

ASSUMPTIONS:

Eastern's proposed Spending Plan for Fiscal Year 2013 will continue the University's emphasis on prudent fiscal management. As in the past, conservative financial management practices will allow Eastern to work within the realities of Connecticut's fragile economy and the limits of the State Budget. Fiscal prudence requires that Eastern:

- Prepare to respond to the recent rescission request, which will have an approximate impact on Eastern of \$450,000.
- Anticipate the potential for additional rescission requests during Fiscal Year 2013 if the state's economy suffers further erosion during the Fiscal Year 2013 period.
- Adhere to its conservative spending practices so that any savings realized can be directed to instructional and academic support services that drive improvements in Eastern's retention and graduation rates.

The Fiscal Year 2013 Spending Plan was developed in anticipation that cost savings must be continuously generated throughout Fiscal Year 2013 due to the fact that the State's fiscal crisis shows no signs of abatement. The Plan is based on the assumption that revenues from traditional funding sources are unlikely to rebound in any notable margins beyond the conservative amounts presented in the Plan. Savings, not new revenue sources, will create the impetus for the University's ability to achieve a balanced budget. To manage our obligations, the University will continue its current restrictions on operating expenses, travel, and supply purchases.

CHALLENGES:

While we are confident that we can manage our budget so that we can balance projected expenditures with anticipated revenues, there are several new budget challenges in FY2013 that are noteworthy. The current estimated additional funds from the state in the amount of \$1,037,863 will help to cover anticipated increases in fringe benefits.

While this upcoming budget does not include a 27th payroll, as does the current fiscal year, the deferred vacation/sick leave payouts that were negotiated in 2009 as part of the retirement incentive package must now begin to be paid. Based on FY 2012 rescission requests from the Governor, it also appears that any initial FY2013 state allocation could be in jeopardy during the year as actual state revenues are received.

Another challenge will be relatively flat enrollment projections. In Fiscal Year 2013, it is projected that Eastern's overall fall 2012 enrollments will be down 3.3 percent. This is due to a relatively flat projection for our major student group, full-time undergraduates, which is expected to grow in fall 2012 by only 15 students, to 4,461. Other student populations — part-time undergraduates and graduate enrollments — are expected to continue to decline.

The overall drop in enrollment is primarily due to the potential discontinuance of a program we have had at Norwich Free Academy. While the program represents a potential loss of 197 students, the tuition impact is minimal — less than \$30,000. If this group is not included in our calculations, we will be up a net 11 students in our overall total enrollment. Such flat enrollment will not yield the increased revenue stream that the University has experienced in past years when enrollment growth was in the 2-5 percent range. Therefore, while the 3.9 percent increase in tuition for Fiscal Year 2013 will generate \$970,739 in additional revenues, we must continue to be cautious in allocating those additional resources. As stated previously, careful management of existing resources, cost-savings, and other efficiencies will be the way to achieving a balanced budget in Fiscal Year 2013.

FISCAL MANAGEMENT:

- In FY 2012, we were able to fill some critical staff positions in support of instructional, student service and enrollment management goals found in the Strategic Plan, including the director of athletics, the dean of students, and the newly created director of enrollment management. However, knowing that new revenue streams are not forthcoming, vacant administrative positions will continue to be held open.
- Grants continue to support tutoring, advising, and other Academic Services Center services.
- In the current fiscal year, as it did in the past three budget cycles, Eastern has practiced a strict budget review to identify and earmark operating savings. In these efforts, departments have adjusted their paces of spending and prioritized their most compelling needs.
- The University continues to benefit from the work of the Ad Hoc Budget Committee. Composed of representatives from every bargaining unit, the student body, the University Senate, and the faculty ranks, the Committee plays an active role in communicating information and proposals for budgeting efficiencies throughout the campus. It has helped develop campus-wide awareness of and appreciation for economies that reduce prospects for layoffs, drastic budget curbs, or program elimination. Best of all, the Committee has built a successful record of communicating regularly to the University community so it is kept informed of major budget adjustments.
- Grants funded a number of University programs, including equipment upgrades in the Campus Police Department, the Encellium lighting project (DEEP), and a \$300,000 DMHAS grant to support responsible drinking among students.

MEETING OUR STRATEGIC PLANNING OBJECTIVES:

Despite ongoing fiscal challenges facing the University, the cost-saving and financial practices that have been developed and implemented over the past three years have allowed Eastern to continue to move forward in meeting the objectives of the 2008–13 Strategic Plan.

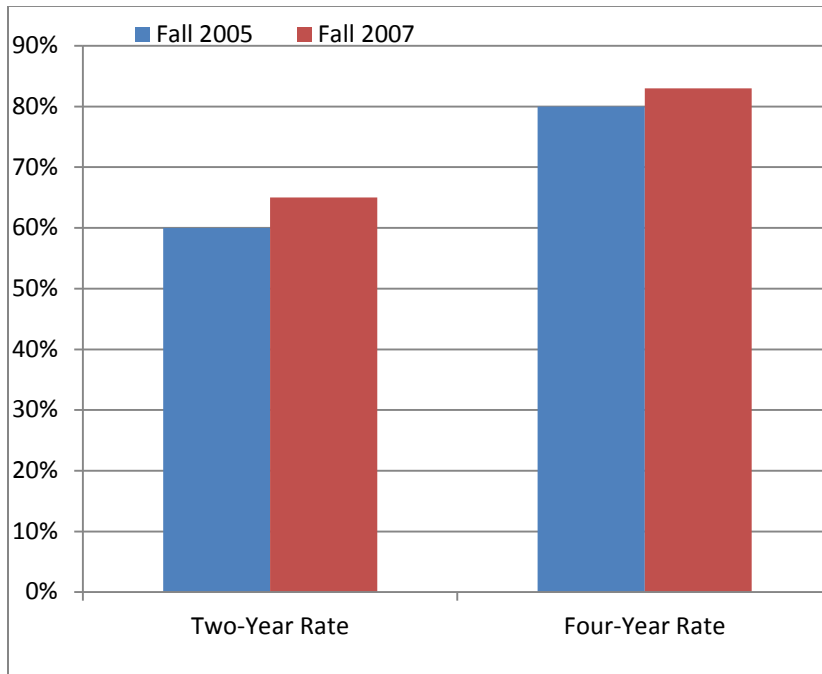
- In Fiscal Year 2013, to enhance instructional delivery, it is anticipated that we will recruit to fill 17 new tenure-track faculty positions. This represents a net two positions, with the other 15 being converted from temporary hire positions. We believe this action is fundamental to maintaining the integrity and quality of our instructional programs. Research has shown that a

full-time, tenured faculty is critical to new program development, curriculum renewal, student advising, and the professional standards of academic disciplines.

- In 2012-2013, Eastern will continue to implement “high-impact” practices to increase student engagement, retention, persistence, and graduation. High impact practices include learning communities, first-year seminars, writing-intensive courses, service-learning, undergraduate research, internships, and capstone experiences. They emphasize close student-faculty interaction and require low student-faculty ratios. Having increased use of such practices since 2008, the first year of the 2008-13 Strategic Plan, Eastern continues to see its four- and six-year graduation rates rise. Expansion of use of these practices is aimed at increasing these rates even further and at reducing racial/ethnic gaps in graduation rates. Examples of high-impact practices are described below.
- The First-Year Program has been dramatically reengineered to create a First-Year Experience. In the process, we have freed up at least three full-time faculty positions, while increasing the role of our Division of Student Affairs in the task of transitioning freshmen students from high school to college so that they persist and graduate in four years.
- The Center for Community Engagement continues to work with faculty to facilitate and coordinate student volunteerism and service learning. Projects range from our Day of Giving (in its sixth year) to an intensive math tutoring project in the local middle school to town beautification projects, Habitat for Humanity home building, and sophisticated data-base development for local nonprofit agencies. In all, Eastern students, faculty, and staff contribute 44,000 hours of time to area communities a year, a value of \$1.3 million. These efforts are being recognized. The White House recently announced that Eastern had made President Obama’s Higher Education Community Service Honor Roll With Distinction, joining only 110 other colleges and universities in the country. UCONN is the only other Connecticut school to earn this prestigious honor.
- Eastern’s tagline: “A Liberal Education. Practically Applied.” focuses attention on the University’s primary educational mission — to provide students with a broad-based collection of interdisciplinary liberal arts courses grounded in practical, applied experiences. One of those experiential learning categories is internships. To provide more internship experiences to our students, we have created an on-campus “WorkHub,” where students are able to work for clients in paid positions related to their majors. Our first client has been Cigna, the Bloomfield-based insurance company. In the program, a number of Computer Science and Business Information Systems students have gained valuable experience and an attractive wage, with the potential for permanent positions after graduation. More corporate, as well as nonprofit, clients are being solicited.

- Another Strategic Plan Initiative — Global Citizenship — continues to see progress. More on-campus cultural events are being included under the Global Citizenship definition, and a \$30,000 grant program has been created to assist students with financial need in participating in global field courses. Sixty-five students were assisted in the first year of the program.
- The Academic Services Center continues to benefit from external grant support from the Nellie Mae Educational Foundation and Title III. More than 10,000 student visits are logged a year by more than 5,000 students who take advantage of peer and professional tutors, as well as five full-time Student Development Specialists. This past year, peer student tutors published a guide on their services. Faculty professional development efforts have resulted in an emerging faculty culture focused on student retention and graduation.
- A number of ongoing initiatives have been implemented in support of student access and success, including introduction of the Common Application; creation of a standardized scheduling policy; outreach efforts in Windham and Bridgeport; and the development of a predictive assessment model and intervention program for at-risk students.
- In response to the Regents' priority on transferability, Eastern has continued to take a leadership role in making transfer seamless for community college and other transfer students. Initiatives include development of a new orientation program for transfer students; departmental specific articulations with individual community colleges (e.g. Business/Manchester CC; Earth Science/Quinebaug Valley CC); degree mapping and alignment of general education courses; and transfer exemptions for LAC completion.
- Learning/living communities include two resident hall floors devoted to the Honors Program and Service Learning respectively. More living communities will be implemented in 2012–13.
- In summer 2012, four faculty members who are conducting research projects are hiring students as paid research assistants, a new strategy for promoting and supporting undergraduate student research.
- Through the philanthropic efforts of the ECSU Foundation, a record \$450,000 in scholarships were given out to 300 students on April 12, 2012.
- Retention and persistence rates for all students benefit from support systems targeting at-risk students. As a result, the graduation rates of juniors are improving over time.

Graduation Rates of Juniors



EASTERN ENERGY INITIATIVES:

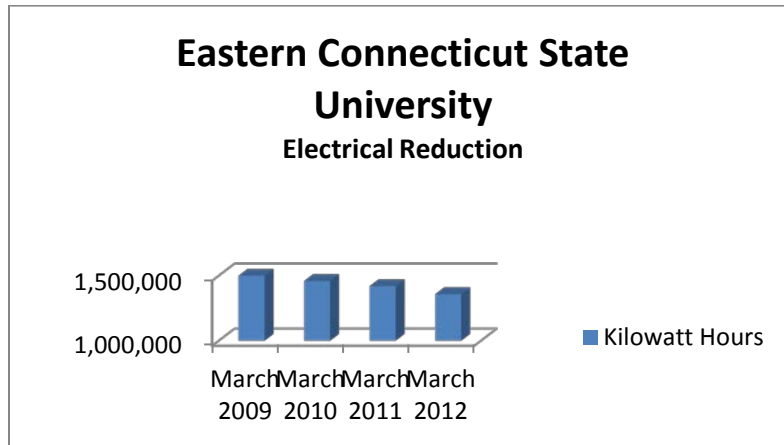
Eastern’s historical focus on energy conservation and related cost savings yielded significant results in Fiscal Year 2012. The Encellium lighting project reduced energy consumption by 50 percent in Gelsi Young Hall and will be installed in the J. Eugene Smith Library at a projected energy usage reduction of a million kilowatt hours a year. The project is one of the first to be funded by Governor Malloy’s Lead by Example (LBE) state building energy efficiency program. Administered jointly by the Department of Energy and Environmental Protection (DEEP) and the Department of Administrative Services (DAS), Lead by Example offers funding and technical assistance to state agencies interested in lowering their energy consumption through energy efficiency upgrades. In addition to the energy and cost savings of the projects, Automated Building Systems, Inc., a small business based in Glastonbury, will hire two permanent electricians on staff in order to complete the Eastern project and additional projects thereafter, and this money will be re-invested into the Connecticut economy. The Encellium system allows building occupants greater flexibility over lighting – including occupancy sensors, remote monitoring of lighting, and day-lighting strategies – resulting in a 20 percent reduction in overall electricity consumption onsite.

By working closely with Connecticut Light and Power, another energy conservation project — Eastern’s retro-commissioning program — features new energy efficient lighting in other areas, upgrades to air handling systems, recycling educational programs in the residence halls, and continued planning on reclamation of green space. We are pleased to see our efforts result in

consistent energy savings over time. For instance, we have reduced energy consumption each March, with the result that we have lowered electrical usage by 9.5 percent since March 2009.

Additionally the staff of the Facilities Management & Planning Department is always looking for new and creative ways to reduce consumption.

	March 2009	March 2010	March 2011	March 2012
Meter A	1,005,931	972,637	946,010	904,586
Meter B	493,228	485,780	473,068	452,529
Total	1,499,159	1,458,417	1,419,078	1,357,115
	March 2009	March 2010	March 2011	March 2012
9% Percent reduction since 2009				



Another major addition to our energy conservation efforts this coming year is a PureCell Model 400 kW Class I combined heat and power fuel cell that has been installed by UTC Power (UTCP) on the west side of the Science Building Under a 10-year Energy Services Agreement. Eastern will use 100 percent of the energy produced to provide a majority of the power required for the Science Building while maximizing the use of the heat output available from the plant. Supplemental heat generated by the operation of the fuel cell will be utilized by Eastern’s infrastructure. With effective utilization of the thermal output, overall system efficiencies of up to 90 percent are possible — more than double that of traditional power sources.