

# UConn Budget Update

December 10, 2014

**University of Connecticut**  
**Storrs & Regional Campuses**  
**FY 2014 Budget Review (unaudited)**

The following narrative and schedule provide information on the main drivers of the University of Connecticut operating budget. The amounts presented here are subject to audit adjustments.

- **Total Revenue** – For the year ended June 30, 2014, total Operating and Research Fund revenues were \$1,118.1 million or \$22.3 million more than budgeted. The Operating Fund had a positive variance from budget of \$12.5 million and the Research Fund had a positive variance from budget of \$9.8 million.
  - **State Support** – State support was \$308.1 million or 0.5% more than budget due to slightly higher fringe benefit return. State support represented 27.6% of total revenues.
  - **Tuition & Fees** – Total Tuition & Fee revenue was \$397.1 million or 0.2% more than budget. Revenue collections reflected a 6.25% rate increase coupled with a 1.4% increase in the number of undergraduate degree-seeking students who accounted for approximately 87.2% of budgeted tuition revenues. Fee collections were less than budgeted due to lower enrollment in certain fee-based programs.
  - **Grants & Contracts** – This category was \$84.1 million or 2.9% more than budget due to additional federal financial aid funds.
  - **Sales & Service Education & Other** – Due to more renewable energy credits, royalties and patents, and conference revenues, this category totaled \$29.0 million or \$4.7 million more than budget.
  - **Auxiliary Enterprise Revenue** – This category was \$198.7 million or \$2.8 million more than budget primarily due to higher enrollment and full occupancy rates in student housing than anticipated in the budget.
  - **Research Fund** – This category was \$100.3 million or 10.8% more than budgeted. Due to uncertainty related to Federal sequestration and the American Recovery and Reinvestment Act awards, the FY14 research budget was conservative. However, the actual revenues reflect activity similar to FY13.
- **Total Expenditures** – Total Operating and Research Fund expenditures were \$1,138.9 million. Operating Fund expenditures were over budget by \$1.2 million and Research Fund expenditures were over by \$11.0 million.
  - **Salaries, Wages & Benefits** – This category was \$673.8 million or 1.2% more than budget. Employee benefits are greater than budget because of employee healthcare and retirement elections.
  - **Other Expenses** – This category was \$190.6 million or 6.8% more than budget. This is attributed to increases in spending for technology purchases and faculty start-up expenses.
  - **Energy** – Energy costs were \$1.2 million less than budget due to favorable prices which were a result of the reverse energy auction.
  - **Equipment** - Equipment expenditures were \$4.5 million or \$14.5 million less than budget due to decreased spending in both academic and auxiliary areas and increased use of non-operating funds for equipment purchases.
  - **Debt Service** – Payments for bonds and the installment loan as well as the capital lease for the Cogeneration plant were \$1.7 million less than budget due to better rates achieved through refinancing.
  - **Non-mandatory / Projects** – This category was \$2.8 million less than budget primarily due to fewer new projects starting than anticipated. In addition, when projects are financially closed-out, the remaining funds are returned to the original source accounts in the operating fund.
  - **Research** – Research expenditures were \$11.0 million more than budget. As previously stated, while the research budget was conservative, the actual expenditures reflect activity similar to FY13.
- **Net Gain** – For the year ended June 30, 2014, the University had a gain of \$1.2 million due to the use of \$22.0 million of prior year funds.

**University of Connecticut  
Storrs & Regional Campuses**

**FY 2014 Statement of Current Funds Budget Operations<sup>1</sup> and Variance (\$M)**

<b>Current Funds Revenues:</b>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>% Change</u>
Operating Fund		Unaudited		
State Support	\$306.6	\$308.1	\$1.5	
Tuition	288.6	290.4	1.8	
Fees	107.6	106.7	(0.9)	
Grants & Contracts	62.9	65.9	3.0	
Foundation	18.8	18.2	(0.6)	
Investment Income	0.6	0.8	0.2	
Sales & Service Education	16.7	19.3	2.6	
Auxiliary Enterprise Revenue	195.9	198.7	2.8	
Other Revenue	<u>7.6</u>	<u>9.7</u>	<u>2.1</u>	
Total Operating Fund	\$1,005.3	\$1,017.8	\$12.5	1.2%
Research Fund	<u>90.5</u>	<u>100.3</u>	<u>9.8</u>	10.8%
<b>Total Current Funds Revenues</b>	<b>\$1,095.8</b>	<b>\$1,118.1</b>	<b>\$22.3</b>	2.0%
<b>Current Funds Expenditures:</b>				
Operating Fund				
Salaries & Wages	\$462.8	\$461.8	(\$1.0)	
Fringe Benefits	203.0	212.0	9.0	
Other Expenses	178.4	190.6	12.2	
Energy	22.2	21.0	(1.2)	
Equipment	19.0	4.5	(14.5)	
Student Financial Aid	130.8	132.0	1.2	
Debt Service	18.7	17.0	(1.7)	
Non-mandatory/Projects	<u>0.3</u>	<u>(2.5)</u>	<u>(2.8)</u>	
Total Operating Fund	\$1,035.2	\$1,036.4	\$1.2	0.1%
Research Fund	<u>91.5</u>	<u>102.5</u>	<u>11.0</u>	12.0%
<b>Total Current Funds Expenditures</b>	<b>\$1,126.7</b>	<b>\$1,138.9</b>	<b>\$12.2</b>	1.1%
Prior Year Funds	<u>30.9</u>	<u>22.0</u>	(8.9)	
<b>Net Gain (Loss)</b>	<b><u>\$0.0</u></b>	<b><u>\$1.2</u></b>	<b><u>\$1.2</u></b>	
Net Loss Operating Fund	(\$29.9)	(\$18.6)	\$11.3	
Net Loss Research Fund	(\$1.0)	(\$2.2)	(\$1.2)	

<sup>1</sup>The University prepares and presents its Operating Budget requests and annual Spending Plan in a current funds format. The current funds format shows gross student tuition and fees and does not net out scholarship allowances, as required in the financial statements which are prepared in the GASB Nos. 34/35 format. Scholarship allowances are shown as an expense item. In addition, the University's current funds format includes equipment purchases as an expense, does not include depreciation or amortization and does not include the State debt service commitment for principal and interest.

**University of Connecticut**  
**Storrs & Regional Campuses**  
**FY 2015 Budget Forecast (unaudited)**

The following brief narrative and schedule provide information on the main drivers of the University of Connecticut operating budget. On June 25, 2014, the Board of Trustees approved the University budget, which included \$1,188.8 million of revenue to cover \$1,188.8 million in expenses and transfers. The statements below reflect the budget forecast based on actuals from the first 5 months of FY15.

- **Total Revenue** – For the year ended June 30, 2015, total Operating and Research Fund revenues are forecasted to be \$1,196.3 million or \$7.5 million more than budgeted. This positive variance will all be in the Operating Fund and is explained below.
  - **State Support** – State support is forecasted to be \$351.5 million (including accruals) and represents 29.4% of total revenues. On November 20, 2014, the Governor exercised his authority to rescind State support. Although the appropriation was reduced by \$2.3 million (approximately \$3.5 million including fringe benefits), a higher fringe return is expected to help offset this rescission.
  - **Tuition & Fees** – Total Tuition & Fee revenue is forecasted to be \$426.1 million or \$2.3 million more than budgeted. Revenue collections reflect a 6.5% rate increase coupled with a 1.7% increase in the number of undergraduate students. As a result of the *Next Generation Connecticut* initiative, undergraduate enrollment has increased 3% since FY13.
  - **Grants & Contracts** – This category is forecasted to be \$3.4 million greater than budgeted due to additional State and Federal financial aid.
  
- **Total Expenditures** – Total Operating and Research Fund expenditures are forecasted to be \$1,194.6 million or \$5.8 million more than budgeted. This negative variance will all be in the Operating Fund and is explained below.
  - **Salaries, Wages & Benefits** – This category is forecasted to be \$714.6 million or \$3.0 million less than budgeted. As a result of the *Next Generation Connecticut* initiative, the FY15 budget included filling an additional 85 new faculty positions. The official number of new hires will be reported at the end of the second quarter. On the staff side, hiring is lower than budgeted due to careful review of hiring requests and slower hiring than projected.
  - **Other Expenses** – This category is forecasted to be \$191.1 million or 1.2% more than budgeted. Other Expenses is greater than expected due to higher faculty start-up expenses and other operating support.
  - **Equipment** - Equipment expenditures are forecasted to be \$1.8 million less than budgeted due to the increased use of alternate revenue sources.
  - **Student Financial Aid** – This category is forecasted to be \$142.6 million or \$3.4 million greater than budgeted. This category is projected to be higher due to additional University supported financial aid awarded to students and more State and Federal aid as mentioned above.
  - **Non-mandatory/Projects** – This category is forecasted to be \$5.0 million higher due to additional funds set-aside for projects that cannot be funded with UCONN 2000 bond funds.
  
- **Net Gain** – For the year ended June 30, 2015, the University forecasts a gain of \$1.7 million.

**University of Connecticut  
Storrs & Regional Campuses**

**FY 2015 Statement of Current Funds Budget Operations<sup>1</sup> and Variance (\$M)**

	FY 2015			
	<u>Budget</u>	<u>Forecast</u>	<u>Variance</u>	<u>% Change</u>
<b>Current Funds Revenues:</b>				
Operating Fund				
State Support	\$348.7	\$351.5	\$2.8	
Tuition	313.2	315.5	2.3	
Fees	110.6	110.6	0.0	
Grants & Contracts	68.4	71.8	3.4	
Foundation	17.2	17.2	0.0	
Investment Income	0.6	0.6	0.0	
Sales & Service Education	16.1	16.1	0.0	
Auxiliary Enterprise Revenue	209.2	208.2	(1.0)	
Other Revenue	<u>8.8</u>	<u>8.8</u>	<u>0.0</u>	
Total Operating Fund	\$1,092.8	\$1,100.3	\$7.5	0.7%
Research Fund	<u>96.0</u>	<u>96.0</u>	<u>0.0</u>	0.0%
<b>Total Current Funds Revenues</b>	<b>\$1,188.8</b>	<b>\$1,196.3</b>	<b>\$7.5</b>	<b>0.6%</b>
<b>Current Funds Expenditures:</b>				
Operating Fund				
Salaries & Wages	\$489.5	\$487.5	(\$2.0)	
Fringe Benefits	228.1	227.1	(1.0)	
Other Expenses	188.8	191.1	2.3	
Energy	23.8	23.7	(0.1)	
Equipment	7.0	5.2	(1.8)	
Student Financial Aid	139.2	142.6	3.4	
Debt Service	18.0	18.0	0.0	
Non-mandatory/Projects	<u>(2.4)</u>	<u>2.6</u>	<u>5.0</u>	
Total Operating Fund	\$1,092.0	\$1,097.8	\$5.8	0.5%
Research Fund	<u>96.8</u>	<u>96.8</u>	<u>0.0</u>	0.0%
<b>Total Current Funds Expenditures</b>	<b>\$1,188.8</b>	<b>\$1,194.6</b>	<b>\$5.8</b>	<b>0.5%</b>
<b>Net Gain (Loss)</b>	<b><u>\$0.0</u></b>	<b><u>\$1.7</u></b>	<b><u>\$1.7</u></b>	

<sup>1</sup>The University prepares and presents its Operating Budget requests and annual Spending Plan in a current funds format. The current funds format shows gross student tuition and fees and does not net out scholarship allowances, as required in the financial statements which are prepared in the GASB Nos. 34/35 format. Scholarship allowances are shown as an expense item. In addition, the University's current funds format includes equipment purchases as an expense, does not include depreciation or amortization and does not include the State debt service commitment for principal and interest.

# UConn Health Budget Update

December 10, 2014

# University of Connecticut Health Center

## *FY 2014 Budget Review*

The following narrative provides information on the main drivers of the University of Connecticut Health Center financial results for Fiscal 2014.

- **Executive Summary** - Fiscal Year 2014 ended with a deficiency of revenue over expenses of \$15.5 million, compared to a budgeted deficit of \$11.1 million, for an unfavorable variance of \$4.4 million. The actual reflects an increase in State Support of \$8.8 million. Increases in State support reflect increases in realized In Kind fringe benefits associated offsetting higher State fringe benefit rates as well as additional In Kind benefits on separately appropriated Bioscience positions.

The John Dempsey Hospital (JDH) had an unfavorable budget variance of \$8.1 million. The unfavorable variance was driven primarily by expenses which were \$6.1 million over budget. The majority, \$5.6 million, were attributable to Drugs and Medical Supplies. University Medical Group (UMG) finished fiscal 2014 with an unfavorable variance of \$7.1 million. UMG's Net Patient Revenue was unfavorable to budget by \$5.2 million as discussed below. UMG was significantly impacted by the \$3.6 million unfavorable variance in Salaries and Fringe Benefits.

Education, Research, and Institutional Support finished the year with a favorable variance of \$2.0 million.

- **Total Revenue** – For the year ended June 30, 2014, total Revenue including total “State Support” was \$856.3 million. Total Revenue, exclusive of the Correctional Managed Health Care (CMHC) program, was unfavorable to budget \$0.9 million. Net Patient Revenues were unfavorable to budget by \$9.1 million and offset by favorable variances in State support as noted above. CMHC program revenues were \$4.0 million unfavorable to budget with a corresponding favorable offset in expenses. Details and other variances are:
- **Net Patient Revenue** – For the year ended June 30, 2014, Net Patient Revenue was unfavorable to budget by \$9.1 million. The variances by unit are:
  - JDH - \$604,000 below budget. Outpatient equivalents were favorable to budget by 332 cases (2.7%). This was offset by Inpatient discharges that were unfavorable to the budget plan by 117 cases (1.3%) but which were favorable to prior year by 79 cases (.9%).
  - UMG - \$5.3 million below budget. Both volume and revenue per visit were down in FY 2014. The volume variance attributed to lower RVU's was \$681,000 while the price variance was valued at \$4.7 million. These variances are reflective of the continued changes in physician, patient, and payor mixes.
  - Other revenue generating areas, driven primarily by the unfavorable variances in the Dental Clinics and the final disposition of the NICU ambulance program, were \$3.1 million below budget.
- **Correctional Managed Health Care** – Revenues from the Correctional Managed Health Care program are recorded based on program expenditures. Expenditures for FY 2014 were under budget by \$4.0 million and the corresponding revenue is under budget by the same amount.

- **Research Grants & Contracts** – The unfavorable variance of \$1 million reflects lower spending on Federal Awards. Grant revenues are recorded based on the timing of the expenditure of federal funds. Fiscal 2014 Grant Awards were \$5.0 million higher than prior year.
- **Other Income** – For the year ended June 30, 2014, Other Income was unfavorable to budget by \$500,000. The unfavorable variance was concentrated in JDH and the Dental Clinics. JDH had an unfavorable variance of \$327,000 attributed mostly to cost reimbursement associated with the Connecticut Children’s contract. Unfavorable variances in the Dental clinics totaled \$611,000 and were the result of writeoffs associated with outside contracts.
- **Total State Support** –The State appropriation for FY 2014 totaled \$213.8 million and was above budget by \$8.8 million. The increase was attributable to the realization of higher In Kind fringes as a result of higher State fringe benefit rates.
- **Total Expenditures** – For the year ended June 30, 2014, total Expenditures were lower than budgeted expenditures by \$500,000 or .1%. The following are variances for categories of expense:
  - **Personal Services and Fringe Benefits** – For the year ended June 30, 2014, Personal Services were favorable to budget by \$4.0 million or 1.1%. Fringe Benefit expenditures were greater than budget, by \$2.9 million or 1.7%. This reflects increases in State fringe benefit rates relative to salaries. The hospital finished fiscal 2014 with 33 less full time equivalents than were budgeted.
  - **Drugs and Medical** – For the year ended June 30, 2014, drugs and medical supplies were unfavorable to budget by \$5.9 million or 8.4%. Drug expenses were unfavorable by \$3.9 million or 17.1%. Medical supplies were unfavorable budget by \$2.0 million or 4.2%. . Drugs and Medical supplies variances were driven by JDH which was unfavorable \$3.6 million and \$2.0 million respectively.
  - **Other Expenses**– For the year ended June 30, 2014, expenditures were above budget by \$3.9 million or 12.3%. This was driven by an unfavorable variance of \$4.0 million in Grant Subcontracts.
  - **Correctional Managed Health Care** – For the year ended June 30, 2014, the program expenditures were under budget by \$4.0 million or 4.7%. CMHC salaries were \$5 million to budget. This was partially offset by an unfavorable variance of \$972,000 in Drugs.
- **Net Gain (Loss)** – For the year ended June 30, 2014, the Health Center ended with a net loss (a deficiency of revenue over expenses) of \$15.5 million, compared to a budgeted loss of \$11.1 million, for an unfavorable variance of \$4.4 million.



University of Connecticut Health Center  
Statement of Current Funds Budget Operations and Variance Analysis  
FY 2014 Actual (Unaudited)  
(Dollars in Millions)

<b>Current Funds Revenues:</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>% Change</b>
State Support	\$205.0	\$213.8	\$8.8	
Tuition	19.5	19.8	0.3	
Research Grants and Contracts	87.3	86.3	(1.0)	
Auxiliary Enterprises	15.5	17.1	1.6	
Interns and Residents	58.0	56.5	(1.5)	
Net Patient Care	367.6	358.5	(9.1)	
Correctional Managed Health Care	89.7	85.7	(4.0)	
Gifts & Endowment Income	7.4	7.3	(0.1)	
Investment Income	0.2	0.1	(0.1)	
Other Income	23.4	22.9	(0.5)	
<b>Total Current Funds Revenues</b>	<b>\$861.2</b>	<b>\$856.3</b>	<b>(\$4.9)</b>	<b>-0.6%</b>
 <b>Current Funds Expenditures / Transfers:</b>				
Personal Services	355.9	351.9	(\$4.0)	
Fringe Benefits	167.9	170.8	\$2.9	
Medical Contractual Support	17.2	17.1	(\$0.1)	
Internal Contractual Support	0.0	0.0	\$0.0	
Medical/Dental House Staff	43.3	43.4	\$0.1	
Correctional Managed Healthcare	89.7	85.7	(\$4.0)	
Outside Agency Per Diems	1.8	1.6	(\$0.2)	
Drugs	18.9	22.8	\$3.9	
Medical Supplies	45.5	47.5	\$2.0	
Utilities	11.6	11.6	\$0.0	
Outside & Other Purchased Services	43.2	41.5	(\$1.7)	
Insurance	4.1	3.3	(\$0.8)	
Repairs & Maintenance	11.2	10.2	(\$1.0)	
Other Expenses	27.8	31.7	\$3.9	
Depreciation	34.3	32.8	(\$1.5)	
<b>Total Current Funds Expenditures / Transfers</b>	<b>\$872.3</b>	<b>\$871.8</b>	<b>(\$0.5)</b>	<b>-0.1%</b>
<b>Net Gain (Loss)</b>	<b><u>(\$11.1)</u></b>	<b><u>(\$15.5)</u></b>	<b><u>(\$4.4)</u></b>	

**Fiscal Year 2014**  
**Results of Operations**  
**As of June 30, 2014**

## Consolidated Financial Reports Financial Update & Highlights

**TO:** Members, Finance Subcommittee  
**FROM:** Jeffrey P. Geoghegan, Interim Chief Financial Officer  
**DATE:** November 24, 2014  
**SUBJECT:** **Unaudited FY 2014 Financial Results for the 12 month period ending June 30, 2014.**

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### **Introduction:**

The following provides highlights for the results of operations for the twelve months ending June 30, 2014:

The loss for the Fiscal Year is \$15.5 million as compared to a budgeted loss of \$11.1 million for an unfavorable variance of \$4.4. Key drivers of budget variances are outlined below.

### **Education, Research & Institutional Support**

The result of operations for Education, Research & Institutional Support is favorable to the budget by \$2.0 million year-to-date. The variance is primarily attributed to Institutional Support and the School of Medicine and offset against unfavorable results in Research.

Year to date significant highlights include:

- The School of Medicine total expenses were favorable to budget by \$3.8 million (6.1%) primarily due to Salary and Outside, Other Purchased Services, and Other Expenses being favorable to budget by \$4.6 million. These results reflect efforts to constrain spending on travel, professional services, and other discretionary activities.
- The School of Dental Medicine including the Dental Clinics results of operations were favorable to budget by \$64,000 primarily driven by cost savings in the school which offset unfavorable Net Patient Revenue and Operating results in the Dental Clinics.
- Research results of operations are unfavorable to budget \$6.7 million. Research grants and contract revenues are \$1 million unfavorable to budget while auxiliary service revenue is favorable to budget by \$988,000. Total expenses over budget by \$9 million including \$4.1 million of Sub-Contracts.
- Institutional support (which includes the Finance Corporation) results of operations were favorable to budget by \$4.8 million primarily due to expenditures being well below budget which is offsetting unfavorable Net Patient Care revenues. Favorable expenses include Insurance which was favorable to budget by \$1.5 million due to smaller than anticipated required increases in Malpractice reserves. Net Patient Care is unfavorable to budget primarily due to the discontinuation of NICU transport services.

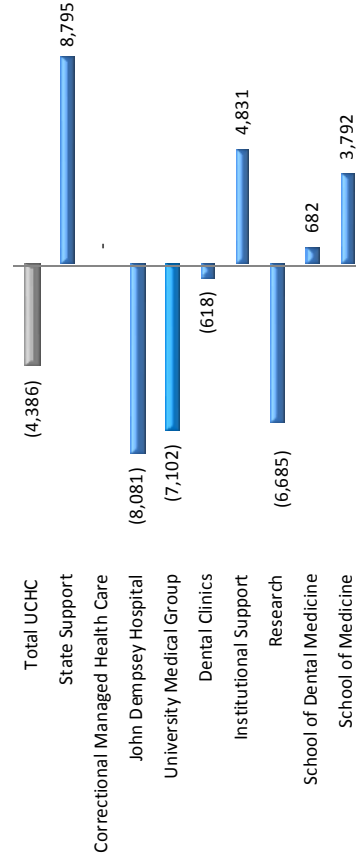
### **Clinical**

The clinical operations year to date combined loss was \$55.9 million compared to a budget loss of \$40.7 million. Summary analysis of revenues and expenses is presented in the following pages.

## Key Financial Results For the period ending June 30, 2014

Line #	Category	Year - to - Date			
		Actual	Budget	Variance	Percent
1	Total UCHC Excess/(Deficiency)	(\$15,458)	(\$11,072)	(\$4,386)	-39.6%
2	Education, Research & Institutional Support-Excess/(Deficiency)	(\$173,419)	(\$175,421)	\$2,002	1.1%
3	John Dempsey Hospital - Excess/(Deficiency)	(\$17,444)	(\$9,363)	(\$8,081)	-86.3%
4	UMG - Excess/(Deficiency)	(\$38,450)	(\$31,348)	(\$7,102)	-22.7%
5	Total Clinical (JDH/UMG)	(\$55,894)	(\$40,711)	(\$15,183)	-37.3%
6	CMHC - Excess/(Deficiency)	\$0	\$0	\$0	\$0
7	State Appropriation-Block Grant	\$125,019	\$125,019	\$0	0.0%
8	Fringe Benefits & Other Adjustments	\$88,836	\$80,041	\$8,795	11.0%
9	Total State Support	\$213,855	\$205,060	\$8,795	4.3%
10	Total Revenues (000's)	\$757,422	\$771,054	(\$13,632)	-1.8%
11	Total Expenses (000's)	\$986,735	\$987,186	(\$451)	0.0%
12	Research Revenue Recognition in Financial Statements	\$86,293	\$87,291	(\$998)	-1.1%
				\$88,198	
				(\$1,905)	-2.2%
				\$0	
				\$16,499	15.2%
				\$24,163	37.4%
				\$40,662	23.5%
				\$26,385	3.6%
				\$74,377	8.2%

### Budget Variance by Program - Year To Date (in 000's)





**Consolidated Statement of Revenues and Expenses (without Eliminations)**

	Consolidated UConn Health Center YTD June 2014			Consolidated UConn Health Center YTD June 2013			
	Actual	Budget	Variance	Percent Variance	Actual	Variance	Percent Variance
<b>Revenues:</b>							
Tuition	\$ 19,794,942	\$ 19,514,503	\$ 280,439	1.4%	\$ 18,182,429	\$ 1,612,513	8.9%
Research Grants and Contracts	86,293,024	87,291,025	(998,001)	-1.1%	88,197,622	(1,904,598)	-2.2%
Auxiliary Enterprises	17,101,728	15,525,152	1,576,576	10.2%	15,397,938	1,703,790	11.1%
Internal Income	89,525,709	88,790,291	735,418	0.8%	84,534,851	4,990,858	5.9%
Interns and Residents	56,542,430	57,964,256	(1,421,826)	-2.5%	54,934,334	1,608,096	2.9%
Net Patient Care	372,200,646	381,345,107	(9,144,461)	-2.4%	358,367,701	13,832,945	3.9%
Correctional Managed Health Care	85,701,160	89,713,923	(4,012,764)	-4.5%	81,255,195	4,445,965	5.5%
Gifts & Endowment Income	7,301,548	7,396,692	(95,143)	-1.3%	7,658,272	(356,724)	-4.7%
Investment Income	92,759	157,736	(64,976)	-41.2%	124,246	(31,487)	-25.3%
Other Income	22,867,588	23,355,422	(487,833)	-2.1%	22,384,001	483,588	2.2%
<b>Total Revenues</b>	\$ 757,421,535	\$ 771,054,107	\$ (13,632,572)	-1.8%	\$ 731,036,590	\$ 26,384,944	3.6%
<b>Expenses:</b>							
Personal Services	\$ 351,905,710	\$ 355,929,348	\$ (4,023,637)	-1.1%	\$ 338,308,091	\$ 13,597,620	4.0%
Fringe Benefits	170,815,047	167,866,679	2,948,367	1.8%	139,138,046	31,677,001	22.8%
Medical Contractual Support	19,347,304	19,490,906	(143,601)	-0.7%	19,745,418	(398,114)	-2.0%
Internal Contractual Support	50,757,702	49,683,868	1,073,834	2.2%	45,270,963	5,486,740	12.1%
Medical/Dental House Staff	67,468,526	67,422,265	46,261	0.1%	59,136,984	8,331,542	14.1%
Correctional Managed Healthcare	85,701,160	89,713,923	(4,012,764)	-4.5%	81,255,195	4,445,965	5.5%
Outside Agency Per Diems	1,607,426	1,818,434	(211,008)	-11.6%	2,099,267	(491,841)	-23.4%
Drugs	22,822,860	18,900,474	3,922,386	20.8%	18,842,346	3,980,514	21.1%
Medical Supplies	47,493,100	45,549,146	1,943,954	4.3%	44,855,151	2,637,949	5.9%
Utilities	11,598,819	11,636,394	(37,575)	-0.3%	11,297,174	301,646	2.7%
Outside & Other Purchased Services	73,575,619	76,048,991	(2,473,372)	-3.3%	68,042,179	5,533,440	8.1%
Insurance	4,367,168	5,205,526	(838,358)	-16.1%	6,838,809	(2,471,641)	-36.1%
Repairs & Maintenance	14,830,615	15,799,906	(969,292)	-6.1%	15,388,756	(558,142)	-3.6%
Other Expenses	31,684,434	27,836,917	3,847,517	13.8%	29,774,585	1,909,849	6.4%
Depreciation	32,759,059	34,283,496	(1,524,437)	-4.4%	32,365,035	394,024	1.2%
<b>Total Expenses</b>	\$ 986,734,549	\$ 987,186,274	\$ (451,725)	0.0%	\$ 912,357,999	\$ 74,376,550	8.2%
<b>Excess/(Deficiency) of Revenues over Expense Prior to State Appropriations</b>	\$ (229,313,015)	\$ (216,132,167)	\$ (13,180,847)	-6.1%	\$ (181,321,409)	\$ (47,991,606)	-26.5%
State Appropriation-Block Grant	\$ 125,018,941	\$ 125,018,941	\$ 0	0.0%	\$ 108,519,733	\$ 16,499,208	15.2%
State Supported Fringe Benefits and Other Adjustments	88,835,933	80,040,750	8,795,183	11.0%	64,672,524	24,163,409	37.4%
<b>Excess/(Deficiency)</b>	\$ (15,458,141)	\$ (11,072,476)	\$ (4,385,665)	-39.6%	\$ (8,129,152)	\$ (7,328,989)	-90.2%

**Fiscal Year 2015**  
**Results of Operations**  
**As of September 30, 2014**

## Consolidated Financial Reports Financial Update & Highlights

**TO:** Members, Board of Directors  
**FROM:** Jeffrey P. Geoghegan, Interim Chief Financial Officer  
**DATE:** November 24, 2014  
**SUBJECT:** **Unaudited FY 2015 Financial Results for the 3 month period ending September 30, 2014.**

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### **Introduction:**

The following provides highlights for the results of operations for the three months ended September 30, 2014:

The loss for the three month period through September was \$1.3 million as compared to a budgeted loss of \$2.0 million for favorable variance of \$708,000. Key drivers of budget variances are outlined below.

### **Education, Research & Institutional Support**

The result of operations for Education, Research & Institutional Support is unfavorable to the budget by \$175,000. The variance is primarily attributed to unfavorable variances in Research as discussed below.

Year to date significant highlights include:

- The School of Medicine total expenses were unfavorable to budget by \$402,000 (1%) primarily due to favorable variances in Salary and Fringe Benefits offset by unfavorable variances in Outside and Other Purchased Services.
- The School of Dental Medicine including the Dental Clinics results of operations were favorable to budget by \$230,000 which was due to favorable variances in Salaries and Fringe Benefits.
- Research results of operations are unfavorable to budget \$1.2 million. The unfavorable variance is a result of lower spending on Federal awards, including favorable salary variances, which have decreased the pool of total expenses from which F&A revenues are derived. Federal award receipts remain strong and Research management remains optimistic that direct costs will increase in the coming months. Research also continues to watch unfavorable variances in the Non-Federal grants and utilization of departmental research funds for which no grant revenue is derived. Subcontracts, which were sharply over budget in the prior year, continue to track near budget.
- Institutional support (which includes the Finance Corporation) results of operations were favorable to budget by \$920,000. Results were driven by favorable Salary, Fringe Benefit, and Utility variances.

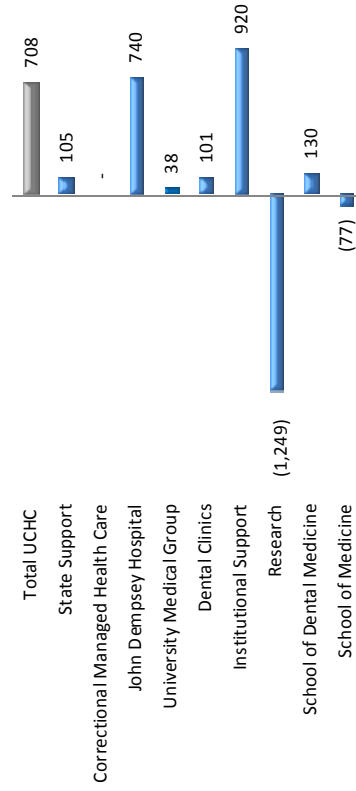
### **Clinical**

The clinical operations for the two month period had a combined loss of \$12.0 million compared to a budget loss of \$12.8 million. Summary analysis of revenues and expenses is presented in the following pages.

## Key Financial Results For the period ending September 30, 2014

Line #	Category	Year - to - Date			
		Actual	Budget	Variance	Percent
1	Total UCHC Excess/(Deficiency)	(\$1,267)	(\$1,975)	\$708	35.8%
2	Education, Research & Institutional Support-Excess/(Deficiency)	(\$45,566)	(\$45,391)	(\$175)	-0.4%
3	John Dempsey Hospital - Excess/(Deficiency)	(\$307)	(\$1,047)	\$740	70.7%
4	UMG - Excess/(Deficiency)	(\$11,708)	(\$11,746)	\$38	0.3%
5	Total Clinical (JDH/UMG)	(\$12,015)	(\$12,793)	\$778	6.1%
6	CMHC - Excess/(Deficiency)	\$0	\$0	\$0	
7	State Appropriation-Block Grant	\$34,478	\$34,478	\$0	0.0%
8	Fringe Benefits & Other Adjustments	\$21,836	\$21,731	\$105	0.5%
9	Total State Support	\$56,314	\$56,209	\$105	0.2%
10	Total Revenues (000's)	\$196,548	\$201,210	(\$4,662)	-2.3%
11	Total Expenses (000's)	\$254,129	\$259,393	(\$5,264)	-2.0%
12	Research Revenue Recognition in Financial Statements	\$19,083	\$21,540	(\$2,457)	-11.4%
				\$20,004	
				(\$921)	-4.6%
				\$2,134	62.7%
				(\$3,401)	
				(\$43,515)	
				(\$2,051)	-4.7%
				\$2,654	89.6%
				(\$3,252)	-38.5%
				(\$598)	-5.2%
				\$0	
				\$31,775	8.5%
				\$19,756	10.5%
				\$51,531	9.3%
				\$182,194	7.9%
				\$237,126	7.2%
				\$20,004	
				(\$921)	-4.6%

### Budget Variance by Program - Year To Date (in 000's)





## Consolidated Statement of Revenues and Expenses (without Eliminations)

	Consolidated UConn Health Center YTD September 2014			Consolidated UConn Health Center YTD September 2013			
	Actual	Budget	Variance	Percent Variance	Actual	Variance	Percent Variance
<b>Revenues:</b>							
Tuition	\$ 5,602,212	\$ 5,346,326	\$ 255,886	4.8%	\$ 5,014,678	\$ 587,534	11.7%
Research Grants and Contracts	19,082,967	21,540,482	(2,457,515)	-11.4%	20,004,496	(921,529)	-4.6%
Auxiliary Enterprises	3,969,431	4,480,715	(511,284)	-11.4%	4,395,678	(426,246)	-9.7%
Internal Income	23,021,648	23,641,724	(620,076)	-2.6%	20,155,757	2,865,891	14.2%
Interns and Residents	14,998,048	15,481,490	(483,442)	-3.1%	13,679,792	1,318,256	9.6%
Net Patient Care	101,062,490	100,191,398	871,091	0.9%	92,057,457	9,005,033	9.8%
Correctional Managed Health Care	21,827,288	23,260,547	(1,433,259)	-6.2%	19,907,492	1,919,796	9.6%
Gifts & Endowment Income	2,149,653	1,708,338	441,315	25.8%	1,804,959	344,959	19.1%
Investment Income	1,561	1,125	436	38.8%	(1,274)	2,835	222.5%
Other Income	4,832,832	5,557,618	(724,786)	-13.0%	5,175,253	(342,421)	-6.6%
<b>Total Revenues</b>	\$ 196,548,130	\$ 201,209,765	\$ (4,661,635)	-2.3%	\$ 182,194,023	\$ 14,354,107	7.9%
<b>Expenses:</b>							
Personal Services	\$ 90,768,687	\$ 92,555,306	\$ (1,786,619)	-1.9%	\$ 87,178,289	\$ 3,590,398	4.1%
Fringe Benefits	44,699,970	47,025,064	(2,325,094)	-4.9%	42,129,759	2,570,211	6.1%
Medical Contractual Support	4,905,925	5,128,559	(222,635)	-4.3%	5,309,370	(403,445)	-7.6%
Internal Contractual Support	18,442,555	18,724,016	(281,461)	-1.5%	5,680,102	12,762,453	224.7%
Medical/Dental House Staff	12,886,627	12,820,651	65,976	0.5%	16,383,768	(3,497,141)	-21.3%
Correctional Managed Healthcare	21,827,288	23,260,547	(1,433,259)	-6.2%	19,907,492	1,919,796	9.6%
Outside Agency Per Diems	274,409	217,312	57,097	26.3%	404,216	(129,807)	-32.1%
Drugs	6,117,462	5,562,043	555,419	10.0%	4,960,620	1,156,842	23.3%
Medical Supplies	11,689,690	10,783,331	906,359	8.4%	11,006,956	682,734	6.2%
Utilities	2,848,404	3,097,314	(248,909)	-8.0%	2,860,392	(11,988)	-0.4%
Outside & Other Purchased Services	19,689,820	19,669,053	20,767	0.1%	20,651,758	(961,938)	-4.7%
Insurance	1,226,600	1,252,207	(25,607)	-2.0%	1,510,058	(283,459)	-18.8%
Repairs & Maintenance	3,627,133	3,706,497	(79,364)	-2.1%	3,597,520	29,613	0.8%
Other Expenses	6,237,257	7,126,115	(888,859)	-12.5%	7,378,457	(1,141,200)	-15.5%
Depreciation	8,886,694	8,465,461	421,232	5.0%	8,167,106	719,587	8.8%
<b>Total Expenses</b>	\$ 254,128,521	\$ 259,393,478	\$ (5,264,957)	-2.0%	\$ 237,125,864	\$ 17,002,657	7.2%
<b>Excess/(Deficiency) of Revenues over Expenses Prior to State Appropriations</b>	\$ (57,580,391)	\$ (58,183,713)	\$ 603,322	1.0%	\$ (54,931,841)	\$ (2,648,549)	-4.8%
State Appropriation-Block Grant	\$ 34,478,235	\$ 34,478,235	\$ 0	0.0%	\$ 31,774,754	\$ 2,703,481	8.5%
State Supported Fringe Benefits and Other Adjustments	21,835,556	21,730,821	104,734	0.5%	19,755,776	2,079,780	10.5%
<b>Excess/(Deficiency)</b>	\$ (1,266,600)	\$ (1,974,657)	\$ 708,057	35.9%	\$ (3,401,312)	\$ 2,134,712	62.8%