Eastern Connecticut State University

FY 2018-19 Budget

This document is intended to explain how we arrived at our FY 2019 budget requesting the use of $1.4 million in reserves to balance our budget following several years where we have been operating at a breakeven and even contributing to our reserves.

Our budget for FY 2019 is based upon information provided by the CSCU System Office including our portion of the state general fund, fringe benefits paid by state, fringe benefit rates for retirement plans, and the negotiated $2,000 per represented employee payment. We also collect information for enrollment, housing occupancy, estimated food service participation, and general operating expenses from the responsible areas of the University in preparation of our budget.

We determined early on we would not be able to cover the level of operating expenses required to meet the operating needs of faculty and staff without cuts that would have reduced services to our students. As you can imagine a reduction of services to our students was not acceptable and we made the difficult decision to present a budget with an operating loss to the Board of Regents. Our expectation was that we would need to use $1.4 million of our reserves, reserves that we had worked so hard to build over the past several years to insure the quality education that Eastern Connecticut State University is known for.

The expected state funding level was provided by the CSCU System Office indicated a slight increase over FY 2018 Budget and our tuition and fee increases on an average of 4% were factored into our overall budget. Our revenue budget was based on continuing at the same level of enrollment as we experienced in FY 2018 and our housing occupancy was budgeted to be slightly below our FY 2018 level.

We created our FY 2019 budget based upon the best information we had at the time. This included expected increases in fringe benefit rates for retirement plans ranging from 9.1% for the Alternate Plan to 19.5% for the State Retirement Plan, increases of this level greatly impacts our required revenue. In addition to the increases in retirement expenses, FY 2019 includes longevity payments that were delayed from April 2018, to July 2018 requiring an estimated additional funds of $650,000. We also included the one-time payment of $2,000 to all represented employees, which added an additional $2.0 million to expenses for the year. Our FY 2019 budget included using the $650,000 set aside provided for in FY 2018 for longevity payments in the transfer section. The transfer entry for longevity in effect cancelled the impact in FY 2019 of those payments. Operating expenses increased over the prior year reflecting increased financial aid, utility expenses, food contract, and all other expenses.

The increases in personnel expenses and operating expenses exceeded our revenue and resulted in our budget submission requesting the use of $1.4 million in reserves.