



Appropriations Committee Testimony

Dr. Bruce Liang

Interim CEO and Executive Vice President for Health Affairs of UConn Health,
Dean UConn School of Medicine

February 20, 2024

I am Dr. Bruce Liang, the Interim Chief Executive Officer and Executive Vice President for Health Affairs of UConn Health, and Dean of the UConn School of Medicine. Joining me today is Jeff Geoghegan, Executive Vice President for Finance and Chief Financial Officer for UConn and UConn Health.

I would like to start by thanking each of you for your leadership, dedication and support. I would also like to thank the Governor, Secretary Beckham, and others in the administration who continue to work closely with UConn Health.

Attached to my testimony is a packet of information about UConn Health for your review – it will provide you information on who we are and our budget requests.

I would like to take the time to provide you with an overview of UConn Health, the state's only public academic medical center: UConn Health is a vibrant, high-performing public asset for the state of Connecticut. Thanks in large part to your leadership and investment, UConn Health generates \$3.3 billion in overall economic benefit to the state. In addition to this economic impact in dollars, UConn Health contributes over 13,000 jobs to the state economy and is the single largest source of physicians, surgeons, and dentists in the state. UConn Health has a unique inter-dependent tripartite public mission-Education, Research/Innovation, and Clinical care, and I appreciate the opportunity to share this with you today.

Education: UConn Health ensures access to top-quality health care services for Connecticut citizens by training the state's future physicians, dentists, and scientists. UConn Schools of Medicine and Dental Medicine are affordable top-rated options for

the sons and daughters of Connecticut. At 653 students, we have maintained the 30% increase in class sizes delivering on the promise of the Bioscience Connecticut Initiative - our programs and our students are thriving.

UConn Health is the single largest source of medical and dental professionals in this state. 63% of the Dental School trainees and 70% of the Medical School trainees stay in the state after graduating from the Schools and their residency programs.

The School of Medicine is a state leader in building and developing a diverse healthcare provider pipeline for Connecticut through the Department of Health Career Opportunity Programs, the Aetna Health Professions Partnership Initiative and the Visiting Students for Underrepresented Minorities program. The School of Medicine ranks 27 and 33 among public medical schools for research and diversity, respectively by the US News and World report. The School of Dental Medicine has been recognized by the American Dental Education Association for achievements in the recruitment and matriculation of underrepresented minority students.

We are the home to 840 Resident physicians and dentists- these are medical and dental trainees who have graduated and are now in specialty training - providing patient care in local hospitals in over 29 communities across the state. The medical residency program brings in \$159 million in federal funds to the area hospitals in the State to support their salaries and training.

We also have 378 PhD, Masters and graduate certificate degree students in our Graduate school - individuals who graduate and contribute to research, science, public health service, and the Connecticut economy.

UConn Health's inpatient and outpatient medical and dental clinics are not only the principal places for educating and training our students, but they are also necessary for the accreditation of the medical and dental schools. As the state's only public medical school, UConn Medical School and UConn Health perform their public missions like other states' academic medical systems. The level of state support for our missions, at 13.3 percent of total revenues, is on par with or even lower than that at public health systems in other states.

Given these critical and far-reaching roles, it is absolutely vital that we focus on building on successes to ensure that UConn Health can grow and thrive in the decades ahead, serving our patients, our students, and our state as effectively, but also as efficiently as possible.

Research, Innovation and Start-Ups: The state, through Bioscience Connecticut, made strategic investments in UConn Health and the region to generate long-term, sustainable economic growth based on bioscience research, innovation,

entrepreneurship and commercialization. As a result, UConn Health federal research awards are strong at a record-breaking \$129 million, including committed external awards in 2023.

Our Center on Aging recently received a \$7 million National Institute on Aging (NIA) Claude D. Pepper Older Americans Independence Center award solidifying our standing in the field as now being part of a nationwide network of just 15 Pepper Centers in the country to help older Americans maintain or restore their independence. The Center also received a \$1.4 million award to serve as a lead institution to establish an NIA Geoscience Education and Training Network as a complementary “sister” network to the NIA Translational Geroscience Network.

The research and innovation being conducted on our campus not only impacts the state economy, but importantly, it has the potential to help thousands and eventually millions of people. Among the highlights are UConn Health researchers in our world-renowned Glycogen Storage Disease Program are testing gene therapy and mRNA technology as a cure for patients born with the rare, life-threatening liver disorder; our experimental medication therapy could help heal the brain after being damaged by a stroke; newly invented synthetic artificial stem cells could someday heal and regenerate injured joints and tissue; and even an innovative 3-D printed breast prosthetic for breast cancer patients is already benefitting cancer survivors.

Further, our collaboration with Jackson Laboratory-Genomic Medicine is strong with joint grant submissions that have resulted in \$128 million in awards with another \$47 million pending. Our biotechnology startup incubator in Farmington is at capacity with 59 companies that raised \$106 million in equity and other funding last year, and paid \$4.2 million in taxes. Our faculty are developing new therapies for brain and heart attacks, spine and bone disorders, precision-guided neurosurgery, and new vaccine therapies for triple negative breast cancer, to name a few.

State-of-the-Art Clinical Care: I urge anyone who has not seen and experienced care at UConn Health to visit us. Our clinical services have continued to gain national recognition for providing care with new approaches and technologies that other hospital facilities are not able to provide in the state or region. Our faculty teach and mentor students and resident doctors for not only their clinical but also scholarly and research training. This is what academic medical centers do. Without them the Schools would be at risk.

Clinical revenue at UConn Health has had **unprecedented growth** for more than a decade with sustained annual increases in patient volumes even during the pandemic. This means, since the state’s investment in Bioscience CT in **2010 to this current fiscal year, UConn Health’s clinical care revenue is on target to triple from \$326 million to \$919 million in FY24.**

UConn Health's workforce needs to be substantial enough to meet the very large and rapidly growing volume of patients who choose to receive care here, who come from all of Connecticut's 169 cities and towns. Inpatient and outpatient medical and dental care at UConn Health had a record **1.5 million outpatient visits last year**, and our hospital's **Emergency Department saw over 51,000 patients**. In fact, since 2013, UConn Health outpatient care visits have close to doubled. Last fiscal year alone clinical care net revenue **increased by \$98.3 million to total \$841.8 million and from 2022 to 2024, we expect the clinical net revenue to increase by nearly \$180M**. From 2014-2024, UConn Health has grown its net patient care revenue by 141%.

What is important to know is that UConn Health's top 10 earners for the past fiscal year collectively **generated nearly \$46 million in 2023** in clinical care and research revenue for UConn Health – this is more than quadruple their total combined salaries. Cumulatively, from 2016 to 2023, UConn Health's 10 highest-paid faculty brought in **more than \$281 million in clinical and research revenue**. This revenue is critical to UConn Health, since state support accounts for about 13% in FY24. Not only are they providing exemplary, compassionate cutting edge care to our patients, they contribute to generating 59% of our self-generated total revenues, largely from our clinical operations, which the largest source of UConn Health's revenue.

Public Mission: As the state's only public academic medical center, part of UConn Health's responsibility and mission is to leverage our workforce, research, and clinical knowledge to be a key resource to the state when needed. This is a responsibility we take very seriously.

UConn Health is the major safety-net care facility providing equal access and the same quality of care for under-served populations who depend on us for treatments for both inpatient and outpatient services that are provided at levels not supported by most other private entities. These services include specialty surgery (spine, orthopedic surgery, neurosurgery, cardiac surgery and vascular surgery), painful-inherited red blood cell disorder sickle cell disease, childbirth, dental health, and mental health care and operation of the state's Poison Control Center. As a result, we have patients from every one of the 169 cities and towns in the state. Of these patients, one in four are Medicaid recipients. The School of Dental Medicine is the single largest provider of dental care to the uninsured and underinsured in the state. Due to the under-reimbursement nature of safety net care, UConn Health clinical operation loses \$104M each year.

Most recently, our very own, UConn Health practitioner, Marina Creed, led the construction and distribution of "Corsi-Rosenthal Boxes", which remove virus-carrying aerosols from the air, into public school classrooms across central Connecticut. The boxes are an uncomplicated combination of easily obtained supplies that can be assembled in minutes. The components- a box fan, pleated air filter panels, cardboard

and duct tape; add up to less than it costs to travel to Washington, D.C., where Creed presented members of the Biden administration's Office of Science and Technology Policy (OSTP) a Do it Yourself (DIY) air purifier by the UConn Health team.

Strong Fiscal Stewardship: With extensive cost reductions, revenue enhancements and strategic growth initiatives, unlike other state agencies who receive 100% of their funding from the state, UConn Health receives only 13% of its revenues from the state to support its public missions of education, research, and caring for the citizens of Connecticut, including that for the underserved.

2024 Legislative Requests:

With respect to UConn Health's appropriation, if enacted as written, the proposed budget makes one reduction to UConn Health. It reduces \$4.3M in fringe support for the UConn Health Fringe Benefit Cost Differential. Overall, the budget shortfall remains at \$29 million in the next fiscal year. The projected deficit is largely due to rising salary and fringe costs.

The proposed budget includes a FY25 recommended appropriation for UConn Health that is \$45.3 million less than our FY24 appropriation. **During this session of the General Assembly, we are seeking an additional \$16.9 million (\$12.6 million appropriation and \$4.3 million for the UConn Health Fringe Benefit Cost Differential),** that CGS 3-123i be restored and the differential be funded on an ongoing basis at \$4.5 million annually). The fringe benefit cost differential recognizes the higher state fringe benefit rates for active and current employees as compared to private hospitals' rates (~35% vs~26%). That difference is approximately \$23M in FY24 and FY25.

We have internal revenue gains and spending reductions already in place for FY25 but need this additional support from the state to balance the budget.

Over the last six years, UConn Health has implemented \$143.3 million in cost savings and spending reductions while simultaneously increasing clinical revenues by \$335 million during this timeframe.

With regard to the wage reopener for all state employees that is currently being negotiated, any salary increases will require additional permanent state support. To be clear: the university supports our workforce being paid fairly and competitively; our request is that the state fund the full cost of any pay increases it negotiates, as it does for nearly every other state agency rather than passing most of these costs on to the university, and, by extension, our students. **We will be asking the state to cover those increases for all our employees on a permanent basis. For context, the value of a 1% increase in salary for all our employees is \$6.4 million.**

It is important to note that state financial support to UConn Health is 13% of our total budget. Every dollar in state support is spent on employee salaries, 19% of our workforce is supported by state appropriated funding, while the remaining 81% are funded by UConn Health. This data illustrates that we are doing more than our fair share of absorbing the costs of running the state's public academic medical center that benefits our entire state. It also means that even when the state funds the cost of pay increases for a percentage of the salaries of our employees, the university is still in the position of having to fund the bulk of our employees' salaries.

Cannabis Regulatory Fund Fix: UConn Health receives funds from the state for two positions at the State's Poison Control Center, which is operated on UConn Health's campus. In the Governor's proposed budget, 178,385 is budgeted to UConn Health under the Cannabis Regulatory Fund, however, the two positions are shown under the University of Connecticut. We would please like to request the two positions be attributed to UConn Health, not UConn.

Thank you.

**

*****Restore CGS 3-123i. Funding for fringe benefit cost differential re The University of Connecticut Health Center employees.** For the fiscal year ending ~~June 30, 2014~~, **June 30, 2024** and for each fiscal year thereafter, the Comptroller shall fund the fringe benefit cost differential between the average rate for fringe benefits for employees of private hospitals in the state and the fringe benefit rate for employees of The University of Connecticut Health Center from the resources appropriated for State Comptroller-Fringe Benefits in an amount not to exceed ~~\$13,500,000~~ **\$4,500,000**. For purposes of this section, the "fringe benefit cost differential" means the difference between the state fringe benefit rate calculated on The University of Connecticut Health Center payroll and the average member fringe benefit rate of all Connecticut acute care hospitals as contained in the annual reports submitted to the Health Systems Planning Unit of the Office of Health Strategy pursuant to section 19a-644.



UConn | UNIVERSITY OF CONNECTICUT

Appropriations Committee Budget Presentation

Dr. Radenka Maric, UConn President

Dr. Bruce Liang, Interim CEO, UConn Health

February 20, 2024



UConn HEALTH

Outline

1. **UConn by the Numbers. Slides 9-20.**
 - 2 **Connecticut's Return on its Investment in UConn. Slides 21-27.**
 3. **Impact of UConn Health on Connecticut. Slides 28-34.**
 4. **Planning for UConn's Future. Slides 35-44.**
 5. **2024 Legislative Session Priorities. Slides 45-51.**
- Appendix. Slides 52-60.**



#9

AMONG TOP PUBLIC UNIVERSITIES
AND #46 OVERALL

Wall Street Journal
America's Best Colleges 2024

DUE TO UCONN'S **AFFORDABILITY**, AVERAGE **TIME TO DEGREE**,
AND THE **VALUE** IT ADDS TO GRADUATES' SALARIES.

UConn By the Numbers

24,356

UNDERGRADUATE
STUDENTS

7,976

GRADUATE &
PROFESSIONAL
STUDENTS

72%

OF ALL STUDENTS ARE
CONNECTICUT RESIDENTS

8,812

FIRST GENERATION
STUDENTS

17,053

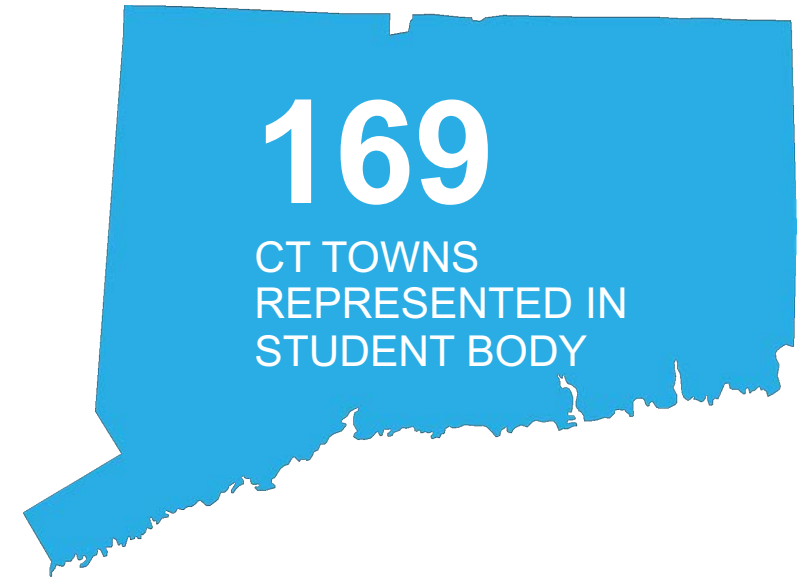
STUDENTS RECEIVING
SCHOLARSHIPS/GRANTS

2,260

FACULTY MEMBERS
(FULL-TIME ONLY)

6,953

STAFF MEMBERS
(FULL-TIME ONLY)



UConn is in Demand

Demand for a UConn education is strong . . .

First-year application trends at Storrs Campus continue to rise to nearly 57,000 for fall 2024

From Fall 1996 to 2023, applications at all campuses have increased **421%** and 56% since 2013.

. . . and the quality of the first-year student class is highly competitive.

192 Valedictorians and salutatorians
Storrs & Regionals

1296 Mean SAT* score of Storrs Campus
entering first-year students for fall 2023

Connecticut mean SAT: **1007**
National mean SAT: **1028**

*SAT Data: Standardized test average represents students who elected to submit test scores as part of their application materials.

Total Applications
Storrs and Regional Campuses



*As of Feb 2024



\$59,000

Average yearly starting salary for UConn graduates, higher than the national average

Top Employers of UConn Grads*

- Amazon - 462
- Cigna - 525
- Collins Aerospace - 370
- CVS Health/Aetna - 901
- Deloitte - 359
- Ernst & Young LLP - 178
- General Dynamics Electric Boat - 451
- Hartford Healthcare - 558
- KPMG - 125
- Lockheed Martin - 229
- Pratt & Whitney – 1,004
- PricewaterhouseCoopers - 296
- Raytheon Technologies - 258
- Synchrony - 74
- The Hartford - 504
- Travelers - 990

*Based on LinkedIn profiles. We believe these numbers are underrepresented by 40-50%.

UNDERGRADUATE FIRST DESTINATION

**2022
to
2023**

Positive Outcomes Rate
as of 6 months post-graduation

92%

In-State Grads Staying in CT



75%

of employed in-state graduates work in CT



Out-of-State Grads Staying in CT



18%

of employed out-of-state graduates work in CT



80%

of in-state graduates continuing their education are enrolled at CT institutions



38%

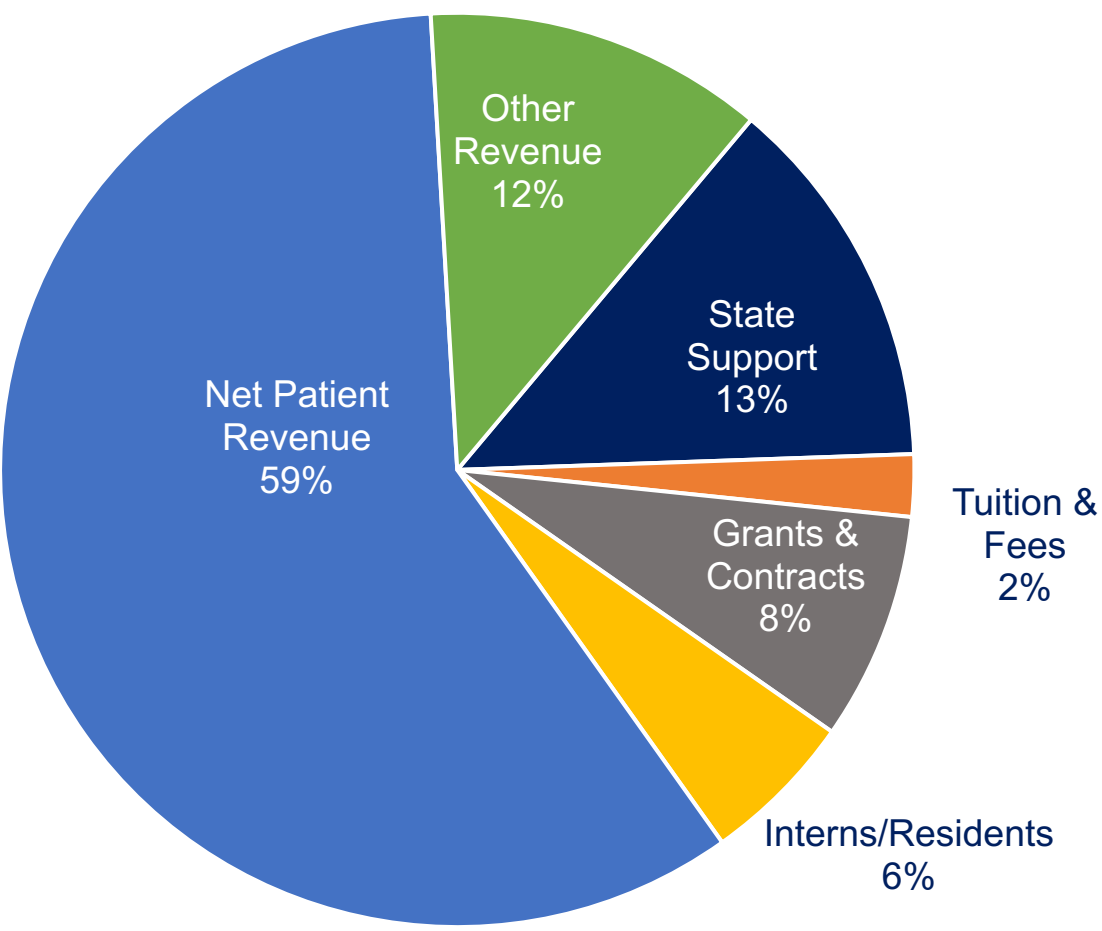
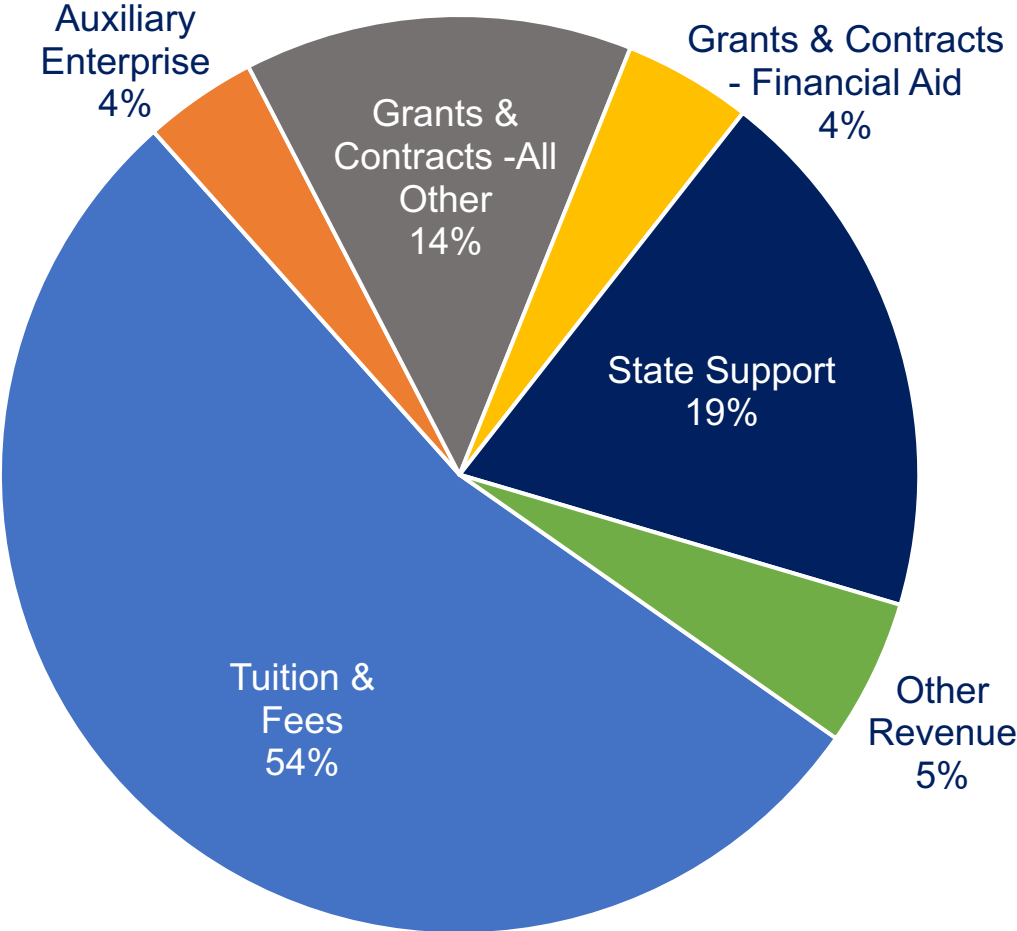
of out-of-state graduates continuing their education are enrolled at CT institutions

FY24 Revenues

\$3.1B

UConn \$1.6B

UConn Health \$1.5B



Other = Sales and service revenue, study abroad, gifts/ endowments, etc.

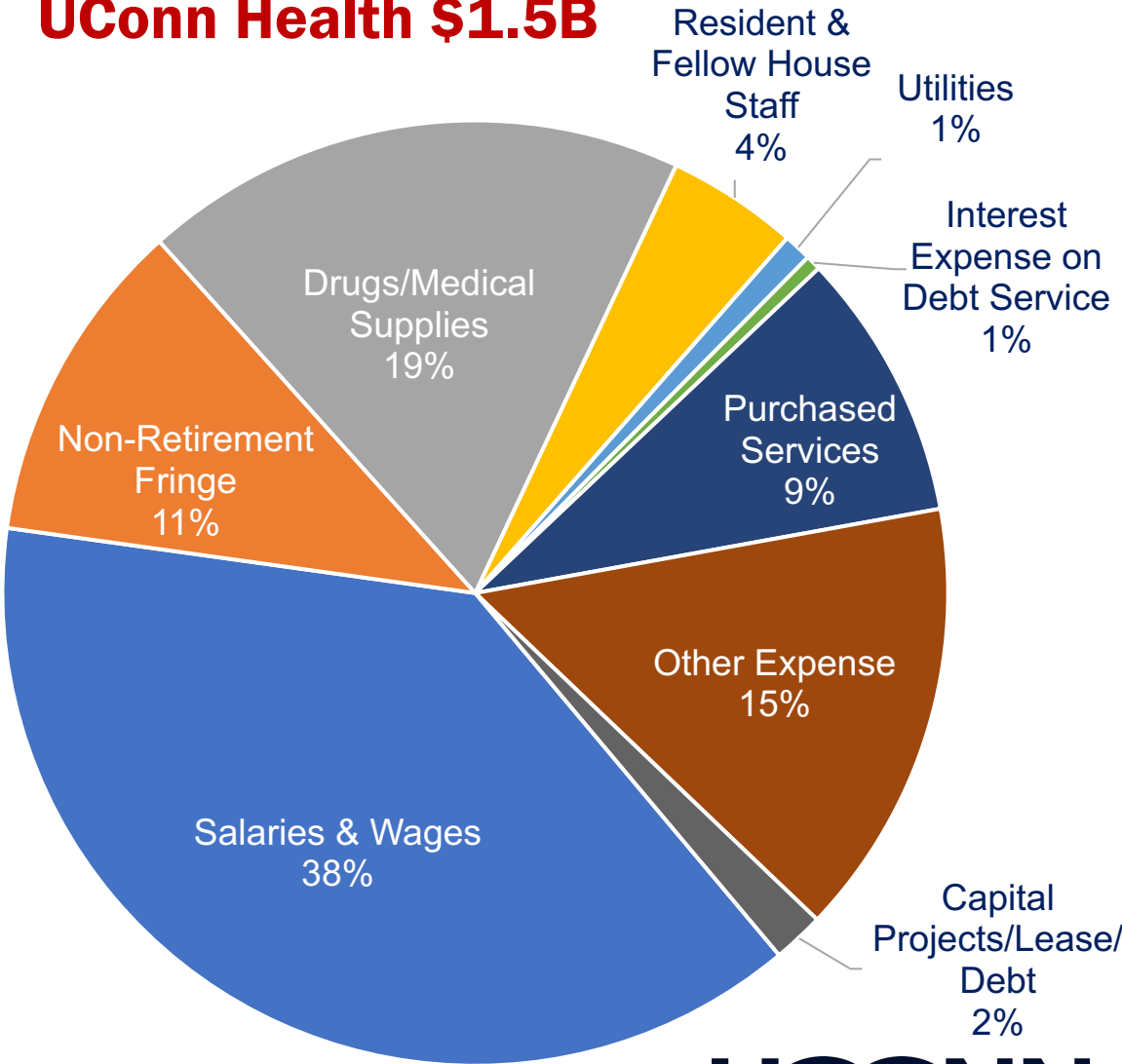
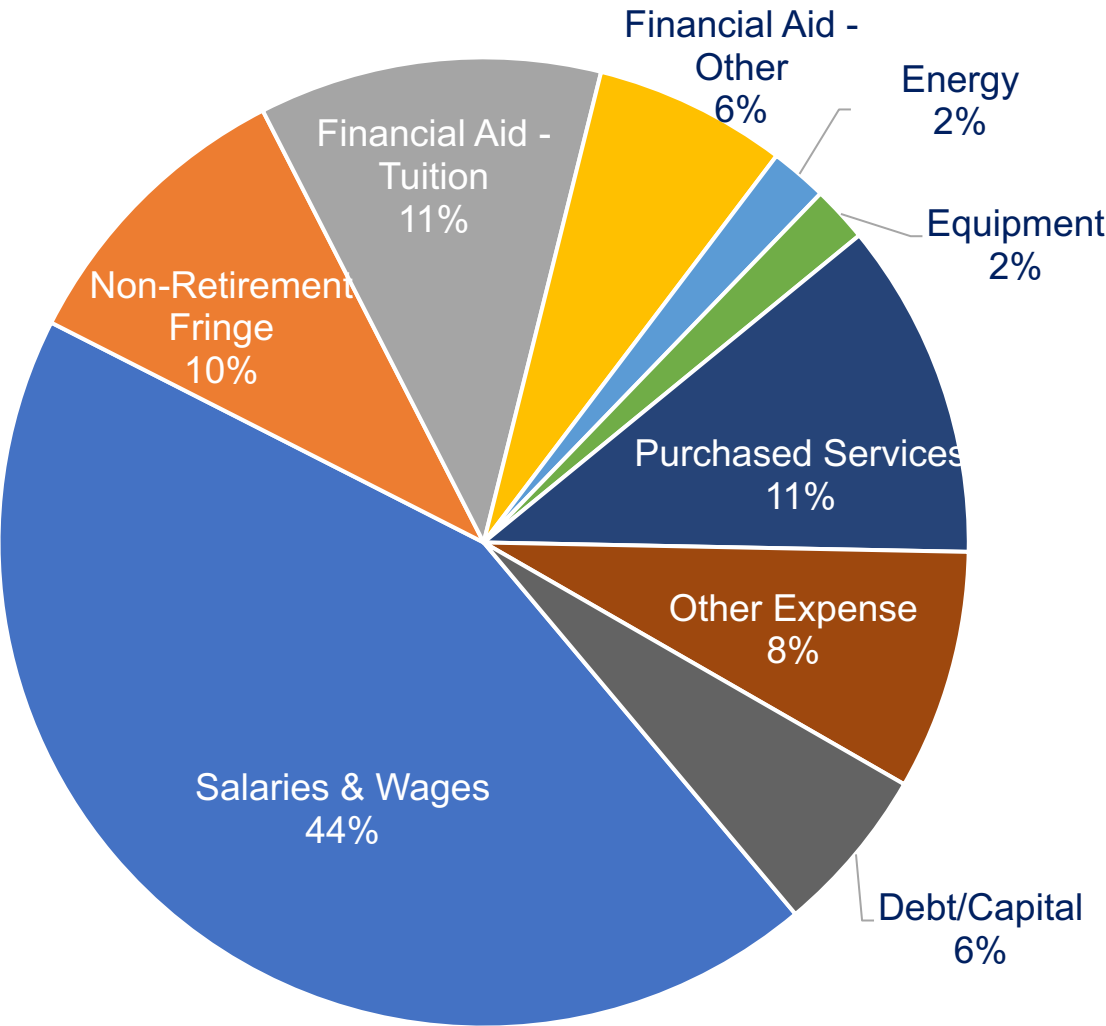
Other = Auxiliary services, gifts/endowments, external contract revenue and internal income (offset by internal expenses)

FY24 Expenses

\$3.1B

UConn \$1.6B

UConn Health \$1.5B



How does UConn spend State funds?

State funds are used
to support salaries

State support accounts for 16%
of UConn's total revenues:

\$501 Million State support
16% = of total revenue

State support is only used
for salaries and covers:

26% of total employee salaries
31% of UConn salaries
19% of UCH salaries

Revenues generated by
UConn cover all other costs

UConn self-generates 84% of its
total revenues:

\$2.6 Billion self generated revenue
84% = of total revenue

UConn covers 74% of employee
salaries

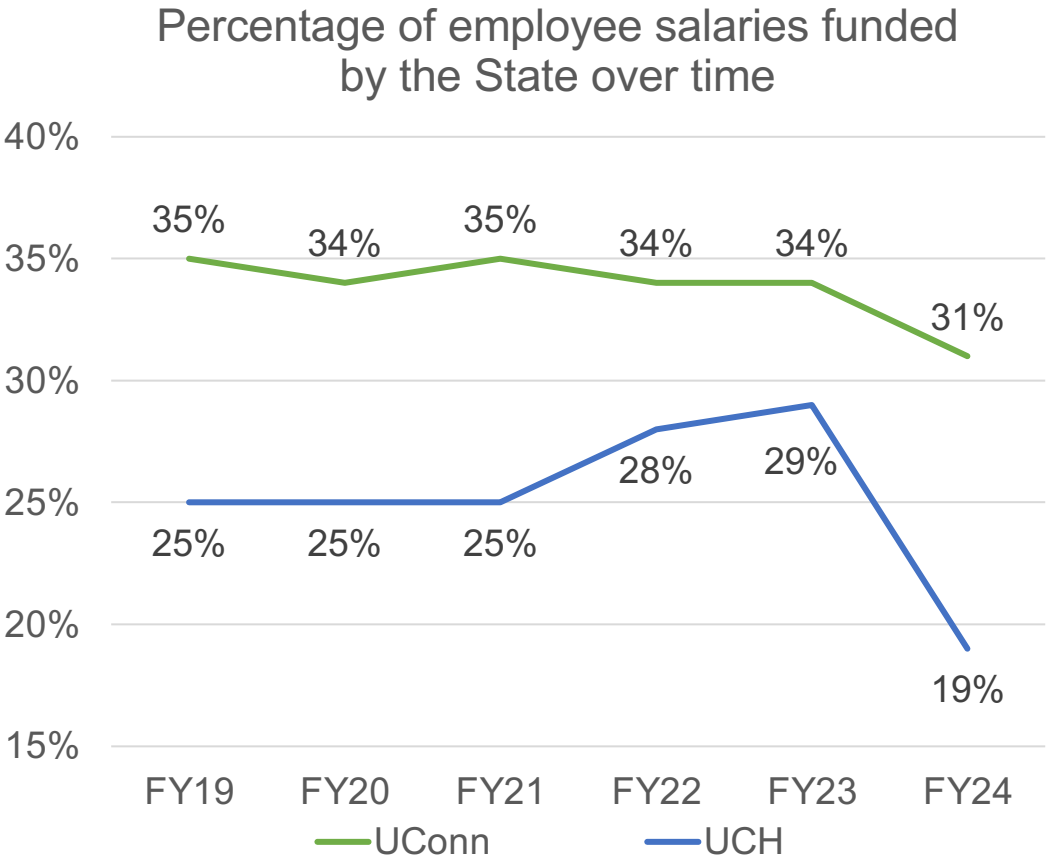
74% of employee salaries are
covered by UConn self-
generated revenue

State Funds are Used to Support Salaries

State support is only used for salaries and covers:

26% of total employee salaries

31% of salaries at UConn
19% of salaries at UCH



Analysis of UConn's Performance Relative to Other Universities

The Office of Policy and Management (OPM) recently asked UConn to conduct an analysis of its performance relative to its peers. The University of Connecticut engaged an independent firm to develop a detailed understanding of the University's institutional data and metrics, and a comparative analysis is underway.

OPM selected the following selected peer institutions for analysis:

- Rutgers University
- Stony Brook University
- University of Maine
- University of Massachusetts, Amherst
- University of Vermont

UConn added two universities to the analysis given their similarities to UConn:

- University of North Carolina at Chapel Hill
- University of Kansas



UConn's State Appropriation Revenue Compared to Benchmark Institutions

State Appropriation Revenue



On average, 29% of the University of Connecticut's Core revenue comes from state funding, which is higher than six of its peer institutions, some by a significant margin*. Notably, only one peer experienced a decrease in state funding from over the 5-year period.

State Appropriation Revenue (2018 – 2022) (Percentage of Total Core Revenue ¹)						
Institution	2018	2019	2020	2021	2022	5-Year Annual Growth
University of Connecticut ¹	\$343.0M 28%	\$356.9M 28%	\$376.9M 32%	\$397.9M 28%	\$459.8M 29%	22%
Rutgers University	\$696.7M 26%	\$750.6M 27%	\$711.2M 29%	\$742.3M 25%	\$798.1M 30%	3.4%
Stony Brook University	\$541.5M 47%	\$581.0M 48%	\$523.9M 41%	\$467.0M 38%	\$514.1M 40%	-1.3%
University of Kansas	\$238.2M 20%	\$245.0M 21%	\$258.2M 21%	\$253.4M 20%	\$259.6M 20%	2.2%
University of Maine	\$98.1M 30%	\$98.1M 29%	\$98.6M 28%	\$104.0M 25%	\$105.4M 24%	1.8%
University of Massachusetts, Amherst	\$360.2M 35%	\$371.8M 35%	\$386.1M 35%	\$404.9M 34%	\$421.8M 34%	4.0%
University of North Carolina at Chapel Hill	\$518.2M 21%	\$543.3M 21%	\$534.8M 22%	\$537.4M 14%	\$587.6M 22%	3.2%
University of Vermont	\$43.0M 7%	\$43.0M 6%	\$51.7M 8%	\$72.7M 9%	\$48.4M 7%	3.0%

* Note that UConn's State appropriation includes fringe benefit funds, specifically unfunded retiree pension and healthcare obligations, which is not the case for other peer institutions.

** Beginning in FY24, these funds are removed, and the University's state appropriation drops to 22% of core revenues and 16% of total revenues.

Average 5-Year Revenue Comparison

The university experienced the second-largest revenue growth among the selected peer institutions, while two institutions showed no growth.

Average 5-Year Core Revenue² Institutional Comparison (2018 – 2022)

Institution	State Support	Tuition and Fees	Govt. Grants and Contracts	Investment Income	Local Appropriations	Other Core Revenues	Private Grants and Contracts	Total Core Revenue	5-Year Annual Growth
University of Connecticut¹	\$386.9M	\$406.3M	\$227.7M	\$5.7M	-	\$268.0M	\$46.8M	\$1.3B	6%
Rutgers University	\$739.8M	\$715.7M	\$704.1M	\$104.1M	-	\$282.5M	\$154.5M	\$2.7B	0%
Stony Brook University	\$525.5M	\$267.0M	\$309.9M	\$8.1M	-	\$48.3M	\$72.3M	\$1.2B	3%
University of Kansas	\$250.9M	\$325.8M	\$274.1M	\$12.4M	\$12.9M	\$218.2M	\$134.3M	\$1.2B	2%
University of Maine	\$100.8M	\$113.6M	\$70.3M	\$3.9M	-	\$57.8M	\$28.3M	\$374.7M	7%
University of Massachusetts, Amherst	\$388.9M	\$418.5M	\$172.5M	\$11.3M	-	\$68.8M	\$64.7M	\$1.1B	4%
University of North Carolina at Chapel Hill	\$544.3M	\$427.9M	\$971.6M	\$359.8M	-	\$167.2M	\$342.8M	\$2.8B	2%
University of Vermont	\$52.8M	\$336.0M	\$146.1M	\$35.0M	-	\$30.4M	\$95.0M	\$694.4M	0%

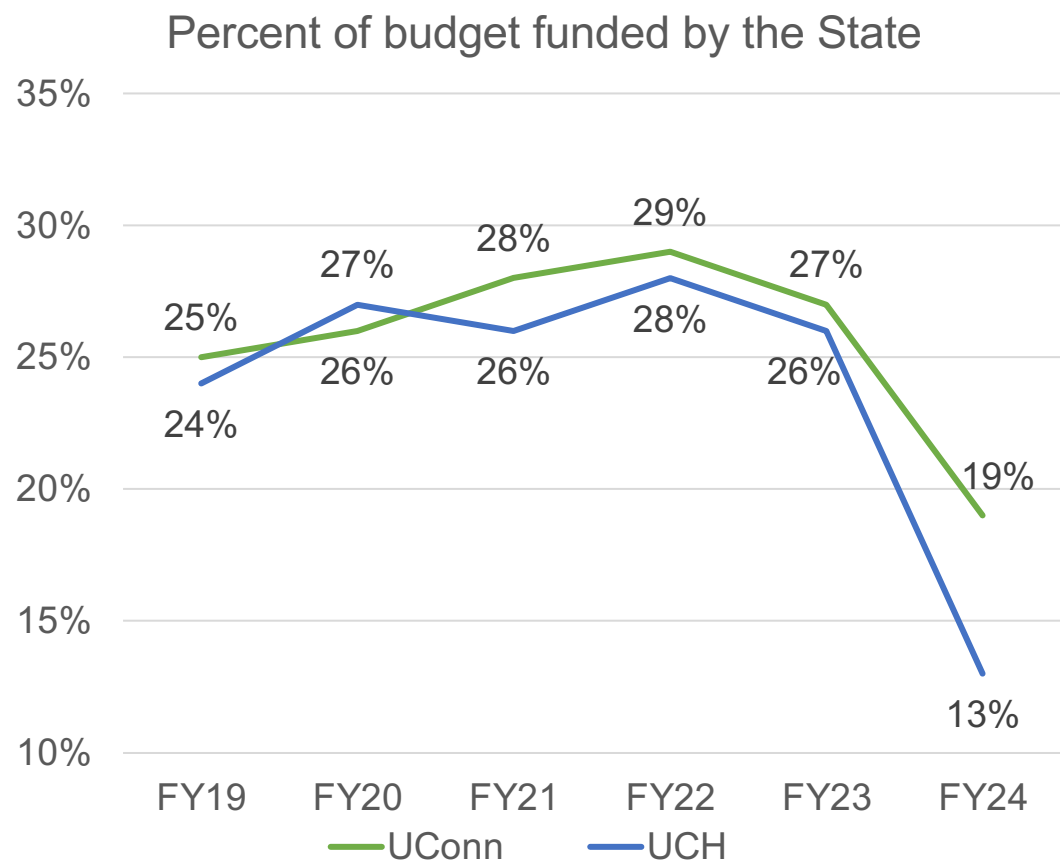
How Much of UConn's Budget does the State Support?

16%

In FY24, the State is supporting 16% of UConn's total budget

At UConn and UConn Health, the State supports 19% and 13% of their total budgets, respectively

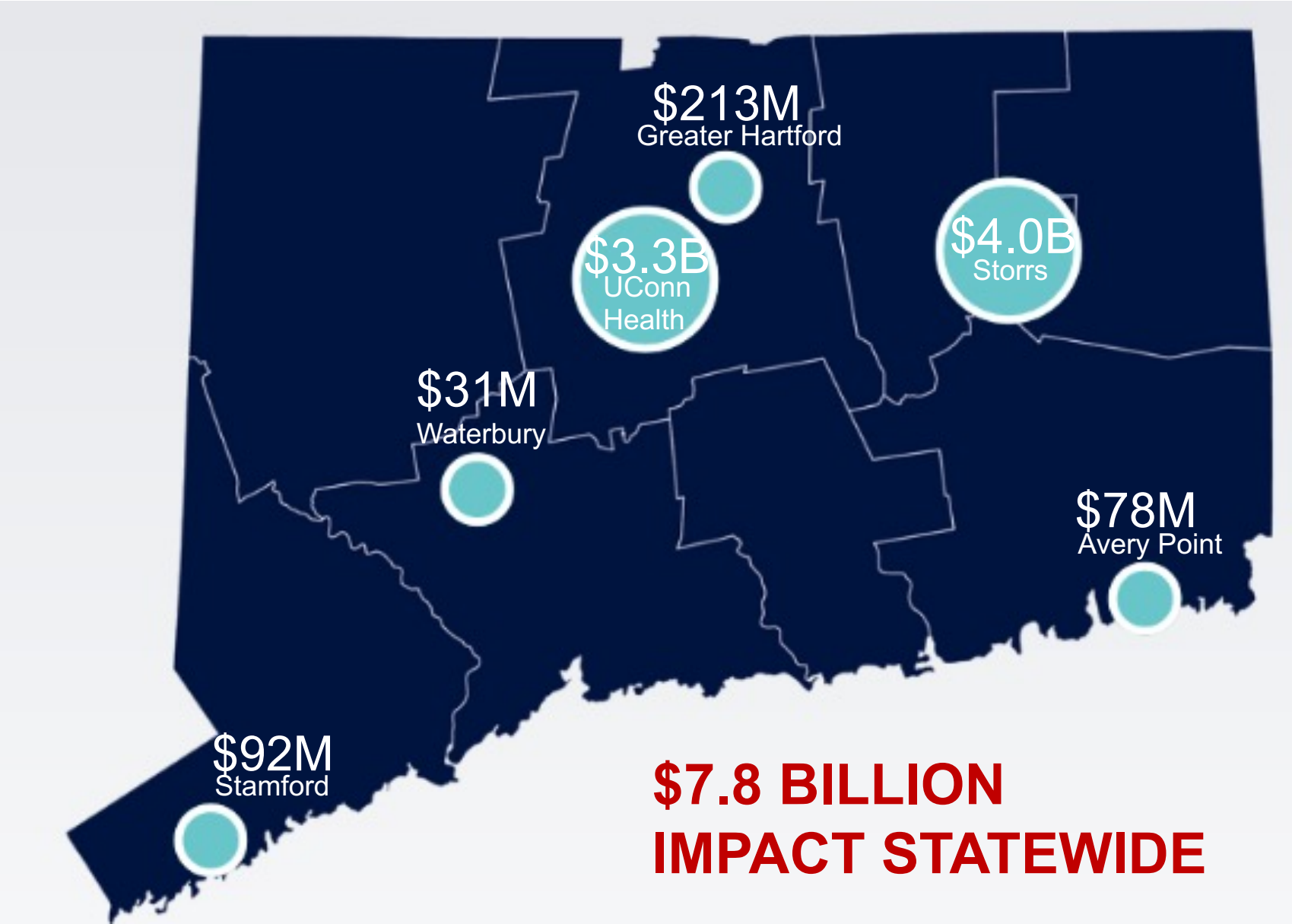
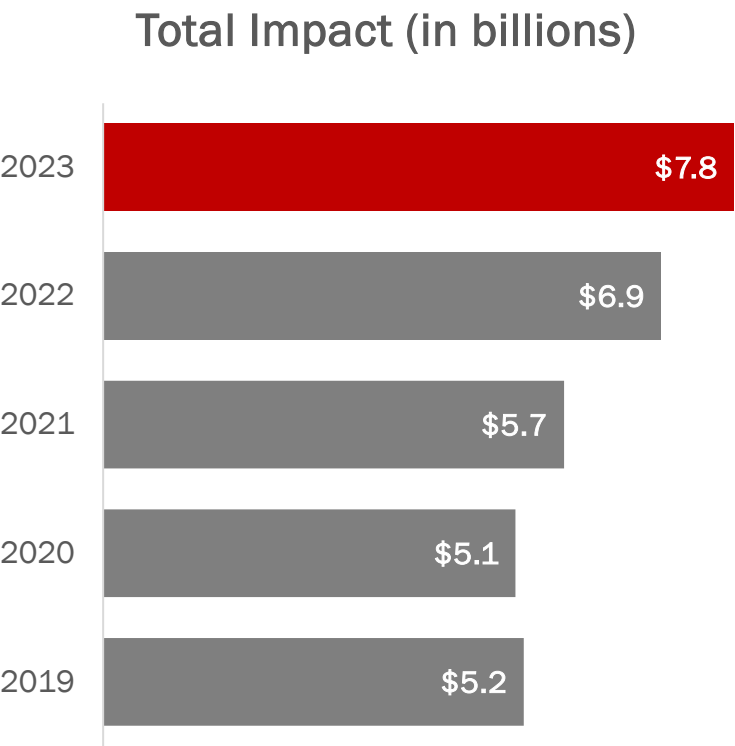
19% of UConn's budget
13% of UConn Health's budget





2. Connecticut's Return on its Investment in UConn

UConn's Impact on Connecticut Communities



UConn has an Outsized Impact on Connecticut's Economy

UConn contributes **\$7.8** billion annually to the State's economy

\$1.40



Economic output generated for every dollar UConn spends



\$625M

State and Local Tax Revenue Impact



\$2,155

Generated for Every CT Resident



46,647

UConn-supported Jobs

- **Every State dollar invested in UConn generates \$1.40 in total economic output** through additional job creation, business revenue growth, increases in household incomes, and other multiplier effects.
- **\$0.91 of every State dollar invested in UConn translates directly into net new value for CT's economy**, expanding statewide GDP through increased productivity, innovation, and human capital development.

Note: Economic impacts include direct, indirect, and induced spending effect. FY 2023 data.

Connecticut's Intellectual Engine

Our graduates serve
Connecticut communities

63% of School of Dental Medicine
graduates practice in
Connecticut

70% of School of Medicine and
residency graduates practice
medicine in Connecticut

53% of CT's Engineering
workforce are UConn
graduates



Some of many professions
impacted by UConn graduates

	Enrollment Fall 2023	Degrees Awarded 2022-2023
Physicians <small>School of Medicine</small>	449	109
Dentists <small>School of Dental Medicine</small>	204	49
Nurses <small>School of Nursing</small>	1,025	372
Engineers <small>School of Engineering</small>	4,624	1,003
Teachers & Educators <small>Neag School of Education</small>	840	560
Social Workers <small>School of Social Work</small>	351	158
Attorneys <small>School of Law</small>	534	231
Pharmacists <small>School of Pharmacy</small>	580	157

In addition to the professions listed in the table, UConn supplies graduates in many other areas, such as business, agriculture, conservation, counseling, public policy, speech and hearing, family sciences, human health, that are important to CT's future.



UConn Supports Economic Development through Industry Collaboration and Innovation

INSTITUTE OF MATERIALS SCIENCE INDUSTRIAL AFFILIATES PROGRAM

Organizations served, past 3 years

75 companies

10 universities and scientific/
technical organizations,
such as Yale and CCAT

SCHOOL OF ENGINEERING SENIOR DESIGN

Organizations supported, past 3 years

280+ companies

40+ government, municipal,
and nonprofit organizations

INDUSTRIAL PARTNERSHIP BUILDING TECH PARK

Companies served, past 3 years

140 companies, including:

85 small and medium
enterprises (SMEs)

TECHNOLOGY INCUBATION PROGRAM

Companies served

59 current

78 past three years

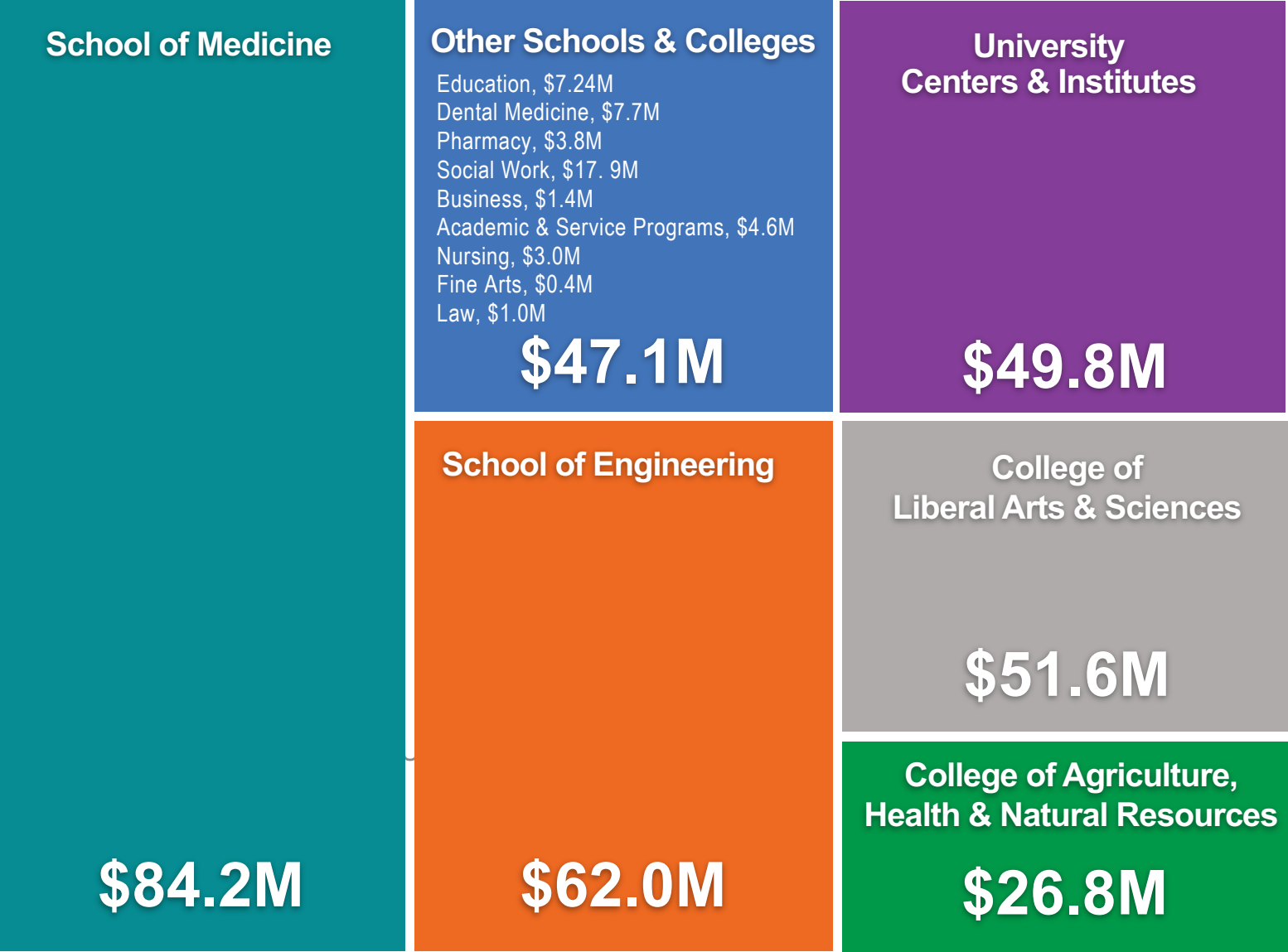


Research Awards in FY23

By Managing School/College

\$321.5M

Total New Awards



Commercialization & Company Creation

UConn's programs support IP and new venture development and incubator startups. This drives research and innovation success, leading to technology commercialization, the creation of new companies and jobs, and economic growth in Connecticut.

FY 2023

25 Patents issued

86 Invention disclosures



Ashley Kalinauskas, '12 (CAHNR), founder and CEO of Torigen Pharmaceuticals at TIP

Support IP
Development

New Venture
Development

Incubate
Startups

UConn TIP:
Technology Incubation Program

FY 2023

\$146 M

**Funds Raised by TIP
Companies**

381

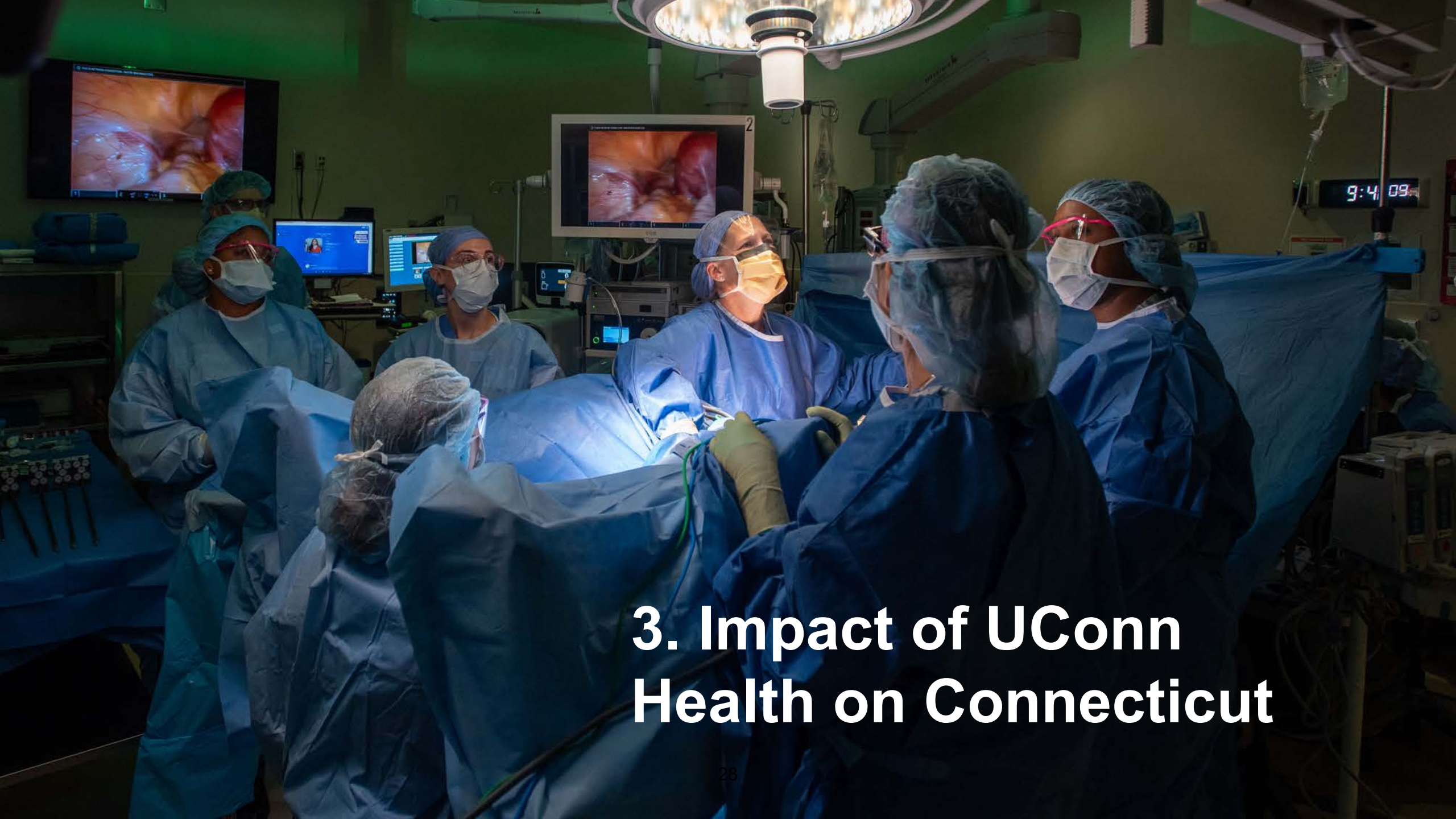
**TIP Company
Employees**

59

Companies in TIP

16%

**Of TIP
Companies are
Women Owned**



3. Impact of UConn Health on Connecticut

UConn Health: Connecticut's Only Public Academic Medical Center



EDUCATION

School of Medicine
School of Dental Medicine
Graduate School



PATIENT CARE

John Dempsey Hospital
UConn Medical Group
University Dentists



BIOMEDICAL SCIENCES AND RESEARCH



RESIDENCY TRAINING

Graduate Medical Education
Graduate Dental Education

UConn Health Tripartite Mission



UConn Health Virtual Tour 2024:
<https://www.youtube.com/watch?v=hmN215MLPhA&feature=youtu.be>

UCONN

UConn Health: An Essential Healthcare Provider for CT's Underserved Citizens

UConn John Dempsey Hospital

24%

Medicaid inpatient days as a percentage of total inpatient days

UConn Medical Group

23%

of visits were Medicaid patients

UConn Dental Clinics

52%

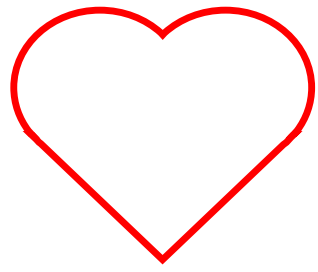
of visits are Medicaid clients. Clinics are located in West Hartford Farmington, & Storrs.



UConn Health is CT's leading provider of

- **Specialty services to Medicaid recipients**
- **Dental services to Medicaid recipients and the under- and uninsured**

UCONN



UConn Health Promotes Community Wellbeing



UConn Health Mission of Mercy Dental Clinic, November 2022

160 Dental Medicine students, faculty, staff, and residents and 30 Urban Service Track students teamed up with 800 volunteers to provide free dental care for the CT Mission of Mercy Dental Clinic.



DIY Air Purifiers

With a Hartford magnet school, UConn Health's Marina Creed built a "Air Force One," a DIY air purifier, which she delivered to the White House in Sept. 2022



U.S. Representative Jahana Hayes' Nutrition Roundtable

In July 2022, Congresswoman Hayes led a discussion at UConn Health on the importance of nutrition and access to healthy food options for families across Connecticut.

UConn Health: Key Service Statistics (FY23)

~1.5 million

OUTPATIENT VISITS*

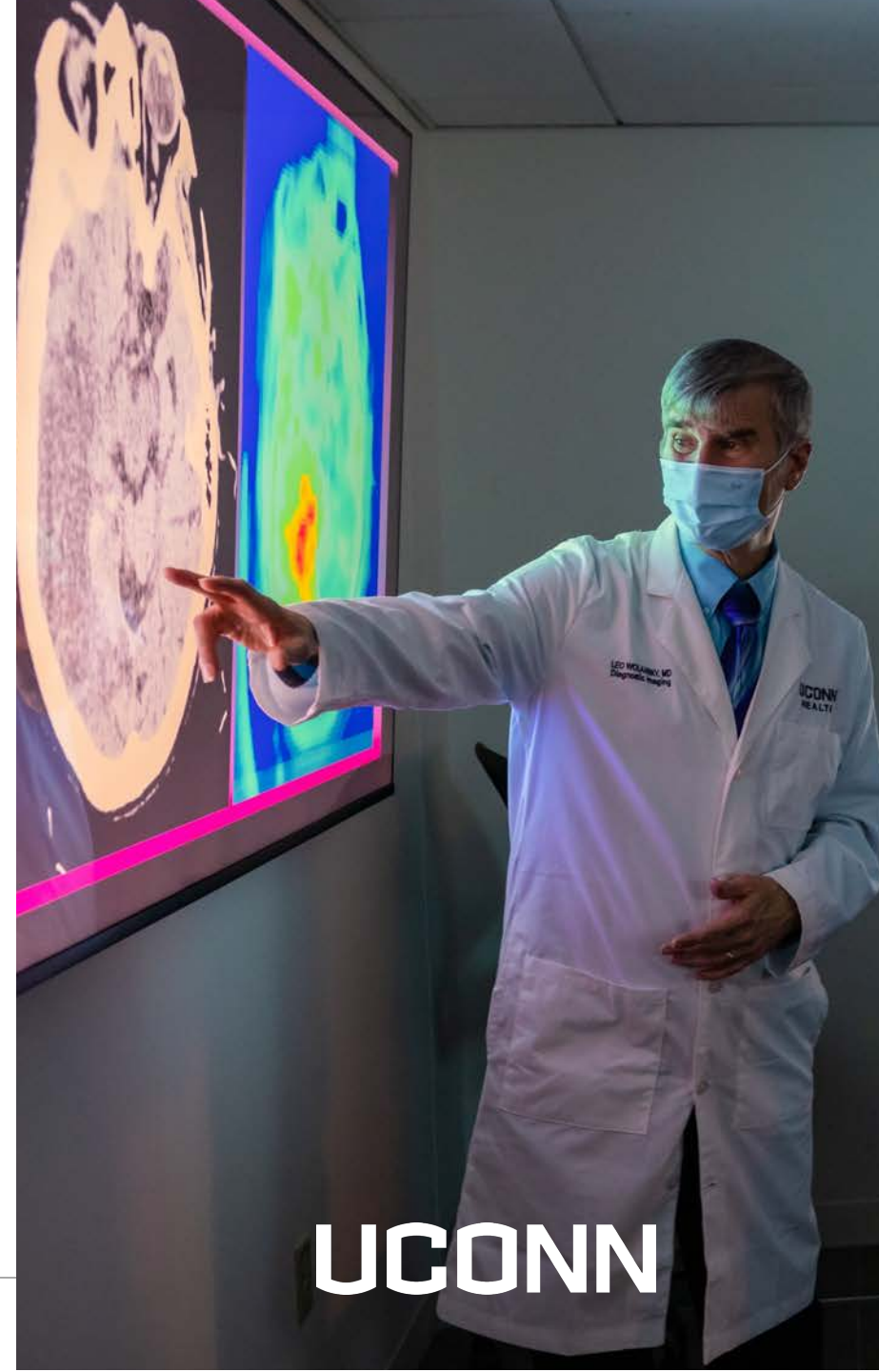
79,411

DENTAL CLINIC VISITS AT
UConn HEALTH SITES*

~14,000

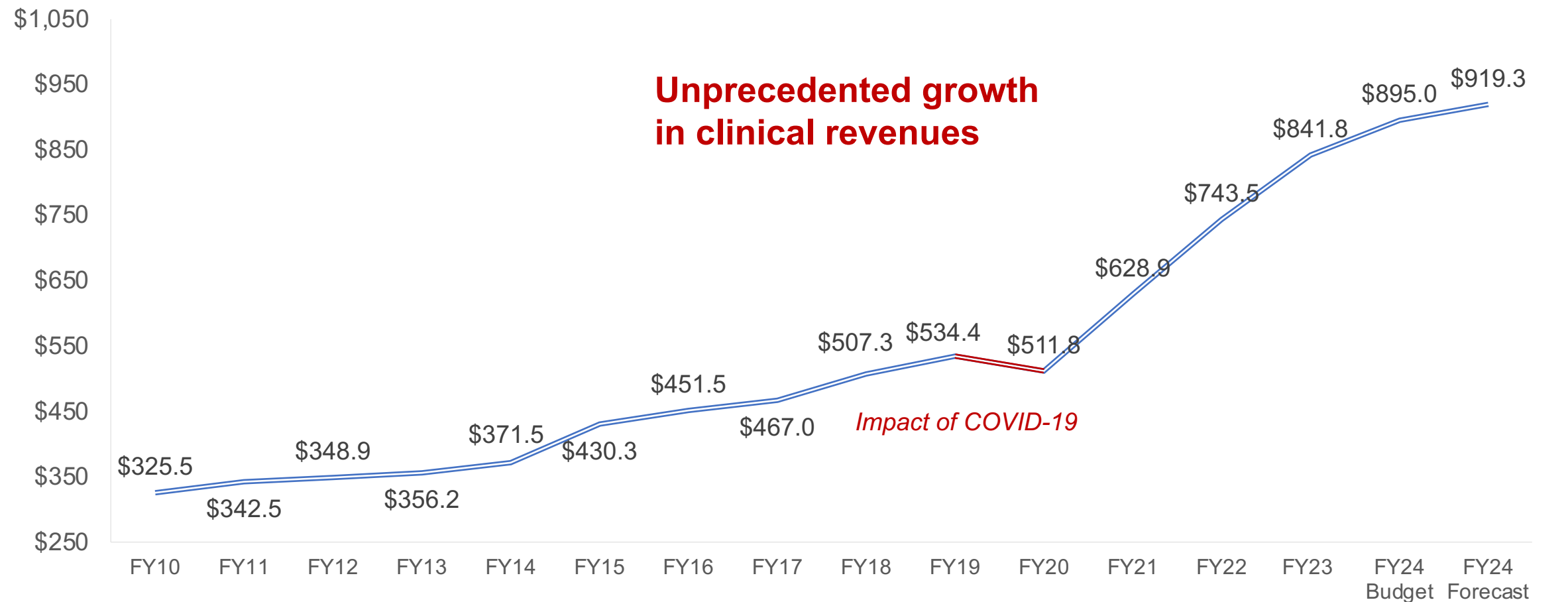
HOSPITAL DISCHARGES

**Some outpatient visits will generate multiple patient services in a given day.*



UCH Net Patient Revenue (in millions)

JDH, UMG, DENTAL CLINICS AND SPECIALTY PHARMACY



UConn Health Resident Training

A Critical Resource for CT Hospitals and the State

737

Medical
Residents

103

Dental
Residents

\$159.5M

Federal funding coming to
hospitals in the State of CT

UConn Residency Programs:

- Build **CT’s medical and dental workforce**
- Contribute to the **quality of healthcare in CT**
- Bring in **additional Medicare reimbursement revenues**

Hospitals FY22	Federal CMS* Reimbursement
CT Children’s	\$3.5M
Hartford Hospital	\$70.4M
Hospital of Central CT	\$11.1M
UConn J. Dempsey Hosp.	\$40.0M
St. Francis Hospital	\$34.5M
TOTAL	\$159.5M

*Centers for Medicare and Medicaid Services (CMS)

UConn Health residents provide care in communities across Connecticut:

- Bridgeport
- Bloomfield
- Cheshire
- Danbury
- Derby
- East Hartford
- Enfield
- Farmington
- Glastonbury
- Hamden
- Hartford
- Manchester
- Meriden
- Middletown
- New Britain
- New Haven
- Newington
- Newtown
- Norwich
- Plainville
- Putnam
- Rocky Hill
- Storrs
- Suffield
- Torrington
- Uncasville
- Waterbury
- West Hartford
- Willimantic

UConn



4. Planning for UConn's Future

UConn's Strategies for Growth and a Balanced Budget

- ✓ Continue to expand economic activity in the state
- ✓ Increase clinical revenues at UCH
- ✓ Enrollment growth and management
- ✓ Increase efficiency in the delivery of education
- ✓ Grow fundraising for endowment and annual gifts
- ✓ Increase research activity



Nursing alum Elisabeth DeLuca '69, recently made a gift of \$40 million to UConn to support nursing education. Increasing philanthropic gifts is one of UConn's strategies for growth.

UConn is Responding to State Workforce Needs

as articulated in the

2020 Governor's Workforce Council Strategic Plan

While we are working to reduce expenses, we are also being asked to respond to urgent workforce needs and student demand.

We are prioritizing strategic growth in these areas of demand, but our ability to grow is constrained by limited resources.



Manufacturing

6,000 New workers per year

Existing training capacity in CT is 3,000 new employees per year,
a deficit of **3,000** new employees per year



IT/ Business Services

6,000 Open computing jobs in Connecticut

13,000 Positions, future demand



Life Sciences

>5,000 Jobs/ year, next five years

The life sciences sector employs **23,000** people across in **1,300** companies.
Average salary = \$127,000.



Healthcare

Job growth will be driven by population growth and the State's aging population

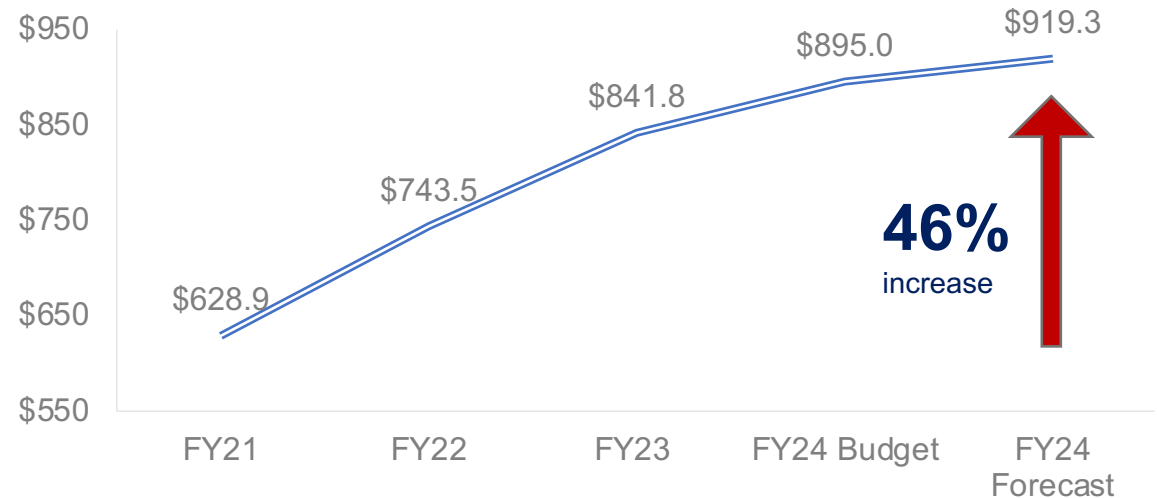
The healthcare sector has **270,000** current jobs, and **80,000** people are employed by large hospitals and healthcare systems

Increase Access to Patient Care and Grow Clinical Revenues

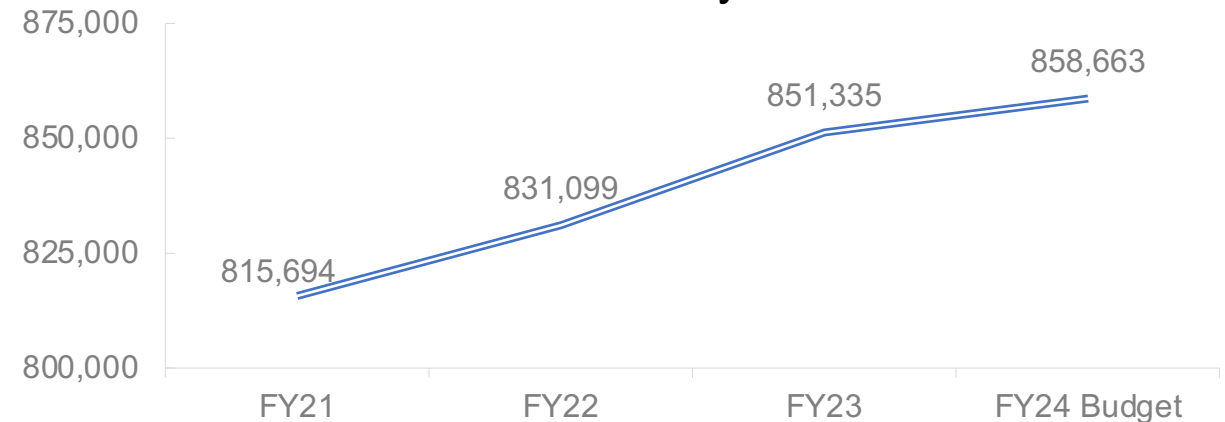
UConn Health

- All UConn Health clinical care venues serve as sites for teaching and learning and are essential for attracting talented faculty who teach, conduct research, and provide patient care.
- UConn Health has seen unprecedented growth in clinical revenues.

UCH Net Patient Revenue (in millions)



Clinical Encounters By Fiscal Year



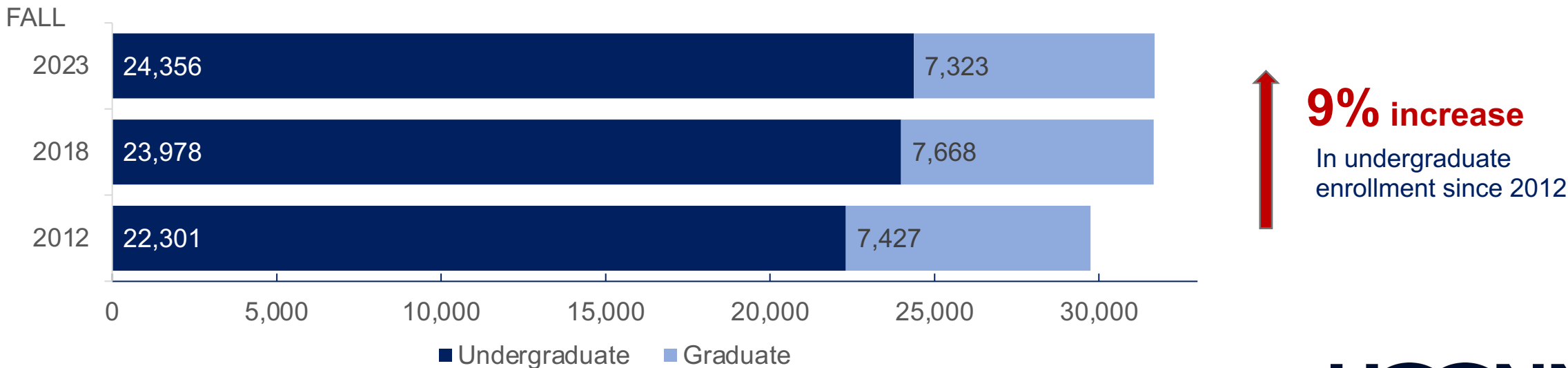
Enrollment Growth and Management

- UConn recruits and retains students to build Connecticut’s workforce.

FY24 Student Mix

All Campuses	In-State	%	Out-of-State	%	Total
Undergraduates	17,600	72%	6,756	28%	24,356
All Students	22,693	70%	9,639	30%	32,332

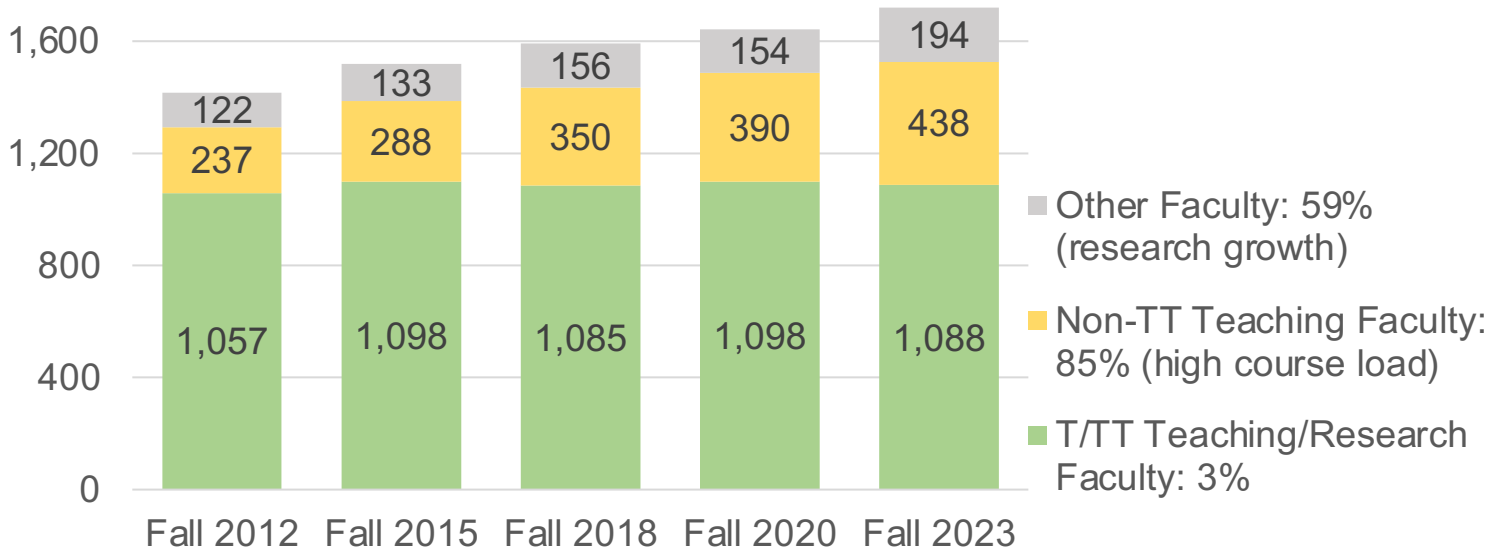
Total Enrollment (excluding UCH)



Increase Efficiency in Delivery of Education

UConn is committed to student success and is ensuring academic quality and appropriate support services. In an effort to minimize inflation in cost of attendance, UConn is pursuing all means available to maximize efficiency in utilizing existing teaching capacity.

Growth in Faculty



Student-to-Faculty Ratio and Average Class Size by Fiscal Year

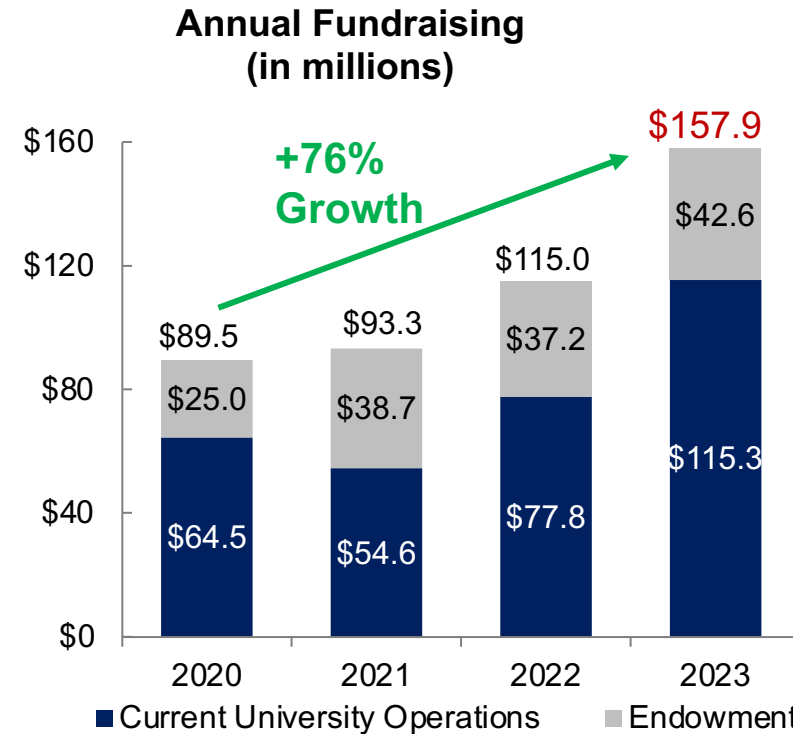
Fiscal Year	Student to Faculty Ratio	Average Class Size
FY21	16	29.3
FY22	15	28.9
FY23	16	31.3

Increase Fundraising and Grow Endowment

The University of Connecticut Foundation supports the mission of the University and its goal to grow the endowment to \$1 billion.

UConn Foundation Disbursements to Support the University (in millions)	
FY21	\$33.6
FY22	\$35.9
FY23	\$46.9

FY23 is the fourth consecutive record-breaking fundraising year, a **37%** increase over FY22's record-setting amount.



Of the **\$157.9M** in new gifts and commitments:

31% for scholarships
43% for program support
18% for Athletics
8% for faculty support

Increasing the level of financial aid support for students, internship opportunities and capital investments continues to be a priority for UConn.

Increase Research Activity

UConn and UConn Health

21%

Increase in Awards
over five years

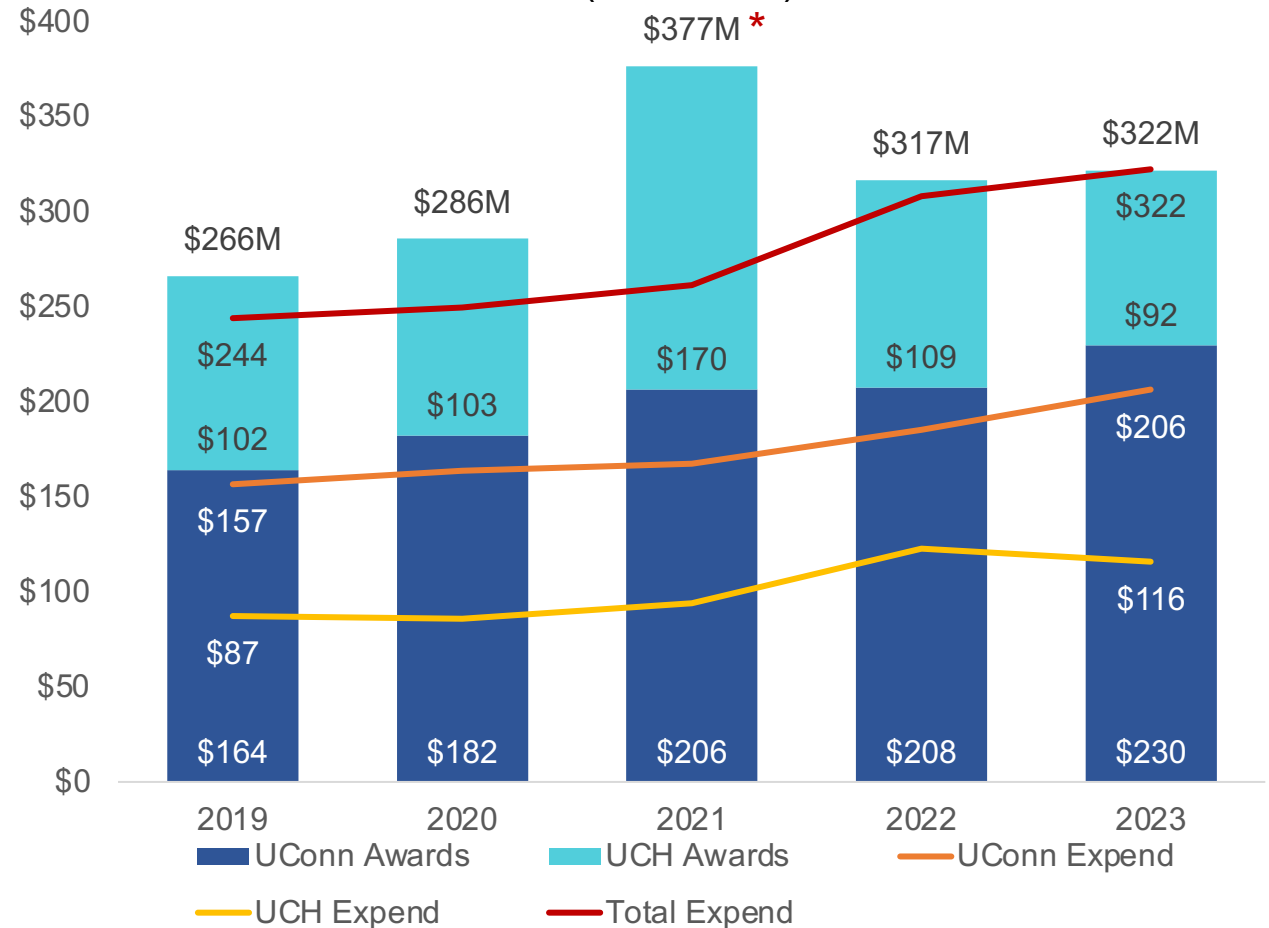
Research awards totaled more than

\$321.5M

in FY23 with 1,332 proposals
submitted (UConn and UConn
Health) and awards averaging
\$395K per investigator.

Research Awards and Expenditures

(in millions)



*In 2021, UConn Health received a \$40M award from NSF, the largest in UConn history

Increase Research Activity

UConn and UConn Health

A proposal can take up to two years (or more!) from development to award.

Typical NSF/NIH Funding Timeline:



Securing research funding is highly competitive, and UConn faculty compete with researchers at institutions across the country for grants.

Our faculty are becoming more successful in securing federal funds.

Research	Proposals Submitted	Average Proposal \$	Hit Rate	Average Award Size
FY2015	1,489	439,484	25.00%	263,119
FY2017	1,375	441,849	31.46%	271,983
FY2019	1,269	552,818	31.79%	337,807
FY2021	1,353	578,415	37.50%	381,008
FY2023	1,332	713,578	35.91%	394,520
FY2024	1,350	703,704	34.35%	452,432
FY2025	1,358	721,356	38.00%	426,240
FY2026	1,391	752,462	40.00%	440,928

Continue Revenue Growth & Cost Savings Initiatives

UConn has implemented Financial Improvement Plans to help mitigate operating budget deficits.

Savings since FY18:

\$129.4M

UConn

\$143.3M

UConn Health

Cost-cutting efforts have included:

- attrition/ vacancy elimination
- contract improvements
- operating efficiencies

Savings (\$M)	UConn	UCH
FY18	\$23.6	\$12.3
FY19	9.3	25.1
FY20	24.4	7.0
FY21	28.3	48.8
FY22	13.4	23.0
FY23	14.5	5.0
FY24 Target	\$16.1	\$22.1
Total Savings	\$129.4	\$143.3

5. 2024 LEGISLATIVE SESSION

PRIORITIES

UConn



FY25 Operating Budget State Request Summary

Block Grant FY25 Request	
UConn	\$47.3M
UConn Health	\$16.9M
Total	\$64.2M

FY25 Wage Reopener Request	TBD
-------------------------------	-----

- 1. **Block Grant Funds:** \$64.2M in additional funds added to the block grants in FY25 (\$47.3M for UConn and \$16.9M for UCH). Note this budget request has been revised DOWN from what was submitted to OPM in October 2023, as UConn Health’s clinical operation continues to see increased revenue generation.
- 2. **Wage Reopener/Salary Increases:** Any negotiated salary increases will generate a request for additional ongoing state support to cover **all** our employees. For context, the value of every 1% increase in salary for all UConn and UConn Health employees results in an increase of \$12.3M.
- 3. **Restoration of CGS 3-123i UConn Health Fringe Benefit Cost Differential*:** CGS 3-123i was the long-standing statute providing \$13.5M annually to UConn Health for the fringe benefit cost differential. The FY24 & FY25 biennial budget act provided \$4.5M and \$4.3M in each year to UConn Health for the fringe benefit cost differential but repealed the authorizing language for the fringe differential to be paid to UConn Health. The Governor's proposal removes the funding in FY25.
We are asking the \$4.3 million funding be provided in FY25 via the Comptroller’s fringe benefit account, to restore CGS3-123i and amend the language to allow the differential to be funded at \$4.5 million annually.
**The UConn Health Fringe Benefit Cost Differential recognizes the higher state fringe benefit rates for active and current employees as compared to private hospitals’ rates (~35% vs~26%). That difference is approximately \$23M in FY24 and FY25.*



FY25 Operating Budget: Additional State Funds Requested

State Support (\$M)

	UConn			UConn Health		
	Approved		Governor Proposed	Approved		Governor Proposed
	FY24	FY25	FY25	FY24	FY25	FY25
Block Grant	\$216.2	\$219.6	\$219.6	\$111.6	\$114.1	\$114.1
One-Time Support for Permanent Salary Increases & Fringe	82.2	31.1	31.1	86.5	43.2	43.2
JDH Fringe Benefit Differential (PA 23-205)				4.5	4.3	-
Total	\$298.4	\$250.7	\$250.7	\$202.6	\$161.6	\$157.3

- In FY25, the Governor proposed \$250.7M for UConn and \$157.3M for UConn Health, **which is \$4.3M less than previously approved.**
- The FY25 proposed levels provide less one-time funds and leave UConn and UConn Health with a significant shortfall.

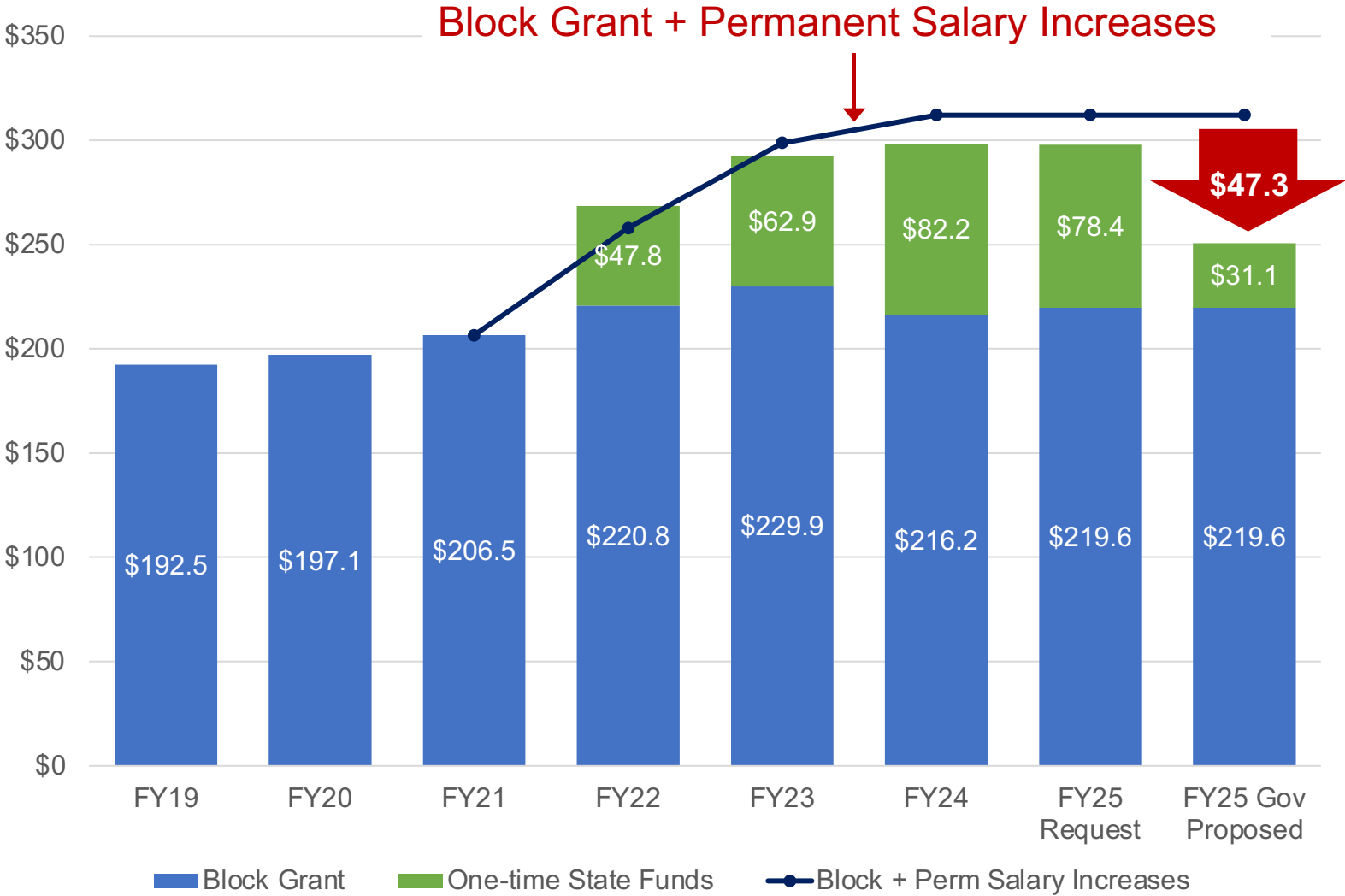
Additional State Funds Requested (\$M)

	UConn			UConn Health		
Orig. Add'l Perm Block Grant Request (Oct '23)		47.3			46.0	
Additional Permanent Block Grant Request (Jan '24)		47.3	47.3		12.6	12.6
JDH Fringe Benefit Differential						4.3
FY25 Wage Reopener		TBD			TBD	
Additional Request Subtotal			47.3			16.9
Total Revised Block Grant		\$298.0	\$298.0		\$174.2	\$174.2

\$64.2M Revised Additional Request

UConn \$47.3M
UConn Health \$16.9M

UConn: State Operating Support (\$M) FY 2019-2025



State support is only used for salaries and covers:

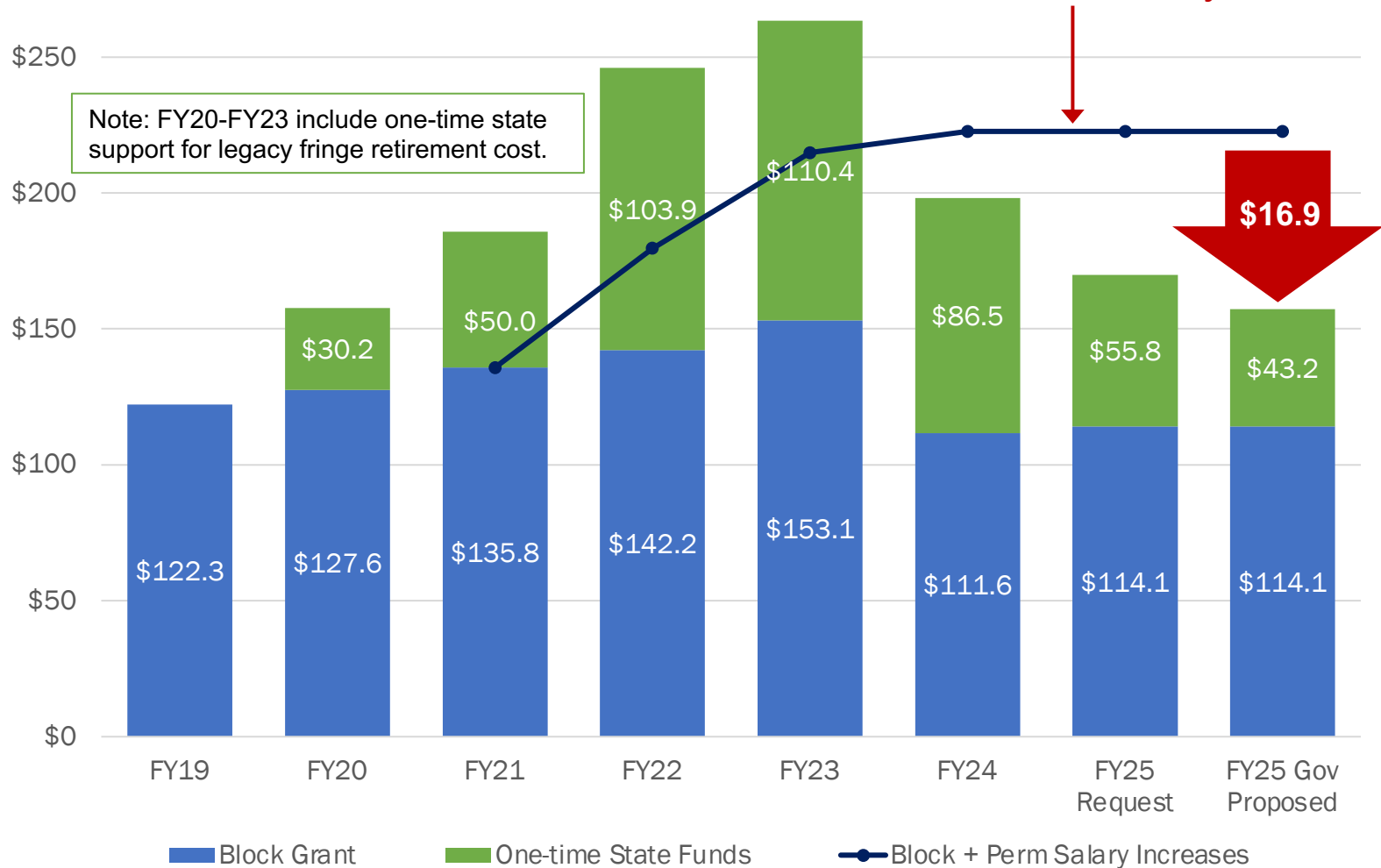
- 19% Of UConn's total budget
- 31% Of UConn employee salaries

- FY22-FY24 Salary Increases w/Fringe \$134.5M (\$105.6M Permanent Cost)
- FY25 Additional Request = \$47.3M*

**The additional request does not include any FY25 wage reopener currently under negotiation*

UConn Health: State Operating Support (\$M) FY 2019-2025

Block Grant + Permanent Salary Increases



State support is only used for salaries and covers:

13% Of UConn Health's total budget

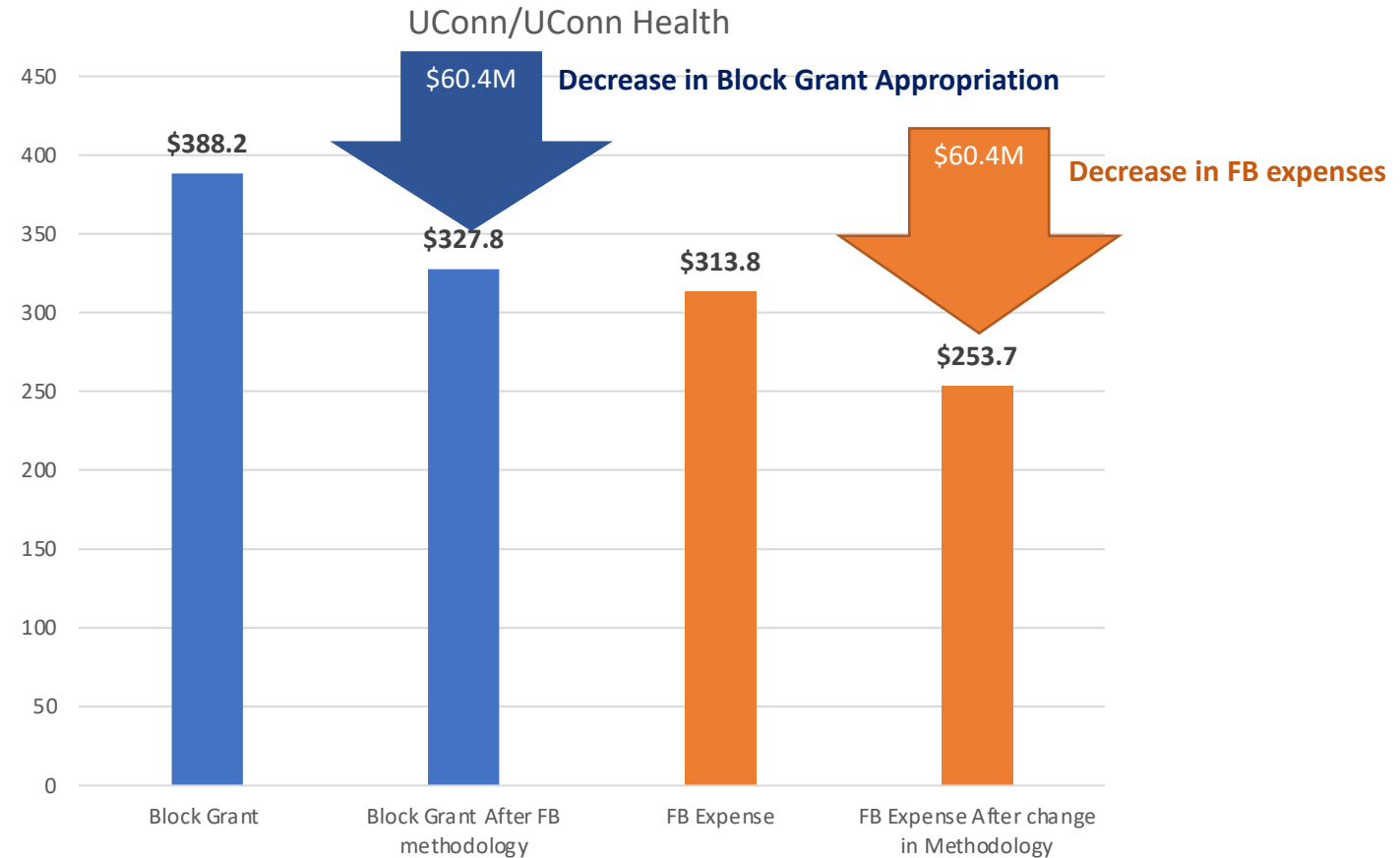
19% Of UConn Health employee salaries

- FY22-FY24 Salary Increases w/Fringe = \$108.9M (\$86.9M Permanent Cost)
- FY25 Additional Request = \$16.9M (reduced request) *

**The additional request does not include any FY25 wage reopener currently under negotiation*

The change in fringe benefits methodology did not improve UConn's bottom line but is going to help with research competitiveness and new revenue generation.

- We are grateful for this change as it removes any future risk of increased unfunded retiree pension and healthcare costs and should make our faculty more competitive in securing external grant funding.
- However, this change did not provide cash fringe relief requested by the University in the past, which has contributed to the ongoing budget deficits.



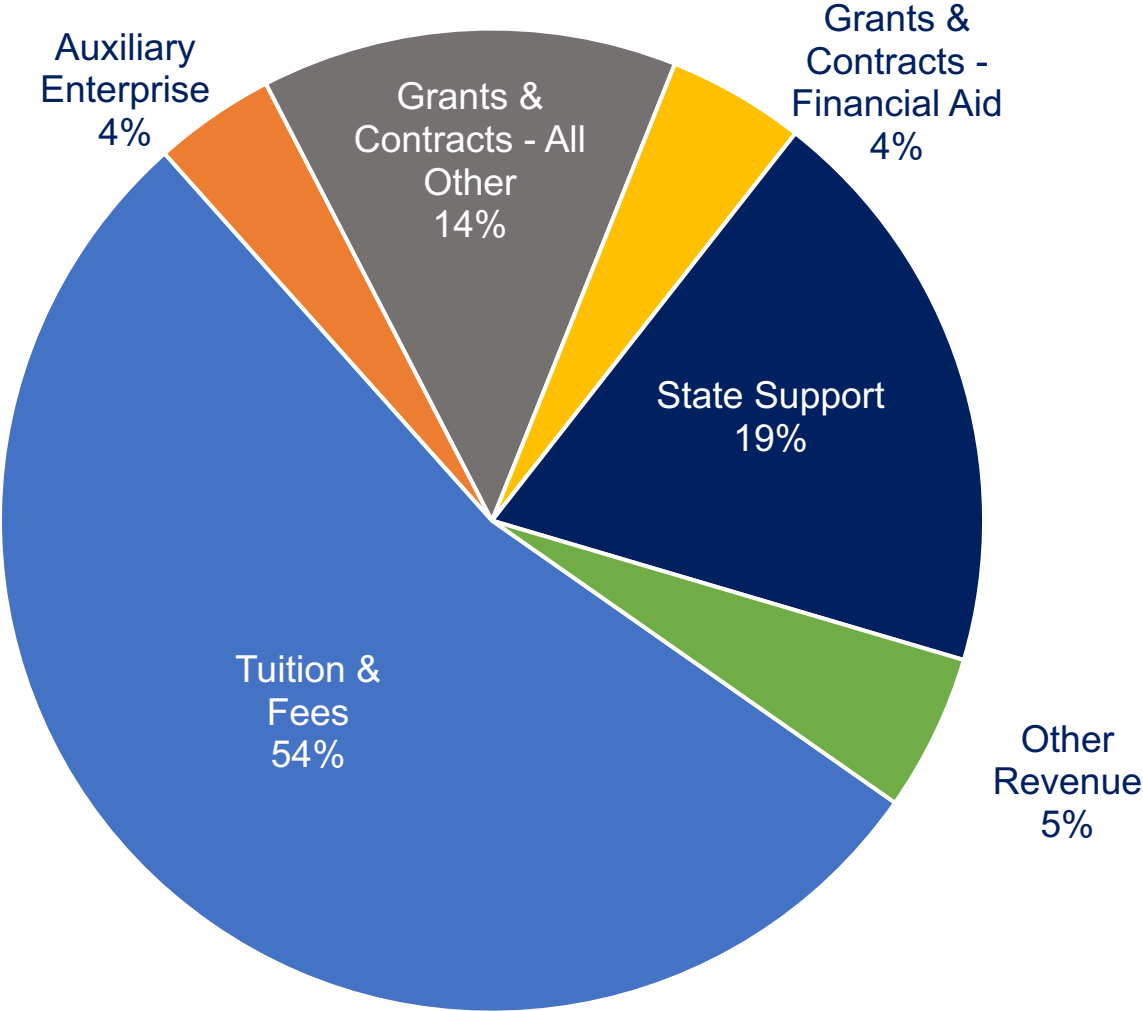


THANK YOU



APPENDIX

UConn FY24 Revenues



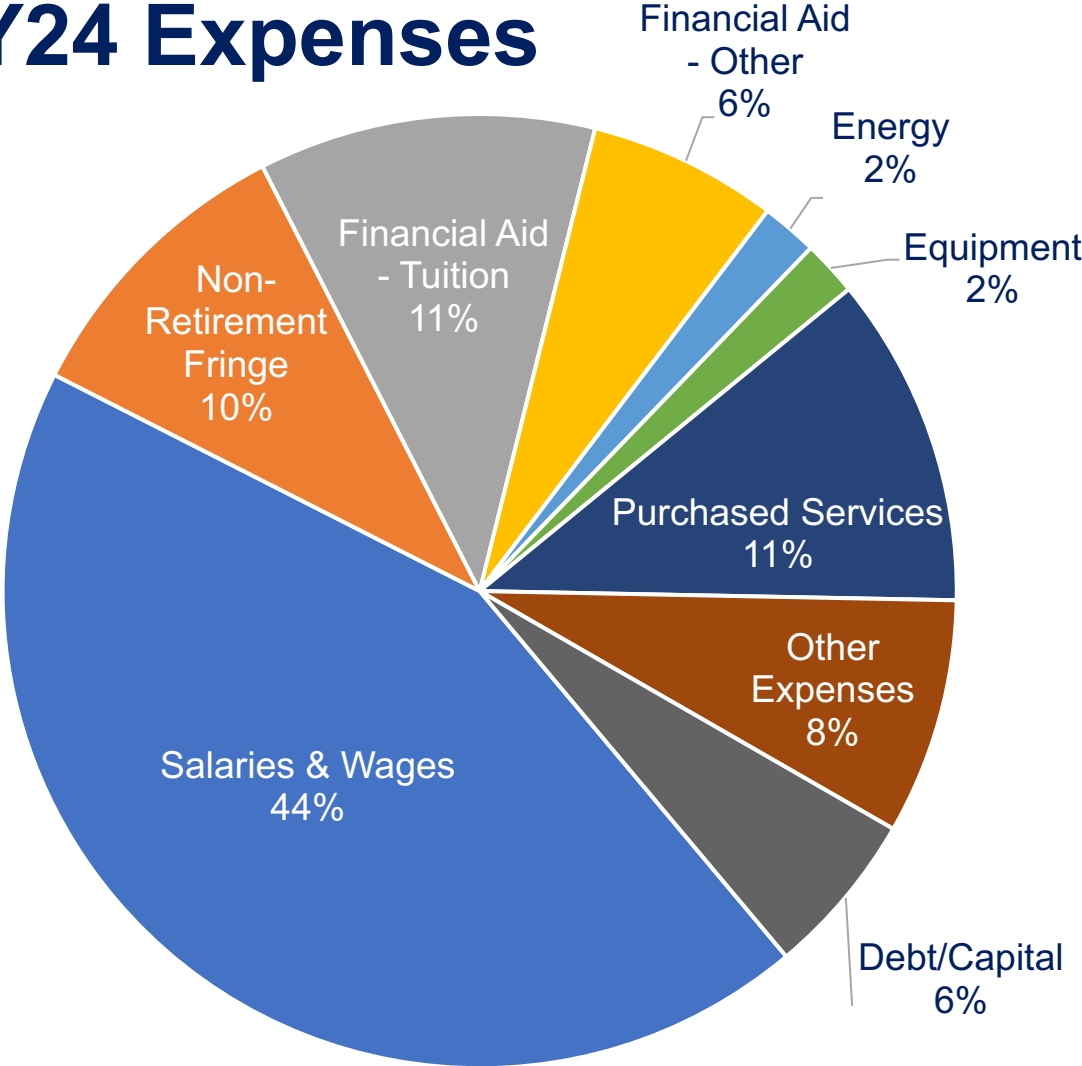
UConn		
Total State Support	\$ 298.4	19%
Tuition & Fees	843.3	54%
Grants & Contracts - Financial Aid	70.9	5%
Grants & Contracts - All Other	214.6	14%
Auxiliary Enterprise	62.7	4%
Other Revenue	80.9	5%
Total Current Fund Revenues	\$ 1,570.7	

19% Of total budget is funded by State support

54% Of total revenue is funded by students and their families through tuition, fees, housing and dining.

31% Of total employee salaries are funded by State support

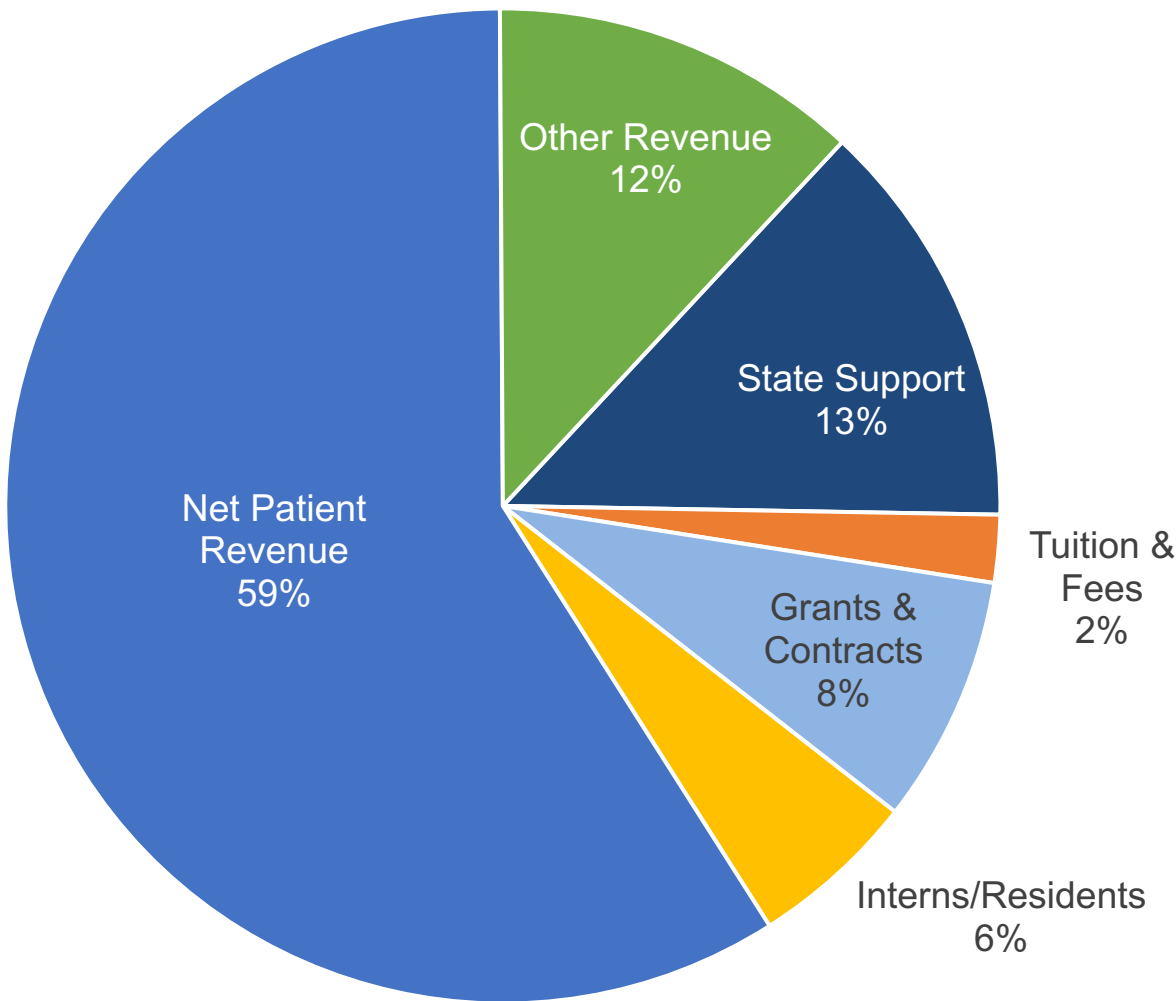
UConn FY24 Expenses



UConn		
Salaries & Wages	\$ 691.8	44%
Fringe Benefits	158.5	10%
Financial Aid - Tuition	181.2	11%
Financial Aid - Other	101.9	6%
Energy	30.2	2%
Equipment	29.7	2%
Purchased Services	178.0	11%
Other Expenses	126.9	8%
Debt/Capital	88.6	6%
Total Current Fund Expenses		\$ 1,586.8

54% Of total expense is allocated to personnel costs. Student financial aid commitment is strong with an 8% increase in tuition funded aid.

UConn Health FY24 Revenues

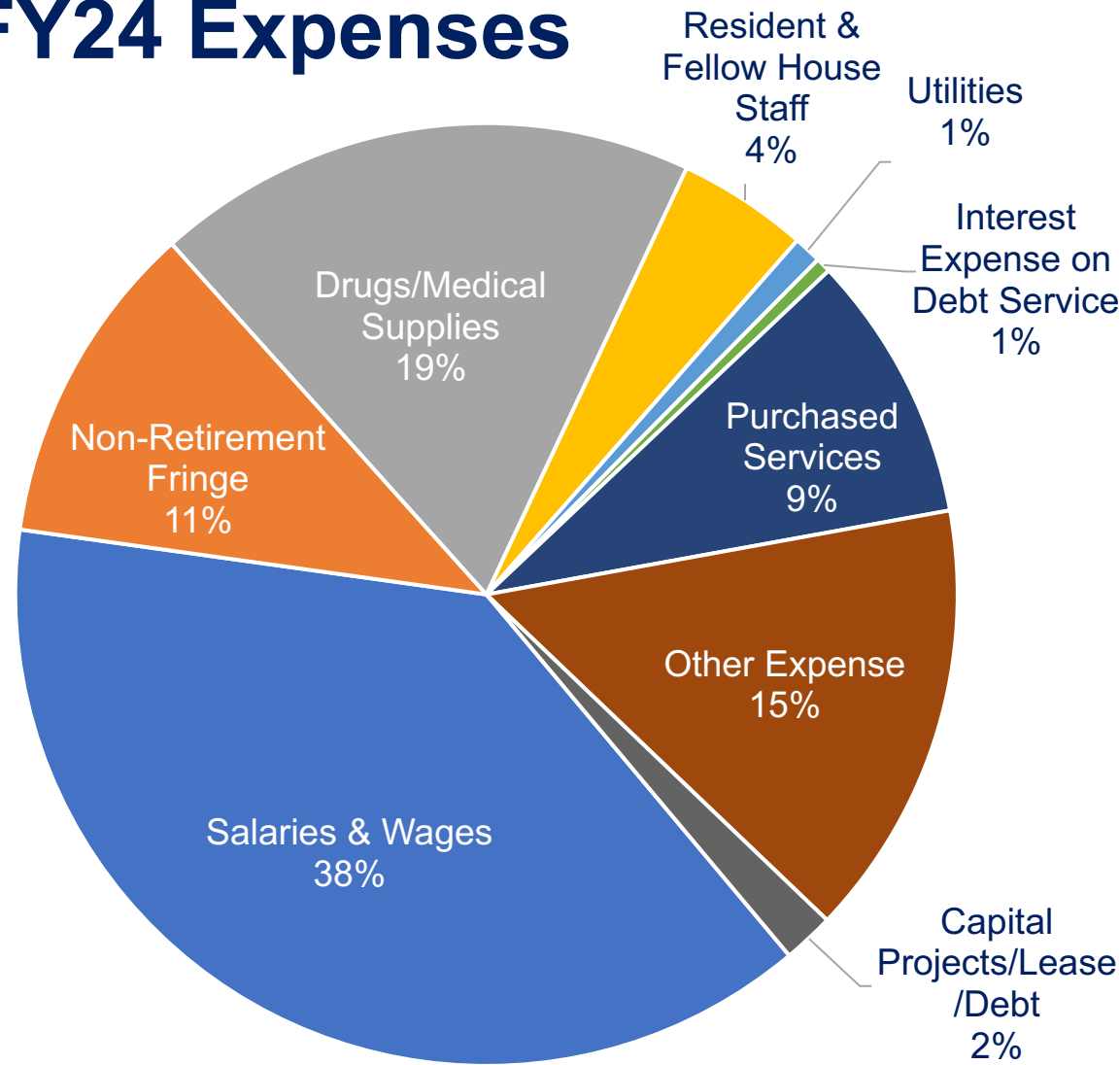


UConn Health		
Total State Support	\$ 202.6	13%
Tuition & Fees	33.4	2%
Grants & Contracts	122.5	8%
Interns/Residents	82.8	5%
Net patient Revenue	895.0	59%
Other Revenue	182.9	12%
Total Current Fund Revenues	\$ 1,519.2	

- 13%** Of total budget is funded by State support
- 59%** Of total revenue is funded by patients.
- 19%** Of total employee salaries are funded by state support

“Other Revenue” includes auxiliary services, gifts/endowments and internal Income (offset by internal expenses)

UConn Health FY24 Expenses



UConn Health		
Salaries & Wages	\$ 590.5	38%
Fringe Benefits	171.9	11%
Drugs/Medical Supplies	287.2	19%
Resident & Fellow House Staff	69.0	4%
Utilities	14.7	1%
Interest Expense on Debt Service	8.0	1%
Other Expenses	372.9	24%
Capital Projects/Lease/Debt	27.0	2%
Total Current Fund Expenses	\$ 1,541.2	

49% Of total expense is allocated to personnel costs

Other Expenses includes items such as, medical contractual support, utilities, insurance and repairs/maintenance.

FY25 State Operating Request: Wage Reopener/ Salary Increases

Any negotiated salary increases will generate a request for additional state support

The table below is provided for context and captures the value of every % increase in salary for ALL our employees that would be needed

Value of Salary % Increase for ALL Employees (\$M)						
	1%	2%	3%	4%	4.5%	5%
UConn Block	2.4	4.8	7.2	9.6	10.8	12.0
UConn Non-Block	3.5	6.9	10.4	13.9	15.6	17.4
Total UConn	\$5.9	\$11.7	\$17.6	\$23.5	\$26.4	\$29.4
UCH Block	1.2	2.4	3.6	4.9	5.5	6.1
UCH Non-Block	5.2	10.4	15.6	20.7	23.4	26.0
Total UCH	\$6.4	\$12.8	\$19.2	\$25.6	\$28.9	\$32.1
Total	\$12.3	\$24.5	\$36.8	\$49.1	\$55.3	\$61.5

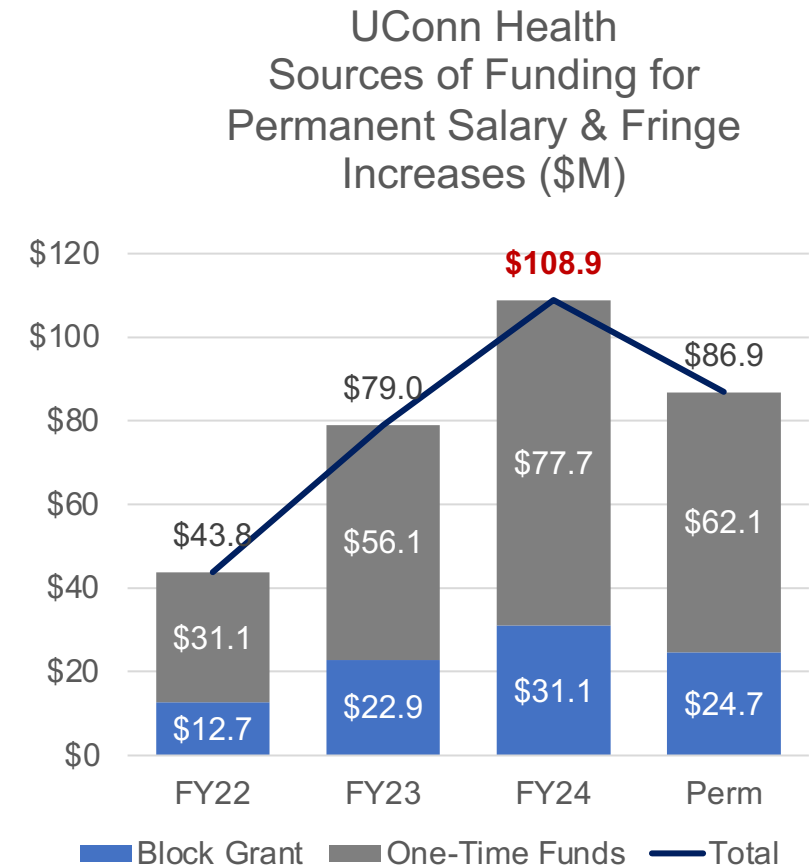
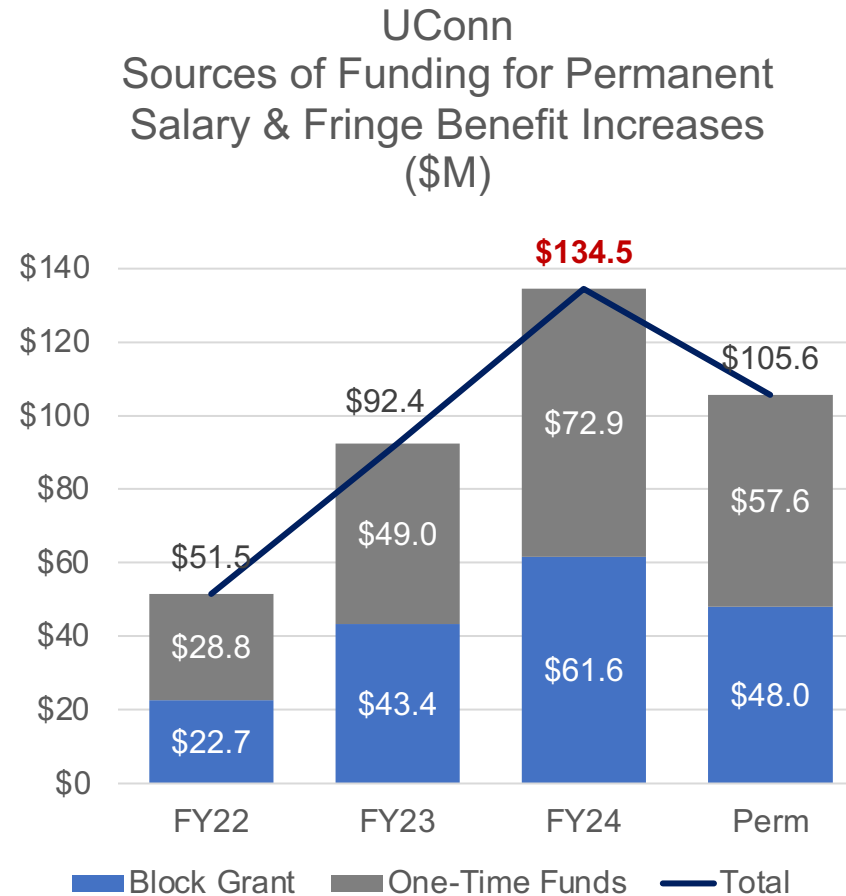
FY22-FY24 Cost of Salary and Fringe

Increases: **\$243.3M** (UConn \$134.5M & UConn Health \$108.9M)

only 26%

Of employee salaries are funded by State support
31% UConn 19% UCH

- In FY24, the State provided a mix of permanent and one-time funds to cover \$243.3M of salary & fringe increases.
- Additional permanent funds are requested to fully fund this ongoing cost, which is covered for all other state agencies.**



FY25 State Operating Request

UCH Fringe Benefit Differential Restoration

Restore CGS 3-123i UConn Health Fringe Benefit Cost Differential:

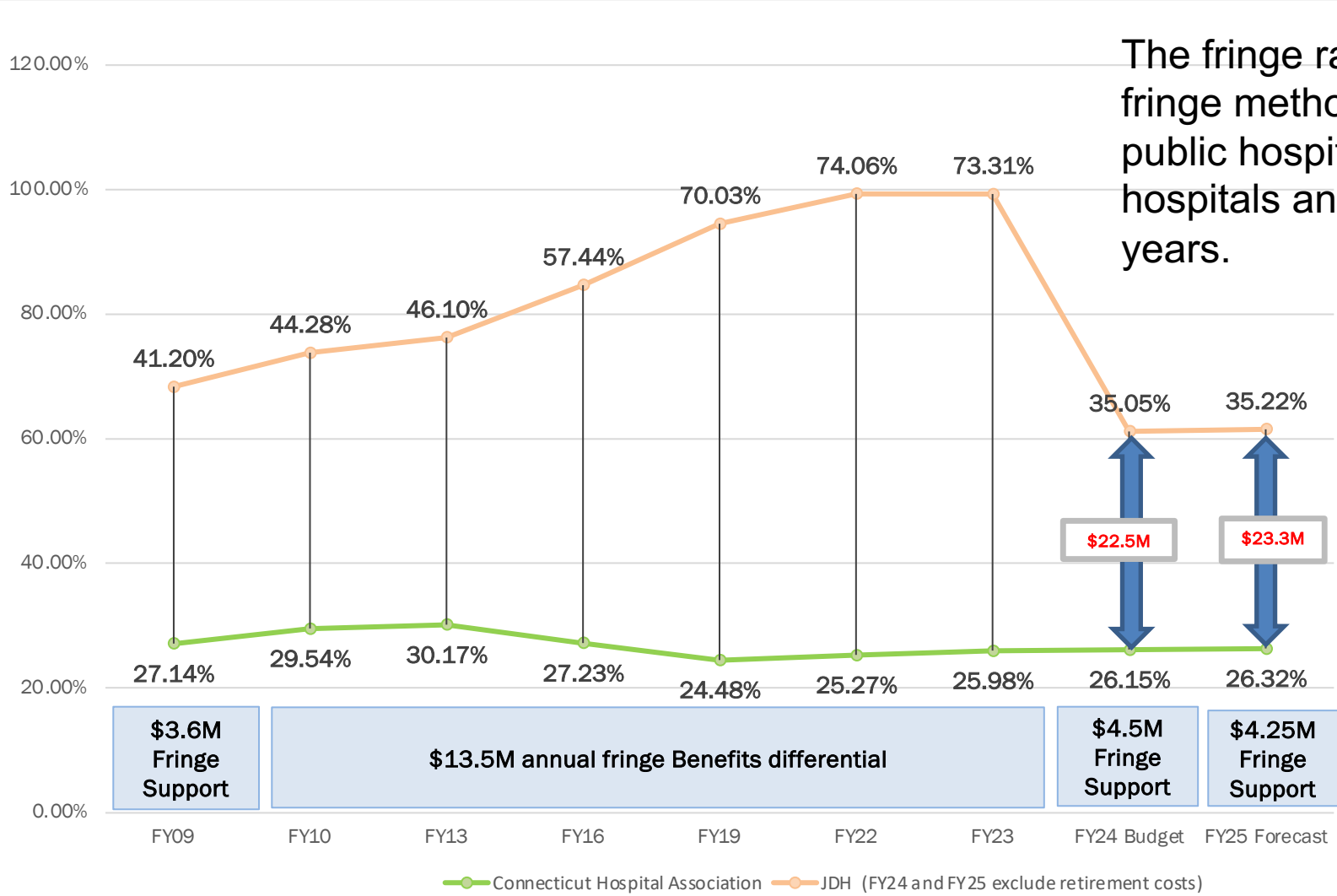
- CGS 3-123i was the long-standing statute providing \$13.5M annually to UConn Health for the fringe benefit cost differential. The FY24&FY25 biennial budget act provided \$4.5M and \$4.3M in each year to UConn Health for the fringe benefit cost differential but repealed the authorizing language for the fringe differential to be paid to UConn Health. The Governor's proposal removes the funding in FY25.
- The UConn Health Fringe Benefit Cost Differential recognizes the higher state fringe benefit rates for active and current employees as compared to private hospitals' rates (~35% vs~26%). That difference is approximately \$23M in FY24 and FY25.
- We are asking the \$4.3 million funding be provided in FY25 via the Comptroller's fringe benefit account, to restore CGS3-123i and amend the language to allow the differential to be funded at \$4.5 million annually.

**

Restore CGS 3-123i. Funding for fringe benefit cost differential re The University of Connecticut Health Center employees. For the fiscal year ending ~~June 30, 2014~~, **June 30, 2024 and for each fiscal year thereafter, the Comptroller shall fund the fringe benefit cost differential between the average rate for fringe benefits for employees of private hospitals in the state and the fringe benefit rate for employees of The University of Connecticut Health Center from the resources appropriated for State Comptroller-Fringe Benefits in an amount not to exceed ~~\$13,500,000~~ **\$4,500,000**. For purposes of this section, the "fringe benefit cost differential" means the difference between the state fringe benefit rate calculated on The University of Connecticut Health Center payroll and the average member fringe benefit rate of all Connecticut acute care hospitals as contained in the annual reports submitted to the Health Systems Planning Unit of the Office of Health Strategy pursuant to section 19a-644.*

UConn Health - JDH Fringe Benefit Differential

REQUEST for RESTORATION of CGS 3-123i



The fringe rate differential, even after the new fringe methodology, is ~35% for the state’s only public hospital vs. ~26% for CT private hospitals and has a value of ~\$23M for both years.

The adopted FY24 and FY25 state budget repealed the long-standing \$13.5M annual fringe benefit differential payment to UConn Health CGS 3-123i.

This statute is not related to the fringe legacy costs; it recognized the higher state fringe rate compared to private hospitals - that difference remains even with the change in fringe methodology. PA23-205 (budget) included \$4.5M in FY24 and \$4.25M in FY25 as fringe support. The Governor’s proposal reduces UCH support by \$4.25M.