Eastern Connecticut State University

Financial Comments for FY 2019 Mid-Year Projection

Actual Results FY 2018 vs. Budget FY 2018

Eastern Connecticut State University completed FY 2018 with a surplus of $0.1 million.

Revenue of $130.6 million was $3.0 million below budget reflecting a shortfall of $0.8 million in tuition and fees and a reduction of $3.0 million in state appropriation. The shortfall was offset in part by a $0.1 million increase in housing and food services, $0.4 million increase in other revenue, and a $0.2 million decrease in contra revenue waivers.

Personal services and fringe benefits contributed $3.2 million to the surplus, while total other expenses were favorable by $2.8 million. These favorable contributions were offset by increases in transfers totaling $3.0 million.

Personal services contributed $1.3 million and fringe benefits and workers compensation were favorable $1.9 million. The personal services savings represents several full-time positions that were searched but did not result in a hire. In some instances, such as Police Officers, we have been searching in a market with limited qualified candidates. The University has only been requesting to fill positions that directly impact the student or are required for the safe operation of the campus. Fringe benefits savings reflect the lower level of staffing and lower actual health insurance rates.

The $2.8 million savings in other expenses were made possible through savings in utilities, bad debt expense, and a decrease in financial aid, while general operating expenses continue at levels that support our requirements.

Partially offsetting the savings in personal services and other expenses are the designated transfers. Those savings, along with $0.3 million from an unanticipated SCRF refund, made it possible to set aside $0.8 million to the required addition to auxiliary services equipment renewal replacement reserves, not originally budgeted for because of other budget priorities. Additionally, $2.6 million was set aside to provide for the FY 2019 payments of the delayed April longevity and the $2,000 lump sum payments negotiated under the 2017 SEBAC agreement.

Projected FY 2019 vs. Budget FY 2019

The current projection for FY 2019 is a surplus of $0.8 million, and no longer requires the use of reserves to balance our budget.

The updated revenue projection includes a decrease $0.2 million from the amount originally budgeted. While full-time enrollment is higher than budgeted, the decrease in tuition and fees is due to a decline in part-time enrollment resulting in a $0.3 million departure from budgeted. Combined housing and food services is expected to be lower than budgeted by $0.4 million. The shortfalls in revenue are partially offset by a combined increase of $0.2 million in state appropriation and fringe benefits paid by state, $0.2 million in other revenue, and a $0.1 million reduction in contra revenue waivers.

Two significant factors have eliminated the need to use reserves to balance our budget for FY 2019. The first factor is that personal services and fringe benefits are projected to contribute $2.7 million to the surplus and the second is the transfer in of the $2.6 million set aside in FY 2018.

Projected savings of $0.9 million in personal services represents a combination of savings from vacancies due to retirements and the continued difficulty to fill several full-time positions that are being searched, but are not resulting in hires. The projected savings of $1.8 million in the fringe benefits, reflects the lower staffing levels, as well as the difference between the actual fringe benefit rates versus the System Office provided higher budgeted rates. The University has strategically chosen to use a portion of the combined savings in personal services and fringe benefits, to provide additional funding for financial aid to needy students.

We have also provided for $1.5 million for Auxiliary Renewal and Replacement that was not in our original budget. This represents the Board of Regents mandated funding for replacing equipment and refurbishing for housing and food services that we were not able to include in our original budget due to our required use of reserves. Additionally, the transfers increased by $1.9 million to include the transfer in of the $2.6 million reserve that was set aside in FY 2018, to provide for the FY 2019 payments of the delayed April longevity and the $2,000 lump sum payments.

These actions have resulted in our ability to contribute to our reserves and continue to operate with a focus on the education of our students and the safety of our students and staff.