

## Comments for Revised Spending Plan September 29, 2020

Eastern Connecticut State University revised spending plan for FY 2021 identifies a use of reserves of \$11.2 million, \$5.4 million greater than the original budget of \$5.8 million. This increase in use of reserves reflects a decline of \$9.8 million in revenue offset in part by reduced personal services \$3.1 million and projected covid-19 related expense recovery from CARES Act of \$527k and state provided Covid-19 Relief Funds of \$946k. The Cares Act funds represent the carryover of the matching student emergency aid funding that was not disbursed to students in FY 20, while the state funds were received in FY 21 for expenses incurred in FY 20. Other operating expenses are projected to increase from the original budget by \$510k reflecting increased Covid-19 spending and increased financial aid. Debt service paid by the University fee will be lower by \$252K reflecting the reduced enrollment.

Our original plan anticipated our enrollment would not be as heavily impacted this fall because of our ability to have a greater percentage of our classes using the hybrid model, and yet our tuition and fees are \$3.0 million lower than planned. While our student housing did perform better than the other universities, we still have a shortfall of \$4.0 million in housing and \$1.5 million in food services. Other operating revenue is now budgeted to be \$0.9 million lower primarily to due to an extremely low interest rate and reduced commissions for both the bookstore and food services.

Personal services savings of \$0.9 million reflect the delay in filling some positions and the removal of 10 positions from our original budget, while university assistants and student workers decreased \$0.4 million. Prior to the submission of the original spending plan for FY 2021, we shifted to online and anticipated savings in the original plan for student workers and university assistants of \$0.4 million. Fringe benefits decreased \$1.8 million reflecting the savings identified from fewer positions and the favorable medical rates.

To help reduce the impact of the revenue shortfall, 10 positions were eliminated from the original budget saving \$1.1 million and include 4 from Information Technology (Instruction Designer, Programmer Specialist, Systems Manager and Unified Communications Administrator), 3 Assistant Professors, 1 Library Technician, 1 Admin Intercultural Center and 1 Admin Pride Center.

In the area of operating expenses, we were able to reduce the food contract payment by \$1.1 million, reflecting the decrease in meal plans, and decrease the original requests for meetings and travel by \$0.4 million. Offsetting the expense reductions are the projected additional costs related to Covid-19 of \$1.3 million, and increased expenses of \$0.7 million for financial aid. Eastern like many other institutions continues to refine their financial aid models to attract and keep students who are more likely to be successful. This year while our financial aid model exceeded the original budget, it also produced a freshman class with higher ratings. We believe this freshman class has the potential for higher retention and will benefit the university in the years to come. Where committed students made the choice not to enter this fall, those students tended to be in the lower rankings of our model.

We continue to make every effort not to directly impact our student population with cost saving measures. Unfortunately, the impact of fewer student worker positions available under current operating conditions is not avoidable.

## Staffing Impact

We have identified 10 positions in the comments above that will not be filled and have not been included in our revised plan.

We have included 21 positions in the plan that are currently open, with many nearing completions of the search process. Most of the positions are related to campus health and safety including 11 in Facilities, 3 in Public Safety, and 1 in Health Services. Other positions include 2 in Academic Support, 1 in Information Technology, 1 in Fiscal Affairs, 1 in Registrars, and 1 in Institutional Advancement.

All currently open positions, and any new positions that may become open, will be reviewed before consideration for recruiting is approved. The retirement or resignation of any position will not result in an automatic requirement for that specific position to be approved for recruiting. University Assistants, Adjunct Faculty and Rehired Retiree positions will all be reviewed to determine if the position is necessary to support the current requirements of the university and that they are funded in the revised plan.

## Budget Risk

While all universities and colleges face the potential for additional reductions to state general fund and related fringe benefits, we believe the greatest threat is one of moving to online classes entirely and the closing of our housing and food services, this would cost the university approximately \$1.0 million per week in refunds to students. Eastern would be impacted to a greater extent than the other universities due to our higher percentage of resident students. There are no significant offsets to the reduction in housing and food services revenue except for a reduction in food service payments to our provider.

Students may decide not to return in the spring semester as living on campus and rotating class schedule is not the full campus experience they are looking for. This could result in them moving to online classes or taking the spring semester off.

The lack of student campus employment combined with limited employment opportunities for our students in general could result in their inability to afford continuing their education at this time. Also, many students gain valuable work experience while a student worker that aid in their ability for employment once they graduate.