



RESOLUTION

concerning

FY 1999-01 BIENNIAL BUDGET REQUEST - GENERAL FUND
AND OPERATING FUND

August 21, 1998

- WHEREAS, The Board of Trustees for the Connecticut State University system under its statutory authority shall "review and approve institutional budget requests and prepare and submit to the Board of Governors of Higher Education,..." for review and recommendation, and
- WHEREAS, A proposed FY 1999-01 Biennial Budget Current Services request which includes continuation funding for positions projected to be funded through the General Fund and the Operating Fund; funding to meet known collective bargaining requirements; funding to meet operating costs for new General Fund facilities projected to go on-line; and a request for State reimbursement of statutory tuition waivers in excess of two and one half percent of total tuition revenues has been developed for submission to DHE and OPM, and
- WHEREAS, Inflationary increases for expenditures reflected in the Operating Fund component of the budget are based upon guidelines provided by OPM, and
- WHEREAS, The budget process furthermore provides for requesting funding for programmatic initiatives or other "above current service" needs, and
- WHEREAS, The Above Current Service Request is reflective of CSU's commitment to lifelong learning, and
- WHEREAS, \$220,000 in funding was granted from Systemwide reserves by the Board of Trustees during the FY1998-99 spending plan process to undertake the first year implementation of an initiative, known as CSU-ED Online, which will position CSU as the hub of learning opportunities in Connecticut, and
- WHEREAS, Funding is needed beyond the first year for ongoing startup costs of course development, advertising and marketing, and faculty support to continue the initiative, and

WHEREAS, Over the past year CSU has upgraded its Library System hardware and begun subscribing to full text resources through the Internet for students, faculty, and staff; and has partnered with the State Library to provide access to the collections of both entities through the on-line catalog system (CONSULS), and

WHEREAS, Future on-line library upgrades will be increasingly more costly as new technologies emerge, more text is stored on-line, and access increases, and

WHEREAS, The CSU Strategic Plan was adopted by the Board of Trustees in 1996, and was estimated to require an additional \$15 million per year for implementation at that time, and

WHEREAS, For FY1997-98 and FY1998-99 the Governor and the General Assembly generously permitted the CSU System to retain approximately \$5 million per year from savings from the 1997 Early Retirement Incentive Program, which the Board allocated for Strategic Plan implementation, and

WHEREAS, Additional funds will enable CSU to move forward to implement the second phase of its Strategic Plan, therefore be it

RESOLVED, That the Board of Trustees for the Connecticut State University system hereby approves and submits for review and recommendations to the Board of Governors a biennial budget Current Services request of \$348,404,209 and \$356,318,484 for FY1999-00 and FY2000-01 respectively, including expected collective bargaining increases. A breakdown of the current service request is shown below:

	FY 1999-00*		
	General Fund	Operating Fund	Total
Personal Services	\$123,498,152	\$58,961,500	\$182,459,652
Fringe Benefits	40,754,390	15,329,990	56,084,380
Other Expenses	305,425	65,853,184	66,158,609
Equipment		5,873,929	5,873,929
Scholarship Aid:			
Federal/Private		11,615,702	11,615,702
Institutional		9,647,183	9,647,183
Waiver Reimb.	245,703		245,703
Federal/Private		3,476,599	3,476,599
Debt service		12,842,452	12,842,452
TOTAL	\$164,803,670	\$183,600,539	\$348,404,209

*Includes 27 pay periods

FY 2000-01

	General Fund	Operating Fund	Total
Personal Services	\$124,021,847	\$61,272,469	\$185,294,316
Fringe Benefits	40,927,210	15,930,842	56,858,052
Other Expenses	1,084,446	67,650,019	68,734,465
Equipment		6,285,300	6,285,300
Scholarship Aid:			
Federal/Private		11,929,326	11,929,326
Institutional		9,907,656	9,907,656
Waiver Reimb.	243,028		243,028
Federal/Private		3,575,024	3,575,024
Debt service		13,491,317	13,491,317
TOTAL	\$166,276,531	\$190,041,953	\$356,318,484

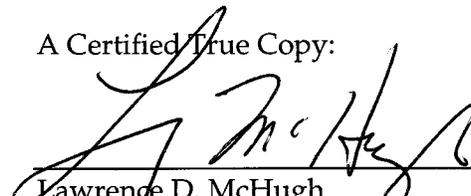
and be it further

RESOLVED, That the Board of Trustees for the Connecticut State University System hereby approves and submits for review and recommendation to the Board of Governors a Biennial Budget Above Current Services request of \$6.601 million for FY1999-00 and \$7.0 million for FY2000-01, and be it further

RESOLVED, That these requests may be adjusted by the Chancellor of the Connecticut State University System in response to directives of the Secretary of the Office of Policy and Management or for other technical purposes, and be it further

RESOLVED, That the requests shall be transmitted to the Board of Governors for its review and recommendation by the Chancellor of the Connecticut State University, who shall work cooperatively with said Board and its staff to provide further information and analysis as requested.

A Certified True Copy:


 Lawrence D. McHugh
 Chairman

ITEM

FY1999-01 Biennial Budget Request - General Fund and Operating Fund

BACKGROUND

The Board of Trustees under its statutory authority reviews and approves the universities and System Office budget requests and prepares and submits a consolidated system request to the Board of Governors of Higher Education for its review and recommendation. The budget request is prepared in accordance with guidelines provided by the Department of Higher Education (DHE) and the Office of Policy and Management (OPM). Guidelines this year *require* a "Current Services" budget request, and *permit* an "Above Current Services" budget request, both for FY1999-00 and FY2000-01.

ANALYSIS

The Biennial Budget request to the Governor and the General Assembly represents a summary projection of Systemwide spending needs for FY1999-01. Specific university and system spending plans are approved by the Board prior to the beginning of each new fiscal year. The "Current Services" request simply provides for funds to maintain services at the current level. Additional services could be funded through additional appropriations "above current services". The recommended "above current services" budget request provides for the second biennial phase-in of funds necessary to implement our strategic plan, as well as for funding needs related to the CSU System's on-line learning initiative (CSU-ED Online) and on-line access to full-text library information. Minor changes to our request may be required to reflect refinements to the university submissions as a result of OPM or DHE directives.

For the General Fund, we are requesting \$164.8 million for FY1999-00, including salary and wage costs for one extra pay period. This additional pay period, which occurs once every ten years, requires \$4.9 million in General Fund dollars (3.7 million for salaries, and \$1.2 million for fringe benefits). The requested \$164.8 million also includes an additional \$5.8 million in General Fund appropriations which will be necessary to provide for other cost increases: \$5.1 million to meet known collective bargaining needs, \$484,371 to meet the operating costs of new facilities projected to go on-line in FY1999-00 and \$245,703 for reimbursement of statutory tuition waivers. For FY2000-01, we are requesting \$166.3 million, an increase of \$1.5 million or .9% over FY1999-00. Adjusting for the extra pay period in FY1999-00, the year-to-year increase would be \$6.4 million or 4.0%. This includes approximately \$40.9 million for the fringe benefit block grant, \$4.1 million to meet known collective bargaining needs, \$243,028 for reimbursement for statutory tuition waivers, and \$1,609,816 to meet the operating costs of new facilities brought on-line in FY1999-00 and FY2000-01.

For the Operating Fund, we are projecting expenditures of \$183.6 million for FY1999-00, an increase of \$13.4 million over FY1998-99. This increase includes \$2.3 million for the additional pay period mentioned above, as well as inflationary increases for operating costs and salary requirements. Similarly, for FY2000-01 we are projecting expenditures of \$190.0 million, an increase of \$6.4 million or 3.5% over FY1999-00 (an increase of \$8.8 million or 4.8% after adjustment for the extra pay period).

The Biennial Budget process also provides for requesting funding for programmatic initiatives or other "above current service" needs. We are proposing a request for additional funding of \$6.601 million in FY1999-00 and \$7.0 million in FY 2000-01 for support of lifelong learning, specifically in three areas: (1) CSU's on-line learning initiative (CSU-ED Online), (2) on-line full text resources, and (3) implementation of CSU's Strategic Plan. This request, if approved by the Board of Trustees, will be submitted to the Department of Higher Education for their review and recommendation, and to OPM in accordance with their guidelines.

The request is reflective of the commitment of the Board of Trustees to meet the need for lifelong learning. The role of higher education is changing. Learners and educators alike are seeing the current trends and direction in information technology as a means of providing learning anytime and anywhere. The overwhelming need to provide education for "lifelong" or "perpetual" learners, often limited by distance or time in their ability to access learning, highlights the opportunities for CSU to respond to the prospective demand. As a result, \$220,000 in funding was granted from Systemwide reserves by the Board of Trustees during the FY1998-99 spending plan process to 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 half of a position to coordinate 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. Long term, CSU-ED Online would be self supporting. However, in the short term, funding is needed beyond the first year to develop the courses necessary and market CSU-ED Online to the proper audience. The attached three-year budget depicts the expected revenues and expenditures for CSU-ED Online. Even though the number of courses offered, and thus the number of students expected to partake of the on-line courses, is expanding, the ongoing startup costs of course development, advertising and marketing, and faculty support require additional funding if CSU-ED Online is to thrive and serve the needs of lifelong learners well into the future.

An indispensable resource for "anytime, anywhere" learners is access to research information through the same electronic medium which permits access to courses. Over the past year CSU has upgraded its Library System hardware and begun subscribing to full text resources (books and periodicals on-line) through the Internet for its students, faculty, and staff. In addition, CSU has partnered with the State Library to provide access to the resources of the collections of both entities through the on-line catalog system (CONSULS). However, future upgrades will be increasingly more costly as new technologies emerge, more text is stored on-line, and access increases. Of the total "above current services" request, \$1.0 million in FY1999-00 and \$2.0 million in FY2000-01 will support increased on-line access to full-text library information.

Finally, the Biennial Budget "above current services" request includes \$10.0 million for the second biennial leg of the implementation of CSU's Strategic Plan. Adopted by the Board in 1996, the Strategic Plan was then estimated to require an additional \$15 million per year for implementation. For FY1997-98 and FY1998-99, the Governor and the General Assembly generously permitted the CSU System to retain approximately \$5 million per year in savings from the 1997 Early Retirement Incentive Program, which the Governor explicitly suggested should be redirected into "creating a superior higher education system", and which the Board allocated for Strategic Plan implementation. The request for an additional \$5 million per year (\$4 million for the universities and \$1 million for Systemwide information technology) will enable CSU to move forward to implement the next phase of its Strategic Plan.

In summary, the FY1999-01 Biennial Budget request would maintain the current services level of CSU operations, provide operating support for new facilities going on-line or annualization of

STAFF REPORT

FINANCE, ADMINISTRATION AND DEVELOPMENT COMMITTEE

certain facilities costs, and finally, effect reimbursement to the universities for revenue shortfalls resulting from statutory tuition waivers. In addition, state funding support of \$13.6 million is requested for Strategic Plan implementation, on-line full text resources, and CSU-ED Online, which will begin a pilot program this year with an offering of thirteen courses in the Fall 1998 semester.

RECOMMENDATION

That the FY1999-01 Biennial Budget request be approved subject to modification as presented.