



FY22 Spending Plan

Board of Trustees
Financial Affairs Committee
6/14/21

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
- Elimination of NCAA sports
- Hiring Freeze
- Spending Freeze
- Suspension of extension services to adult learners
- Halting of planned expansion of the Masters in Social Work

Budget Framework: FY22

.....

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

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 the amounts below, 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

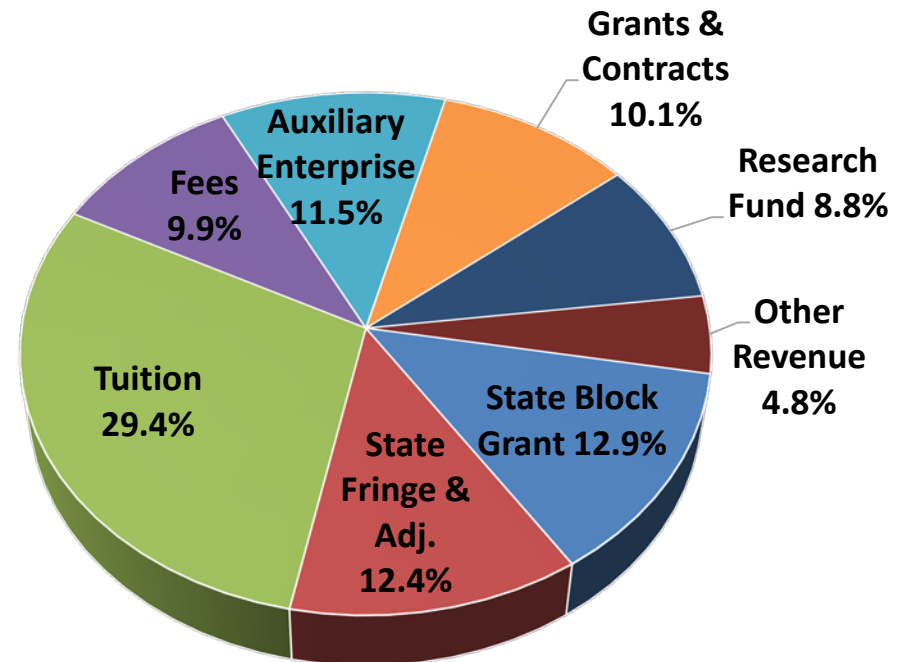
UConn presents a balanced budget for FY22, with strong support from the State and the Federal government.

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



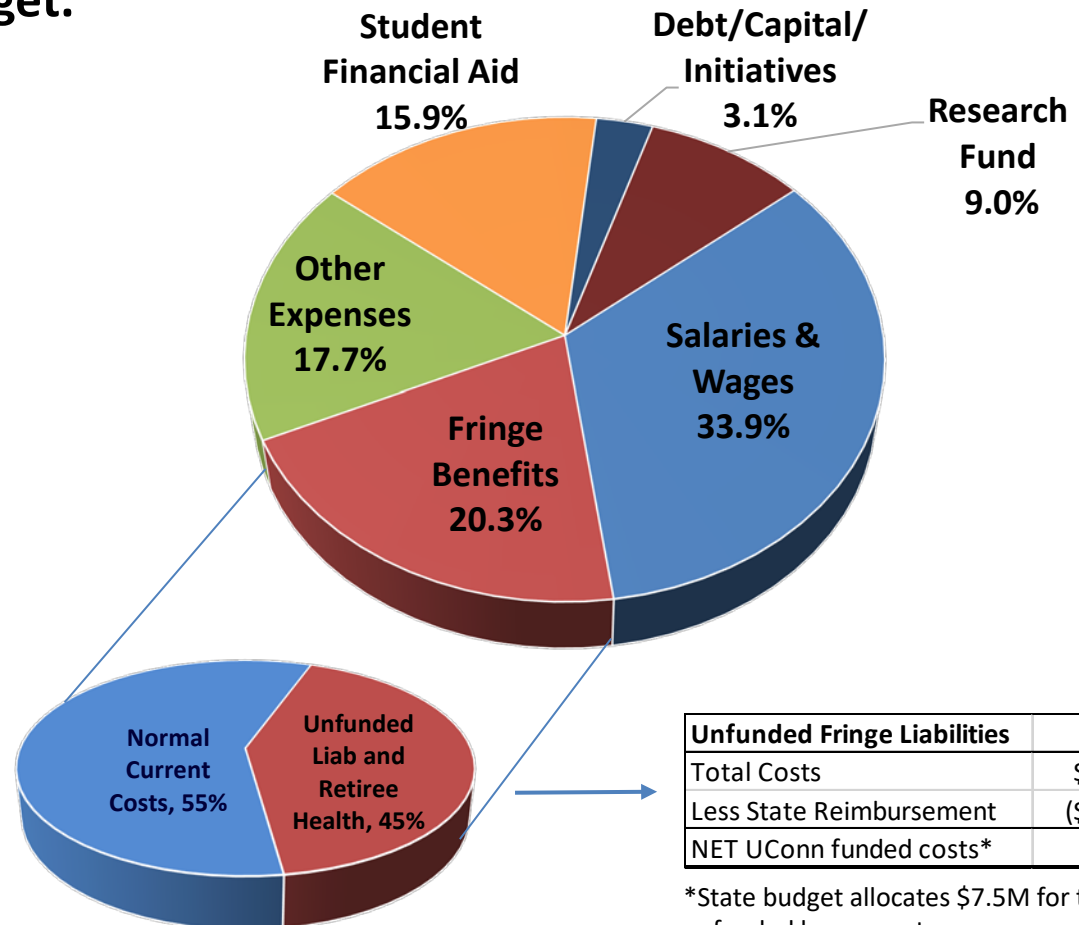
Note: Use of decimals may result in rounding differences.

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

65% of the capital budget will provide funding for active construction projects, with the remaining 35% 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	34.1	Campus Renovations, DM
UCH Equipment	23.0	IT, Clinical, Revenue Growth
UConn 2000 State Bonds	\$247.6	
Other Funds	56.0	Faculty Innovators, Facilities Repairs, Academic Renovations, Hockey
Total Capital Budget	\$303.6	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 and \$4.9M for 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

Appendix

UConn

Storrs & Regionals

Operating & Capital Budgets

Budget Summary FY22-24

UConn will be balanced in FY22, but we will need to continue to reduce the structural deficit over the next few years.

	FY21 Forecast	FY22 BOT Budget	FY23 Forecast	FY24 Forecast
Revenues:				
State Block Grant	208.8	208.2	208.2	208.2
Adjustments/accruals	1.8	10.9	-1.7	5.3
Fringe Benefits	186.9	189.4	191.5	192.6
State Support	\$ 397.5	\$ 408.5	\$ 398.0	\$ 406.0
Tuition	448.4	472.6	505.5	536.3
Mandatory/Course Fees	136.0	158.6	160.2	161.8
Grants & Contracts	171.2	162.3	124.8	106.6
Auxiliary Enterprise	85.5	185.5	195.9	195.9
Other Revenue (incl Foundation reimb.)	79.5	77.0	82.3	83.6
Research Fund	127.7	144.7	147.6	150.6
Total Revenues	\$ 1,445.8	\$ 1,609.2	\$ 1,614.3	\$ 1,640.8
Expenditures:				
Salaries & Wages	534.5	545.5	561.4	577.6
Fringe Benefits	314.6	327.3	345.2	358.1
Other Expenses (incl energy/equip.)	215.6	285.2	298.7	304.6
Student Financial Aid	228.6	255.6	233.4	240.6
Debt/Capital/Initiatives	26.2	50.5	58.2	48.9
Research Fund	126.2	145.0	147.9	150.9
Total Expenditures	\$ 1,445.8	\$ 1,609.2	\$ 1,644.8	\$ 1,680.7
Net Gain/(Loss)	\$ 0.0	\$ 0.0	\$ (30.4)	\$ (40.0)

Federal COVID Funding – Institutional Portion

COVID Impact:

COVID loss	(\$33,600,000)	(\$76,000,000)	(\$109,600,000)
Additional COVID expenditures		(\$14,371,906)	(\$14,371,906)
			(\$123,971,906)
Federal COVID Relief Funding	Amount Awarded FY20	Amount Awarded FY21	Comment
Coronavirus Relief Fund (CRF)	-	9,371,906	COVID related expenditures through 12/31/20
Coronavirus Relief Fund (CRF- Testing)	-	5,000,000	Fall testing costs for students and employees
SUBTOTAL - Expenditure Reimbursement	-	14,371,906	\$14,371,906
Coronavirus Relief Fund (CRF/CARES)		20,000,000	Partial reimbursement of student housing and dining refunds
Coronavirus Relief Fund (CRF/CARES)		5,000,000	Per OPM, not received yet, but pending (Use for FY22)
Gov. Emergency Education Relief Fund (GEER)	-	1,000,000	To help cover anticipated revenue losses.
HEERF 1 (CARES)	10,750,422	-	Partial reimbursement of student housing and dining refunds
HEERF 2 (CRRSAA)		21,348,081	General institutional support to cover revenue losses
HEERF 3 (ARPA)		28,448,006	General institutional support to cover revenue losses
State ARPA Allocation		15,000,000	Proposed by Gov. and Approps. (\$10M-FY22 and \$5M-FY23)
Provider Relief Fund	-	3,464	To cover revenue loss from fewer ambulance billings
SUBTOTAL - General Institutional Support (for refunds or revenue losses)	10,750,422	90,799,551	\$101,549,973
TOTAL - Institutional Portion	10,750,422	105,171,457	\$115,921,879

VARIANCE:

(\$8,050,027)

Federal COVID Funding – Student Aid

In addition to the institutional portion of the COVID relief funding, the University received \$50.4M in student aid federal assistance.

Student Aid (\$M)	FY20	FY21	FY22	Total
CARES – HEERF 1	10.8	-		
CARES – HEERF 1 (MSI/SIP)*	-	0.1		
CRRSAA – HEERF 2	-	10.8		
CRRSAA – HEERF 2 (MSI/SIP)*	-	0.2		
ARPA – HEERF 3	-		28.5	
Total COVID Student Aid Assistance	10.8	11.1	28.5	50.4

*MSI = Minority Serving Institutions, SIP = Strengthening Institutions Program, allocated to the qualifying regional campuses

Student Aid HEERF 1 Funds – FY20

Over 12,000 students received some portion of the federal relief funds in FY20.

Academic Career Level	Recipient Count	Average Award	Grant Award Ranges	Expenditures
Undergraduate	9,951	\$866	\$500-\$1,000	\$8.6M
Graduate / Social Work	1,560	\$908	\$500-\$1,000	\$1.4M
Law	290	\$891	\$500-\$1,000	\$258K
Medical/Dental	512	\$952	\$500-\$1,000	\$487K
TOTAL	12,313	\$875	\$500-\$1,000	\$10.8M

Student Aid HEERF 2 Funds – FY21

- Each phase included students across all degree programs/careers.
- Students ineligible for HEERF II funds (e.g. international students, undocumented students) were assisted with institutional funds not represented here.
- All students could apply for assistance in Phase II including those who received funds in Phase I.

Academic Career Level	Recipient Count	Grant Award Amount	Expenditures	Status
Phase I: Highest Need Students	8,511	\$500	\$4.3M	Complete
Moderate Need Students	4,153	\$250	\$1.0M	
Phase II: Application Phase	3,096	\$250	\$0.7M	In Progress
Phase III: Highest Need Students	8,492	\$450	\$4.9M	Pending Approval
Moderate Need Students	4,130	\$250		
TOTAL	13,396	\$250-500	\$10.98M	

Federal Student Aid – Next Steps

- Completion of Distribution of HEERF II – Early June 2021
- Generate proposals & gain approval for HEERF III funds – June/July 2021
- Brief University and Student Leaders on HEERF III – July/August 2021
- Communicate HEERF III Plans with Students & Distribute Funds – Beginning August 2021

Unrestricted Fund Balance

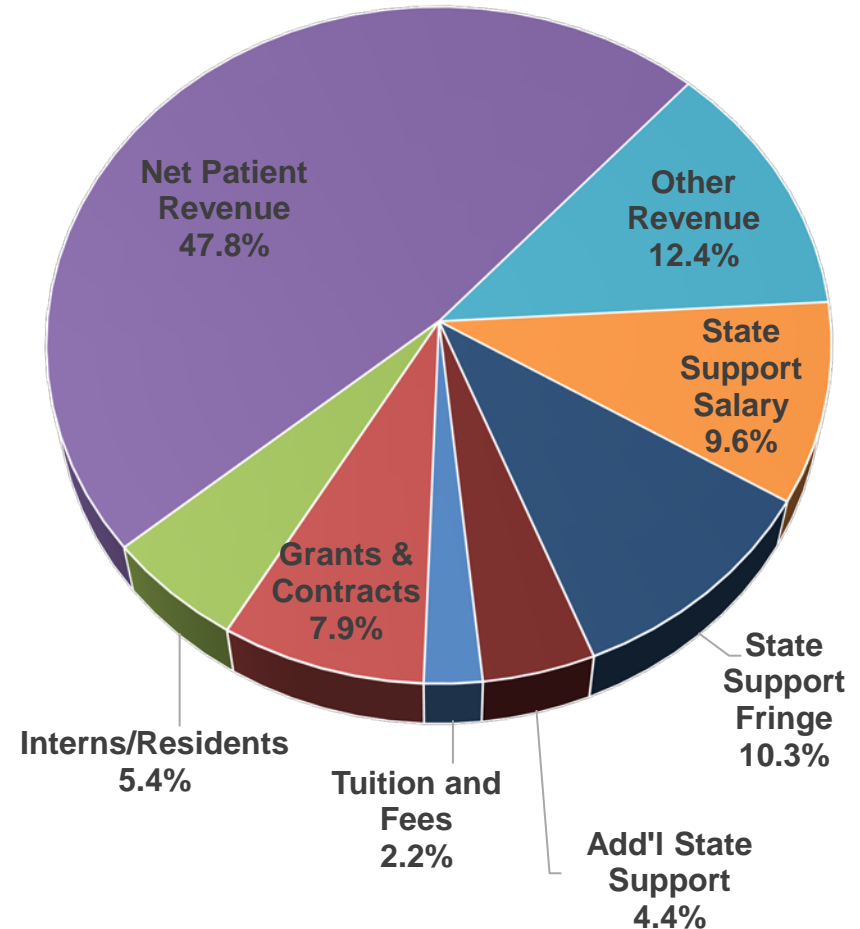
University of Connecticut (Storrs & Regionals)				
UNRESTRICTED Fund Balances				
Fund Source	FY19	FY20	FY21	Unrestricted Commitments
Auxiliaries: Housing/Dining Fees, and other Auxiliary Revenue	\$29.3	\$17.4	\$29.0	UConn 2000 bonds require these funds for renewal and replacement of student housing, dining and other facilities
Academic/Administration: Tuition, Fees, and Other Revenue	\$35.2	\$47.2	\$35.6	To support academic programs and activities not supported by State funding; for laboratory equipment start-up and renovation costs. Also reflects the liabilities including vacation leave, accrued salary & fringe, etc.
Research: Federal, Private and other grants	\$39.3	\$42.0	\$42.0	Grant funds for research administration and faculty support. Represents approximately 1,000 individual faculty research accounts
Operating Subtotal*	\$103.8	\$106.6	\$106.6	
Deferred Maintenance/Capital:	\$131.2	\$105.7	\$84.8	Capital and maintenance initiatives not funded with UConn 2000 funds, including Energy Efficiency project, DM, auxiliary facilities, and infrastructure projects.
Pledged Debt Service:	\$44.1	\$24.6	\$26.6	Needed for debt service, for favorable credit rating and bond coverage.
TOTAL**	\$279.1	\$236.9	\$218.0	
<p>*1. The projected unrestricted fund balances (\$106.6M) only supports about 23 days of operations which falls well short of the policy requiring 3 months.</p> <p>**2. When Including capital and debt balances (\$218M) it only supports about 47 days of operations.</p>				

UConn Health

FY2022 Revenue by Category

The UConn Health's primary source of revenue is from patient care. State support for salaries on the block grant is 9.6% of total revenues, and when combined with the State fringe reimbursement and State unfunded legacy cost, only accounts for 24.3% from the State.

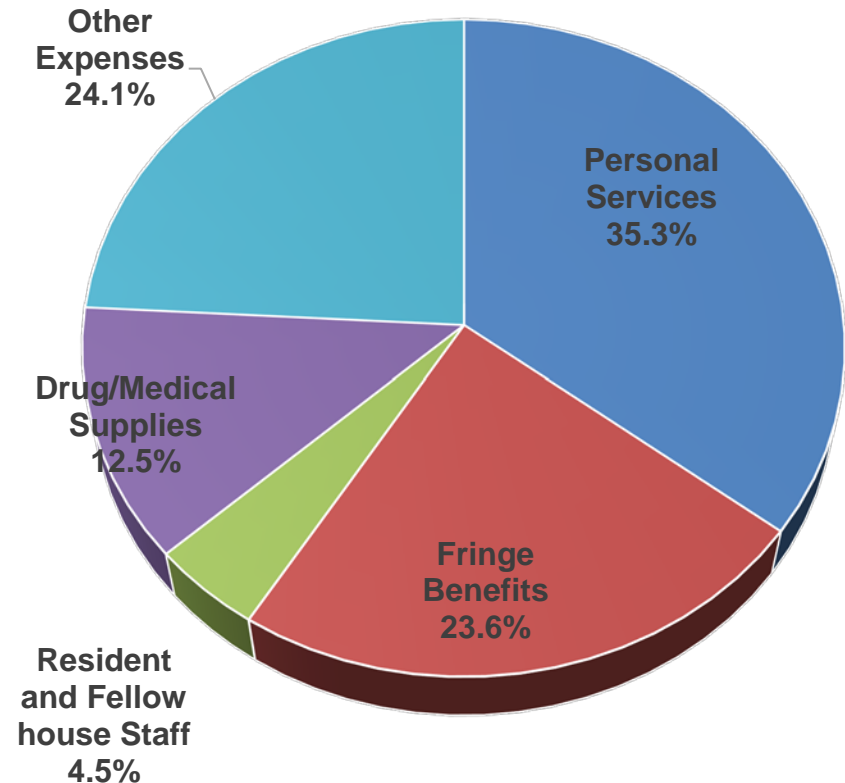
Revenue (\$M)	
State Support Salary	133.7
State Support Fringe	144.5
Additional Support	61.0
Total State Support	\$ 339.2
Tuition and Fees	31.4
Grants & Contracts	110.6
Interns/Residents	76.0
Net Patient Revenue	668.1
Other Revenue	173.5
Total Revenue	\$ 1,398.8



FY2022 Expense by Category

Salary and fringe benefit costs account for over 59% of the UConn Health's operating budget.

Expense (\$M)	
Personal Services	485.4
Fringe Benefits	324.8
Drugs/Medical Supplies	171.6
Resident and Fellow house staff	61.4
Other Expenses	331.8
Debt Service	8.5
Capital Projects	15.1
Total Expenses	\$ 1,398.7



Budget Framework: FY2022

\$1.4 Billion Revenue Sources

Source of funds		FY22 Amount (\$M)	% of budget	Use of funds
State	Block grant	\$ 133.7	9.6%	Salaries for 40% of employees
	Fringe reimbursement & adj	\$ 144.5	10.3%	Fringe for 40% of employees
	Additional Support	\$ 61.0	4.4%	ARPA funds and operating support
Patients	Net Patient Revenue	\$ 668.1	47.8%	John Dempsey Hospital, UConn Medical Group, Specialty Pharmacy and Dental Clinics
Students	Tuition and Fees	\$ 31.4	2.2%	Instructional costs and related fees
Health Center	Grants, contracts, gifts	\$ 110.6	7.9%	Research and public service
	Interns/Residents	\$ 76.0	5.4%	Resident Training and Graduate Medical Education
	Auxiliary, other	\$ 173.5	12.4%	340B Pharmacy and other contracted revenue