-	(260,000)	(260,000)	NA
SYSTEMIC IT STRATEGIC INITIATIVE				
Revenues	-	-	-	NA
Expenses	-	2,542,860	2,542,860	NA
Transfers for Debt Service	-	-	-	NA
+/- Before Other Transfers	-	(2,542,860)	(2,542,860)	NA
Other Transfers	-	-	-	NA
+/- After Transfers	-	(2,542,860)	(2,542,860)	NA
CONSOLIDATING ADJUSTMENT				
Revenues	-	-	-	NA
Expenses	-	(574,686)	(574,686)	NA
Transfers for Debt Service	-	-	-	NA
+/- Before Other Transfers	-	574,686	574,686	NA
Other Transfers	-	-	-	NA
+/- After Transfers	-	574,686	574,686	NA
SYSTEM TOTAL				
Revenues	458,101,195	485,664,035	27,562,840	6.02%
Expenses	419,962,713	452,523,627	32,560,914	7.75%
Transfers for Debt Service	(28,205,651)	(31,585,738)	(3,380,087)	11.98%
+/- Before Other Transfers	9,932,831	1,554,670	(8,378,161)	-84.35%
Other Transfers	(8,506,504)	(3,937,910)	4,568,594	-53.71%
+/- After Transfers	1,426,327	(2,383,240)	(3,809,567)	-267.09%
TELECOM.				
Revenues	4,312,543	4,598,735	286,192	6.64%
Expenses	3,949,347	4,098,735	149,388	3.78%
Transfers for Debt Service	-	-	-	NA
+/- Before Other Transfers	363,196	500,000	136,804	37.67%
Other Transfers	(395,935)	(500,000)	(104,065)	26.28%
+/- After Transfers	(32,739)	-	32,739	-100.00%

NOTE: Consolidating Adjustment reflects savings anticipated from the implementation of the Systemic IT Strategic Initiative. As these savings are specifically realized, University budgets may be adjusted accordingly.

CONNECTICUT STATE UNIVERSITY SYSTEM

Dollar & Percentage Comparison - Educational & Auxiliary Services Revenues and Expenditures
Estimated FY 2004-05 and Budgeted FY 2005-06

	FY 04-05 Estimate	FY 05-06 Budget	\$ / % CHANGE	
CENTRAL				
Revenues	144,479,520	153,669,234	9,189,714	6.36%
Expenses	128,011,420	142,780,964	14,769,544	11.54%
Transfers for Debt Service	<u>(7,694,882)</u>	<u>(7,975,877)</u>	<u>(280,995)</u>	3.65%
+/- Before Other Transfers	8,773,218	2,912,393	(5,860,825)	-66.80%
Other Transfers	<u>(6,566,379)</u>	<u>(2,218,175)</u>	<u>4,348,204</u>	-66.22%
+/- After Transfers	2,206,839	694,218	(1,512,621)	-68.54%
EASTERN				
Revenues	75,655,923	83,617,046	7,961,123	10.52%
Expenses	70,536,451	76,466,470	5,930,019	8.41%
Transfers for Debt Service	<u>(4,676,972)</u>	<u>(7,402,702)</u>	<u>(2,725,730)</u>	58.28%
+/- Before Other Transfers	442,500	(252,126)	(694,626)	-156.98%
Other Transfers	<u>(646,637)</u>	<u>(699,342)</u>	<u>(52,705)</u>	8.15%
+/- After Transfers	(204,137)	(951,468)	(747,331)	366.09%
SOUTHERN				
Revenues	147,064,078	155,193,240	8,129,162	5.53%
Expenses	133,370,271	143,280,090	9,909,819	7.43%
Transfers for Debt Service	<u>(10,376,840)</u>	<u>(10,588,984)</u>	<u>(212,144)</u>	2.04%
+/- Before Other Transfers	3,316,967	1,324,166	(1,992,801)	-60.08%
Other Transfers	<u>(1,311,453)</u>	<u>(219,388)</u>	<u>1,092,065</u>	-83.27%
+/- After Transfers	2,005,514	1,104,778	(900,736)	-44.91%
WESTERN				
Revenues	78,172,805	82,345,328	4,172,523	5.34%
Expenses	70,949,649	75,989,389	5,039,740	7.10%
Transfers for Debt Service	<u>(5,809,460)</u>	<u>(5,618,175)</u>	<u>191,285</u>	-3.29%
+/- Before Other Transfers	1,413,696	737,764	(675,932)	-47.81%
Other Transfers	<u>(1,412,328)</u>	<u>(1,047,758)</u>	<u>364,570</u>	-25.81%
+/- After Transfers	1,368	(309,994)	(311,362)	-22760.38%
SYSTEM OFFICE				
Revenues	4,359,670	4,693,361	333,691	7.65%
Expenses	4,259,670	4,677,747	418,077	9.81%
Transfers for Debt Service	-	-	-	NA
+/- Before Other Transfers	100,000	15,614	(84,386)	-84.39%
Other Transfers	<u>(100,000)</u>	<u>(600,000)</u>	<u>(500,000)</u>	500.00%
+/- After Transfers	-	(584,386)	(584,386)	NA
ONLINE CSU				
Revenues	-	-	-	NA
Expenses	572,230	954,967	382,737	66.89%
Transfers for Debt Service	-	-	-	NA
+/- Before Other Transfers	(572,230)	(954,967)	(382,737)	66.89%
Other Transfers	<u>848,094</u>	<u>846,753</u>	<u>(1,341)</u>	-0.16%
+/- After Transfers	275,864	(108,214)	(384,078)	-139.23%
SYSTEM SUPPORT				
Revenues	6,536,201	6,145,826	(390,375)	-5.97%
Expenses	6,311,887	6,405,826	93,939	1.49%
Transfers for Debt Service	-	-	-	NA
+/- Before Other Transfers	224,314	(260,000)	(484,314)	-215.91%
Other Transfers	-	-	-	NA
+/- After Transfers	224,314	(260,000)	(484,314)	-215.91%
SYSTEMIC IT STRATEGIC INITIATIVE				
Revenues	-	-	-	NA
Expenses	-	2,542,860	2,542,860	NA
Transfers for Debt Service	-	-	-	NA
+/- Before Other Transfers	-	(2,542,860)	(2,542,860)	NA
Other Transfers	-	-	-	NA
+/- After Transfers	-	(2,542,860)	(2,542,860)	NA
CONSOLIDATING ADJUSTMENT				
Revenues	-	-	-	NA
Expenses	-	(574,686)	(574,686)	NA
Transfers for Debt Service	-	-	-	NA
+/- Before Other Transfers	-	574,686	574,686	NA
Other Transfers	-	-	-	NA
+/- After Transfers	-	574,686	574,686	NA
SYSTEM TOTAL				
Revenues	456,268,197	485,664,035	29,395,838	6.44%
Expenses	414,011,578	452,523,627	38,512,049	9.30%
Transfers for Debt Service	<u>(28,558,154)</u>	<u>(31,585,738)</u>	<u>(3,027,584)</u>	10.60%
+/- Before Other Transfers	13,698,465	1,554,670	(12,143,795)	-88.65%
Other Transfers	<u>(9,188,703)</u>	<u>(3,937,910)</u>	<u>5,250,793</u>	-57.14%
+/- After Transfers	4,509,762	(2,383,240)	(6,893,002)	-152.85%
TELECOM.				
Revenues	4,430,137	4,598,735	168,598	3.81%
Expenses	3,913,234	4,098,735	185,501	4.74%
Transfers for Debt Service	-	-	-	NA
+/- Before Other Transfers	516,903	500,000	(16,903)	-3.27%
Other Transfers	<u>(473,935)</u>	<u>(500,000)</u>	<u>(26,065)</u>	5.50%
+/- After Transfers	42,968	-	(42,968)	-100.00%

NOTE: Consolidating Adjustment reflects savings anticipated from the implementation of the Systemic IT Strategic Initiative. As these savings are specifically realized, University budgets may be adjusted accordingly.

CONNECTICUT STATE UNIVERSITY SYSTEM

Management/Confidential & Administrators (SUOAF/AFSCME)

Salary Caps FY 2004-05 and FY 2005-06

Management / Confidential

	<u>Central</u>	<u>Eastern</u>	<u>Southern</u>	<u>Western</u>	<u>Systemic IT Strategic Initiative</u>	<u>System Office & System Support</u>
FY 2004-05 (BOT APPROVED BR 04-33)	\$3,569,248	\$3,183,323	\$3,530,794	\$2,592,370	\$0	\$3,236,985
FY 2005-06 (REQUESTED CAP)	\$3,574,977	\$3,384,997	\$3,701,968	\$2,789,781	\$0	\$3,578,435
Change	\$5,729	\$201,674	\$171,174	\$197,411	\$0	\$341,450

Administrators (SUOAF /AFSCME)

	<u>Central</u>	<u>Eastern</u>	<u>Southern</u>	<u>Western</u>	<u>Systemic IT Strategic Initiative</u>	<u>System Office & System Support</u>
FY 2004-05 (BOT APPROVED BR 04-33)	\$10,813,100	\$6,905,272	\$10,620,883 *	\$7,003,344	\$0	\$1,375,611
FY 2005-06 (REQUESTED CAP)	\$11,541,284	\$8,010,750	\$11,673,296	\$7,482,466	\$1,300,575	\$1,025,273
Change	\$728,184	\$1,105,478	\$1,052,413	\$479,122	\$1,300,575	(\$350,338)

* Adjusted at Mid -Year

NOTE: UNIVERSITY CAPS FOR FY06 MAY BE ADJUSTED TO REFLECT SAVINGS RESULTING FROM THE IMPLEMENTATION OF THE SYSTEMIC IT STRATEGIC

ITEM

FY2005-06 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 FY2005-06 educational and auxiliary services' spending levels for the universities and the System Office were reviewed by the Finance and Administration Committee and other members of the Board during discussions with the Chancellor and his staff, and the presidents of the universities and their staffs on June 23, 2005. The discussions covered a number of issues of concern to each university and the System Office, as well as issues relating to the educational and fiscal viability of our universities. Brief highlights of the major issues are discussed in the following paragraphs. All numbers assume the adoption of the new distribution methodology, which is being recommended for approval by the Finance and Administration Committee at its July 14 meeting, and will be submitted to the full Board on July 22.

System Spending Projections

Overall, FY2005-06 spending projections for the System (including the four universities, System Office, System Support, *OnlineCSU* and the new Systemic IT Strategic Initiative, excluding grants, intra/inter agency, and bond funds) reflect an increase of 9.2% over estimated FY2004-05 expenditures, and 7.6% over budgeted FY2004-05 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, and food service contracts (offset by food service revenue), reflect additional expenses at the university level. These increases also anticipate that \$574,686 in expenditures for the Systemic IT Strategic Initiative are offset by savings within the universities.

Student Enrollments

For FY2005-06, full-time undergraduate enrollment is projected to increase by 0.9% Systemwide, due to increases at Eastern (2.2%) and Western (3.0%), while Central and Southern are projecting their enrollment to remain at the FY2004-05 level. The number of public high school graduates transitioning to higher education is projected to increase 40% between 1998 and 2008. CSU has experienced growth in its full-time undergraduate enrollment of 27.6% since FY97; full-time enrollment is at an all-time high. However, because of continuing cuts in state funding, the CSU universities cannot continue their enrollment growth as we have seen in the past several years without sacrificing the quality of education offered. The universities are at physical and programmatic capacity, and continue to wrestle with funding and staffing issues. The spending plans reflect the universities' recognition that without additional State investment in higher education to fund the expansion of our educational infrastructure – faculty and staff – to accommodate this ever-growing student population, enrollment increases of the type experienced from 1997 through 2005 are no longer possible.

Central Connecticut State University

Central projects educational and auxiliary services expenditures of \$142.8 million for FY2005-06, \$14.8 million or 11.5% greater than FY2004-05 estimate, and \$12.3 million or 9.4% higher than FY2004-05 budget. The \$14.8 million increase can be attributed mainly to salary increases and 19 new full time positions (including 10 new faculty positions), part time positions, and increased fringe benefits. All Other Expenses also increased, reflecting higher utility, services and food service expenses.

For FY2005-06, Central is projecting a surplus of \$694,218. Central's undesignated fund balance is projected to meet the Board guideline requirements for FY2005-06.

Eastern Connecticut State University

Eastern's educational and auxiliary services expenditures are projected to be \$76.5 million for FY2005-06, \$5.9 million or 8.4% higher than FY2004-05 estimate, and \$6.5 million or 9.4% higher than FY2004-05 budget. The \$5.9 million increase can be attributed primarily to salary increases, the addition of 27 new positions (including 14 SUOAF, seven maintenance, and two faculty positions), and increased fringe benefit expense. The new positions include staffing for the Early Childhood Development Center (Executive Director, four teaching assistants, four Master Teachers, one secretary, one IT technical support person, and three custodians), for which funding will be provided by a combination of state funding and usage fees. All Other Expenses are projected to increase for utilities, (reflecting increased energy costs), and services.

Eastern projects a deficit of \$951,468 for FY2005-06. Eastern's undesignated fund balance is projected to be below the Board's fund balance guideline requirements for FY2005-06.

Southern Connecticut State University

Southern projects educational and auxiliary services expenditures of \$143.3 million for FY2005-06. This is an increase of approximately \$9.9 million or 7.4% over FY2004-05 estimate, and \$8.4 million or 6.2% over FY2004-05 budget. The \$9.9 million increase can be primarily attributed to salary increases, the refill of 6 vacancies, 14 new positions (including four faculty and one counselor), and fringe benefit expense. Southern also is projecting higher Other Operating Expense related to utilities, services and food service. Utilities reflect anticipated price increases as well as the completion of the new Student Center and Engleman Hall.

Southern is projecting a surplus of \$1,104,778 for FY2005-06, including an infusion of \$500,000 in Systemwide reserves to offset a loss of General Fund dollars resulting from revisions to the General Fund distribution methodology. Southern's undesignated fund balance is projected to be within Board guidelines for FY 2005-06.

Western Connecticut State University

Western projects educational and auxiliary service expenditures of \$76.0 million for FY2005-06, an increase of \$5.0 million or 7.1% over FY2004-05 estimate and \$2.9 million or 4.0% over FY2004-05 budget. The \$5.0 million increase is due to salary increases, the refill of nine vacant positions (including three faculty), four new positions, and increased fringe benefit expense. Increases in Other Operating Expenses reflect higher utilities offset in part by lower repairs.

Western is projecting a deficit of \$309,994 for FY2005-06. Western's undesignated fund balance is projected to be within Board guidelines for FY2005-06.

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. The study, which will be completed in early FY06, will analyze perceptions of CSU held by prospective students, their parents, high school guidance counselors and business leaders. Once the data gathered by this study are analyzed, CSU will be able to develop programs targeted to specific audiences in order to increase public awareness and understanding. In addition, the System Office's newsletter, "CSU Universe," continued production for a fifth year. The newsletter profiles outstanding faculty, students and alumni at each of our universities. The newsletter, which is distributed both in print and via the Internet, targets both internal and external audiences, including CSU employees, CSU alumni, state legislators, school superintendents, guidance counselors, and presidents of peer institutions. Another publication completed and distributed during the past year and slated for distribution again in FY2006 is a pop-up brochure, "College Quest," which

provides information to young students and their parents about the courses and skills needed to gain entry to a college or university. More than 8,000 of these brochures were distributed by public school teachers to sixth-, seventh- and eighth-grade students.

During the next fiscal year, \$232,000 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,
- 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 \$4.7 million for FY2005-06. This is an increase of \$418 thousand or 9.8% over the FY2004-05 estimate and \$303 thousand or 6.9% higher than the FY2004-05 budget. It is proposed that \$84,386 of these expenditures be funded using Systemwide reserves. After adjusting for the use of reserves, the increase over the FY2004-05 budget is 5.0%. In addition, \$500,000 in Systemwide reserves will be transferred to Southern to offset a loss of General Fund dollars resulting from revisions to the General Fund distribution methodology.

Information Technology Services

The creation of the Systemic IT Strategic Initiative has reduced the level of FY 2005-06 budgeted expenditures for Information Technology Services with the anticipated transfer of staffing to the new organization. For FY2005-06, we are projecting expenditures for Information Technology Services (ITS) of \$8.8 million (including capital equipment bond funds), a decrease of \$422,679 or 4.6% from the FY2004-05 estimate and a decrease of \$310,888 or 3.4% versus FY2004-05 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 \$6.3 million in FY2004-05 (estimate) and \$5.8 million in FY2005-06, a decrease of 6.7%. After transfers, comparable expenditures versus FY2004-05 budget show a decrease of 5.1%. The planned expenditure of \$5.8 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.

Systemic IT Strategic Initiative

The FY 2005-06 budget reflects the first-year implementation of the Systemic IT Strategic Initiative "Tiger-Teams." The total cost of the "Tiger-Teams" is anticipated to be \$2,542,860 in FY 2005-06. This cost anticipates staffing of 19 full-time employees: five from the System Support IT unit, and 14 from other sources, as well as \$800,000 in non-personnel expenses. The Spending Plan anticipates that the 14 additional personnel are transferred from the universities, resulting in total personal services expenditure reductions across the System of \$1,149,371; while \$593,489 in personal services expenses and the \$800,000 in non-personnel expenditures are funded from Systemwide reserves. In addition, during the Finance and Administration Committee meeting, the Committee agreed that the universities should retain one half of any savings generated from the implementation of the "Tiger-Teams"; therefore, one half of the anticipated expenditure reductions, or \$574,685, will also be funded from Systemwide reserves. Because it is not yet currently known which specific staff will take advantage of these opportunities on which teams, the university spending plans do not yet reflect a reduction in their own expenditures to reflect the anticipated savings. The Consolidating Adjustment of \$574,686 reflects the one-half of the anticipated reductions of \$1,149,371 to total CSU expenses. The total savings actually realized by the universities may be more or less than that reflected in the Spending Plan. Therefore, authorization is requested for a use of reserves up to \$2.5 million for implementation of the Systemic IT Strategic Initiative. Additional use of reserves may also be requested during the course of the year. As requested by the Finance and Administration Committee, a progress report on the implementation of the Systemic Initiative, including an update of savings at each university, will be presented at every Finance and Administration Committee meeting following adoption of this Spending Plan, until implementation is completed.

As an approach to improving security, as recommended by our independent auditors, the implementation of this Strategic Initiative through the "Tiger-Team" approach is a prudent investment for the System, since it leverages economies of scale, and ultimately results in cost avoidance for the universities and the System. Thus, even though there are non-personnel costs which cannot at the present time be allocated precisely to each university, these costs are actually less than would be spent if each university were to implement the projects separately. For example, some of the initiatives that are anticipated to be undertaken by the "Tiger-Teams" in FY06 involve the implementation of software for project management, monitoring, and intrusion detection. If each university were to purchase its own monitoring software, the cost would be in the neighborhood of \$30-40 thousand **per university**. Using a Systemwide, "Tiger-Team" approach, the total cost to the System is anticipated to be \$50-70 thousand, for a net Systemwide savings of \$50-110 thousand. Likewise, if each university were to purchase its own intrusion detection software, the cost would average around \$40 thousand **per university**. Using the Tiger-Team approach, the software is anticipated to cost approximately \$50-75 thousand in total, for a Systemwide savings of \$85-110 thousand. Clearly, the benefit of this approach to the universities and the System is substantial.

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, including the use of reserves. The

projects include a) the completion of the SCSU and WCSU master plan; b) continuation of the contract compliance unit including the continuation of a funded legal support position; 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 and a Higher Education Research Institute College Student survey; g) support for academic priorities, including assessment and alignment; h) legal counsel for personnel grievances and grievance arbitration; i) support for activities recommended by the Committee on the Arts; j) Systemwide academic conferences; k) support for strategic planning activities; and l) consultant support for a Systemwide program cost study which will provide information critical to decision making at the universities and the System Office regarding strategic direction and resource allocation; and an assessment of internal controls, which is recommended by NACUBO as a best practice based upon the Sarbanes-Oxley Act of 2002. Two of these programs are proposed to be funded from Systemwide reserves: consultant support for a Systemwide program cost study (\$200,000), and additional funding required for master planning activity over the prior year budgeted level (\$60,000). All of the above initiatives total \$1,286,889, an increase of \$313,602 or 32.2% from FY2004-05 budget. After adjusting for the use of reserves, the increase over budget totals \$53,602 or 5.5%.

Finally, \$84,500 is recommended for the Global Majority Retreat, a self-supporting enterprise.

Telecommunications System Activity

The Telecommunications operation is completing its eleventh year of activity. Revenues are estimated to be slightly ahead of budget this fiscal year (2.7%) while operating expenditure projections are less than one percent below budget, resulting in a net surplus of \$42,968 after transfers to the Telecommunications plant fund. The Telecommunications expense budget for FY2005-06 is projected at \$4.1 million, resulting in a surplus of \$500,000, 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 has been upgraded and continues to be deployed to the campuses as outlined in the Advantage study. The PBX upgrade was postponed due to the Network Architecture study but now is moving forward and is expected to be completed during FY06. Following the pilot "student voice mail" project, implementation was completed for all universities. Contracts continue to be reviewed and opportunities to use existing State contracts are leveraged whenever beneficial. This past year CSU made use of the UConn Paetec contract to reduce local call costs while UConn began using CSU's new contract to reduce their long distance costs. CSU continues to participate in the Connecticut Education Network (CEN) to reduce and hold down bandwidth costs. The plan to replace existing UPS systems has been completed. Additional UPS systems will be installed as part of existing capital projects per the original UPS plan.

In addition, the creation of a plan to convert CSU's Wide Area Network (WAN) to Dense Wave Division Multiplexing (DWDM) has commenced. This is in keeping with the Network Architecture recommendation to upgrade the WAN. This upgrade will position CSU to consider implementation of the recommended pilot of Internet 2. The rollout of the Pinnacle web-enabled telecommunication management system (TMS) is also continuing. To meet the goals articulated in the IT Strategic Plan, Telecommunications will be proceeding with recommendations resulting from the Network Architecture Study, Security Evaluation, and Telecom Efficiency Study. In addition to these initiatives, the Telecommunications department continues to work with the universities on all construction projects from design through completion to ensure state of the art telecommunications systems are designed, budgeted, installed and implemented in each of these projects.

OnlineCSU

OnlineCSU, now in its seventh year, is a true success story, with consistent surpluses since FY2003. The program's success from a fiscal standpoint was recently confirmed by an Internal Audit report verifying *OnlineCSU*'s FY04 positive bottom line. The surplus for FY2005 is estimated at approximately \$1.0 million, while the surplus for FY2006 is projected to be in the range of \$1.2 million. 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.

In order to offset vendor costs related to the transition and the System Office support function, the universities pay a per credit hour cross-charge. In FY2003, the first year of the transition, *OnlineCSU* ended the year with a deficit of \$142,737 due to upfront transition costs; this deficit was funded through System Support reserves with the agreement that these reserves would be recouped in the following years through the cross-charge. In FY04, this deficit was more than fully recouped, resulting in a return of almost \$200,000 to the universities; this return will take place before the end of FY05. For FY05, it is currently anticipated that System Office support will again be able to return some funding to the universities, due to lower than anticipated expenditures in the unit.

FY06 will once again be a year of transition for *OnlineCSU*. In FY06, CSU will be implementing WebCT's VISTA product to replace WebCT's Campus Edition, which is the platform on which *OnlineCSU* is currently run. VISTA, in addition to supporting

OnlineCSU, will handle all of the campus-based on-ground, web-enhanced education. It is not known at this time how these changes will impact vendor support cost for *OnlineCSU*. Until such impacts are more fully understood, it is recommended that for FY06, the rate of university reimbursement for System Office support and vendor support be held steady at \$47.00 per credit hour and \$31.00 per credit hour, respectively.

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), the new Systemic IT Strategic Initiative, and other System Support activities, reflect continued implementation of the Systemwide IT Strategic Plan, as well as continuation of campus Master Planning, and Systemwide Awareness Enhancing. In addition, funding is proposed to continue a number of other Systemwide activities that provide a variety of services to the universities.

CHANCELLOR'S RECOMMENDATION

The proposed FY2005-06 Institutional Spending Plans and Authorized Expenditure Levels for Management and Confidential Professional Personnel and SUOAF-AFSCME Administrators be approved.