Eastern Connecticut State University

FY 2023 Current Projection vs. FY 2023 Budget

Despite the anticipated increase in salaries and fringes, we have submitted a projection with a $0.1 million surplus. The ability to do so is largely due in part to the $19.3 million in federal and state funds we received this fiscal year.

Our overall Total Revenue is projected to increase by $2.7 million. This increase is mainly due to the $0.4 million in Additional Operating Fund Fringe Paid By State, and a projected $1.9 million increase in All Other Revenue due to a 4% increase in STIF rates. Our overall enrollment declined from the prior year which more than offset the board approved 5% increase in tuition and fee rates. As a result, our projected tuition and fee revenues are now $1.3 million below budget. On a good note, more students have returned to the residence halls and a $1.0m increase is projected in auxiliary revenues.

Total full-time personnel services are $1.7 million lower than budgeted, which reflects the difficulty we've had in refilling positions. While we expect savings in part-time positions of $0.5 million, it a net result from savings in hiring University Assistants and Student Labor offset by an increase in Rehired Retirees for areas where hiring has been difficult. The vacancies in full-time staffing have also caused an increase in Overtime of $0.2 million. We project our All Other Personnel Services will decrease by $0.1 million. Lastly, the combination of lower than budgeted fringe benefit rates and the projected savings on vacant full-time positions, is contributing to a $4.5 million reduction in Fringe Benefits expense.

While we expected inflation to have an impact on almost every expense line in the Other Expenses category, we still managed to find savings. The projected $0.7 million decrease in All Other expenses which reflects the savings identified in each division. Offsetting those savings is an increase of $1.0 million in institutional financial aid/waivers and $0.2 million in Utilities.

The $0.7 million increase in Designated Transfers is for the board mandated Auxiliary Renewal and Replacement funds. The Other Designated Fund Requests is projected to decrease by $8.2 million. The projected decrease in salaries and fringe benefits expense has negated the need to use Reserves for FY23 Salary Cost. Additionally, a line has been added for the $4.5 million set-aside of reserves for IT equipment.

Overall, we project a surplus of $0.1 million, but it is important to understand that this would not have been possible without the $19.3 million in additional federal and state funds included in our projection.

Eastern Connecticut State University

FY 2024 Spending Plan vs. FY 2023 Current Projection

In the fiscal year to come, Eastern will have to absorb the negotiated FY 2024 4.5% wages increases and associated fringe benefits and continued inflationary costs, while the pool of traditional college-age students shrinks, and one-time federal/state funding dollars are reduced. A balanced budget has been achieved largely due in part to the additional $17.0 million in federal/state funding.

Overall, tuition, fees and auxiliary revenues are estimated to increase by $0.7 million over FY 2023. The approved 3% rate increase has been nearly negated by a 3% decrease in full-time enrollment. Our enrollment strategies, include Out-of-State students paying the equivalent of the NEBHE rate, targeted recruitment in Michigan, New York, New Jersey, and Ohio, and our new nursing program are having some impact for the upcoming fall semester, and we're expecting an even greater impact for the 2024-2025 academic year. The driver behind the $32.4 million decrease in revenue is the change in the support for Fringe Benefits Paid By State of $31.3 million and the $2.4 million reduction in additional federal/state support.

Personal Services and fringe benefits are expected to decrease by $28.4 million. The biggest reason for the decrease is the $25.5 million exclusion of retirement fringes due to the change in methodology proposed in the Governor's budget and approximately another $3.0 million due to the net result of a projected 6% decrease in the retirement rates, a return to 26 payrolls, the impact of a 4.5% wage increase and no lump sum payouts. It is important to note that the change in fringe methodology resulted in a $2.9 million unfavorable impact on our results. The refilling of full- and part-time positions continues to be done strategically and in a manner that best supports the students.

Our Total Other Expenses are expected to increase $1.3 million. Inflation has been significantly impacting our utilities, repairs, travel, and food contract costs. Additionally, the system-wide negotiated Cisco contract is going to cost us an additional $0.8 million over the FY 2023 budgeted amount.

The $0.3 million savings in Designated Transfers over FY 2023, represents a decrease to 3% of the housing and food service revenue for the board mandated set aside funds for Auxiliary Renewal and Replacement. Also, the final payment for the Debt Service Parking Garage was made in FY 2023, however the $0.4 million savings from that has been offset by an increase in Transfers to the System Office. The $4.9 million change in Total Other Designated Fund Requests is the net effect of using $0.9 million of the $4.5 million set aside in FY 2023 for IT Equipment, and the discontinuation of $0.5 million in ARPA funding.