MEMORANDUM

To: Dr. David G. Carter
    Chancellor
    Connecticut State University System

From: Jack Miller
    President

Date: April 12, 2010

Subject: FY 2011 Spending Plan

Prepared in accordance with System Office instructions and guidelines, Central Connecticut State University has submitted its FY 2011 Spending Plan for review and approval. It has evolved from most of the same principles and goals that guided last year’s Plan.

Below are the principles guiding development of the Spending Plan:

1. The Spending Plan Update for FY 2010 shows an excess of revenues over expenses of $915,420 or one half of one percent of total operating revenues. The proposed budget for FY 2011 results in a similar forecasted result of $937,743.

2. Student needs are first above all others. These needs include financial aid, other forms of student support such as internships and student employment, and recreation/sports facilities. For FY 2011, financial aid and waivers have been increased over $900,000 and after adding in more than $700,000 of proposed new spending for student employment, the resulting increase in student support is more than half of the increase in full time tuition.

3. Central’s approach to the FY 2011 Spending Plan has taken into consideration an understanding of the State’s deteriorating fiscal condition. At the same time, we also recognize that our students face similar economic difficulties so we have continued our effort to minimize, as much as possible, the cost of attending Central. To that end, tuition and fee increases will be held to 5.4% which will continue to help bring the System average down.

4. Enrollment in FY 2010 increased approximately three percent over budget. Given the current shortfall of filled positions, we have forecasted no change in enrollment over FY 2010 levels.
5. We have not proposed adding any positions that require new funding of an ongoing nature. We have added planned salary and wage increases for FY 2011 totaling $2.6 million.

6. Last year, as a result of the hiring freeze and recognizing the timing effect of the State’s Retirement Incentive Plan, FY 2010 full time personal services included a deduction of $3.5 million of vacancies not expected to be filled. The FY 2011 Plan incorporates a reduced “turnover factor” of $2.5 million returning Central to a more normalized turnover rate given the increase in enrollment.

7. Non personal services expenditures are forecasted to increase by a little over $1 million or 2.8%, largely to cover inflationary increases. We have reduced planned equipment expenditures out of operating funds by $1.3 million over FY 2010 levels in recognition of the availability of equipment bond funds for FY 2011.

8. Lastly, our budget planning has included consideration of two items in the Designated Transfer Section:

   - As directed in the FY 2010 Spending Plan Guidelines, a reserve of $2,255,810 was created to partially finance unfunded FY 2011 salary and wage increases. Those funds have been included in the FY 2011 Spending Plan as a “one time” transfer.
   - The FY 2011 Spending Plan Guidelines allowed us to fund the 27th payroll, to be paid out in FY 2012, in whole or in part, in FY 2010 and FY 2011. We have elected to create the whole reserve in FY 2010 in the amount of $1,653,117.

Please do not hesitate to contact me or my finance staff if you have questions or require further information.

Cc: L. Wilder  
K. Chagnon
FINANCIAL OVERVIEW AND KEY ASSUMPTIONS AND NOTES

Financial Overview

Central’s proposed FY 2011 Budget results in a forecasted surplus of $937,743 which is at about the same level as projected for FY 2010 and less than one half of 1 percent of total operating revenues.

We expect overall revenues to increase by 3.8% over the FY 2010 Update to $195 million largely as a result of an increase in student tuition and fees and State support for salary fringe benefits. Total expenses, including one-time transfers, are forecasted to rise by 3.8% to $194 million driven by the need to fill vacancies and pay collectively bargained wage increases. The shortfall in revenue caused by no increase in the State Appropriation is financed in part by a one-time transfer of the $2,255,810 reserve created in FY 2010 for “Unfunded Contract Mandates.”

Key Assumptions and Notes to the FY 2011 Budget:

- No change in enrollment over FY 2010 levels;
- Essentially “flat” General Fund Appropriation from the State;
- Wage fringe benefits paid by the State to increase by almost $1 million;
- Essentially full housing;
- No new positions proposed in FY 2011 but vacancies, net of $2.5 million hiring freeze “turnover factor”, are included;
- Financial Aid and Waivers increased by more than $900,000; additionally, we hope to increase our student payroll by up to $700,000;
- Overall Other Expenses increased by 2.8% to cover inflation;
- Equipment purchases decreased $1.3 million given the expectation that equipment bond funds will be available in FY 2011;
- BR#08-39 for food service and residential hall refurbishment transfer to Plant Reserves of 5%;
- $2.256 million transfer from Designated Funds accumulated in FY 2010 to provide partial funding for FY 2011 salary and wage increases per System Office instruction.