



Appropriations Committee Testimony

Susan Herbst

President

March 7, 2019

Good morning and thank you for having us here today.

This is the eighth and final time I will appear before you as the president of UConn to discuss the university's state appropriation for the biennium. Any future appearance will be just for fun.

I want to thank you for the time, thought, and energy you have expended not just this year, but in all the previous years we have come before you. I know the decisions that you have made have been far-reaching and important, but not always easy to make.

I also thank you for your patience. Hearing me and every other agency head appear before you pleading for shares of the state's limited resources year after year probably gets a little old.

We know that this General Assembly and the state of Connecticut are committed to investing in and supporting higher education as a staple of our state's future. And we at UConn are deeply grateful for that.

I will be brief today, focusing on a few key areas.

In Governor Lamont's proposed budget, UConn and UConn Health are flat funded from the previous year, plus collective bargaining increases. Given the state's financial situation, we are grateful for this level of support, as it could have been set much lower. We are hopeful that the General Assembly can maintain the governor's recommended levels as the state budget process unfolds, as additional cuts would only further impact academic quality and student services. We know the proposed funding of \$328.6 million in FY20 for both UConn and UConn Health combined reflects the state's fiscal realities. At the same time, I would note that, if approved, it would mean that UConn will receive the same level of appropriation in 2020 as we did as far back as 2008, 12 years earlier.

As costs have risen significantly over the last decade, including those costs that are beyond our control, flat or reduced funding contributes to the significant fiscal challenges we continue to face and prevents UConn from growing and thriving the way it should or could be on behalf of Connecticut.

The biggest impact of the combined \$166.4 million in reductions, fund sweeps, rescissions in state support we have received over the last ten years is that we have been forced to hire fewer tenured

faculty than we would like to, and we are hiring at a much slower pace, relying more on adjuncts. If we had greater financial resources, we would hire more tenured faculty to expand course offerings in key areas – including the STEM fields – teach more students, and successfully bring more external research funding to Connecticut and UConn, which greatly benefits our students and the state. Excellent graduates and a powerful research output don't just fuel scholarship, innovation, and discovery – they fuel our economy and workforce as well.

The cuts, rescissions, and fund sweeps over the years have been offset by increases in tuition. Tuition and fees now constitute the largest portion of our operating budget, rather than the state. No one, including me, our students, their families, our board of trustees, the governor, or many members of the General Assembly are happy about this.

What we have to do is continue to balance affordability and quality. Students come to UConn for many reasons; chief among them is that UConn provides a high-quality education. We can't offer a high quality education without excellent faculty and support staff, as well as the ability to offer competitive financial aid packages. But hiring great faculty and staff and offering competitive aid takes substantial financial resources. As state support for our operating budget diminishes, we are becoming more and more reliant on tuition to fund the university.

Earlier I referenced costs that are out of our control. Like every state agency, the cost of fringe benefits at UConn has grown exponentially, mainly due to the unfunded pension liability. Unlike every other state agency, however, UConn and UConn Health's non-state funds – like tuition, grant funds, and clinical revenues – are required to cover the majority of fringe costs for its employees. Since 2011, our share of employee fringe costs have risen by 132%, from \$118.4 million to \$275.1 million.

Fringe costs are forecast to rise again over the biennium, adding an astounding \$84 million to our fringe costs next year alone. This cost is playing a central role in crowding out critical priorities, and it is impacting our ability to be competitive for external grant funds. I know we are not alone in this respect, but it is the area that creates the greatest fiscal pressure for us and has the most significant negative impact. This past year, UConn fell from number 18 to 22 in the US News rankings, in large part because of reductions in the financial resources we are able to devote to academics. No rankings system is perfect, but US News does measure key aspects of universities, including UConn.

We would like to reverse this negative trend, and keep UConn moving upward for our students, the state, and our shared future. We would ask that you continue to do all you are able to do to advance that cause.

Thank you for your time this morning and we are happy to answer any questions you have.



UConn

Table of Contents	Page
Who We Are: Economic Impact, Applications, Enrollment, Student Success, Cost of Attendance, Financial Aid	3 – 18
Research & Innovation: Research Grants, Commercialization, and Industry Support	19 – 29
NextGenCT: Progress, Student Growth	30 – 34
Operating Budget: Revenue & Expenses, State Support, Fringe Costs, Challenges	35 – 45
Capital Budget: Program Status, Project Status, Schedule and Deferrals, Challenges	46 – 51
Appendix: Fringe Benefits	52 – 62

UConn

Who We Are

We are UConn Nation

One team, achieving greatness together!



UConn Impact on Connecticut Economy

UConn produces a solid return on the State's \$585 million investment by contributing \$3.4 billion annually to its \$260 billion economy, employing 1 out of every 90 jobs in the State.

\$3.4 Billion

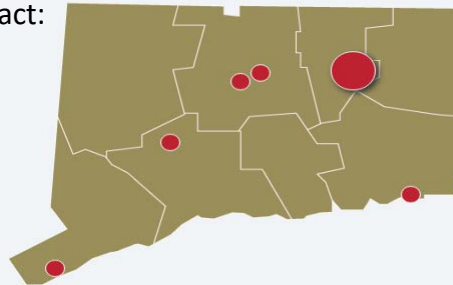
Total annual economic impact



UConn Impact on CT Communities

Of the overall \$3.4 billion impact:

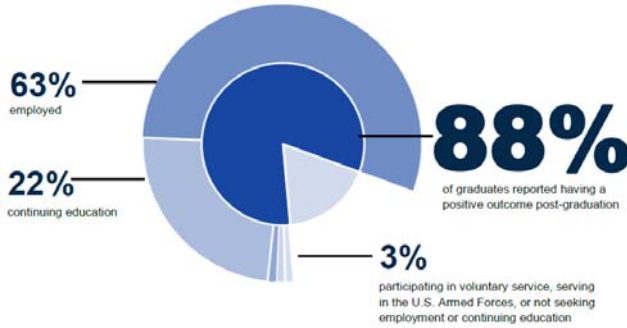
- \$1.7B Storrs
- \$1.5B UConn Health
- \$102M Hartford
- \$43M Avery Point
- \$25M Stamford
- \$17M Waterbury



UConn Graduation Impact

- 73% of graduates who attended high school in CT work in the state of Connecticut.
- 17% of graduates who did not attend high school in CT, who are employed, have stayed and are working in the state.

2017-18 Graduates



UConn graduates who work in CT earn an average annual wage of \$43,000 by their 2nd year in the workforce, and earn nearly \$70,000 by their 5th year in the workforce.

UConn BY THE NUMBERS

22

US News, Top Public National Universities

2

GreenMetric, US Sustainability Ranking

23

Wall Street Journal, Best Public Colleges

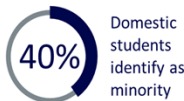


Incoming Freshmen



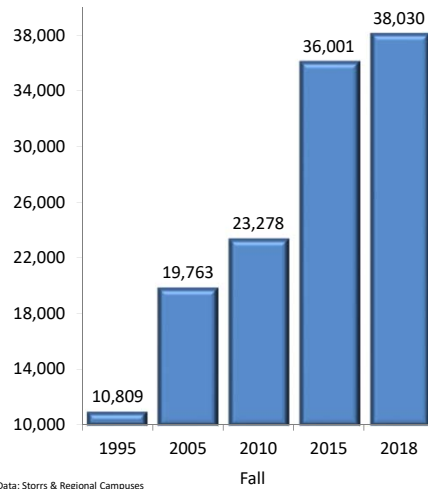
38,000+

Freshmen applications (record high)



UConn is in Demand

Demand for UConn education is strong with continued growth in applications.



- Freshman application trends continue to rise to over 38,000 for about 5,500 seats in 2018.
- Applications at all campuses have increased 252% since Fall 1995, and 63% in last eight years.

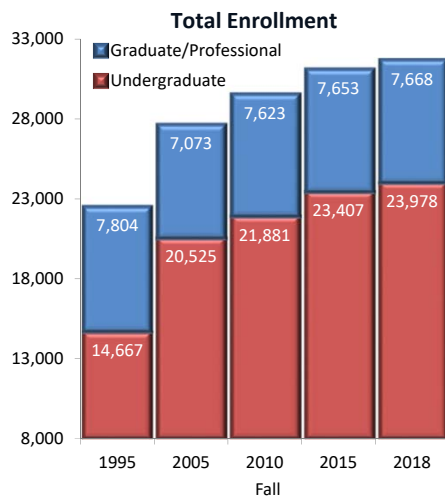
Data: Storrs & Regional Campuses



9

Enrollment Growth

Undergraduate enrollment has increased 63% in the last 23 years.



- UConn remains committed to CT residents, as 3 of every 4 students are from CT high schools.

Residency (All Campuses)	1995	2005	2010	2015	2018
In-State Freshmen	83%	78%	74%	68%	74%
Out-of-State Freshmen	17%	22%	26%	32%	26%
In-State Undergrads	87%	81%	80%	77%	76%
Out-of-State Undergrads	13%	19%	20%	23%	24%

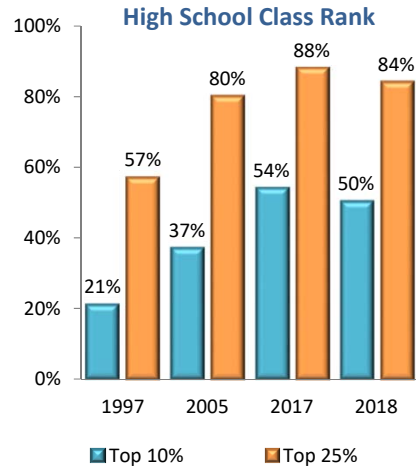


10

UConn Student Success

The increasing quality of our Freshman class is very strong, with average SAT scores ranking at 90th percentile nationally.

- Mean SAT scores of Storrs Campus entering freshmen for Fall 2018 is 1306.
 - National Average SAT is 1068
 - CT Average SAT is 1053
- The class rank of entering Freshmen continues to be competitive, with half being in Top 10% of graduating high school class.



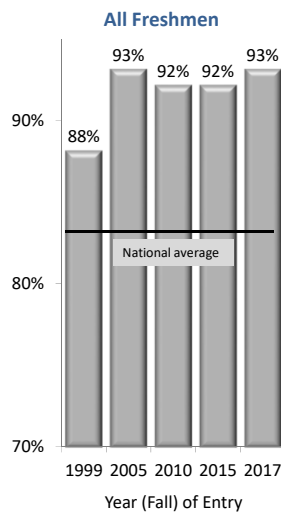
Data: Storrs Campus



11

UConn Student Success

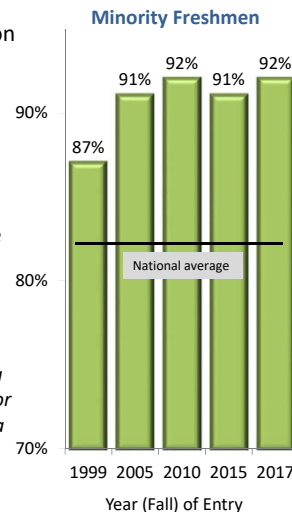
Freshman retention rates are among the highest in the nation.



- UConn freshman retention ranks 16th among the National Public Research Universities.
- Our retention rates are substantially higher than the 83% national average for all freshmen, and the 82% national average for minority freshmen.

Based on national data from the Consortium for Student Retention Data Exchange (CSRDE).

Data: Storrs Campus

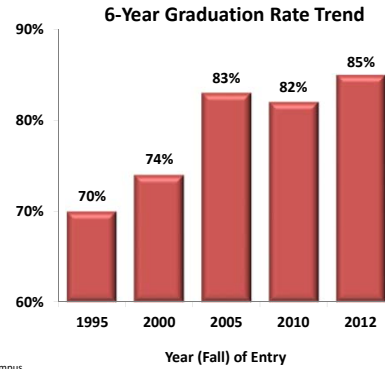
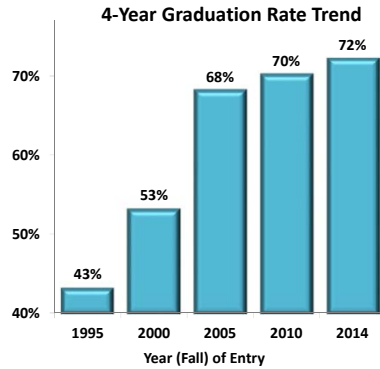


12

UConn Student Success

UConn is one of the best in the nation at graduating students in 4 years.

- Average time to degree of 4.2 years ranks 4th among National Public Research Universities.
- Fall 2012 entering cohort had a 6-year graduation rate (in 2018) of 85%, the highest graduation rate ever at UConn.



Data: Storrs Campus

Four Year Tuition Plan

UConn approved a 4 year tuition plan (FY17-FY20) on December 16, 2015 which provides certainty and transparency for students and their parents.

	2016-17		2017-18		2018-19		2019-2020	
	Resident	Non-Resident	Resident	Non-Resident	Resident	Non-Resident	Resident	Non-Resident
Tuition Amount	\$11,224	\$33,016	\$11,999	\$34,066	\$12,849	\$35,216	\$13,799	\$36,466
Dollar Increase	\$700	\$950	\$775	\$1,050	\$850	\$1,150	\$950	\$1,250
New Revenue	\$15.3M		\$17.0M		\$18.6M		\$20.6M	
New Financial Aid	\$2.5M		\$2.8M		\$3.0M		\$3.4M	
Net New Revenue	\$12.8M		\$14.2M		\$15.6M		\$17.2M	

UConn Remains Affordable in 2018-19

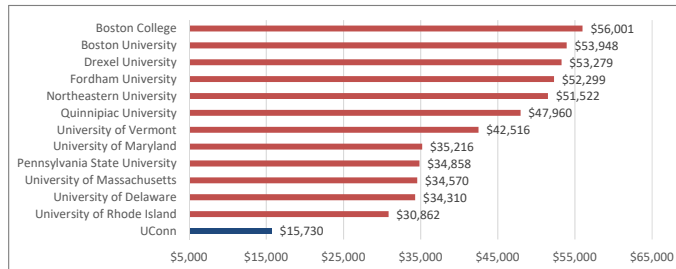
UConn provides an excellent education at affordable costs, with in-state rates that are much lower than other regional alternatives.

- *Best Colleges for your Money* ranked UConn 50th out of 727 universities in the U.S. for 2018.
- *Kiplinger's Personal Finance* ranked UConn in the top 35 best value public colleges nationally out of 300 schools.

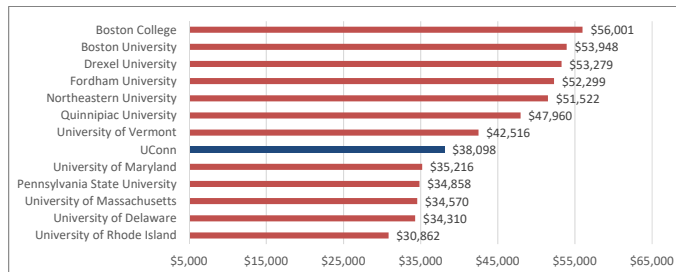
	In-State	Out-of-State
Tuition	\$12,848	\$35,216
Mandatory Fees	2,882	2,882
Subtotal	\$15,730	\$38,098
Room & Board	12,874	12,874
Direct Cost of Attendance*	\$28,604	\$50,972

*Does not include costs for books, supplies, transportation, etc.

Tuition and Fees vs. Competitors



For Connecticut residents, UConn offers the best value.

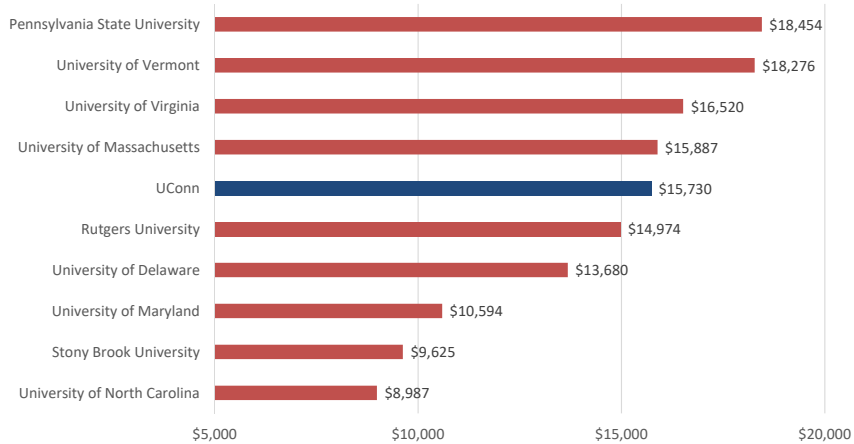


For Non-Connecticut residents, UConn is the second highest cost among public flagship institutions.

FY19 Published Rates

Tuition and Fees vs Competitors

In-State tuition and fees are competitive with peer public flagship institutions.



FY19 Published Rates



17

Financial Aid

UConn continues to increase financial aid support in order to keep pace with the rising cost of attendance.

- 76% of all undergraduates are receiving some form of financial aid.
- The percentage of tuition dedicated to need-based financial aid has grown to 18%, which is greater than last year and the State's requirement of 15%.
- Need-based financial aid of \$73.1M is 63% of total University supported aid (\$116.3M), which is up 39% in last 5 years.

Undergraduate & Graduate Aid (\$M)	FY15	FY16	FY17	FY18	FY19 Budget	FY18-FY19 Change
University Supported (Tuition)	\$83.5	\$84.5	\$97.4	\$104.0	\$116.3	\$12.3
State (Roberta Willis Scholarship)	11.2	14.0	9.0	8.9	8.0	(0.9)
Federal (Pell/SEOG)	26.6	27.6	28.2	31.2	32.7	1.5
Other*	21.4	25.0	26.2	26.2	26.9	0.7
Total Aid in Budget	\$142.7	\$151.0	\$160.8	\$170.3	\$183.9	\$13.6

*Other funding comes from external sources such as the Foundation, endowments, parking fines, sales of goods and services, etc.



18

UConn

Research & Innovation Economic Driver for Connecticut

UConn Research & Innovation: Economic Driver for CT

UConn's research operations make real and vital contributions to the State's economy.

- Through external research awards in FY18, UConn brought **\$258 million** of out-of-state money into the Connecticut economy, which actively supported innovation, scientific and medical discoveries, entrepreneurship, commercial ventures, and job creation.
- Generally, every \$1,000 of research expenditure results in another \$541 of economic impact.



\$373.3M

Economic impact of UConn's research enterprise



2,081

Jobs supported and sustained by UConn research



\$15.2M

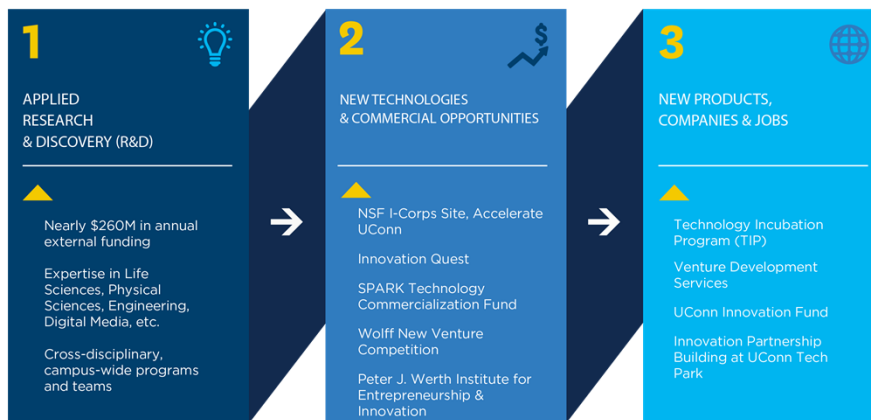
State and local tax revenue from UConn research

UConn Research & Innovation:

Economic Driver for CT

University Initiated Pipeline for an Innovation Economy

UConn generates new discoveries that move through translational stages towards commercialization, investment, new companies, and new jobs for Connecticut.



UConn Research & Innovation:

Research & Discovery (Storrs/Regionals & UConn Health)

Federal and industry grants fund groundbreaking basic and applied research to fuel new discoveries and the development of promising technologies.

UConn Sponsored Program Activity	FY18
Annual Grant Expenditures (\$M)	\$140
Proposals (\$M)	\$693
Grants Awarded (\$M)	\$164
Average Grant Award Size/Faculty	\$143,221
UConn Health Sponsored Program Activity	FY18
Annual Grant Expenditures (\$M)	\$79
Proposals (\$M)	\$549
Grants Awarded (\$M)	\$94
Average Grant Award Size/Faculty	\$286,120

Includes all Sponsored Program activity (both Research and Education & Service projects)

UConn Research & Innovation: Commercialization & Company Creation

FY18 Technology Commercialization Activity:

- 71 invention disclosures received
- 83 U.S. patent applications filed
- 39 patents issued
- 26 licenses & options executed
- \$887K licensing revenue



Research & Innovation success leads to technology commercialization, creates new companies, new jobs, and positions Connecticut for economic growth.

UConn Research & Innovation: Commercialization & Company Creation

Technology Incubation Program (TIP) FY18 Data:

- \$76 M raised in debt & equity funding
- \$21M raised in revenue from sales and grants
- 40 companies located at the incubator – largest # in program history
- 118 full-time & 53 part-time jobs
- 96% of incubator space occupied
- \$786,000 in taxes paid



Moving technology from
the lab to the market at
UConn and UConn
Health.

UConn Research & Innovation: Commercialization & Company Creation

What Do We Need to Accelerate Growth?

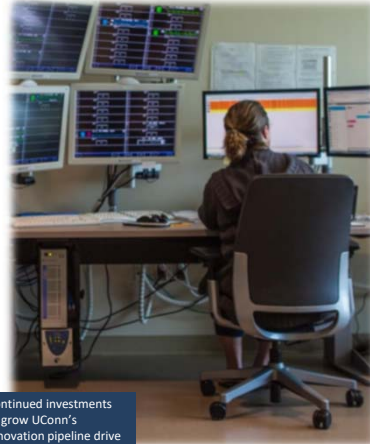
To build on current strengths, gain momentum and see faster returns, we need:

Dollars

- Proof of concept funds to more quickly and substantially transform ideas into products.

People

- More researchers to grow UConn's Research & Innovation pipeline and encourage student inventors and entrepreneurs.
- More venture development expertise to generate innovation activities, venture development, etc.



Continued investments to grow UConn's innovation pipeline drive the growth of CT's economy.

UConn Research & Innovation: Support & Grow Existing Industries

Types of University-Industry Partnerships:

- Industry Contracts
- Joint Research Grants
- Student Internships
- Scientific/Engineering Support
- Clinical Trials
- Technology Development
- Shared Equipment
- Proof of Concept Resources (money & facilities)
- Partner and Startup Co-location (e.g. Industry Partnership Building)



When UConn's world-class researchers collaborate with industry, economic growth and competitiveness of CT is increased.

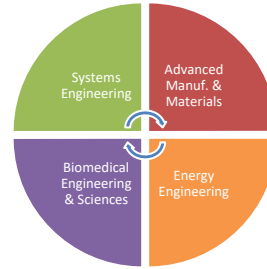
UConn Research & Innovation: Support & Grow Existing Industries

Innovation Partnership Building (IPB) at the UConn Tech Park

- Targets Manufacturers
- Attracts Large Corporations
- Supports Small and Medium-Sized Enterprises in Supply Chain
- Partner with National Labs



Aligning Industry needs with UConn innovation and expertise.



The Innovation Partnership Building (IPB) connects industry partners and faculty experts in state-of-the-art labs to fuel scientific breakthroughs, advance new products and create high-paying jobs

UConn Research & Innovation: Support & Grow Existing Industries

As part of developing the IPB at the Tech Park, UConn has created exceptional research centers & announced partnerships with multiple key industries.

Innovation Partnership Building (IPB)

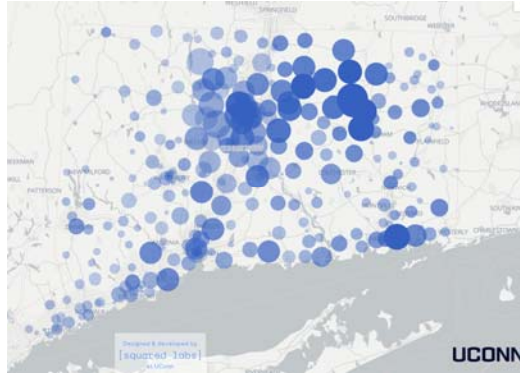
**OVER \$80M
IN INDUSTRY
PARTNERSHIPS
TO DATE**

\$25M	UConn Thermo Fisher Scientific Center of Advanced Microscopy and Materials Analysis (CAMMA)
\$10M	UTC Institute for Advanced Systems Engineering
\$9M	Eversource Energy Center
\$7.5M	Pratt & Whitney Additive Manufacturing Innovation Center
\$7.5M	GE Advanced Technology Initiative
\$7.2M	Fraunhofer Center for Energy Innovation
\$6M	Comcast Center for Security Innovation
\$2.2M	Synchrony Center of Excellence in Cybersecurity
\$2.1M	Connecticut Manufacturing Simulation Center
\$2M	Quiet Corner Innovation Cluster / Proof of Concept Center
\$1.4M	UTC Aerospace Systems Center for Advanced Materials
	Reverse Engineering Fabrication Inspection & Non-Destructive Evaluation Labs (investment amount not disclosed)

Grant Trails

Grant Trails (<https://grantrails.uconn.edu/CT>) interactively shows you where research grants that are awarded to UConn faculty are spent throughout our state.

Federal, state, and corporate research grants support researchers at an institution. They also play an important role in supporting local economies in a manner that often gets overlooked. Grant dollars are used to pay for equipment, reagents, consumables, salaries, etc. that are required to carry out the research.



Note: Grant Trails is an open source project, conceived and built at UConn (with talented undergraduates), and available for any institution wishing to visualize their grant expenditures geographically.

UConn

Next Generation Connecticut

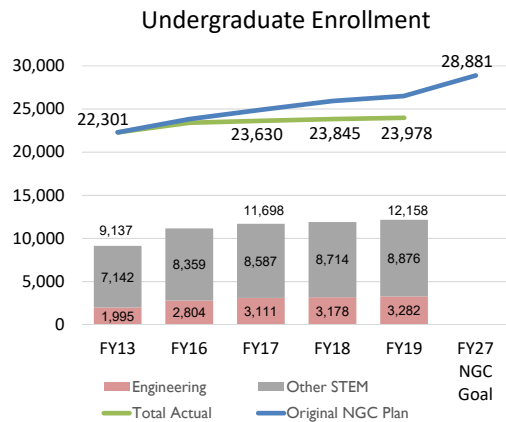
Next Generation Connecticut Overview

UConn continues the transformation of modernizing, rehabilitating and expanding the physical plant of the University through the NextGenCT initiative.

- Approved in 2013, NextGenCT is an ambitious plan (FY15-FY27) to improve UConn’s STEM capabilities. Specifically, the initiative is designed to:
 - Build STEM facilities including classrooms, equipment and laboratories.
 - Upgrade aging infrastructure to accommodate faculty and students.
 - Hire new faculty & enroll more talented undergraduate students primarily in STEM areas (dependent on new State operating funds).
 - Increase research productivity & innovation.
- Includes capital and operating components:
 - Capital Budget \$1.5B Approved
 - Operating Budget \$79M Amount received in State Appropriation

NextGenCT Progress - Student Growth

Since FY13, total undergraduate enrollment has increased by 1,677 students or 8% despite NextGenCT operating fund shortages – growth at Storrs is more than the planned amount.



- Fall of 2018 enrollment is 23,978, up 133 from the prior year.
- Storrs undergraduate STEM enrollment increased by 33% since FY13.
 - 3,186 of the Storrs STEM students are in engineering which has increased by 61%.

NextGenCT: CT's Tech Talent Pipeline

UConn is the primary engine that feeds the "tech talent" pipeline in the state to support innovation and economic growth.

	Fall 2018 Actual	Change from FY13	
Freshmen Applications: Total	38,030	6,667	+21%
Storrs Undergraduates: STEM	10,626	2,631	+33%
Storrs Undergraduates: Total	19,133	1,605	+9%
Undergraduates: Total	23,978	1,677	+8%
Graduates: Total	7,004	391	+6%
Bachelor's Degrees: STEM (FY18)	3,036	649	+27%
Bachelor's Degrees: Total (FY18)	5,618	496	+10%
Masters & Doctoral Degrees: STEM (FY18)	738	146	+25%
Masters & Doctoral Degrees: Total (FY18)	2,432	565	+30%

NextGenCT and Engineering Industry

Storrs Engineering undergraduate enrollment increased from 1,978 in FY13 to 3,186 in FY19 or 61%.

Why do we need more engineering students?

- Expected workforce growth over next decade in Connecticut:
 - Pratt & Whitney (PW) will hire 8,000 new employees.
 - Lockheed Martin-Sikorsky (LM-S) will grow by 8,000.
 - Electric Boat (EB) will increase it's workforce by 4,000.
 - At least 5,000 additional engineers will be needed by these 3 companies alone.
 - There are at least 200 supply companies to PW, LM-S & EB that will need to significantly ramp up production.
- In 2016, UConn was graduating nearly half of the engineering students in the State and providing the majority of employees for these companies – but we lag behind neighboring states and resources are needed to maintain and increase our graduates.



UConn

Operating Budget

UConn Budget Impacts Excellence

Threats to UConn's budget will impact national stature and student success.

- With strong State support, UConn climbed its way to become a top 20 public research university – reaching as high as #18 in US News in 2017 out of 132 major public research universities nationwide.
- However, this past year, we fell to #22, mainly because reductions in State support for UConn's operating budget have meant less funding for academics.
- Continued reductions in State support will have negative impacts on UConn students and the State's economy.
 - Students pay more tuition & fees to offset declining State support.
 - Class sizes increase while class offerings decrease, resulting in poorer educational quality and longer times to graduation.
 - Student services will be reduced, including fewer academic advisors, mental health counseling, and other support services.
 - Competition for and retention rates of best faculty decline, leading to fewer research grants and industry partnerships.

State Support

The Governor's Proposed Budget FY20 & FY21.

UCONN - STORRS AND REGIONALS			
	Appropriation FY19	Governor's Budget FY20	Governor's Budget FY21
Operating Expenses	\$171,494,997	\$181,218,188	\$192,113,742
Workers Compensation Claims	2,271,228	2,271,228	2,271,228
Next Generation Connecticut	16,865,367	16,865,367	16,865,367
TOTAL APPROPRIATION	\$190,631,592	\$200,354,783	\$211,250,337

Projected Deficits for Next 2 Years

	<u>FY20</u>	<u>FY21</u>
Projected Deficit (\$M)	(\$16.4)	(\$24.7)

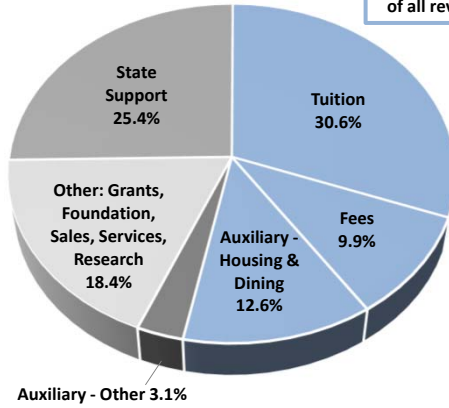
Deficit Mitigation Strategies to Consider

- Already includes planned departmental cuts in the amount of \$27.0M in FY20 and \$38.3M in FY21.
- Revisit tuition estimates for FY21 which may impact affordability and student demand.
- Increase enrollment, which will bring more tuition, but may increase class size, faculty to student ratio, reduce average SAT score, and affect ranking.
- Freeze staff hiring, which may affect staff retention and have deleterious effects on research, teaching and academic performance.

FY19 Revenue by Category

The University relies more on tuition than any other revenue source at nearly 31%, greater than state support at 25%.

Revenues (\$M)	
State Block Grant	190.6
Fringe Benefits	147.8
Adjustments (SEBAC funding)	8.4
Total State Support	\$ 346.8
Tuition	418.5
Fees	135.7
Grants & Contracts	81.5
Foundation/Endowment	21.7
Sales & Services	21.5
Auxiliary Enterprise Revenue	214.3
Other Revenue	14.4
Total Operating Fund	\$ 1,254.4
Research Fund	113.2
Total Current Funds Revenues	\$ 1,367.5



Students pay more than 53% of all revenues

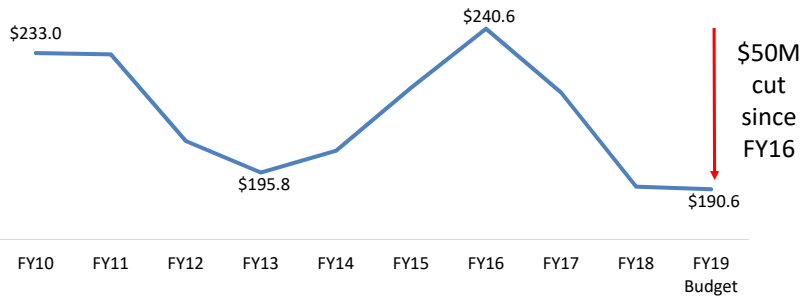
Note: Use of decimals may result in rounding differences.



State Block Grant

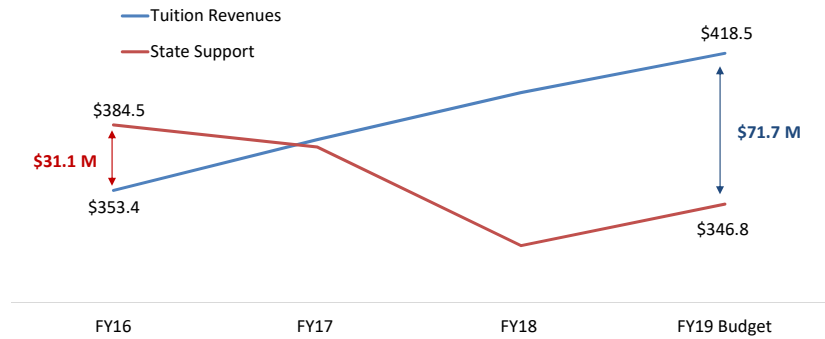
The State Block Grant is only used for salaries of University employees but it only covers 47% of our employees.

- Since FY10, the State Block Grant has averaged ~\$214M per year - the FY19 budgeted Block Grant is ~\$23M less than this 10 year average.
- The remaining 53% of employees are funded by non-State revenue sources including tuition and fees, auxiliary enterprises, research, grants and contracts, Foundation, and sales and services.



Tuition Replaces Lost State Support

As State support declines, UConn must rely more on tuition revenues to cover more of its expenses, which shifts the cost burden onto students and their families.



FY19 Expense by Category

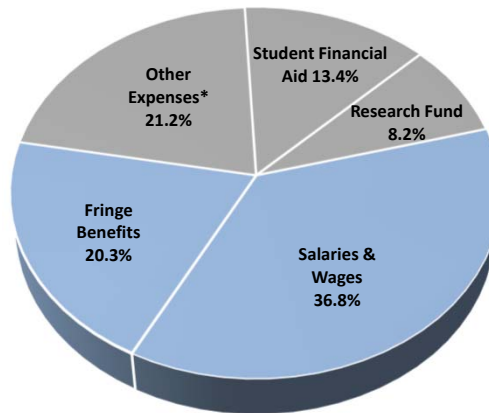
Over 57% of all expenses support employee salary and fringe costs.

Expenditures (\$M)	
Salaries & Wages	503.9
Fringe Benefits	277.1
Other Expenses	214.4
Energy	21.9
Equipment	20.6
Student Financial Aid	183.9
Debt Service/Projects	33.7
Total Operating Fund	\$ 1,255.4
Research Fund	\$ 112.1
Total Operating Expenditures	\$ 1,367.5

*Other Expenses (21.2%) includes:

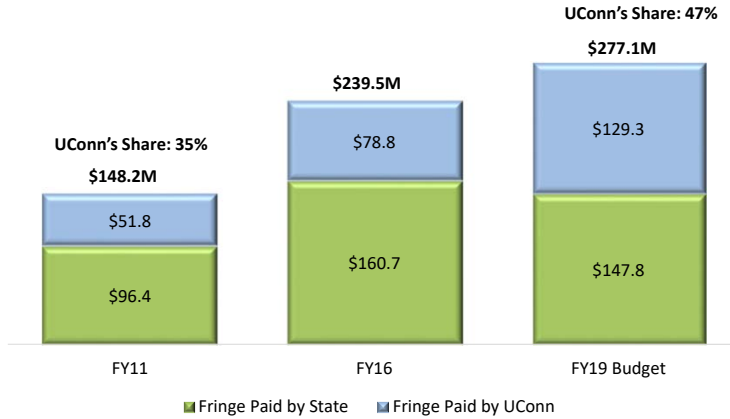
- Dining food & contractual services
- Energy
- Equipment
- Lab and IT supplies
- Facilities maintenance contracts
- Debt Service/Projects

Note: Use of decimals may result in rounding differences.



Rising Fringe Costs

As operating fringe costs rise, and the State covers a smaller share of the expenses, students end up paying for these increased costs.



Fringe rates are dictated by the State Comptroller's Office. UConn has no input or control over these rates.

Cuts in State Support

Since FY10, UConn has sustained \$106M in reductions* after each annual State budget was approved.

UConn Storrs - Reductions, Fringe (Lost) and Fund Sweeps (\$M)						
	Appropriation	Reduction	Actual Allotment	Lost Fringe due to Reduction	Fund Sweeps	Total Cut
FY10	235.3	(2.3)	233.0	(1.2)	(8.0)	(11.5)
FY11	233.0	(0.4)	232.6	(0.2)	(15.0)	(15.6)
FY12	207.7	(2.1)	205.6	(1.1)	-	(3.2)
FY13	206.1	(10.3)	195.8	(5.2)	-	(15.5)
FY14	203.4	(0.8)	202.6	(0.4)	-	(1.2)
FY15	229.6	(7.4)	222.2	(3.7)	-	(11.1)
FY16	243.2	(2.6)	240.6	(1.6)	(13.2)	(17.4)
FY17	229.9	(9.2)	220.7	(6.3)	-	(15.5)
FY18	199.3	(7.9)	191.4	(5.5)	-	(13.4)
FY19	190.6	(0.9)	189.7	(0.7)	-	(1.6)
TOTAL		\$ (43.9)		\$ (25.9)	\$ (36.2)	\$ (106.0)

*Reductions = lapses, rescissions, lost fringe reimbursements, fund sweeps and deficit mitigation.

What has UConn done to address cuts?

Since FY16, UConn has sustained significant cuts to State Support, which have been addressed in a variety of ways including:

- Closed Torrington Campus
- 100 layoffs at the end of FY16
- Merged UConn and UConn Health Fire and Police Departments to save \$1M in FY18 by reducing overtime, reducing FTE count, consolidating leadership, changes in service delivery, etc.
- Through a program called Spend Smart, over 200 initiatives were implemented by over 37 departments, schools/colleges and units totaling nearly \$29M in savings.
- Centralized regional campus leadership, enrollment management, financial controls, HR, procurement, software systems and student services to Storrs.
- Continually identifying expense reductions, revenue enhancements, cost avoidance and operational efficiencies
- Coordination, collaboration and consolidation between UConn and UConn Health including:
 - Human Resources
 - Procurement
 - Document Production
 - General Counsel
 - Communications
 - Public Safety

UConn Capital Budget

UCONN 2000 State Bonds

The State has made significant capital investments in the University. Prior bond deferrals have impacted the original planned NextGenCT construction schedule and scope.

- For FY20-FY27, \$937M of authorized bond funds are committed to projects that are already under construction or are in planning/design.
 - 96% of FY20 funding will support projects in construction.
- UConn delayed, re-scoped and cancelled multiple projects in the capital plan as a result of the prior bond fund deferrals.
 - Proposed deferral will delay phase 2 of Gant Science Building Renovation and various deferred maintenance/renovation projects.

Bonds (\$M)	Current Statute	Governor Proposed Statute	Proposed Deferrals
FY96-FY99	\$382.0	\$382.0	
FY00-FY05	580.0	580.0	
FY05-FY19	2,384.4	2,384.4	
FY20	291.6	197.2	(94.4)
FY21	186.2	260.0	73.8
FY22	101.4	190.5	89.1
FY23	98.0	125.1	27.1
FY24	85.0	84.7	(0.3)
FY25	70.1	56.0	(14.1)
FY26	63.6	14.0	(49.6)
FY27	40.6	9.0	(31.6)
Total	\$4,282.9	\$4,282.9	\$0.0

NextGenCT Capital Budget Plan

Bond funding deferrals have delayed/cancelled multiple projects and threatened the success of growth in the science program.

	Prior Year	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
Statute (\$M)	\$506.2	\$205.3	\$260.1	\$251.0	\$269.0	\$191.5	\$144.0	\$112.0	\$73.5			
Prior Deferrals		(26.0)	(69.5)	(51.0)	22.6	(5.3)	(42.6)	(14.0)	11.5	70.1	63.6	40.6
Revised Statute*	\$506.2	\$179.3	\$190.6	\$200.0	\$291.6	\$186.2	\$101.4	\$98.0	\$85.0	\$70.1	\$63.6	\$40.6
Proposed Deferrals					(94.4)	73.8	89.1	27.1	(0.3)	(14.1)	(49.6)	(31.6)
Proposed Statute	\$506.2	\$179.3	\$190.6	\$200.0	\$197.2	\$260.0	\$190.5	\$125.1	\$84.7	\$56.0	\$14.0	\$9.0

Major Completed Projects:		
Werth Residence Tower, Putnam Refectory, Monteith, New Hartford Campus, Engineering & Science		
Gant Science Building Renovation & Infrastructure Improvements	Estimated Completion:	Original: Fall 2022 Delayed: Fall 2023
STEM Research Center 1 & Infrastructure Improvements	Estimated Completion:	Original: Fall 2020 Delayed: Fall 2022

*Revised Statute includes State bond funds only and does not include funds the University has added to the program.
Note: Chart reflects which fiscal years the funding is phased over for selected major projects and not the specific construction period

Capital Program Challenges

Instability in funding will negatively impact the execution of the capital plan.

Negative Impacts:

- Project delays result in increased costs and reduced project scopes.
- Starting and stopping projects due to funding changes affects bid responses and pricing.

Solutions:

- Since the long-term capital plan includes projects with funding phased over multiple years, it is essential that the State commitment remain intact.
- UConn will continue to identify funding strategies to mitigate the negative impacts of the prior capital funding deferrals while limiting the impact to the strained operating budget.

Major NextGenCT Buildings Opened



UConn Hartford Campus

~\$140M; 3 bldgs & 215,000 sqft
Completed August 2017



Werth Residence Hall

~\$96M; 212,000 sqft & 730 beds
Completed August 2016



Engineering & Science Building

\$94M; 115,000 sqft
Completed October 2017



Monteith Building Renovation

~\$24M; 73,000 sqft
Completed August 2016



Stamford Residential Housing

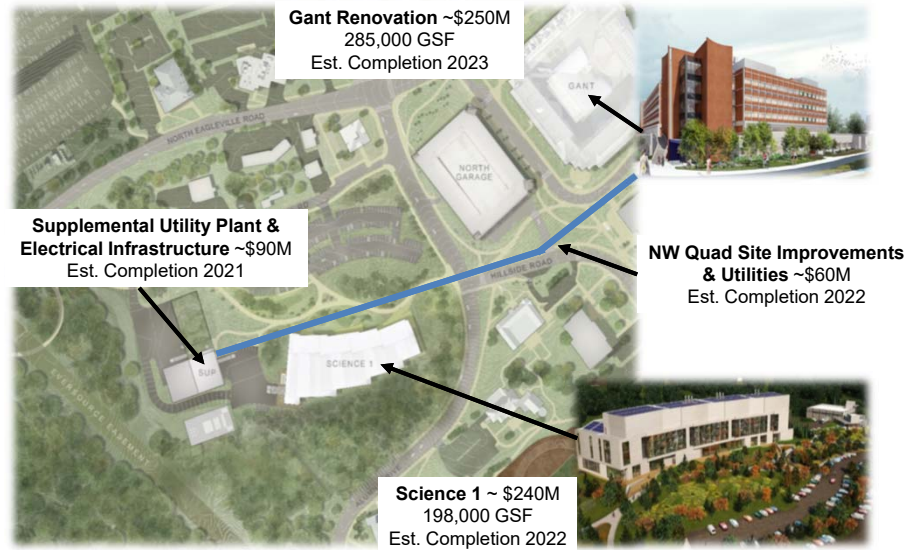
Multiple facilities housing nearly 425 students
Completed August 2017 & 2018



Putnam Refectory Renovation

~\$19M; 42,000 sqft
Completed August 2016

Science Program Projects Underway ~\$640M



Appendix

Fringe Benefits - UConn and UConn Health

Fringe Benefits - Key Issues

Fringe benefit costs impact UConn and UConn Health's competitiveness. The State's fringe rate is significantly higher than our peers. The largest portion of the State's retirement rate is attributable to the unfunded pension liabilities, and that cost is increasing at a dramatic pace.

- **Research competitiveness** – UConn and UCH research fringe rates are about 20% points higher than their peers. This results in less research grants, research dollars, innovation and commercializing technologies.
- **Clinical competitiveness** – Current state fringe rates for UConn Health's John Dempsey Hospital are 45% higher than other Connecticut hospitals; this results in tens of millions of dollars in more costs for UConn Health to provide clinical care compared to other hospitals in the state. This gap in costs due to the high fringe rates will result in an FY20 budget deficiency that UConn Health cannot cover on its own.

Fringe Benefit Rate Components - SERS

The State Comptroller develops the fringe benefit rates and the University is charged those rates for each employee.

Below is an example showing the components of the fringe rate for an employee who is a member of the State Employees Retirement System (SERS)** with an annual salary of \$100K.

FY19 State Fringe Benefit Rate Components

State Retirement (SERS) **	64.30%
FICA SS	6.20%
FICA Medicare	1.45%
Unemployment Compensation	0.23%
Group Life Insurance*	~0.20%
Health Insurance*	~24.02%
	96.40%

*Rates vary according to coverage selected

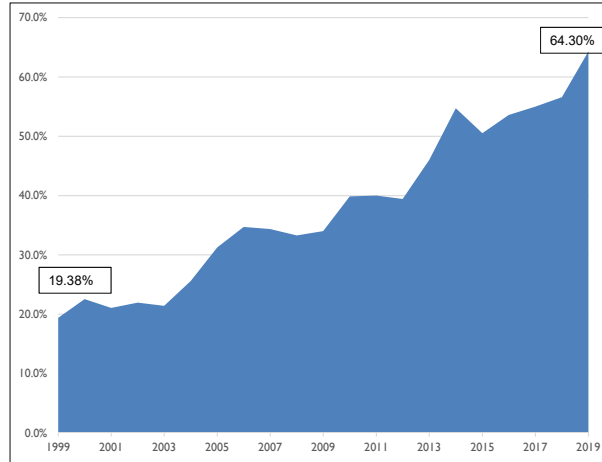
Unfunded Pension Liability	33.61%
Retiree Health	20.94%
Normal/Current Retire. Costs	5.30%
Other Post Employ. Benefit Costs (OPEB)	2.86%
Administrative Costs	0.37%
Roll-forward/Adjustments	1.22%
	64.30%

**Other retirement options are available for non-classified employees (Alternate Retirement Plan (ARP) Rate at 14.50%), however 63% of our current employees are on the SERS State plan.

	UConn Storrs & Regionals		UConn Health	
Retirement Plan	Headcount	%	Headcount	%
SERS	3,030	62.9%	2,731	62.7%
ARP	1,778	36.9%	1,607	36.9%
Teachers	13	0.3%	17	0.4%
	4,821		4,355	

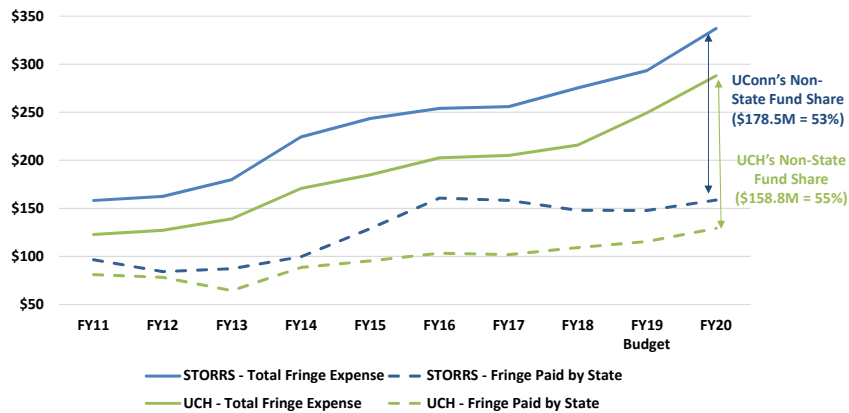
Fringe Benefit Rate Components - SERS

The SERS fringe rate has risen dramatically over the last 20 years, with large increases in FY14 and FY19.



Fringe Costs are Rising

Total fringe costs will rise drastically from FY18-20. While the State reimburses UConn & UCH for some of these costs, a significant amount (**\$178.5m for UConn** and **\$158.8m for UConn Health**) must be covered by tuition, clinical revenues, grant funds and other UConn/UCH non-state funds.



Unfunded Liability

The portion of the fringe costs associated with the State's unfunded pension liabilities are significant – projected to be \$70.9M for UConn and \$61.8M for UConn Health in FY19. While the State reimburses UConn/UConn Health for some of those costs, UConn's other non-state funds still pay a large cost of that liability at \$42.9M.

*Other includes activities funded from student fees (room/board/parking), program fees, outside educational revenue, indirect cost return from grants, etc.

**Unfunded Pension Liability portion is 52.28% of the total SERS regular fringe costs and 61.04% of the SERS Hazardous duty. The ARP rate does not include any unfunded pension liability.

UConn (Storrs & Regionals)					
PROJECTED FY2019 Salary & Fringe Costs					
SERS ONLY					
Fund Type		Total Salary Cost	Total Fringe Cost	Fringe Cost - SERS (Reg & HAZ)	SERS Unfunded Liability Portion**
State Appropriation		\$187,418,562	\$153,194,422	\$102,277,925	\$54,360,717
Tuition Fund		\$188,026,241	\$63,119,404	\$1,467,546	\$780,001
Research		\$50,324,670	\$18,334,684	\$6,935,158	\$3,625,701
Other / Auxiliary*		\$127,248,883	\$65,920,080	\$24,063,022	\$12,139,319
Total		\$553,018,357	\$300,568,590	\$134,743,651	\$70,905,738

-\$16.5M

UConn Health					
PROJECTED FY2019 Salary & Fringe Costs					
SERS ONLY					
Fund Type	Fund Level	Total Salary Cost	Total Fringe Cost	Fringe Cost - SERS (Reg & HAZ)	SERS Unfunded Liability Portion**
General Fund		\$118,663,660	\$111,074,272	\$67,788,567	\$35,439,868
Clinical Fund		\$111,669,392	\$62,558,981	\$25,145,852	\$13,150,391
Operating Fund	UMG	\$61,045,797	\$21,012,580	\$6,124,892	\$3,202,100
	Other	\$90,445,323	\$37,927,110	\$11,292,955	\$5,903,960
Research Fund		\$38,177,518	\$19,723,591	\$7,820,782	\$4,088,706
Total		\$420,001,690	\$252,296,534	\$118,173,048	\$61,785,025

-\$26.4M

Retirement Conversions

The additional annualized cost for the 1600 current employees who switched into the State retirement system is estimated at \$77M. The State will reimburse an estimated \$39M of those costs and University will be required to cover the remaining \$38M.

UConn (Storrs & Regionals)				
	Count	State Reimbursed	UConn Cost	Total
Previous Hybrid conversions (current active employees)	364	\$16,801,093	\$2,634,803	\$19,435,896
Current SAG award	567	\$13,859,162	\$11,289,110	\$25,148,272
	931	\$30,660,255	\$13,923,913	\$44,584,168

UConn Health				
	Count	State Reimbursed	UCH Cost	Total
Previous Hybrid conversions (current active employees)	263	\$6,574,715	\$5,401,049	\$11,975,764
Current SAG award	439	\$2,209,349	\$18,192,999	\$20,402,348
	702	\$8,784,064	\$23,594,048	\$32,378,112
Total	1633	\$39,444,319	\$37,517,961	\$76,962,280

Comparison of Research Fringe Rates

In FY19, UConn Storrs was 18.8% points above its peers in the faculty rate and UCH was 23.6% points higher in the professional rate.

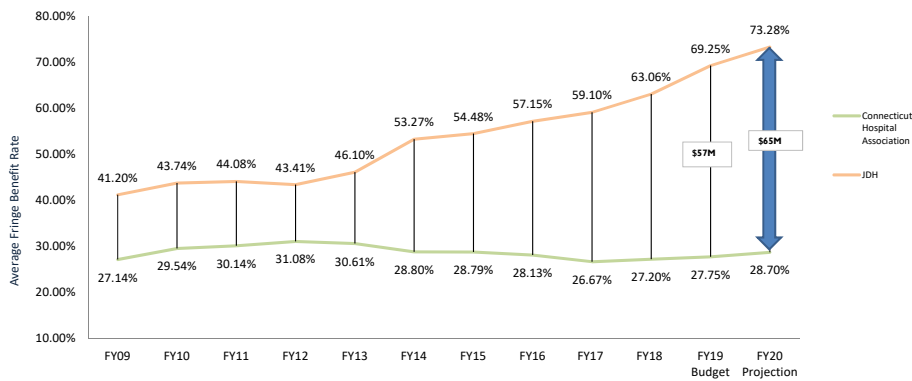
	Faculty	Professional	Special Payroll
UConn (Storrs & Regionals)	54.9%	70.6%	29.7%
UConn Health	38.7%	66.9%	17.9%/8.3%
Peer Institutions:			
Michigan State University	45.6	45.6	7.7
University of Georgia	47.0	47.0	22.7
Indiana University	38.1	38.1	25.9
University of Delaware	40.8	65.2	7.0
University of Utah	34.0	62.0	34.0/10.0 c
University of Kansas	35.0/40.0/9.0	b 3.0/40.0/9.0	b 15.0 d
Purdue University	28.1	33.2/30.5/50.2	e 4.0 d
University of Kentucky	a 20.2	20.4	8.9 d
Average of Peer Institutions	36.1%	43.3%	15.6%

Aspirant Institutions:	Faculty	Professional	Special Payroll
Penn State University	39.0	39.0	14.7
University of Illinois - UC	42.0	42.0	7.8 d
University of Wisconsin-Madison	33.3	33.3	21.0
University of California - Davis	30.5	51.3	17.3
University of Florida	27.0	35.1	11.3/5.6 c
University of Maryland	27.1	43.4	8.4
Ohio State - Main campus	26.8	31.6	15.7/8.0 c
University of Texas - Austin	a 18.0	18.0	10.4
Average of Aspirant Institutions	25.6%	31.8%	13.3%

Other Institutions:	Faculty	Professional	Special Payroll
University of Vermont	45.0	45.0	11.4
Rutgers State University	42.9	42.9	42.9
University of New Hampshire	42.3	42.3	8.4
UMASS-Amherst	36.9	37.5	1.0
Yale University	30.5	30.5	30.5
Brown University	30.7	30.7	30.7
New York University	30.0	30.0	30.0
Temple University	26.9	26.9	18.3 d
MIT	25.0	25.0	7.7 d
University of Rhode Island	a 25.3	25.3	25.3
Harvard University	23.9	31.1	18.7 d
Average of Other Institutions	32.7%	33.4%	20.5%

- Notes:
- a Does not include health insurance, which is charged at actual cost
 - b Rate varies based on FTE (9-1.0/5-.89/49 or less)
 - c Separate rates for Faculty and Graduate summer salary
 - d Graduate student rate; Faculty summer pay at regular faculty rate
 - e Rate varies depending on retirement plan

JDH Fringe Benefit Differential

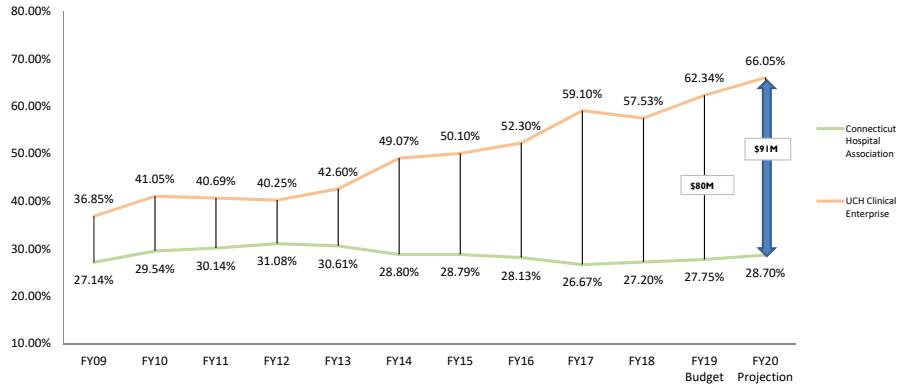


For FY20, the difference in rates is expected to result in over \$65M of additional costs to run JDH compared to other area hospitals.

UConn Health receives some fringe benefit differential support from the state in the amount of \$13.5M, resulting in a net fringe benefit cost gap projected to be nearly \$51.5M in FY20 alone for UConn Health to run its hospital, compared to other CT hospitals.

Total UCH Clinical Enterprise

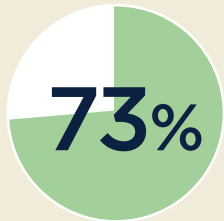
UMG and JDH Fringe Benefit Differential



For FY20, the difference in fringe benefit rates is expected to result in over \$91M of additional costs for UConn Health to run its clinical enterprise compared to other area hospitals.

UConn Health receives some fringe benefit differential support from the state in the amount of \$13.5M, resulting in a net fringe benefit cost gap projected at ~\$77.5M in FY20 alone for UConn Health to run its clinical operations compared to its peers.

UConn: Critical to Connecticut's Future



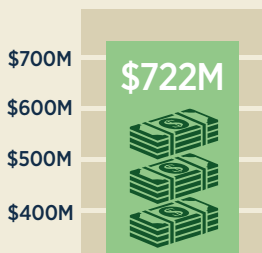
of UConn's most recent graduates from in-state are living and working in Connecticut

600+

U.S. patents have been granted based on UConn innovations, with 39 issued last year alone

63%

increase in enrollment since fall 1995



UConn was awarded nearly \$722M in external sponsored programs funding in the last three years

UConn is ranked in the **TOP 25** among the nation's public universities for the eighth consecutive year by *U.S. News & World Report*

1

UConn keeps great students in Connecticut and brings new people to the state — fighting the “brain drain” and helping to build a key working age population

- Connecticut residents comprise 73 percent of UConn's undergraduate student body.
- Some 73 percent of UConn's employed in-state graduates are living and working in Connecticut
- 100% of Fortune 100 companies headquartered in CT, recruited and hired UConn graduates.
- UConn's undergraduate enrollment has increased by 63 percent since fall 1995.

2

UConn creates new businesses, jobs, and economic growth, strengthening Connecticut industry

- More than 24,000 Connecticut jobs, or 1 out of every 90, are generated by UConn.
- The Technology Incubation Program at UConn (TIP) is one-of-a-kind in Connecticut and has supported more than 100 startup companies, contributing to the creation of more than 2,000 jobs supported and sustained annually by the University. TIP companies have raised over \$96 million in FY2018 in equity, debt, grants, and revenue.
- Industry leaders including Pratt & Whitney, Comcast, Eversource, UTC, GE, and many more have invested nearly \$100 million in UConn in areas such as materials science, advanced manufacturing, big data, computer security, and other fields. Companies heavily recruit student talent on our campuses for both internships and full-time jobs to support their growth.
- More than 600 U.S. patents have been granted based on UConn innovations, with 39 issued last year alone.

3

UConn prepares students for high-quality jobs

- Storrs Engineering undergraduate enrollment has increased from 2,109 in FY13 to 3,375 in FY19 or by 1,266 (a 60% increase).
- With the Bioscience CT initiative, enrollment at UConn's School of Medicine and School of Dental Medicine is also growing, to ensure a stable source of future medical professionals in our state and access to quality health care for our residents.

4

UConn innovates and finds solutions to major health and societal problems

- UConn was awarded nearly \$722 million in external sponsored programs funding in the last three years.
- UConn and UConn Health researchers innovate and find solutions to major public health challenges, including cancer, heart disease, stroke, and obesity, as well as major public policy challenges, such as the achievement gap in schools, coastal flooding, energy, cybersecurity, environmental sustainability, infrastructure safety, and more.

5

UConn improves and strengthens Connecticut cities and towns

- UConn opened a new Hartford campus in 2017 that has transformed the capital city's downtown.
- UConn has vibrant locations in Groton, Waterbury, and Stamford with thousands of students, faculty, and staff generating millions in economic activity.

010419

THE UNIVERSITY

- Founded 1881
- Main Campus: Storrs
- 4 Regional Campuses: Avery Point, Hartford, Stamford, Waterbury
- School of Law and Graduate Business Learning Center: Hartford
- School of Social Work: Hartford
- UConn Health: Farmington (Schools of Medicine & Dental Medicine, graduate programs, medical & dental clinics, UConn John Dempsey Hospital), and UConn Health at Downtown Storrs
- Land Grant & Sea Grant college, Space Grant Consortium institution
- Storrs & Regionals ≈4,100 acres; UConn Health ≈200 acres

INITIATIVES

UConn 2000 – As of FY18:

- \$3.3 billion in State GO bonds have been authorized
- \$3.7 billion in construction-related contracts issued from all fund sources
 - 64% of funds to Connecticut contractors
 - 20% to set-aside contractors
- Bond Credit Ratings by Fitch, Moody's, and Standard & Poor's remain consistently strong

Next Generation Connecticut

- Next Generation Connecticut: \$1.5 billion capital investment over 13 years includes construction, renovations, infrastructure, and equipment

Bioscience Connecticut

- Bioscience Connecticut: \$864 million investment in genomics and personalized medicine



STUDENTS | FALL 2018

Academic Programs & Degrees

14 Schools & Colleges

Agriculture, Health & Natural Resources; Business; Dental Medicine; Neag Education; Engineering; Fine Arts; Graduate; Law; Liberal Arts & Sciences; Medicine; Nursing; Pharmacy; Ratcliffe Hicks; Social Work

8 undergraduate degrees: 116 majors

17 graduate degrees: 88 research and professional practice fields of study

6 professional degree programs (J.D., LL.M., M.D., D.M.D., Pharm.D., S.J.D.)

Degrees 2017-18		8,779	
Bachelor's	5,618	Dental Medicine	43
Master's	2,048	Graduate/Professional	
Doctorates	384	Certificates	299
Law (J.D., LL.M.)	131	6 Yr. Education	51
Pharm.D.	98	2 Yr. Agriculture	21
Medicine	86		
Degrees by: Female	54%	Minority	24%

Total Student Enrollment – 32,257

19,133	Undergraduate at Main Campus
4,845	Undergraduate at Regional Campuses
23,978	Subtotal Undergraduate
7,004	Graduate (M.A./Ph.D., including 311 at UConn Health)
496	Law
168	Pharm.D.
425	Medicine
186	Dental Medicine
8,279	Subtotal Graduate/Professional

Entering Freshmen at Main Campus, Fall 2018 – 3,748

- 50.2% were in top 10% of high school class
- 84.1% were in top 25% of high school class
- 70 valedictorians and 78 salutatorians
- 345% more minority freshmen than in Fall 1995
- Since 1995: 2,557 valedictorians and salutatorians enrolled at all campuses

Student Characteristics

	Undergraduate - 23,978	Grad/Professional - 8,279
Female	51%	53%
Minority	35%	20%
International ¹	8%	24%
Connecticut Residents ²	76%	65%

¹ 106 countries were represented in the Fall 2018 international student population.

² 72% of undergraduates on Main Campus are Connecticut residents.

All 169 Connecticut towns and 42 of 50 states are represented in the Fall 2018 total undergraduate student population.

SAT Scores and Retention & Graduation Rates

2018 SAT Scores (Critical Reading and Math)	National High School	Connecticut High School	Main Campus Entering Freshmen
	1068	1053	1306
Main Campus		All	Minority
Freshmen Retention:	1-Year Rate	93%	92%
Graduation:	4-Year Rate	72%	65%
	6-Year Rate	85%	79%

UConn (Main Campus) ranks 19 out of 58 public research universities in graduation rate for all freshmen and 23 out of 58 public research universities for minority freshmen. (Sources: *U.S. News 2019 America's Best Colleges & 2017 IPEDS Graduation Rate Survey*) UConn (Main Campus) average time to graduate is 4.2 years among those who graduate within 6 years, and ranks 4 out of 58 public research universities.

Total Undergraduate Student Cost – 2018-2019

	In-State	Out-of-State
Tuition, Fees, Room ¹ & Board ²	\$28,604	\$50,972
Tuition & Mandatory Fees	15,730	38,098
Tuition Only	12,848	35,216

¹ 65% of Main Campus undergraduates live in campus housing (101 residential halls).

² Board rate shown reflects the Value Plan, which is the most popular plan available.

Student Financial Aid – Fiscal Year 2018

Financial Aid Support: \$505 Million

	Main Campus/ Regional ¹	UConn Health
Scholarships & Grants	\$192 million	\$6 million
Loans	195 million	18 million
Student Employment	23 million	
Tuition Waivers	71 million	

¹ 38% of all tuition dollars are dedicated to financial aid. Approximately 21,700 students received financial aid packages in FY 2018.



UConn ranks among the Top 25 public universities in the nation

— U.S. News & World Report America's Best Colleges (2018)

BUDGET | FISCAL YEAR 2019

Total Current Funds Budget: \$2.4 billion

MAIN & REGIONAL CAMPUSES

Revenues	In Millions
State Appropriation	\$190.6
Fringe Benefits	156.2
Student Tuition & Fees	739.5
Gifts, Grants & Contracts	212.4
Sales/Services - Auxiliary Enterprises	29.0
Sales/Services - Educational	21.5
All Other Revenues	18.3
Total	\$1,367.5

Expenditures

Academic Services	\$617.5
Research Services	94.6
Student Services	452.9
Operating, Support & Physical Plant Services	202.5
Total	\$1,367.5

UConn Health

Revenues	In Millions
State Appropriation	\$123.3
Fringe Benefits	115.5
Student Tuition & Fees	25.5
Gifts, Grants & Contracts	80.2
Interns & Residents	69.0
Net Patient Care	538.3
Correctional Managed Care	23.7
All Other Revenues	72.1
Total	\$1,047.6

Expenditures

Hospital & Health Services	\$566.9
Correctional Managed Care	203.8
Academic Services	120.2
Research Services	23.7
Operating, Support & Physical Plant Services	133.0
Total	\$1,047.6

STAFF | FALL 2018

Number of Full-time & Part-time Faculty & Staff: 9,469

	Main Campus/Regional	UConn Health
Full-time & Part-time Faculty & Staff	4,969	4,500
Full-time Faculty & Staff	4,768 (96%)	3,466 (77%)
Part-time Faculty & Staff ¹	201 (4%)	1,034 (23%)
Full-time Faculty	1,540	534
Tenured & Tenure Track	1,128 (73%)	181 (34%)
Non-Tenure Track	412 (27%)	353 (66%)
Full-time Staff	3,228	2,954
Full-time & Part-time Faculty		
Female	42%	43%
Minority	20%	36%
Full-time & Part-time Staff		
Female	57%	78%
Minority	14%	27%

¹732 adjunct lecturers teach at least one course at Storrs and regional campuses.

Staff Covered by Collective Bargaining Agreements:

Main Campus & Regional Campuses	90%
UConn Health	94%

ALUMNI AND GIVING

UConn Alumni

- Nearly 258,000 total alumni worldwide.
- More than 138,000 alumni live in Connecticut.

Private Giving Fiscal Year 2018

- In FY 2018 private donations to the University totaled \$82.4 million. Of that amount, \$22.3 million was donated for scholarships and student support, \$45.9 million for program support, \$7.6 million for research, \$2.8 million for faculty support and \$3.8 million for capital improvements.
- Alumni contributed \$51.2 million in FY 2018. Parents and other individuals contributed \$15.2 million. Corporations and organizations added an additional \$16 million.
- Funds made available to support the University in FY 2018 totaled \$25 million.
- The University endowment portfolio was valued at \$447.7 million at the fiscal year-end, including more than \$194 million for scholarships.

RESEARCH, TRAINING AND PUBLIC SERVICE

Fiscal Year 2018 external funding, sponsored awards:

\$258.0 million (excluding financial aid):

Main & Regional Campuses:	\$164.4 million (64%)
UConn Health:	\$ 93.6 million (36%)

Total by Funding Source

Federal: 82.1% State: 6.7% Private/Other: 11.2%

Sponsored Awards at Main & Regional Campuses

Research	78%
Education and Training Programs	22%

Sponsored Awards at UConn Health

Research	75%
Public Service	25%



Connect with us: uconn.edu | health.uconn.edu