



FY22 Spending Plan

Board of Trustees
6/30/21

UConn

Storrs & Regionals

Operating & Capital Budgets

FY21 Budget Mitigation

Of a \$76M projected deficit, \$45M in mitigation has been realized and \$21M was received from the State via CRF and GEER with the remainder coming from additional federal relief, bringing the deficit to \$0.

	FY21 Forecast
State Block Grant lapse/cut (incl fringe)	(\$4.6)
Net Loss of housing/dining/other fees	(\$66.9)
Net program revenues/expenses	(\$4.0)
Original Deficit	(\$75.5)
Mitigation plans identified	
Departmental expense savings	\$21.1
Capital reallocation	\$8.8
University-wide program cuts	\$13.0
Furlough - management	\$1.9
	\$44.8
State Request / Deficit	(\$30.7)
Federal COVID Relief	\$30.7
Remaining Deficit	\$0.0

Cuts Included:

- Furlough days
- Elimination of academic programs
- Reduction in graduate admissions
- Hiring Freeze
- Spending Freeze
- Reduction of Athletics budget
- Suspension of extension services to adult learners
- Halting of planned expansion of the Masters in Social Work

Budget Framework: FY22

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This is how UConn will pay for its \$1.6 billion in FY22 costs.

Source of funds		FY22 Amount	Share of budget	Use of funds
State	Block grant	\$208M	13%	Salaries for 47% of employees
	Fringe reimb. & legacy cost support	\$201M	13%	Fringe for 47% of employees. Plus \$7.5M towards legacy fringe cost
Students	Tuition	\$473M	29%	Instructional costs
	Fees	\$298M	18%	Housing, dining, academic support, student service costs
University	Grants, contracts, gifts	\$307M	19%	Research and public service. Includes federal COVID relief funding
	Sales, auxiliary, other	\$122M	8%	Commercial activities, programmatic maintenance, etc.

FY22 Budget and Structural Deficit

Due to the State's unfunded legacy costs and modest revenue increases, a structural deficit still exists at UConn. However, FY22 will be in balance because of the generous federal COVID relief support through the State and internal departmental cuts.

Deficit Mitigation (in millions)			
	FY20	FY21	
Changes in operating position	COVID	COVID	FY22
Initial Operating Gain/(Loss)	(22.2)	(66.0)	8.7
Net SERS unfunded legacy costs	(38.2)	(34.5)	(36.7)
Structural Deficit	(60.4)	(100.5)	(28.0)
Budget cuts allocated to departments**	26.0	25.0	13.0
Deficit after initial rescission	\$ (34.4)	\$ (75.5)	\$ (15.0)
COVID mitigation	21.2	44.8	
Federal Relief	10.8	30.7	15.0
Final Gain / (Loss)	\$ (2.4)	\$ -	\$ -

** Includes attrition, efficiency gains, operational reductions

FY22/FY23 SERS Unfunded Legacy Costs

The State reimburses UConn/UCH for some unfunded legacy costs, but we must use our own non-State funds to pay a large share of the state liability, for a combined estimated total of **\$95M** in FY22

UConn - Storrs & Regionals			
Fund Type	FY21	FY22	FY23
Tuition/Fees/Other	\$27.4	\$29.3	\$31.3
Research	\$7.1	\$7.5	\$7.7
Non-State Funds/Liability	\$34.5	\$36.7	\$38.9
UConn Health			
Fund Type	FY21	FY22	FY23
Clinical	\$29.8	\$32.9	\$34.0
SOM/SODM Academic Units	\$15.9	\$16.6	\$17.2
Research Fund	\$8.1	\$9.2	\$9.5
Initial Non-State Funds/Liability	\$53.8	\$58.7	\$60.7
Additional State support for legacy costs			
Final Non-State Funds/Liability	\$53.8	\$58.7	\$60.7
Non-State Funds/Liability Combined UConn/UCH	\$88.3	\$95.4	\$99.7

Major Budget Assumptions FY22

- **State Appropriation** – General Assembly Budget (6/9/21)
- **Tuition** – Previously approved tuition increase
- **Fees** – No room, board, or general university fee (GUF) increases
- **Housing/Dining** – 85% residential housing capacity
- **Salaries**
 - No faculty or staff union increases
 - Graduate Assistants at 2% collective bargaining increase
- **Fringes**
 - State comptrollers estimated State retirement rate of 68.5%
 - Health insurance employer portion increase of 4%
- **Other** – 2% rescissions allocated to departments to reduce structural deficit

Financial Aid

UConn is doing its part to ensure access and affordability by increasing financial aid support.

- Federal COVID student aid relief funding is **\$50.4M** in total.
- In addition to university supported aid, the State included additional funding for the Roberta Willis Scholarship, of which a portion will come to UConn.

Undergraduate & Graduate Aid (\$M)	FY19	FY20	FY21 Forecast	FY22 Budget	FY19-FY22 Change
University Supported*	\$129.2	\$142.8	\$149.3	\$163.6	\$34.4
State (incl. Roberta Willis Scholarship)	9.0	9.7	10.7	9.5	0.5
Federal (Pell/SEOG)	35.3	35.5	39.9	37.0	1.7
Federal COVID relief	0	10.8	11.1	28.5	28.5
Other**	14.8	12.9	17.6	17.0	2.2
Total Aid in Budget	\$188.3	\$211.7	\$228.6	\$255.6	\$67.3

*University Supported includes undergraduate and graduate aid funded by tuition, departmental revenue, and work study.

**Other funding comes from the private sources such as the Foundation and Endowments.

Budget Summary FY22

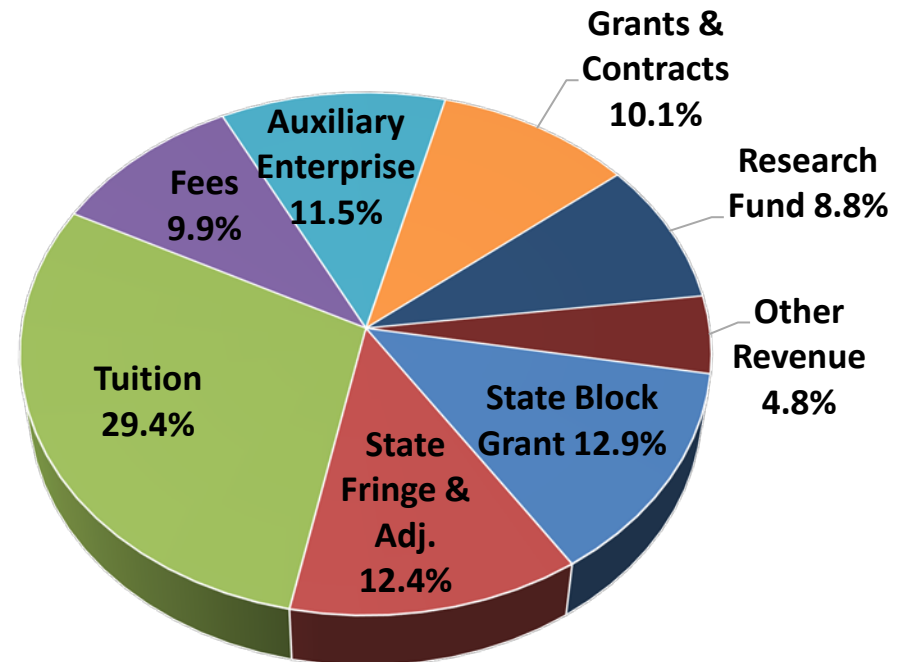
UConn presents a balanced budget for FY22, with strong support from the State and the Federal government.

FY22	
Revenues:	
State Block Grant	208.2
Adjustments/accruals	10.9
Fringe Benefits	189.4
State Support	\$ 408.5
Tuition	472.6
Mandatory/Course Fees	158.6
Grants & Contracts	162.3
Auxiliary Enterprise	185.5
Other Revenue (incl Foundation reimb.)	77.0
Research Fund	144.7
Total Revenues	\$ 1,609.2
Expenditures:	
Salaries & Wages	545.5
Fringe Benefits	327.3
Other Expenses (incl energy/equip.)	285.2
Student Financial Aid	255.6
Debt/Capital/Initiatives	50.5
Research Fund	145.0
Total Expenditures	\$ 1,609.2
Net Gain/(Loss)	\$ 0.0

FY22 Revenue by Category

The University relies more on tuition than any other revenue source at nearly 30%. State support in the form of the block grant is only 12.9% of total revenues, and when combined with the State fringe reimbursement, only accounts for 26% from the State.

Revenues (\$M)	
State Block Grant	208.2
State Fringe Benefits & Adjustments	200.3
Total State Support	\$ 408.5
Tuition	472.6
Mandatory/Course Fees	158.6
Grants & Contracts	162.3
Auxiliary Enterprise	185.5
Other Revenue	77.1
Total Operating Fund	\$ 1464.5
Research Fund	144.7
Total Revenues	\$ 1609.2



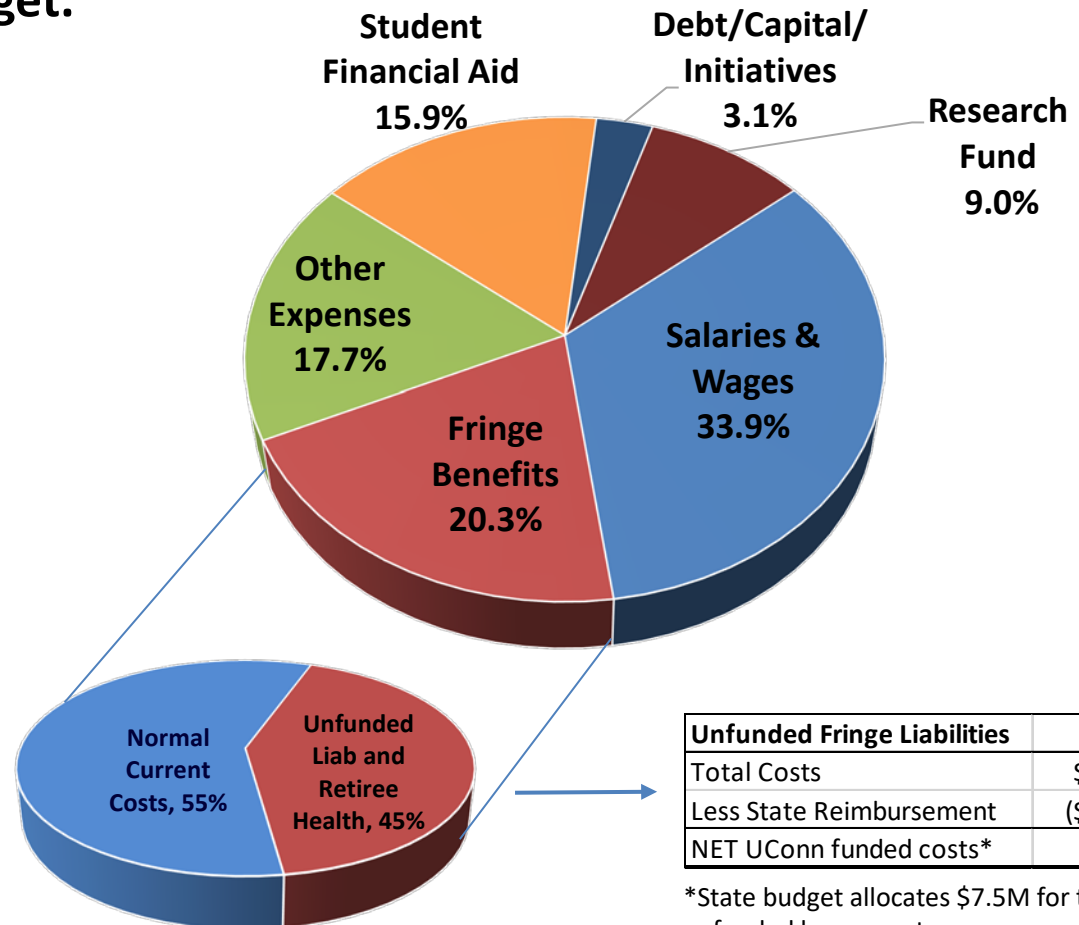
Note: Use of decimals may result in rounding differences.

FY22 Expense by Category

Salary and fringe benefit costs, primarily due to the state's unfunded legacy costs, are growing at a significant pace and account for over 55% of the University's operating budget.

Expenditures (\$M)

Salaries & Wages	545.5
Fringe Benefits	327.3
Student Financial Aid	255.6
Other Expenses	285.3
Debt/Capital/Initiatives	50.5
Total Operating Fund	\$ 1464.2
Research Fund	145.0
Total Expenditures	\$ 1609.2



Note: Use of decimals may result in rounding differences.

FY22 Capital Budget by Fund Source

61% of the capital budget will provide funding for active construction projects, with the remaining 39% dedicated to planning and design

Academic & Research Facilities	\$73.0	STEM Science 1 Building
Infrastructure DM	24.8	Science Program Utilities
Other DM	61.7	Academic Renovations, Code Corrections, Other, Contingency
Equipment	16.0	Faculty start-up/research, IT network, Other
Residential Life	15.0	Housing Renovations
UCH DM	25.0	Critical deferred maintenance
UConn 2000 State Bonds	\$215.5	
Other Funds	56.0	Faculty Innovators, Facilities Repairs, Academic Renovations, Hockey
Total Capital Budget	\$271.5	All capital projects costing \$500K or more are submitted for Board action on a project-by-project basis

UConn Health

FY2021 Budget Mitigation

For FY2021, UConn Health had a projected deficit of \$114.9M (\$53.8M due to unfunded legacy costs and \$61.1M due to COVID-19 related losses). As of April, \$64.9M in mitigation has been realized, resulting in a \$50.0M deficiency. The General Assembly budget allocates \$50M for FY21 in the Deficiency bill.

	FY2021 Forecast
Unfunded Legacy Costs	(53.8)
COVID-19 Related Losses	(61.1)
Deficit	(114.9)
<u>Mitigation plans:</u>	
Capital deferral	4.9
Financial Improvement Plan (FIP)	48.8
Furlough - management	1.2
Federal Funds	10.0
	64.9
FY 21 Deficiency	(50.0)
FY21 COVID Revenue Losses/Deficiency Appropriation	50.0
Net Profit/(Loss)	-

State Support from the Current Legislative Session

- FY2021 Deficiency - Allocates \$50M for FY21
- Federal American Rescue Plan Act (ARPA) - \$35M for revenue impact and \$38M for Operating support
- FY2022 = \$6.9M for additional operating support
- FY2022 – FY2023
 - block grant at the following levels FY22 - \$133,354,285, FY23 - \$133,354,285
 - AHEC is appropriated in the amount of: FY22 - \$375,832, FY23 - \$375,832

Additional State Support

UConn Health Request	FY20	FY21	FY22	FY23
Deficiency (actual/estimated)	(18.9)	(50.0)	(61.1)	(70.5)
General Assembly Approved				
FY 2021 Deficiency		50.0		
Unfunded Legacy Cost / Operating Support			6.9	30.2
Federal COVID relief funds from ARPA State allocation - Revenue Impact			35.0	-
Federal COVID relief funds from ARPA State allocation - UCHC			38.0	-
ARPA funds to cover FY20	18.9		(18.9)	-
Total Remaining Request	-	-	0.1	(40.3)

Fiscal Year 2022 Proposed Budget and Spending Plan

FY2022 Budget Assumptions

- **Appropriation** – General Assembly's Budget – June 9, 2021.
- **Tuition and Fees** - Board approved School of Medicine and School of Dental Medicine tuition and fees rate increase of 3.5%.
- **Clinical Revenue** - ramp up based on actual experience over the past 24 months.
- **Salaries** - no increase.
- **Fringes** - State Comptroller's estimated state retirement rates used
 - FY 2021 64.14% of salary.
 - FY 2022 68.50% of salary.

Health/Dental/Pharmacy insurance based on Comptroller's April 27, 2021 rates - 4% increase in the employer portion

FY2022 Budget

Total UCH	
Total Revenue	\$ 1,056,288,801
State Support	339,248,882
Total Expenses	1,400,739,129
Loss	(5,201,445)
Lapses (FIP and Capital Reduction)	(5,300,000)
FY22 Budget	<u>\$ 98,555</u>

Detailed Spending Plan

	Fiscal Year 2021	Fiscal Year 2022		
Revenue and Expense (\$M)	Actuals	Proposed Budget	Variance	% Variance
State Support Salary	\$ 135.8	\$ 133.7	\$ (2.0)	-1.5%
State Support Fringe	147.2	144.5	(2.7)	-1.8%
Additional Support	50.0	61.0	11.0	-100.0%
Tuition and Fees	30.2	31.4	1.2	4.0%
Grants & Contracts	90.0	110.6	20.6	22.8%
Interns/Residents	74.3	76.0	1.7	2.3%
Net Patient Revenue	603.1	668.1	65.0	10.8%
Other Revenue	178.4	173.5	(5.0)	-2.8%
Total Revenue	\$ 1,309.1	\$ 1,398.8	\$ 89.8	6.9%
Personal Services	\$ 466.4	\$ 485.4	\$ 19.0	4.1%
Fringe Benefits	305.3	324.8	19.6	6.4%
Drugs/Medical Supplies	157.1	171.6	14.5	9.2%
Resident and Fellow house staff	61.2	61.4	0.2	0.4%
Utilities	14.1	13.6	(0.6)	-4.1%
Interest Expense on Debt Service	9.0	8.6	(0.4)	-4.2%
Other Expenses	266.7	309.6	42.9	16.1%
Principal Debt Payments	7.1	7.5	0.4	5.3%
Capital Lease Payments	1.3	1.1	(0.2)	-18.7%
Capital Projects	20.8	15.1	(5.7)	-27.5%
Total Expenses	\$ 1,309.1	\$ 1,398.7	\$ 89.6	6.8%
Excess/(Deficiency)	\$ (0.0)	\$ 0.1	\$ 0.1	

Summary of FY22 Issues

COVID

- Housing/dining capacity for Fall
- Patient reaction towards resuming clinical care

State Support

- Mid year appropriation rescissions or fund sweeps
- Support for remaining legacy costs and operating deficit (UCH)

Fringe – State Unfunded Legacy Costs

- Fringe benefit rates continue to rise, largely due to the State's unfunded pension and health care liabilities for state retirees.

Patient Revenue

- Payer mix and volume uncontrollable
- Medicare proposed payment reduction and overall shift of services to outpatient
- Consolidation of other systems reducing outside referrals
- DSS Supplement/Enhanced payments Federal match