



# FY17 UConn Draft Budget Presentation

Board of Trustees  
Financial Affairs Committee

May 25, 2016

# Agenda

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1. FY17 UConn Draft Budget Presentation
2. FY17 UConn Health Draft Budget Presentation
3. Capital Budget Presentation

# Overview

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1. Protect academic excellence, provide strong student support, and support the research mission of the University.
2. Keep commitment to accessibility through increased student financial aid in the face of fiscal constraints.
3. UConn's FY17 budget is a balanced budget due to careful management of expenses, operational efficiency gains, tuition increases and enhanced external revenues to mitigate against cuts in State funding.

# UConn Budget by the Numbers

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## **UConn Storrs and Regional Campuses**

- \$1.3B Operating Budget
- 5 Campuses (Storrs, Avery Point, Hartford, Stamford & Waterbury)
- 12 Schools and Colleges
- 392 distinct departments
- 70 Centers and Institutes
- 7 Bargaining Units - Covering 90% of employees
- 23,407 Undergraduate Students (Fall 2015)
- 7,332 Graduate Students (Fall 2015)
- 4,801 Faculty and Staff (Fall 2015)

# FY16 UConn Operating Budget vs. Forecast

Despite \$17.2M of State cuts, with careful management, UConn will end FY16 with a small net gain of \$1.1M.

	FY16 Budget (\$M)	FY16 Forecast (\$M)	Favorable / (Unfavorable)
<b>Revenues:</b>			
Appropriation	243.1	240.6	(2.5)
Fringe Benefits Reimbursements	153.5	145.8	(7.7)
<b>Total State Support</b>	<b>\$ 396.7</b>	<b>\$ 386.4</b>	<b>\$ (10.2)</b>
Tuition	346.8	353.0	6.2
Fees	117.4	122.0	4.6
Grants & Contracts	68.8	78.3	9.5
Foundation/Endowment	18.4	20.0	1.6
Sales & Service Education	18.4	19.5	1.1
Auxiliary Enterprise Revenue	215.7	210.1	(5.6)
Other Revenue	10.7	16.0	5.3
<b>Total Operating Fund</b>	<b>\$ 1,192.8</b>	<b>\$ 1,205.3</b>	<b>\$ 12.5</b>
Research Fund	101.8	102.0	0.2
<b>Total Current Funds Revenues</b>	<b>\$ 1,294.6</b>	<b>\$ 1,307.3</b>	<b>\$ 12.7</b>
<b>Expenditures:</b>			
Personal Services	507.8	500.3	7.5
Fringe Benefits	259.3	247.4	11.9
Other Expenses/Equipment	212.1	221.8	(9.7)
Energy	24.5	23.5	1.0
Student Financial Aid	146.5	153.3	(6.8)
Debt Service/Projects	38.0	56.3	(18.2)
<b>Total Operating Fund</b>	<b>\$ 1,188.2</b>	<b>\$ 1,202.5</b>	<b>\$ (14.3)</b>
Research Fund	104.2	103.7	0.5
<b>Total Current Funds Expenditures</b>	<b>\$ 1,292.4</b>	<b>\$ 1,306.3</b>	<b>\$ (13.8)</b>
<b>Net Gain/(Loss) Loss</b>	<b>\$ 2.2</b>	<b>\$ 1.1</b>	<b>\$ (1.1)</b>

Note: Use of decimals may result in rounding differences.

# FY17 Updated Budget Gap

UConn has solved the FY17 Budget Gap through the following:

Updated Budget Gap		\$M
<b>Projected December 2015 Budget Gap</b>		<b>\$ (40.2)</b>
Current FY17 State Budget		(29.2)
Lower fringe costs than previously budgeted		7.1
Undergraduate tuition increase		12.8
Graduate tuition and other increases		1.2
No Union/Staff increases		19.0
FY17 - Strategic 3% cut from University units		18.0
Full-Year Impact of FY16 mid-year cuts		9.2
Other changes		2.5
<b>Total Changes</b>		<b>\$ 40.6</b>
<b>Revised Funding Gap</b>		<b>\$ 0.4</b>

Note: Use of decimals may result in rounding differences.

# How has UConn met fiscal challenges?

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**Cuts have been made to almost every unit within UConn over the last few years.**

In FY17, units across campus have had to reduce costs with most taking a 3% cut. Some cuts have been in positions (largely not filling vacancies) but also through proactively looking at ways to manage expenses while improving services. The University initiated a program (Spend Smart) to identify areas where expense reductions and/or operational efficiencies occurred. To date, more than 200 initiatives have been implemented. Below are two examples:

**College of Liberal Arts and Sciences** – Continuous and comprehensive analysis of undergraduate student course needs to ensure effective instructional planning and optimal instructor/student ratio.

- Fiscal resources are maximized and high demand courses are available and accessible to more students. Temporary and instructional support costs are minimized while maintaining academic quality.

**One Card Office (Student IDs)** - Incoming freshman students submit their ID card pictures online during the summer instead of coming to the office to have them taken by student office staff during orientation.

- Reduction in One Card Office staffing needs.
- Enhances the student experience - allows more time during orientation for students to participate in orientation programming.

# FY17 Draft University Budget

Despite fiscal challenges, UConn is presenting a balanced budget for FY17.

## Revenues (\$M)

Appropriation	229.9
Fringe Benefits & Adjustments	151.4
<b>Total State Support</b>	<b>\$ 381.3</b>
Tuition	372.7
Fees	124.5
Grants & Contracts	79.3
Foundation/Endowment	20.0
Sales & Service Education	19.8
Auxiliary Enterprise Revenue	210.7
Other Revenue	18.3
<b>Total Operating Fund</b>	<b>\$ 1,226.6</b>
Research Fund	104.6
<b>Total Operating Revenues</b>	<b>\$ 1,331.2</b>

## Expenditures (\$M)

Personal Services	502.2
Fringe Benefits	258.3
Other Expenses	226.9
Equipment	13.9
Energy	25.2
Student Financial Aid	161.6
Debt Service/Projects	36.4
<b>Total Operating Fund</b>	<b>\$ 1,224.6</b>
Research Fund	106.3
<b>Total Operating Expenditures</b>	<b>\$ 1,330.8</b>
<b>Net Gain/(Loss)</b>	<b>\$ 0.4</b>

Note: Use of decimals may result in rounding differences.



# FY17 Draft Revenue Budget

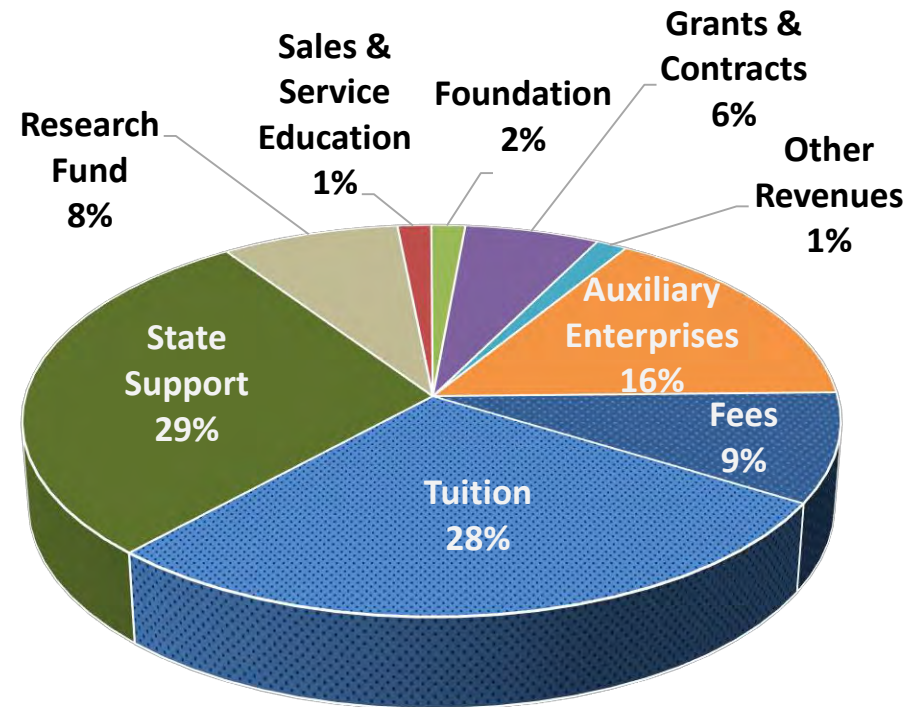
Total revenue is expected to increase \$24M or 1.8% over FY16.

## Revenues (\$M)

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Fringe Benefits & Adjustments	151.4
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The following slides will breakdown each category listed above.

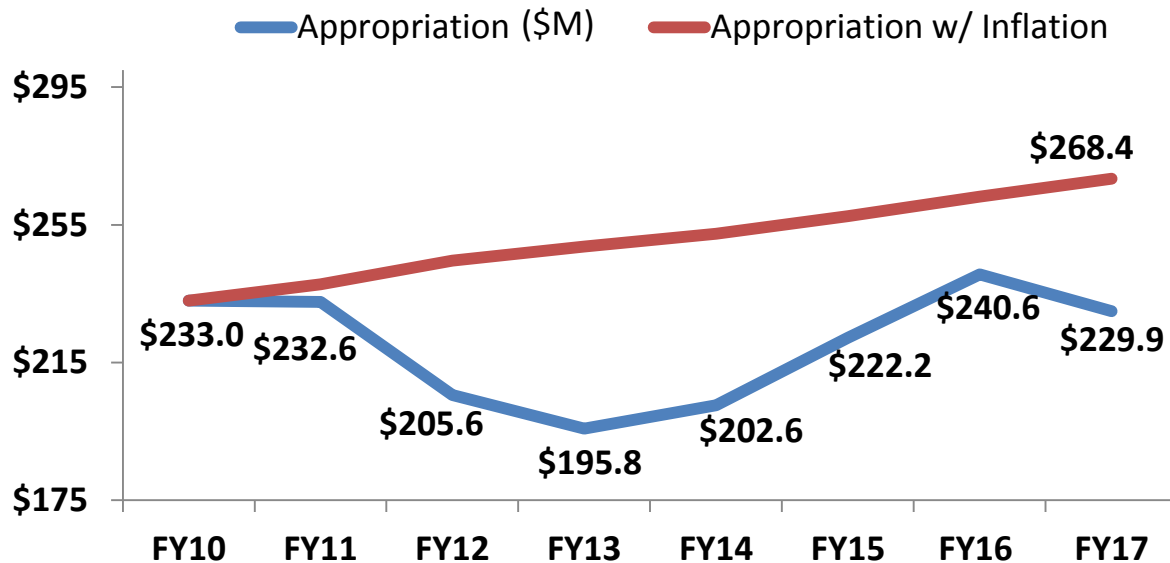
Note: Use of decimals may result in rounding differences.



**37% of total revenue is funded by students and their families through tuition and fees.**

# State Support

UConn was able to balance the FY17 budget despite a reduction of \$29.2M from the original FY17 adopted budget. This was done through strategic expenditure reductions, judicious hiring, careful spending and additional tuition revenue.



Due to the Governor and legislative authority to make mid-year reductions, UConn is at risk for up to a maximum of \$30.4M in additional cuts in FY17.

# State Support

UConn has sustained \$75.3M in state reductions\*, lost fringe and fund sweeps since 2010.

UCONN - Reductions, Fringe (lost) and Fund Sweeps (\$M)						
	Appropriation	Reduction	Lost Fringe due to Reduction	Fund Sweeps	Total Cut	
FY10	\$ 235.3	\$ (2.3)	\$ (1.2)	\$ (8.0)	\$ (11.5)	
FY11	\$ 233.0	\$ (0.4)	\$ (0.2)	\$ (15.0)	\$ (15.6)	
FY12	\$ 207.7	\$ (2.1)	\$ (1.1)	\$ -	\$ (3.2)	
FY13	\$ 206.1	\$ (10.3)	\$ (5.2)	\$ -	\$ (15.5)	
FY14	\$ 203.4	\$ (0.8)	\$ (0.4)	\$ -	\$ (1.2)	
FY15	\$ 229.6	\$ (7.4)	\$ (3.7)	\$ -	\$ (11.1)	
FY16	\$ 243.2	\$ (2.6)	\$ (1.6)	\$ (13.2)	\$ (17.4)	
<b>TOTAL</b>		<b>\$ (25.9)</b>	<b>\$ (13.2)</b>	<b>\$ (36.2)</b>	<b>\$ (75.3)</b>	

Largest cut in UConn history.

UConn tuition, fees, other revenues, expense reductions and operational efficiencies must make up for cuts to protect academic excellence and provide strong student support.

Note: Use of decimals may result in rounding differences.

# NextGenCT Operating Funding

Given the State's fiscal challenges, NextGenCT operating funds were significantly less than the original plan.

\$M	Original Plan	Actual/ Proposed*	Change	Percent Reduction
FY15	\$ 17.4	\$ 7.6	\$ (9.8)	56.3%
FY16	33.8	9.6	(24.2)	71.6%
FY17	54.0	19.2	(34.8)	64.4%
<b>Total</b>	<b>\$ 105.2</b>	<b>\$ 36.4</b>	<b>\$ (68.8)</b>	<b>65.4%</b>

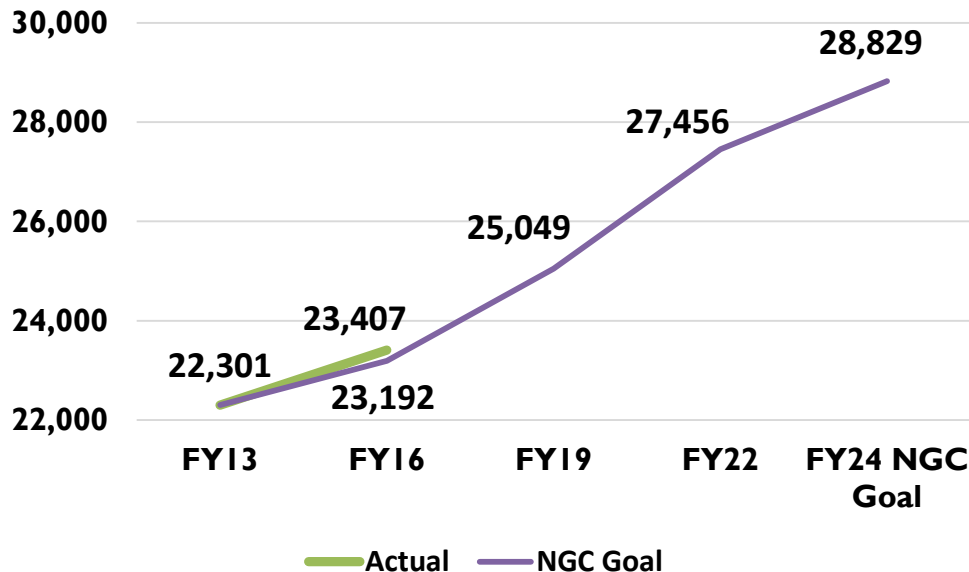
- Reduction in funding has impacted our ability to hire new faculty.
- In FY17, we will hold freshmen enrollment steady and plan to enroll 3,800 new Storrs freshmen.
- NextGenCT capital funding is more critical than ever to ensure faculty have labs/equipment needed to compete for grants, STEM students and faculty have great facilities to support research & education, and STEM scholarships and financial aid are funded.

\*Due to mid-year reductions in FY15 & FY16, UConn has utilized one-time funds to fulfill the financial commitments of this initiative in those years.

# UConn NextGenCT Student Growth

Since FY13, total undergraduate enrollment has increased by 1,106 students or 5% and is above the NextGenCT planned increase, despite NextGenCT operating fund shortages.

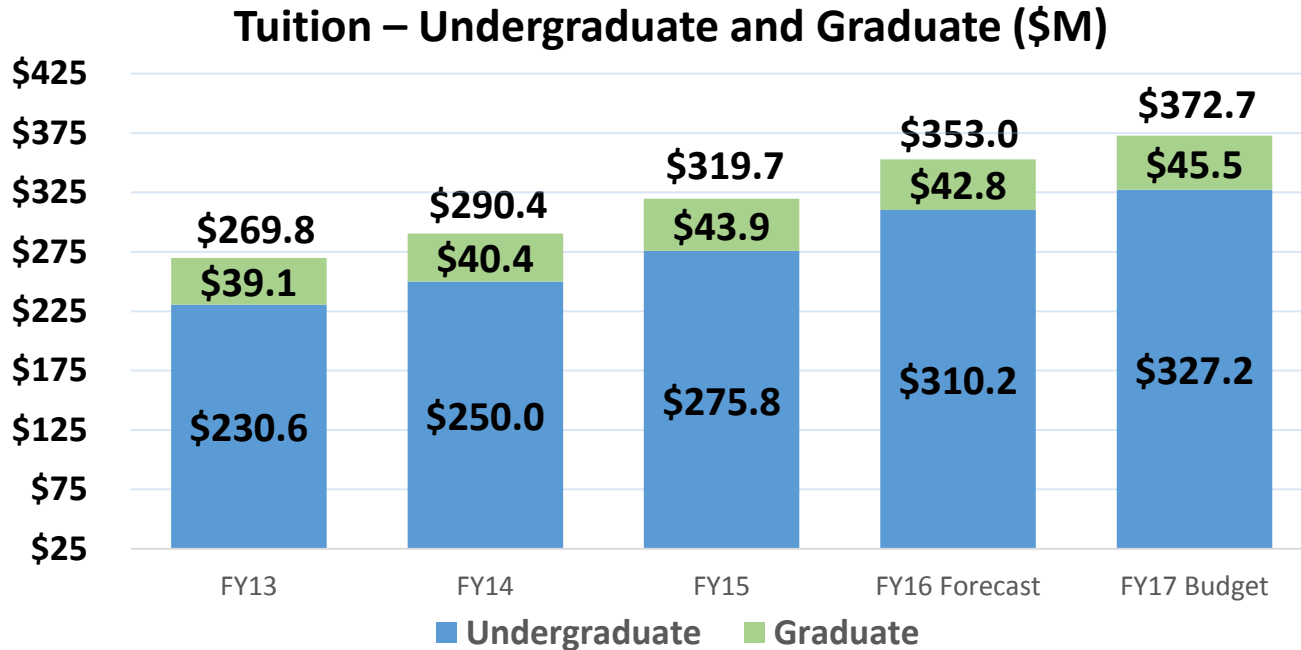
## Undergraduate Enrollment



- Storrs undergraduate STEM enrollment increased by 22% since FY13.
  - 809 of the STEM students are in engineering which has increased by 41%.
- FY17 freshmen enrollment is not expected to grow.

# Tuition Revenue

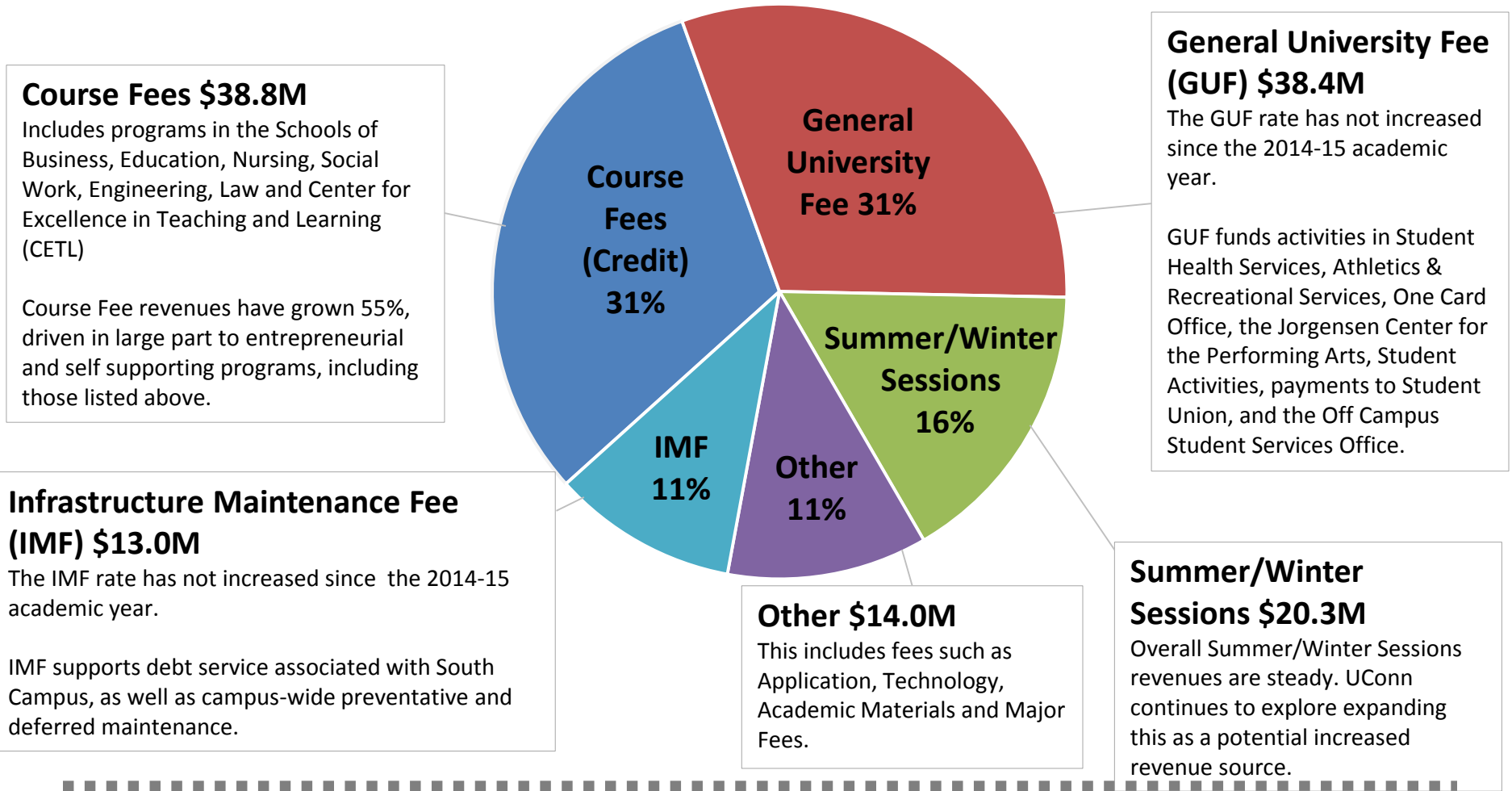
Gross Tuition Revenue is projected to grow 5.6% or \$19.7M over FY16.



- Undergraduate tuition revenue is expected to grow by \$17M driven by both rate increases and enrollment factors.
- 17.5% of tuition is devoted to need based financial aid, well above the required 15%.
- Graduate tuition revenue is projected to grow by almost \$3M in FY17, reflecting the tuition rate increase.

# Fee Revenue

**Mandatory Fees will not increase in FY17. Overall fee revenue will increase by \$1M, driven by enrollment growth within Fee Based Programs.**



# Grants and Contracts Revenue

**Grants and Contracts Revenues have grown \$13.7M or 21% since FY13.**

## **Federal Grants and Contracts \$43.7M**

- Includes financial aid revenues, such as Pell Grants and the Federal Work Study Program. It also includes USDA awards in the School of Agriculture.

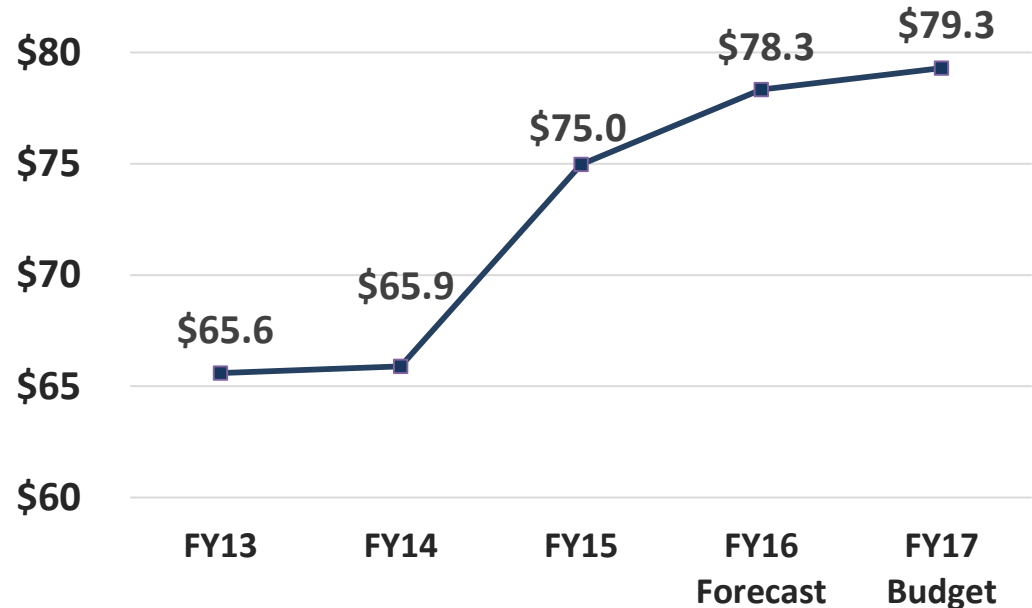
## **State Grants and Contracts \$32.2M**

- Includes State funded financial aid, such as the Governors Merit Scholarship. Also includes the College Aid Grant, Social Work DSS agreement and Connecticut Education Network grant.
- Since FY13, State Grants and Contracts have seen an increase of over 40%.

## **Other Grants and Contracts \$3.4M**

- Reflects a broad range of programs offered to students. Examples: CIGNA/UConn Business Analytics Research Collaboration, College Readiness Programs.

**Grants and Contracts Revenue (\$M)**



Most of these revenues are non-discretionary such as Pell Grants, Scholarships, etc.

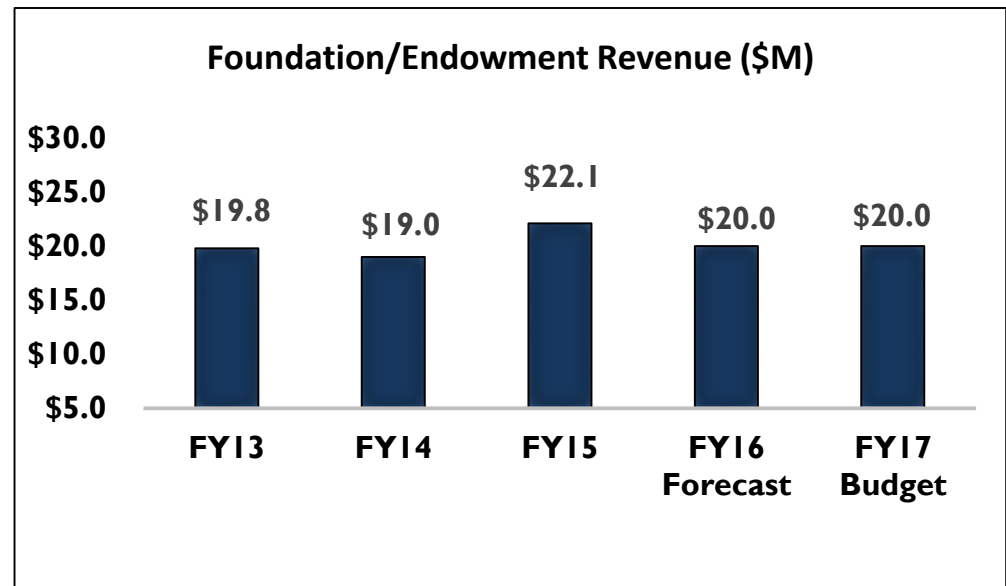


# Foundation/Endowment Revenue

Foundation and Endowment Revenue is expected to remain steady in FY17.

## Foundation and Endowment \$20.0M

- As the endowment grows, it will play a larger part in the operating budget.
- This does not include money given for capital projects.
- FY17 estimated endowment income from the Foundation \$15.2M.
- Fundraising results are often not seen immediately but offer a long term payoff.



In the last two fiscal years, the UConn Foundation has raised approximately \$160M which is the best two year results in its history.

# Sales & Service of Educational Activities

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**FY17 Sales & Service of Educational Activities is budgeted at \$19.8M.**

Definition: Revenues from the sales of goods or services that are incidental to the conduct of instruction, research or public service.

Examples include:



**UConn Dairy Bar  
-Ice Cream Sales**



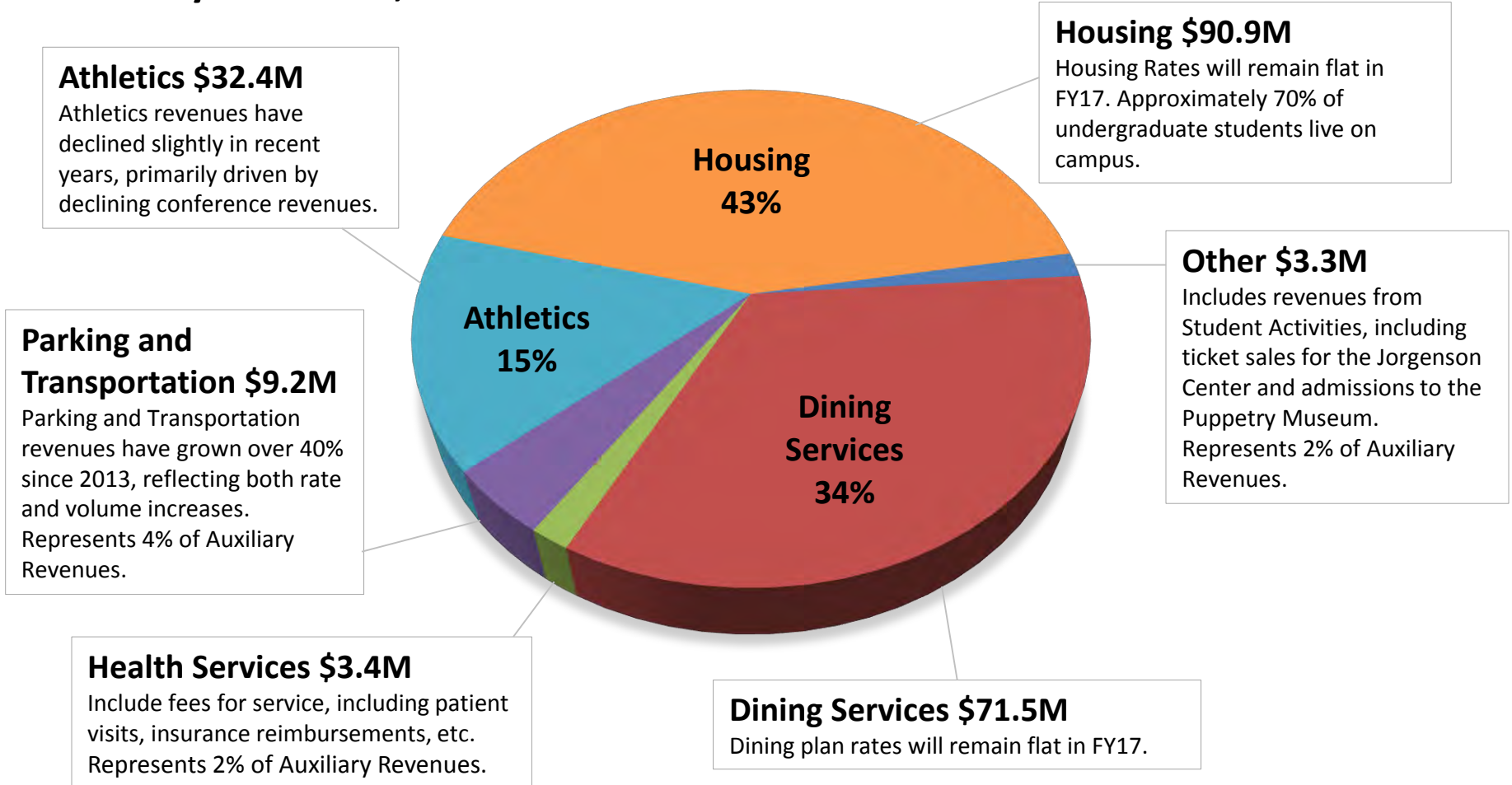
**Global Affairs  
-Fee incidental to Travel  
Abroad Programs**

*UConn  
Grown*

**Agriculture  
- UConn Blooms Plant and  
Flowers Shop**

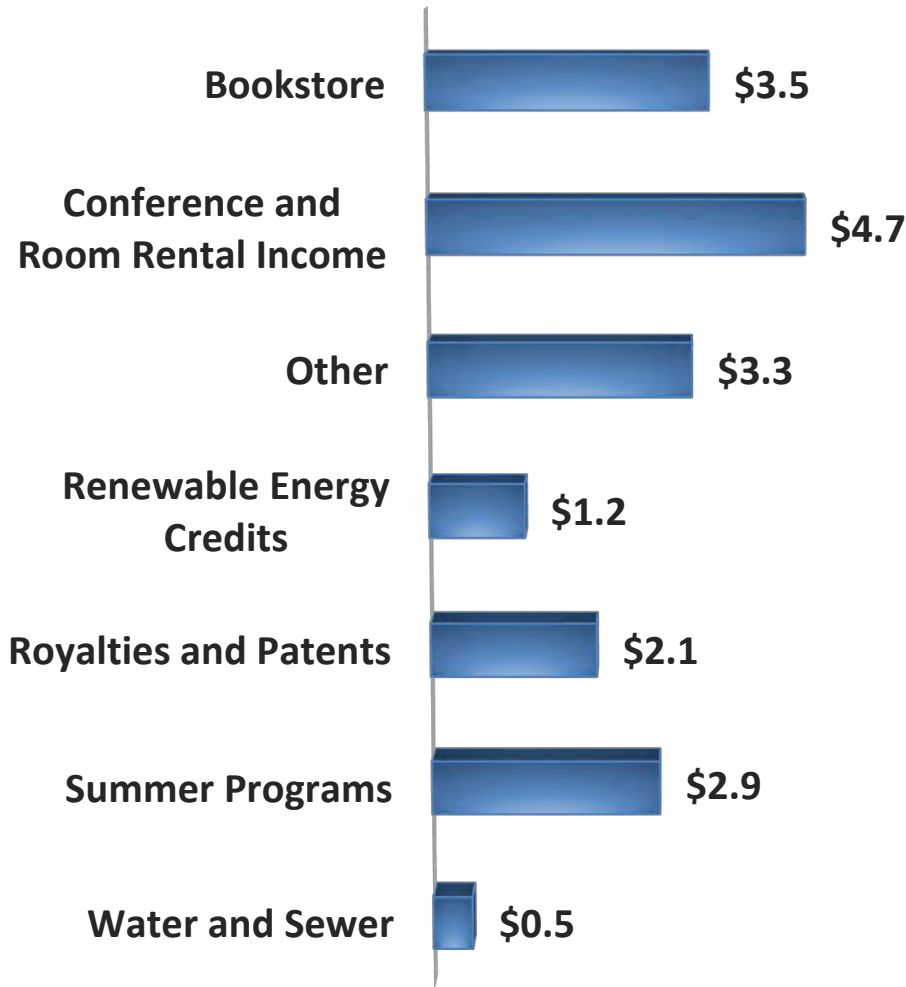
# Auxiliary Enterprise Revenue

**Housing and Dining Rates, which make up the largest component of Auxiliary Revenues, will not increase in FY17.**



# Other Revenues

Other Revenues consist of a wide variety of sources and are budgeted at \$18.3M.



## Bookstore \$3.5M

Net income will be directed to financial aid and student support

## Conference and Room Rental Income \$4.7M

The University is host to a numerous conferences and events that take place across campus, especially during the summer months

## Other \$3.3M

Includes various phone charges, branding MOU with UConn Health.

## Renewable Energy Credits \$1.2M

UConn receives energy credits for its campus sustainability efforts, including operation of its Cogen facility, fuel cells, etc.

## Royalties and Patents Revenue \$2.1M

Includes Tech Partnership Royalties and Technology Commercialization Patents

## Summer Programs \$2.9M

UConn offers a wide variety of summer programs, including Early College Experience, various leadership conferences and trainings

## Water and Sewer Revenues \$0.5M

UConn's Facilities Services Department provides water and sewer services to the surrounding campus community

Note: Use of decimals may result in rounding differences.

# FY17 Draft Revenue Budget Overview

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## Summary of Revenues:

- Total Revenues are up 1.8% over FY16. Tuition, course fees, and other smaller revenue sources have partially offset the cuts in State appropriation funding.
- Mandatory Fees, as well as Room and Board rates, were not increased from the 2015-16 academic year.
- UConn continues to look for additional revenue other than tuition and fees to offset reductions in State support and to fund strategic initiatives.

## A look ahead to Expenses:

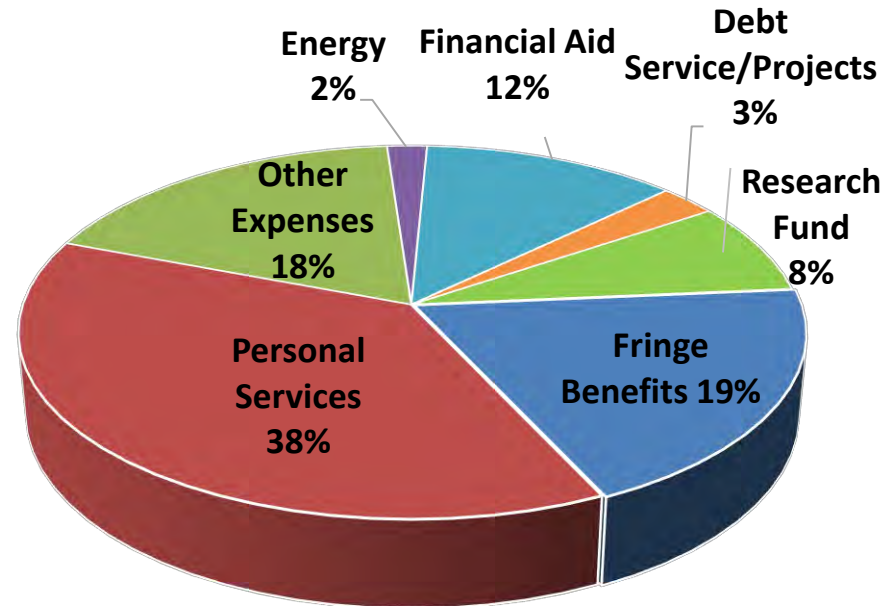
- Personal Services and Fringe Benefits make up more than 57% of the total expenditure budget.
- Financial Aid is growing over FY16 by \$8.3M or 5.4%, due to additional University funds to support our needy and meritorious students.

# FY 17 Expense Budget

Operating expenses are budgeted to increase \$50.3M or 3.9% over FY16 .

## Expenditures (\$M)

Personal Services*	502.2
Fringe Benefits	258.3
Other Expenses	226.9
Equipment	13.9
Energy	25.2
Student Financial Aid	161.6
Debt Service/Projects	36.4
<b>Total Operating Fund</b>	<b>\$ 1,224.6</b>
Research Fund	106.3
<b>Total Operating Expenditures</b>	<b>\$ 1,330.8</b>



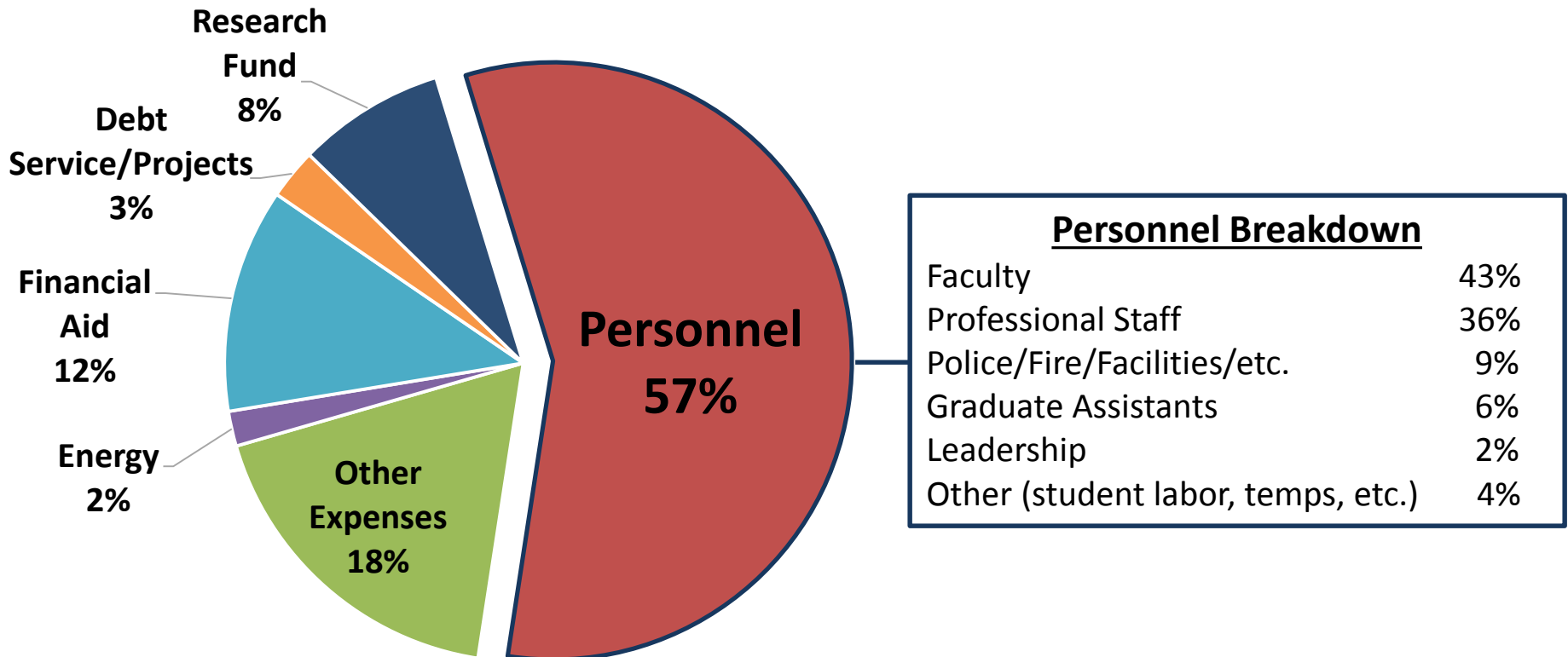
Each category will be broken out on the following slides.

\*Personal Services includes all salary costs for faculty, staff, graduate assistants, etc.

Note: Use of decimals may result in rounding differences.

# Personal Services & Fringe Benefits

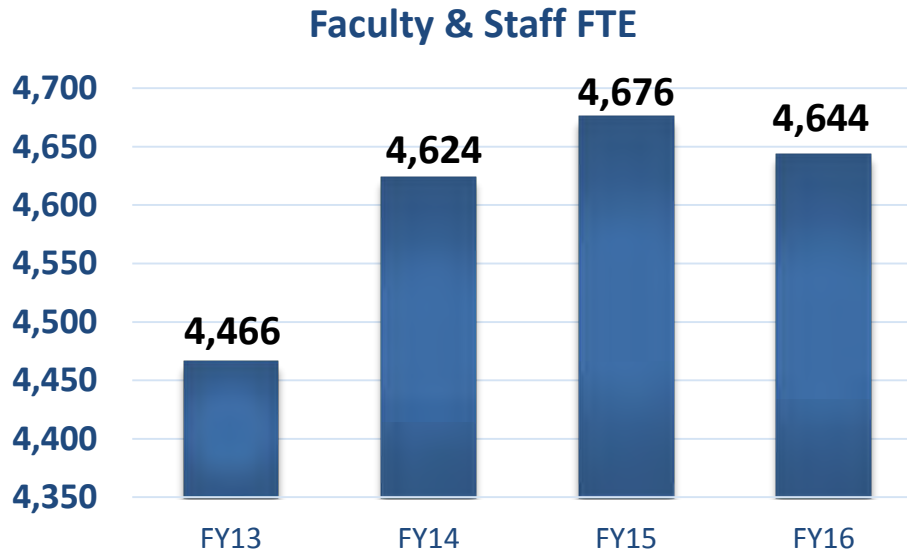
Personnel costs, including salaries and fringe benefits, account for over 57% of UConn's total operating budget.



The State Appropriation covers 63.4% of permanent employees

# Personal Services

Despite increased enrollment, UConn's overall employee count dropped by 32 FTE from FY15 to FY16 due to necessary departmental rescissions.



Student enrollment has increased by 4.5% since FY13, while faculty and staff have grown only 4% over that same time period.

This data represents a snapshot from UConn's HR/Payroll system in February each year and excludes Post Doctoral Fellows.

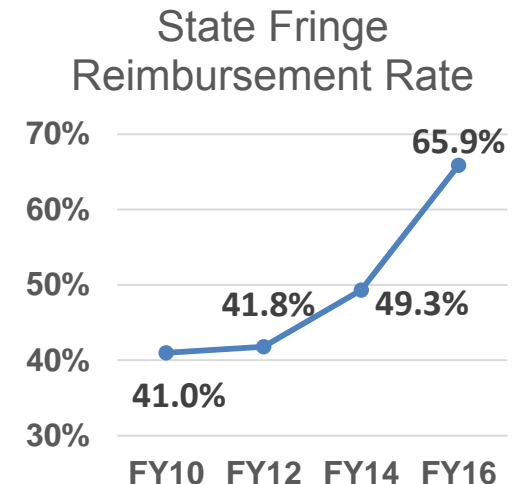
FY14 and FY15 growth due to NextGen CT and Faculty Hiring Plan.



# Fringe Benefit Expenses

Fringe benefit costs have grown by \$88M since FY13. The State Comptroller sets fringe rates including retirement rates.

Fringe Benefits (\$M)	FY13	FY17	FY13-17 Change
Total Fringe Benefit Expenses	\$170.3	\$258.3	\$88.0
State Fringe Reimbursement	\$88.9	\$151.4	\$62.5
UConn Fringe Responsibility	\$81.4	\$106.9	\$25.5
% of Expense State Pays	52.2%	58.6%	



Even though UConn's State fringe reimbursement rate has increased over the past few years, our share of the fringe cost remains high at \$106.9M in FY17.

# Fringe Benefit Rates

The State Comptroller develops and pushes out the fringe benefit component rates to all of higher education. For simplicity and predictable budgeting for University departments, UConn develops average rates.

FY16 State Component Rates

Retirement (SERS)	53.58%
FICA SS	6.20%
FICA Medicare	1.45%
Unemployment Compensation	0.12%
Group Life Insurance*	~0.20%
Medical Insurance*	<u>~30.55%</u>
	<b>92.10%</b>
*Rates vary according to coverage selected	

Other retirement options are available, however almost 50% of our current employees are on the State plan.

ARP Rate 11.99%  
Teachers Rate 43.14%

UConn Average Rates

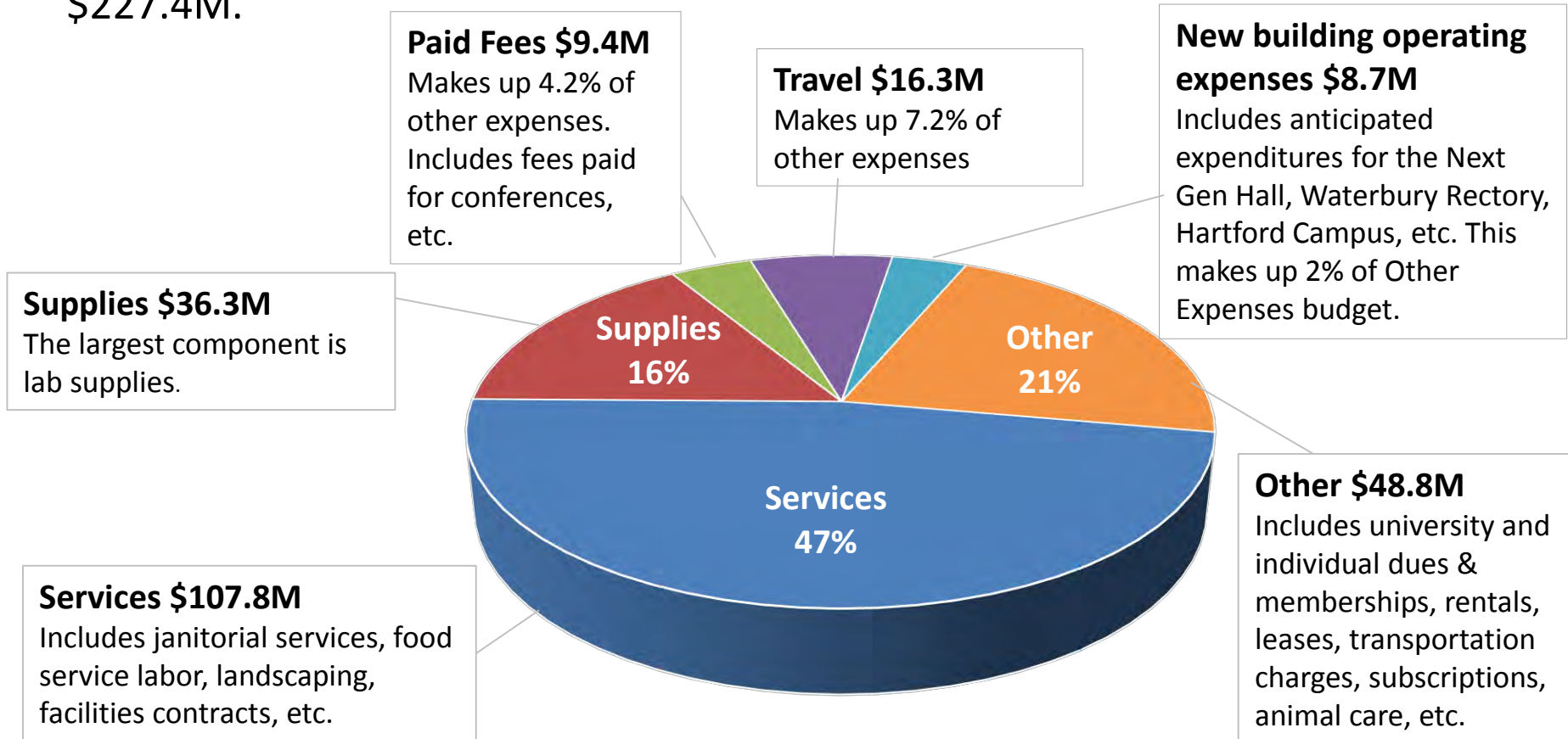
University Rate Category	FY13	FY16	FY17 (projected)	FY13-17 Change
Faculty	36.7%	47.0%	50.6%	13.9%
Professional	47.3%	59.5%	63.5%	16.2%
Classified	79.6%	<b>92.1%</b>	94.5%	14.9%

Classified employees do not have the option of choosing other retirement plans and must be enrolled in the State retirement plan.

Of the State retirement component rate of 53.58%, 29.3% is attributable to covering the State's overall unfunded liability.

# Other Expenses

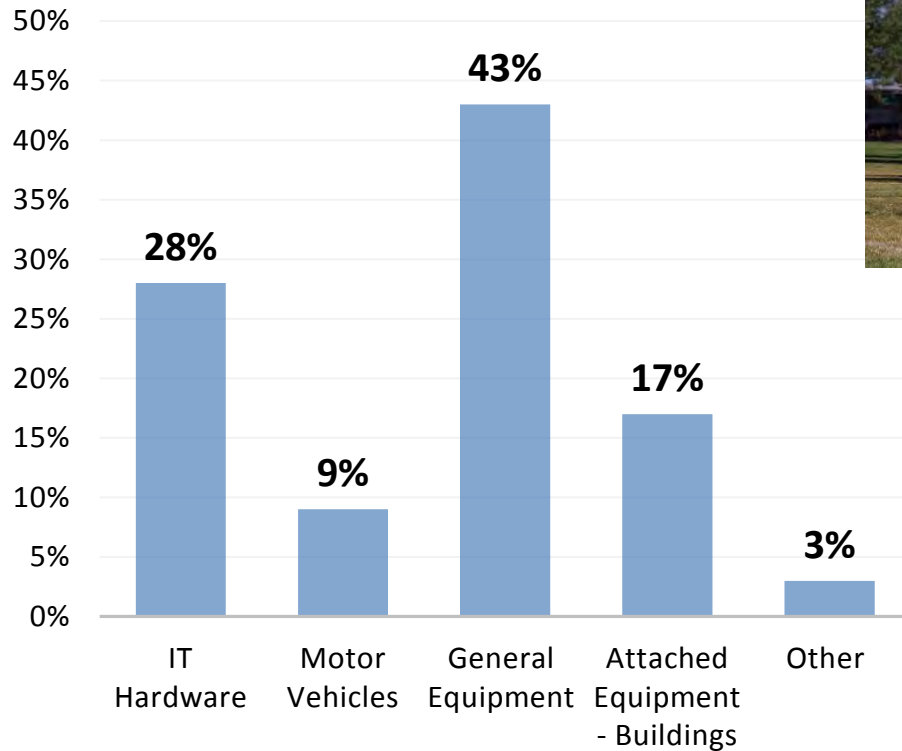
Includes all lab supplies, cost of food for dining services, parts for maintenance, office supplies, etc. In FY17, the total spend is expected to be \$227.4M.



# Equipment Expenses

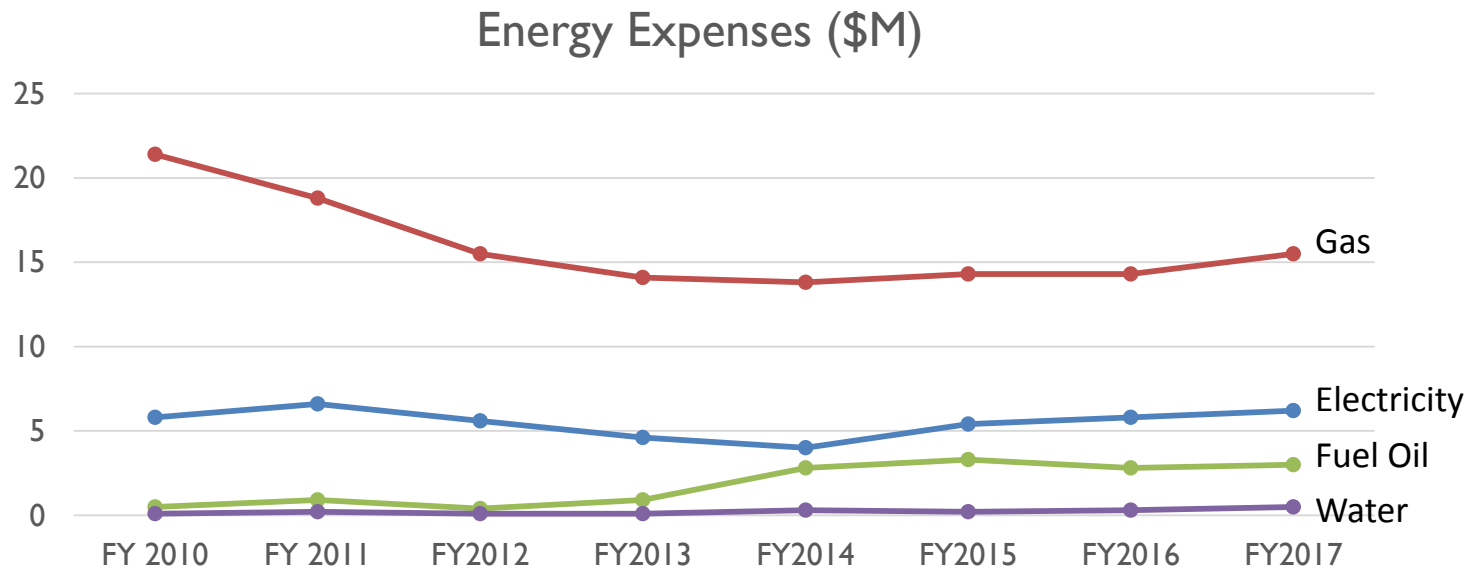
Equipment is defined as tangible, non-expendable, personal property having an anticipated life of one year or more.

Total Equipment Budget = \$13.9M



# Energy Expenses

Since 2010, UConn energy expenses have decreased by more than \$4.5M.



Recent and ongoing energy savings initiatives.

- Energy Savings Performance Contracts (ESCO) – upgrading steam system.
- Retro-commissioning of building systems.
- Lighting upgrades.
- Recognized as a top 10 school in the Sierra Club over the last 4 years for being green and environmentally friendly.

# Financial Aid Expense

**UConn is committed to providing student financial aid, despite declining State funding.**

- University Supported Financial Aid is growing by \$11.2M over the FY16 forecast.
- The percentage of need-based financial aid to overall tuition is growing to 17.5% which is greater than last year and over the State's requirement of 15%.

Financial Aid (\$M)	FY14	FY15	FY16 Forecast	FY17 Budget	FY16-FY17 Change
University Supported	\$77.9	\$83.5	\$84.7	\$95.9	\$11.2
State	9.4	11.2	14.1	13.3	(0.8)
Federal (Pell)	24.3	25.6	27.0	27.8	0.8
Other *	20.5	\$2.4	27.5	24.6	(2.9)
<b>Total Aid in Budget</b>	<b>\$132.1</b>	<b>\$142.7</b>	<b>\$153.3</b>	<b>\$161.6</b>	<b>\$8.3</b>

\*Other funding comes from the Foundation, Endowments and other University self-supported areas

# Operating Budget Risks

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## ✓ State Support

- State cuts have totaled \$75.5M since FY10, including the largest cut coming in FY16 at \$17.4M. UConn's maximum risk for additional State cuts during FY17 is \$30.4M

## ✓ State Fringe Benefits

- The State FY17 fringe rates will not be released until the third week of June. Actual rates could be higher than assumed.
- This year the state proposed appropriating a fixed fringe reimbursement amount for UConn, instead of our current process of assigning employees for fringe reimbursement. While this proposal did not materialize, it poses a future risk if implemented.

## ✓ Collective Bargaining Increases

- Current assumption is 0% for FY17 collective bargaining increases.
- Uncertainty for FY18 and beyond.

## ✓ Fair Labor Standards Act (FLSA) Change

- With the maximum salary changing for qualifying overtime, UConn is still assessing the impact on our current and future employees, however it appears the financial risk may be around \$1.5M.

**UConn HEALTH**



# UConn Health Budget by the Numbers

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**UConn Health is a complex, centralized institution supporting the integrated tripartite mission of Research, Education and Patient Care:**

- \$1.0B Operating Budget
- 7 Business Units (School of Medicine, School of Dental Medicine, Research, Correctional Managed Health Care, Institutional Support, John Dempsey Hospital, UConn Medical Group)
- 8 Offsite Locations (Canton, Storrs, Southington, West Hartford, East Hartford, Plainville, Putnam, Simsbury)
- 386 distinct departments
- 321 Graduate Students (Fall 2015)
- 396 Medical Students (Fall 2015)
- 168 Dental Students (Fall 2015)
- 8 Bargaining Units - Covering 86% of employees

# FY16 Budget Update and Projections

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- Approved FY16 budget was \$15.9M loss, and forecast is a \$3.1M improvement to \$12.8M loss.
- Patient revenue projected to be on budget.
  - John Dempsey Hospital (JDH) over budget by \$4.2M
  - Dental Clinics over budget by \$1.2M
  - UConn Medical Group (UMG) under budget by \$6.1M
- Position/hiring management oversight saved \$2.8M in salary and fringes
- Late opening of University Tower resulting in a savings in facility costs

# FY16 Operating Budget vs. Forecast

UConn Health will end FY16 ahead of budget by \$3.1M.

	FY16 Budget (\$M)	FY16 Actuals (\$M)	Variance
<b>Revenues</b>			
Tuition and Fees	22.6	21.6	(1.0)
Research Grants and Contracts	81.6	83.8	2.2
Interns and Residents	64.6	65	0.4
Net Patient Care	440.2	439.6	(0.6)
Correctional Managed Health Care	91	87.4	(3.6)
Other Income	48.5	45.6	(2.9)
<b>Total Revenue</b>	<b>\$ 748.5</b>	<b>\$ 743.0</b>	<b>\$ (5.5)</b>
<b>Expenses</b>			
Salary Expense	387.2	384.9	(2.3)
Fringe Benefits	200.9	200.4	(0.5)
Medical/Dental House Staff	52.6	52.4	(0.2)
Correctional Managed Health Care	91	87.4	(3.6)
Outside & Other Purchased Services	65.6	65.4	(0.2)
Drugs/Medical Supplies	79.5	77.6	(1.9)
Other Expenses	79.4	75	(4.4)
Debt Service	10.5	10.5	-
Depreciation	36.2	35.3	(0.9)
<b>Total Expense</b>	<b>\$ 1,002.9</b>	<b>\$ 988.9</b>	<b>\$ (14.0)</b>
Excess/(Deficiency of Revenues over Expenses	(254.4)	(245.9)	8.5
State Appropriation-Block Grant	137.3	136.2	(1.1)
State Supported Fringe Benefits	101.2	102.2	1.0
GS Appropriation Rescission	-	(1.3)	(1.3)
Transfer to State of CT	-	(4.0)	(4.0)
<b>Excess/(Deficiency)</b>	<b>\$ (15.9)</b>	<b>\$ (12.8)</b>	<b>\$ 3.1</b>

# UConn Health Budget Gap

<b>(\$M)</b>	
FY16 Forecast	(12.8)
Reflects current State Support	(16.8)
New Building and maintenance expense	(9.6)
New Employee and Fringe expense	(8.9)
Projected Deficit	<b>\$ (48.1)</b>
Workforce reductions	8.7
Departmental review	1.2
Clinical revenue	15.9
Managerial Furlough	0.4
Print services and minor equipment	1.1
Medical Supplies and Other expenses	1.3
Research revenue	2.1
Tuition	1.5
Total Changes	<b>\$ 32.2</b>
Revised Funding Gap	<b>\$ (15.9)</b>

# FY17 UConn Health Draft Operating Budget

Revenues (\$M)			Expenditures (\$M)		
State Support	\$	224.7	Salary Expense	\$	392.0
Tuition & Fees		23.1	Fringe Benefits		207.0
Research Grants and Contracts		89.8	Medical/Dental House Staff		52.5
Interns and Residents		63.3	Correctional Managed Health Care		86.1
Net Patient Care		464.6	Outside & Other Purchased Services		69.1
Correctional Managed Health Care		86.0	Drugs/Medical Supplies		81.4
Other Income		46.4	Other Expenses		78.0
			Debt Service		10.2
			Depreciation		37.4
<b>Total Revenues</b>	<b>\$</b>	<b>997.9</b>	<b>Total Expenses</b>	<b>\$</b>	<b>1,013.8</b>
			<b>Net Loss</b>	<b>\$</b>	<b>(15.9)</b>

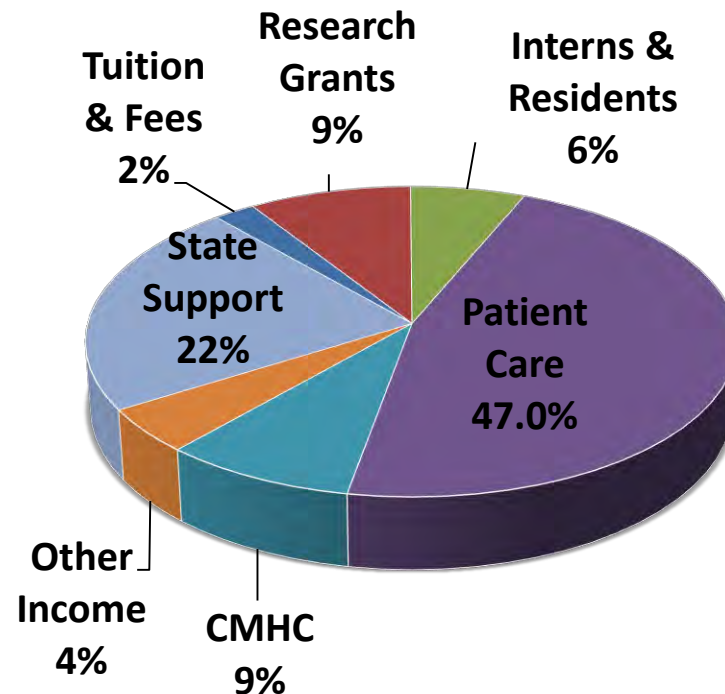
# UConn Health FY17 Draft Spending Plan

<b>Total Operating Revenue</b>		\$ 773.2	<b>Total Operating Expenses (less depreciation)</b>		\$ 976.4
	State Support	224.7		Current Approved Capital Projects	2.5
				Working Capital Needs	2.0
	Restricted Balances:			FY 2017 Capital Spending	12.0
	Use Allowance	5.6		State Bond Funds	43.9
	State Bond Funds	44.4		Use Allowance	5.6
	Departmental/Grant Funds	1.0		Departmental /Grant Funds	1.0
				Principal Payment on Debt	5.5
<b>Total Available for Spending</b>		<b>\$1,048.8</b>	<b>Total Spending Plan</b>		<b>\$ 1,048.8</b>
			<b>Net Gain/(Loss)</b>		<b>\$ 0.0</b>

# UConn Health FY17 Revenue Budget

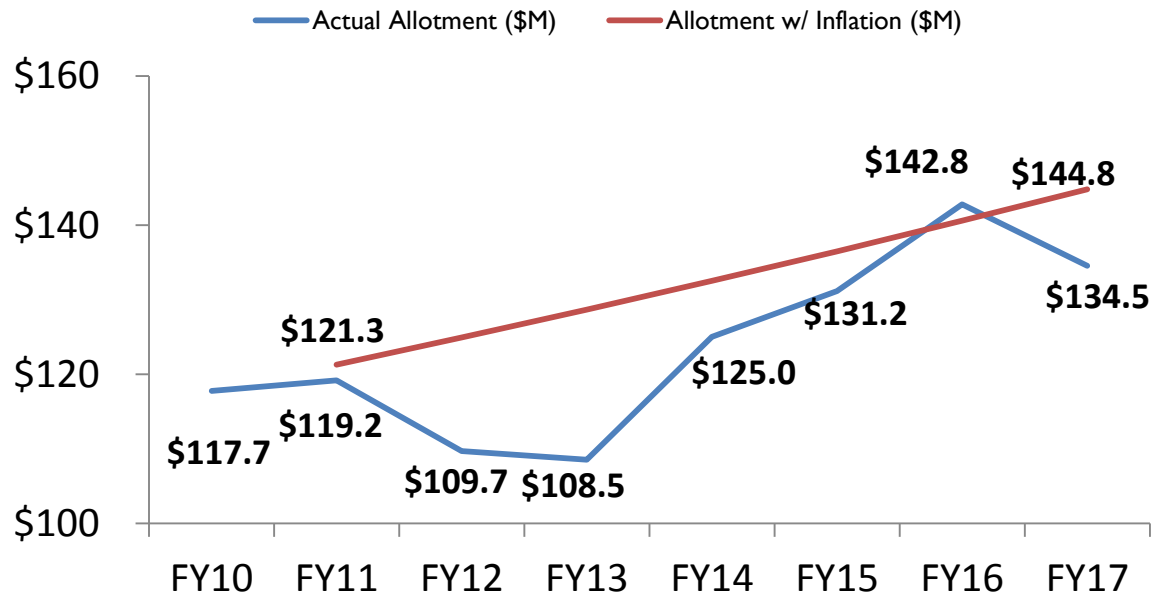
Total revenue is expected to increase \$21M, or 2.1 % over FY16.

Revenues (\$M)		
State Support		\$ 224.7
Tuition & Fees		23.1
Research Grants and Contracts		89.8
Interns and Residents		63.3
Net Patient Care		464.6
Correctional Managed Health Care		86.0
Other Income		46.4
<b>Total Revenues</b>		<b>\$ 997.9</b>



# UConn Health State Support

UConn Health was able to balance the FY17 budget despite a reduction of \$16.8M from the FY17 Adopted budget (equates to a 7.2% drop in appropriation). This was accomplished by reviewing all positions prior to hiring, careful spending, additional patient revenue and a reduction on capital spending.



Due to the Governor and legislative authority over mid-year reductions, UConn Health is at risk for up to \$17.4M in additional reductions in FY17.



# UConn Health State Support

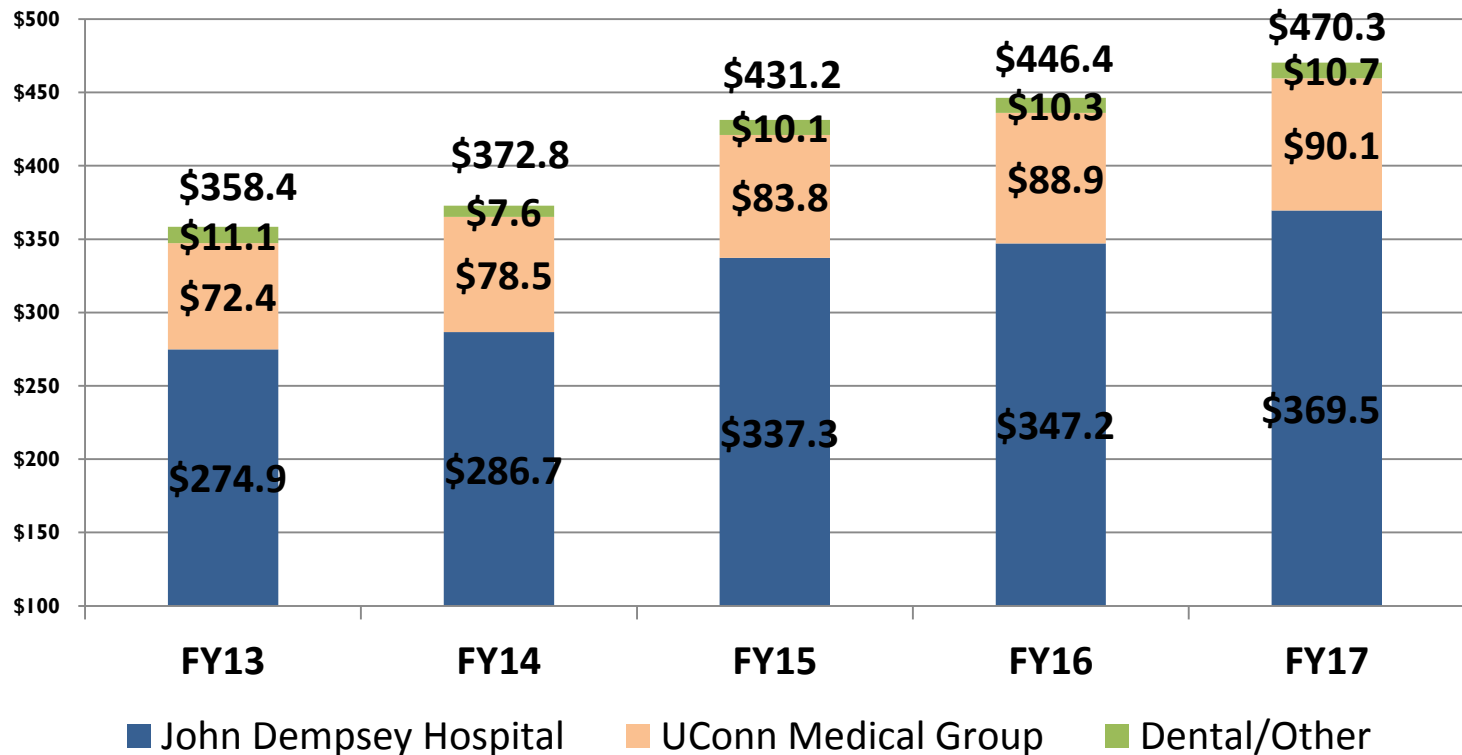
UConn Health has sustained \$58.8M in state appropriation reductions\*, lost fringe and fund sweeps since FY10.

UConn Health - Reductions, Fringe (lost) and Fund Sweeps (\$M)						
	Appropriation	Reduction	Lost Fringe due to Reduction	Fund Sweeps	Total Cut	
FY10	\$ 119.0	\$ (1.2)	\$ (0.5)	\$ (10.0)	\$ (11.8)	
FY11	\$ 119.3	\$ (0.2)	\$ (0.1)	\$ (10.0)	\$ (10.3)	
FY12	\$ 109.7	\$ (0.0)	\$ (0.0)	\$ -	\$ (0.0)	
FY13	\$ 112.7	\$ (4.1)	\$ (2.0)	\$ -	\$ (6.1)	
FY14	\$ 125.5	\$ (0.5)	\$ (0.3)	\$ -	\$ (0.8)	
FY15	\$ 135.4	\$ (4.2)	\$ (2.4)	\$ -	\$ (6.6)	
FY16	\$ 144.3	\$ (1.5)	\$ (0.9)	\$ (4.0)	\$ (6.4)	
FY17	\$ 145.0	\$ (10.4)	\$ (6.4)	\$ -	\$ (16.8)	
<b>TOTAL</b>		<b>\$ (22.2)</b>	<b>\$ (12.7)</b>	<b>\$ (24.0)</b>	<b>\$ (58.8)</b>	

\*Reductions = lapses, rescissions and deficit mitigation

# UConn Health Net Patient Revenue

Net Patient Revenue is projected to grow 5.4%, or \$24M over FY16.



# UConn Health FY17 Draft Budget Summary

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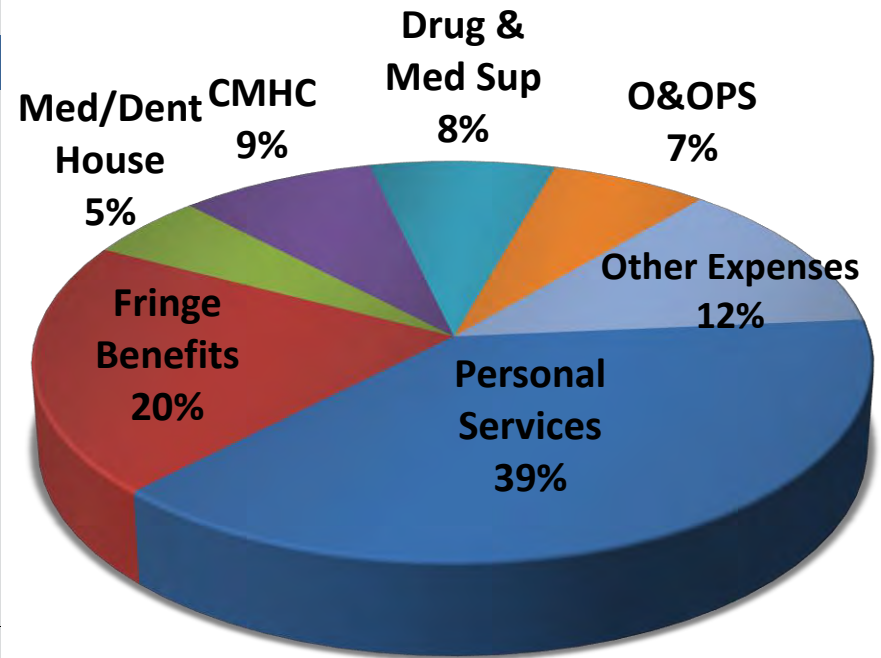
## Summary of Revenues:

- Tuition and fees \$1.4M increase for the School of Medicine (SOM) and School of Dental Medicine (SODM) assumes approved rate increase
- Federal and non federal grants revenue 4.5% increase (offset by expense increase)
- Interns and residents revenue will decrease by 2.5% due to a one time additional revenue in FY16
- Net patient revenue has an overall increase of \$24.5M - UMG \$1.2M or 1.4% and JDH \$23.3M or 6.8%
- Correctional Managed Health Care decrease of 1.7% (offset by expense decrease)
- Gift & endowment income decrease of \$1.3M due to an decrease in foundation dollars for capital projects
- Other income increase of 4.4% due to full year of 340b contracts

# UConn Health FY 17 Expense Budget

Operating expenses are budgeted to increase \$24.8M, or 2.5% over FY16.

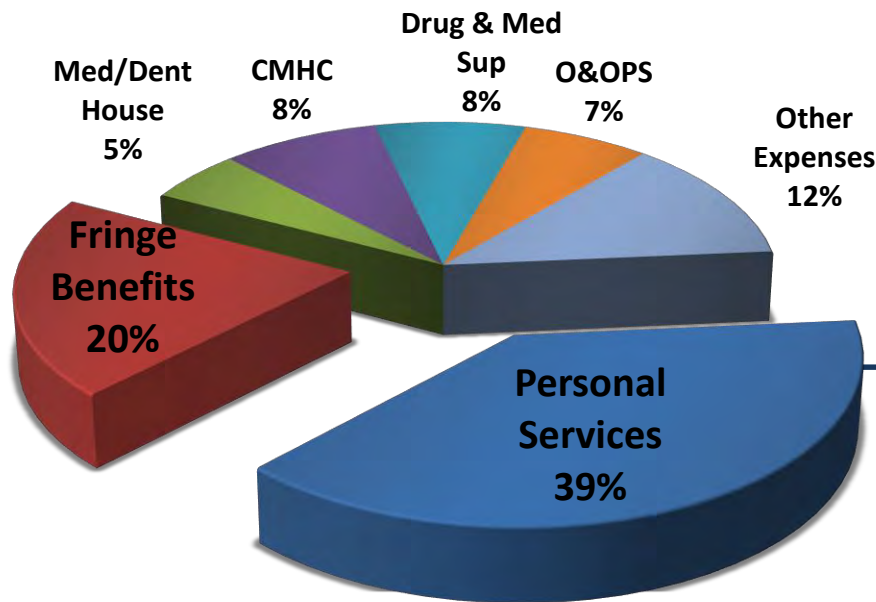
Expenditures (\$M)	
Salary Expense	\$ 392.0
Fringe Benefits	207.0
Medical/Dental House Staff	52.5
Correctional Managed Health Care	86.1
Outside & Other Purchased Services	69.1
Drugs/Medical Supplies	81.4
Other Expenses	78.0
Debt Service	10.2
Depreciation	37.4
<b>Total Expenses</b>	<b>\$ 1,013.8</b>



Note: Use of decimals may result in rounding differences.

# UConn Health Personal Services & Fringe Benefits

Personnel costs, including salaries and fringe benefits, account for over 59.1% of UConn Health's total operating budget.



<u>Personnel Breakdown</u>	
Faculty	10%
Professional Staff	72%
Police/Fire/Facilities/etc.	5%
Leadership	4%
Other (student labor, temps, etc.)	9%

Note: Use of decimals may result in rounding differences.

# UConn Health FY17 Operating Budget Risks

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- Mid-year appropriation reductions, lost fringe, and fund sweeps
- Unsettled contracts with all unions
- Workers' Compensation expenses
- Payor mix and volume
- Provider based reimbursement
- Medicaid Reimbursement
- New University Tower– minimal historical data
- Retirement rate not final – to be received third week of June 2016
- Hybrid Plan employee conversion – SAG award – IRS determination letter

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# Capital Budget Program

# Capital Budget Program

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- Thanks to the strong support from the State via UCONN 2000 - NextGenCT & Bioscience CT, UConn continues the transformation of modernizing, rehabilitating and expanding the physical plant of the University.
- In an effort to manage all University fund sources in a more strategic manner, UConn is presenting an all funds capital budget.



# Major Building Openings in FY17

The first 3 major projects of the NextGenCT capital program will be completed this summer.



## Monteith Building Renovation

- This 73,000 square-foot building will be the new home for the Math Department
- Budget of \$25M



## Putnam Refectory Renovation

- This 42,000 square-foot dining hall is undergoing major renovations, will service new Next Generation Connecticut Residence Hall
- Budget of \$23M

## Next Generation Connecticut Hall

- New 212,000 square-foot facility, with 725 new beds + staff & director apartments
- Budget of \$105M



# FY17 Capital Budget

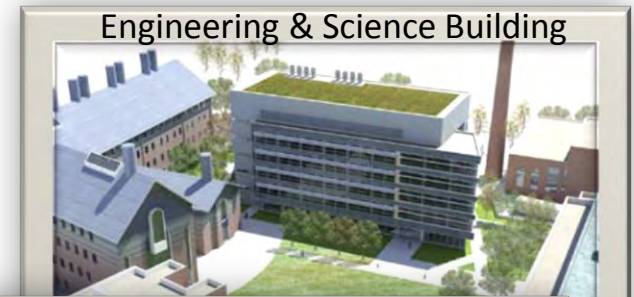
The State has deferred \$26M of funding to FY18, reducing the FY17 amount from \$266.4M to \$240.4M.

NextGenCT / Bioscience CT* Funding - UCONN 2000 GO Bonds		
NextGenCT	\$179,290,000	DM, Equipment, Hartford Campus, Residential Life, Academic & Research Facilities-Gant, Engineering, Fine Arts
Bioscience CT	61,110,000	DM, Equipment, Main Building, Medical School Academic Building, Hospital (Clinic Building)
<b>Total UCONN 2000 GO Bonds</b>	<b>\$240,400,000</b>	
Other - UConn Funds	34,152,000	Student Recreation Center, ESCO, Residential Life, Nathan Hale Debt, Athletics Facilities, Etc.
<b>Total Capital Budget</b>	<b>\$274,552,000</b>	<b>All capital projects costing \$500K or more are submitted for Board action on a project by project basis</b>

\*NextGenCT and Bioscience CT are part of the UCONN 2000 Act

# NextGenCT Projects under Construction

Major Projects in Construction (\$M)	FY17 Funds	Total Budget	Estimated Completion
Monteith Renovation	\$1.5	\$25	Aug 2016
Putnam Renovation	3.7	23	Aug 2016
Central Campus Infrastructure Repair	13.8	15	Jan 2019
North Eagleville Road Infrastructure Repair-PIIIa	15.7	20	Fall 2016
Engineering & Science Building	17.1	95	July 2017
Hartford Acquisition & Renovation	68.4	140	July 2017
South Campus Complex Envelope Repair	4.2	18	Nov 2016
Next Generation CT Hall	9.4	105	Aug 2016
ESCO – Steam Lines (UConn funds)	16.4	28	Spring 2017
DM/Renovations/Equip (incl. \$2M UConn funds )	25.3		Varies
<b>Total: \$157.1M Bond Fund + \$18.4M UConn Funds=\$175.5M</b>			



Engineering & Science Building



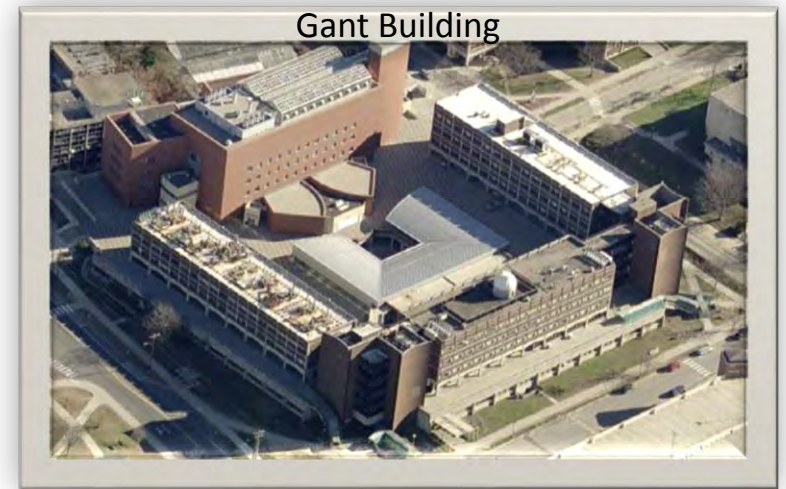
Hartford Campus



Next Generation CT Hall

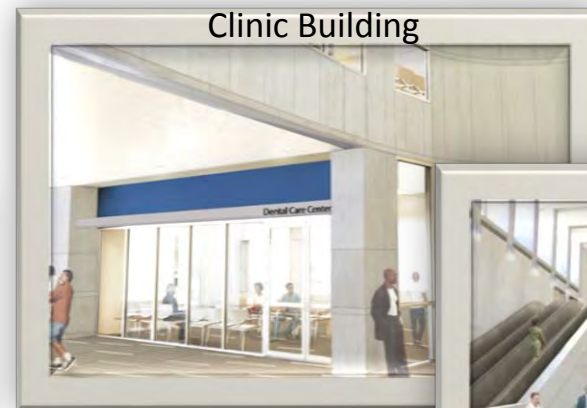
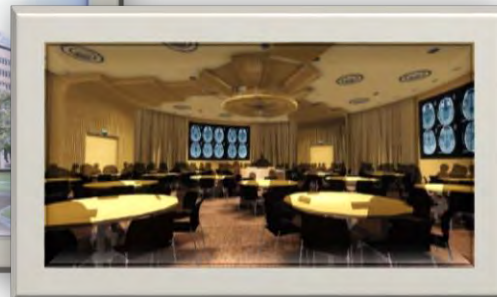
# NextGenCT Projects in Planning/Design

Major Projects in Planning/Design (\$M)	FY17 Funds	Total Budget	Estimated Completion
Gant Renovations	\$2.2	\$180	Dec 2022
Fine Arts Addition	3.7	23	Fall 2018
Utility GIS Mapping	2.4	3	Spring 2017
South Campus Commons	2.7	4	TBD
Student Recreation Center (UConn funds)	6.8	100	Jan 2019
DM / Renovations (incl. \$8.9M UConn funds)	17.4		Varies
<b>Total: \$22.2M Bond Funds + \$15.7M UConn Funds=\$37.9M</b>			



# Bioscience CT Major Projects

Major Projects (\$M)	FY17 Funds	Total Budget	Estimated Completion
Main Building: Lab Renovation Project 2	\$22.8	\$41	Feb 2017
Academic Building Addition & Renovation	4.6	36	April 2017
Clinic Building "C" Renovation	29.6	92	Aug 2018
DM/Equipment	4.1		Varies
<b>Total</b>	<b>\$61.1</b>		



# Capital Program Risks

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- For FY17, the State has deferred \$26M of authorization until FY18.
  - The program depends upon the economic health of the State and additional deferrals are a possibility in the future.
  - Delaying a project today could equal higher costs in the future.
  - Starting/stopping projects would affect UConn's reputation and bid responses/competitive pricing.
- UConn bridging funding for Capital Projects.
  - UConn funding was used to pay ~\$70 million of construction bills, which was reimbursed with April 2016 bond issuance.
  - Projecting use of ~\$125M of UConn funds prior to spring 2017 bond issuance.
- Many needs have been identified which are not fully funded or included in the current capital plan (i.e. deferred maintenance, athletic facilities), and funding strategies will need to be identified.
- Funding for UCH ends in FY18.

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# QUESTIONS?