



EASTERN CONNECTICUT STATE UNIVERSITY
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General comments regarding the revised FY 2017 Projection and Current FY 2018 Budget.

Projection FY 2017

Eastern's preliminary results for FY 2017 now show a surplus of \$539k compared to the prior projection of \$501k. While the results are very similar, we did experience a small increase in revenue of \$393k, primarily in extension fees \$235k, increased other revenue \$85k (reflecting higher interest income), and higher than expected fringe benefit paid by state \$79k.

We also experienced savings in overall payroll and fringe benefits of \$953k, reflecting lower fringe benefits \$412k, full time staffing \$233k, other personal services \$160k, overtime \$161k, and part time \$38k.

Our operating expenses were lower than projection by \$1,216k primarily due to other expenses \$1,018k. This savings is a combination of the very limited spending we allowed in the latter part of the year reflecting the state budget issues and favorable variances in our overall utility bills.

We also experienced additional savings from our projected equipment purchases of \$307k as we prepared for the potential of another state funding reduction.

Because of the savings noted above and the uncertainty of the future state funding levels we have also provided \$2,700k in Debt Service Prefunding to provide for future CHEFA debt service payments related to our South Residence Village obligation.

Our resulting FY 2017 preliminary results is a small surplus of \$539k, very close to our earlier projection of \$501k.

Budget FY 2018

Based upon the most current information we have revised our budget to include several new factors.

At this time we are expecting a decrease of \$2,548k in overall revenue reflecting a reduction in state funding of \$112k and fringe paid by state of \$632k. We have reduced expected full time and part time enrollment and this has resulted in a revenue reduction of \$1,039k. This also impacts our expected housing by \$508k and food services by \$333k.



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We are able to offset the revenue loss with a reduction in fulltime staffing expense of \$1,216k and this primarily reflects the negotiated 3 furlough days, retirements, replacements at lower wages, delayed hiring, and the elimination of 3 full time positions that were included in the earlier budget.

Significant savings are budgeted reflecting the reduced fringe benefit expenses or \$2,022k reflecting both the reduced salary dollars and lower fringe rates following the SEBAC agreement.

Minor adjustments were made to other expenses of \$110k as these expenses have already been limited to the basic services required to meet the needs of our students and safety of the campus.

We also now have included the Outcomes Based Funding of \$138k that was not anticipated in the earlier budget instructions.

The net result of this update is we will no longer be requesting the use of \$1,150k in reserves to balance our budget. As provided in the initial write up for the FY 2018 Budget we will not be providing any additional transfer to reserves for auxiliary renewal and replacement in FY 2018 and will utilize funds set-aside in prior years to meet the renewal and replacement needs for FY 2018.

After consider all factors we are submitting a balanced budget for FY 2018 without the use of reserve.

Potential Reductions

In regards to any additional reductions of state funding, at this point we have reduced our expenditures to a level where any additional reductions would impact the quality of the services we are providing our students. I would respectfully request at that time we would use existing reserves rather than negatively impact our students.