



University of Connecticut

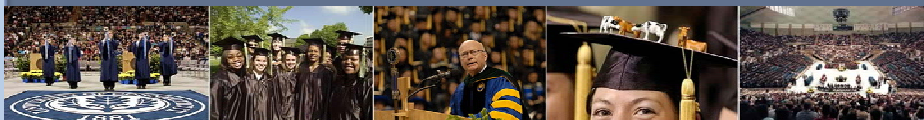
Board of Trustees

*Budget Workshop
June 24, 2008*

Indicators of Success

UConn

- UConn among the top 24 in the nation and rated the top public university in New England for the past 9 years (*U.S. News & World Report*)
- UConn ranked in the top 30 best value public colleges for in-state costs (*Kiplinger's Personal Finance*)
- 94% of recent graduates are either employed or are in graduate/professional schools
- 68% of those working full-time are doing so in CT



Indicators of Success

UCONN

- UCONN 2000 program has completed more than 9.5 million square feet of new & renovated space
- Athletic teams have won 8 NCAA Division I national championships, 38 Big East tournaments & 44 Big East regular season titles since 1995
- UConn Health Center's John Dempsey Hospital honored with a Premier | CareScience Select Practice National Quality Award in 2007
- UConn Health Center's School of Dental Medicine is consistently #1 or #2 in the country by the National Dental Board



UConn's Contribution to Connecticut

UCONN

UConn adds \$3.1 billion annually to Connecticut's gross state product

- Faculty Research, Training & Service:
 - Contributes to Connecticut's economic growth
 - Enhances health, technological advancement & quality of life across the state, the nation & beyond
 - External funding increased 99.5% from FY96 to FY08
- Fuel Cells:
 - CT Global Fuel Cell Center-supported by federal government & major state and other firms
 - Involves 40 faculty in vital cutting-edge research
- Innovative Technologies:
 - Faculty awarded more than 184 patents in the past ten years & over 18 companies have been created from faculty inventions in this time period

Student Quality & Diversity

UCONN

Health Center

- Over the last 6 years (fall 2002-2007):
 - School of Medicine applications have increased by 68% (1,776 to 2,976)
 - School of Dental Medicine applications have increased by 79% (870 to 1,557)
 - School of Medicine passing rates on National Exams have averaged 98% or above
 - School of Dental Medicine passing rates on National Exams have been at 100%
- Approximately 35% of School of Medicine graduates practice in the state while 46% of School of Dental Medicine graduates practice in the state



Student Quality & Diversity: Exceeding Expectations

UCONN

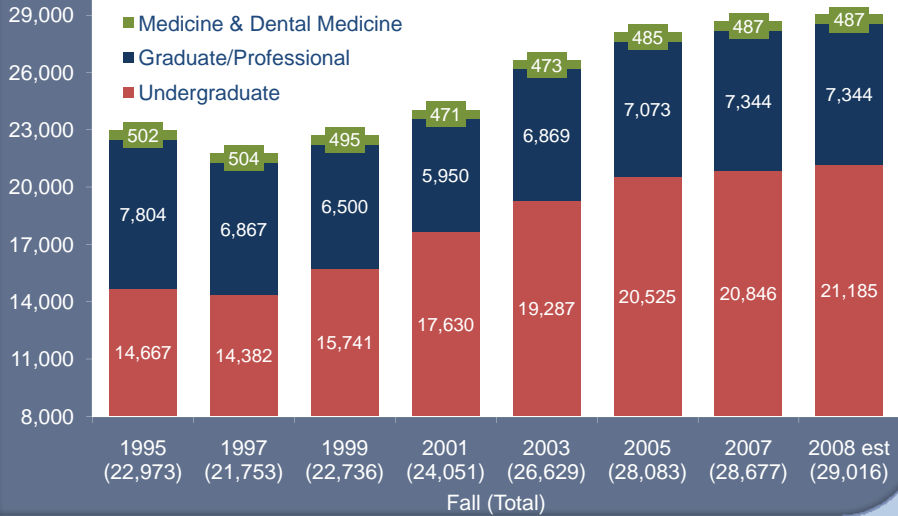
Storrs & Regional Campuses

- Fall 2008 estimates compared to fall 1995 at Storrs:
 - Applications will increase 113% (9,874 to 21,004)
 - Freshman enrollment will increase 73% (2,021 to 3,500)
 - Freshman minority enrollment will increase 134% (308 to 720)
 - SAT scores will increase 87 points from fall '96 (1113 to 1200)
- Valedictorians and salutatorians will increase to 146, bringing the total since 1995 to 1,074 at all campuses



Student Enrollment

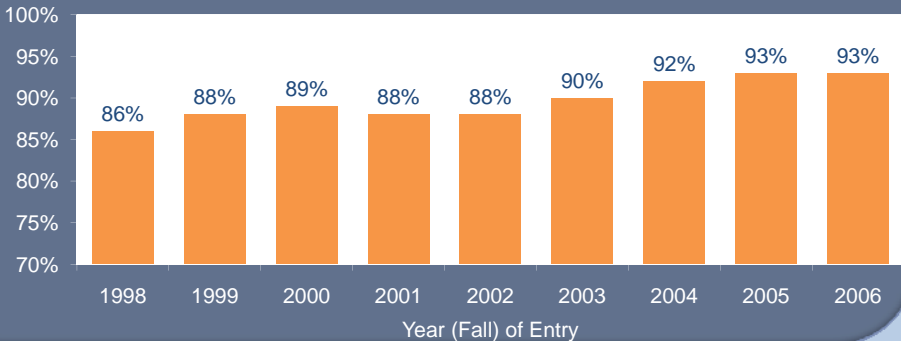
UCONN Undergraduate enrollment is projected to increase 44% from 1995 to 2008



Freshmen Retention Trend

UCONN Storrs Campus

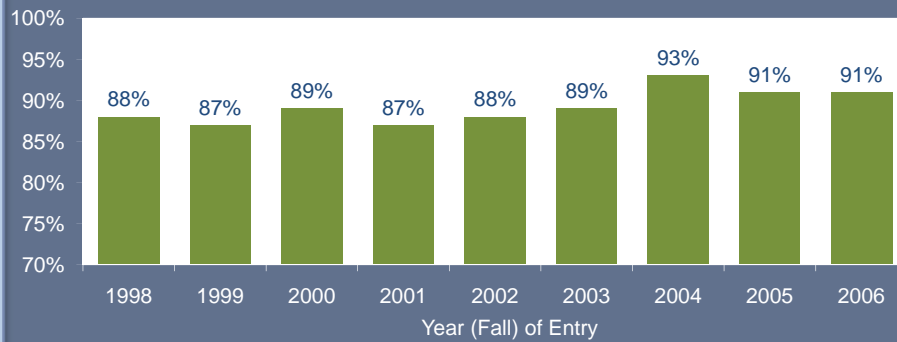
- Fall 2005 freshman retention rate is substantially higher than the 80% average for 438 colleges & universities in the national Consortium for Student Retention Data Exchange (CSRDE)



Minority Freshmen Retention Trend

UCONN

Storrs Campus



- Fall 2005 minority freshman retention rate is also substantially higher than the national 79% average (CSRDE)

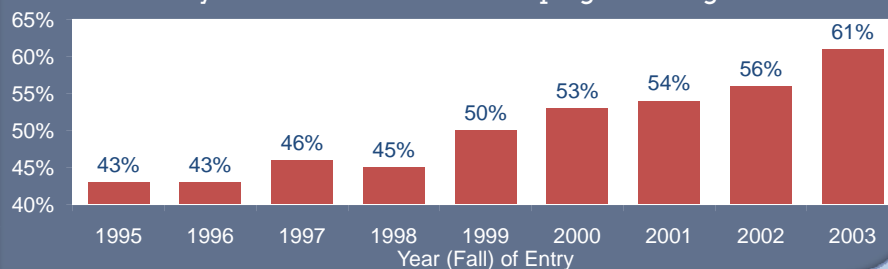
4-Year Graduation Trend

UCONN

Storrs Campus

- UConn's ranking among the 58 Public Research Peer Universities:

- Fall 2000 4-year graduation rate of 53% ranks 10th
- Fall 2000 average time to graduate of 4.3 years ranks 5th
 - Only University of Virginia-Main Campus, University of North Carolina at Chapel Hill, University of Michigan-Ann Arbor & University of Illinois at Urbana-Champaign rank higher

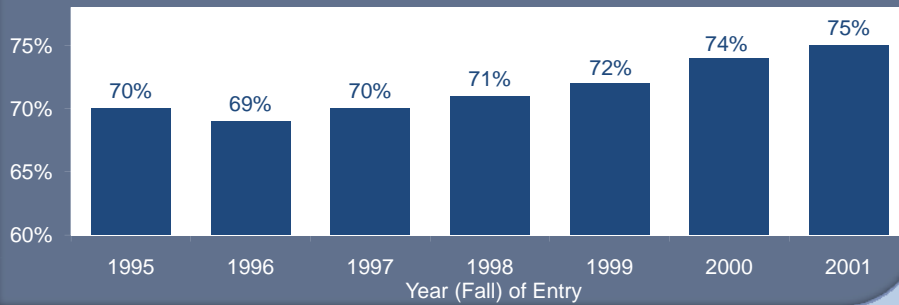


6-Year Graduation Trend

UConn

Storrs Campus

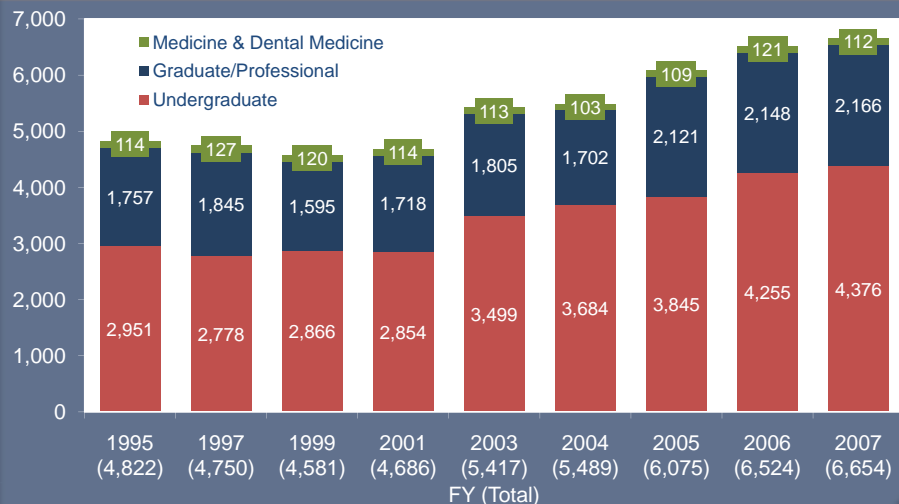
- UConn's ranking among the 58 Public Research Peer Universities:
 - Fall 2000 6-year graduation rate of 74% ranks 21st
 - Fall 2000 6-year minority graduation rate of 69% ranks 20th



Degrees Awarded

UConn

Undergraduate degrees have increased 53% since 2001



Approximately 103,800 alumni live in Connecticut

FY08 Forecast

Revenues: \$714.4M & Expenses: \$714.4M

UConn

Health Center

<u>Revenues</u>	<u>Budget</u>	<u>Forecast</u>	<u>Variance</u>
State Support (w/deficiency appropriation)	\$130.1	\$154.3	\$24.2
Gifts, Grants & Contracts	93.7	85.9	(7.8)
Correctional Managed Health Care	99.4	100.2	0.8
Net Patient Care	307.0	300.3	(6.7)
All Other Revenues	76.6	73.7	(2.9)
<u>Expenses</u>			
Personal Services (including Fringe)	\$447.5	\$452.0	\$4.5
Drugs/Medical Supplies	72.6	75.6	3.0
Outside & Other Purchases	51.9	53.6	1.7
Medical Contractual Support	14.8	15.5	0.7
Medical/Dental House Staff	34.9	34.7	(0.2)
Utilities	18.9	16.5	(2.4)
Insurance	5.0	5.7	0.7
All Other Expenses	61.2	60.8	(0.4)

FY08 Forecast

Revenues: \$907.6M & Expenses: \$901.1M = Net Gain: \$6.5M

UConn

Storrs & Regional Campuses

<u>Revenues</u>	<u>Budget</u>	<u>Forecast</u>	<u>Variance</u>
State Support	\$325.3	\$325.3	\$0.0
Tuition & Fees	266.3	268.8	2.5
Gifts, Grants & Contracts	134.5	143.4	8.9
Investment Income	11.1	10.1	(1.0)
Auxiliary Enterprise Revenue	139.1	134.0	(5.1)
All Other Revenue	24.7	26.0	1.3
<u>Expenses</u>			
Personal Services (including Fringe)	\$513.0	\$514.5	\$1.5
Other Expenses	160.4	154.7	(5.7)
Energy	31.6	29.0	(2.6)
Financial Aid	81.0	81.0	0.0
Transfers	37.5	37.5	0.0
All Other Expenses	79.8	84.4	4.6

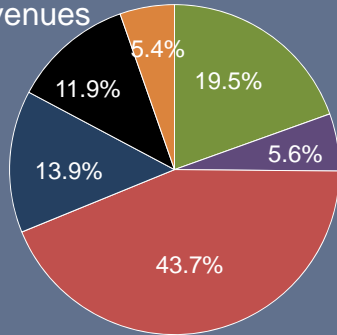
FY09 Budget

Revenues: \$747.5M & Expenses: \$759.0M = Net Loss: (\$11.5)M



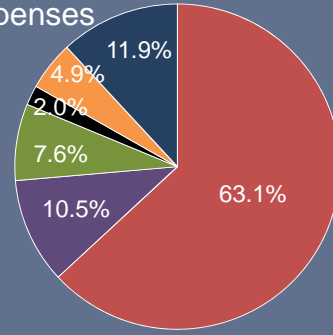
Health Center

Revenues



- State Support: 19.5%
- Interns & Residents: 5.6%
- Patient Care: 43.7%
- CMHC: 13.9%
- Gifts, Grants & Contracts: 11.9%
- All Other: 5.4%

Expenses



- Personal Services (w/FB): 63.1%
- Drugs/Medical Supplies: 10.5%
- Outside & Other Purchases: 7.6%
- Medical Contractual Support: 2.0%
- Medical/Dental House Staff: 4.9%
- All Other: 11.9%

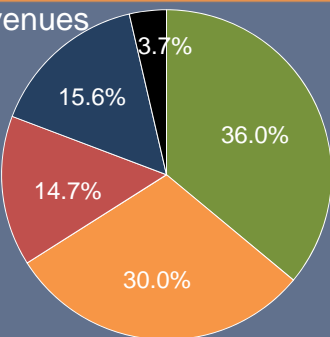
FY09 Budget

Revenues: \$953.3M & Expenses: \$954.2M = Net Loss: (\$0.9)M



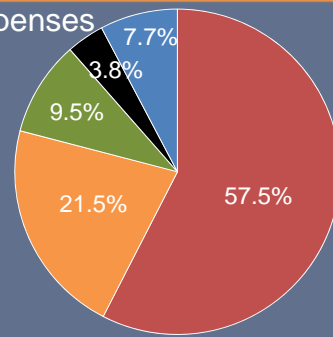
Storrs & Regionals

Revenues



- State Support: 36.0%
- Tuition & Fees: 30.0%
- Auxiliaries: 14.7%
- Gifts, Grants & Contracts: 15.6%
- All Other: 3.7%

Expenses



- Personal Services (w/FB): 57.5%
- Equipment & Other: 21.5%
- Financial Aid: 9.5%
- Transfers: 3.8%
- Research Fund: 7.7%

FY09 State Appropriation

UConn

Storrs & Regionals \$229.4M

- Includes \$2M for the Eminent Faculty program
- Excludes the state's share of collective bargaining increases

Health Center \$102.0M

- Includes \$6.5M for the Academic Gap
- Does not reflect \$3.6M for JDH fringe benefit costs, included in the appropriation for the State Comptroller's Office
- Excludes the state's share of collective bargaining increases

Non-State Revenue Streams

UConn



○ Research funding



○ Private support

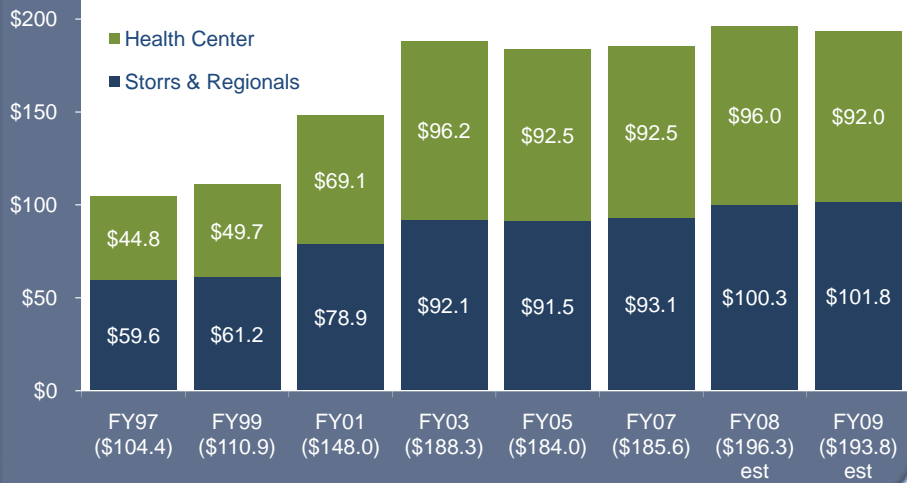
○ Clinical revenue @
Health Center



○ Tuition/fees/room/board @ Storrs &
Regionals

Research, Training & Service External Awards (\$M)

UConn

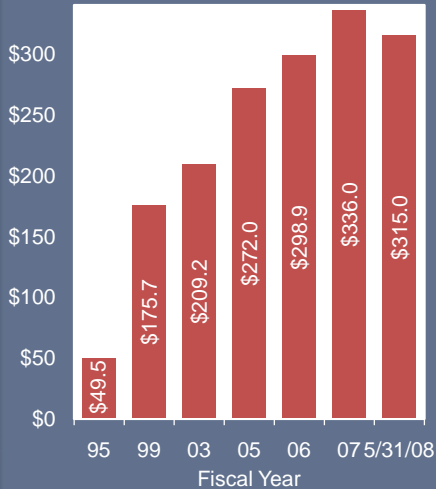


UConn Foundation (\$M)

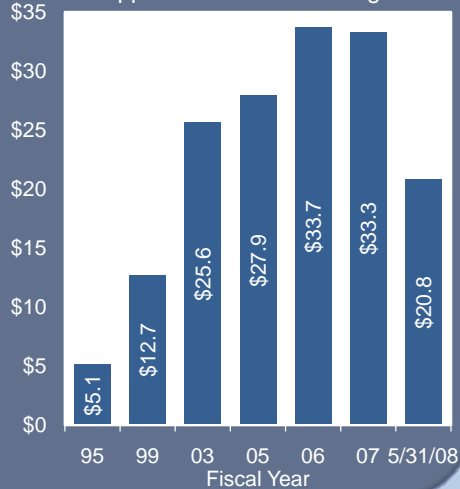


UConn

Endowment Assets



Support of Students & Programs

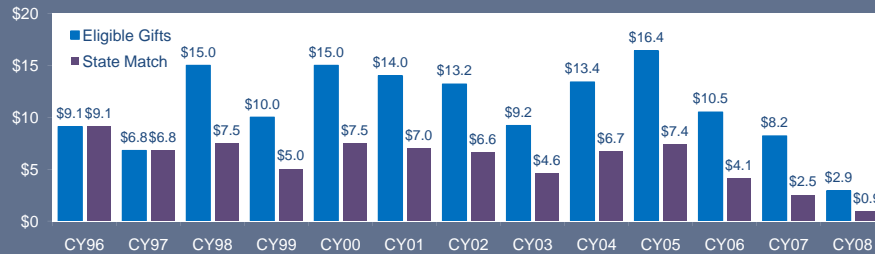


Matching Grant Program (\$M)

UConn

Program Summary:

- 1996 – 1:1 state to private match
- 1998 – 1:2 state to private match
- 2005 – 1:4 state to private match, no state funds released until Rainy Day Fund is 10% of General Fund



- \$64M received from state through Program from 1996 to 2007
- \$11.4M due to University for 2005-2007

UConn's Affordability FY08 Tuition & Mandatory Fees

UConn

	<u>In & Out</u>		<u>In</u>	<u>Out of</u>
<u>Private Schools</u>	<u>of State</u>	<u>Public Schools</u>	<u>State</u>	<u>State</u>
Boston College	\$36,079	Penn State	\$12,851	\$24,021
Boston Univ	\$35,418	Univ Vermont	\$12,044	\$27,928
Fairfield	\$33,905	Univ New Hampshire	\$11,070	\$24,030
Northeastern	\$32,149	Rutgers	\$10,706	\$19,874
Syracuse	\$31,686	Univ Massachusetts	\$9,921	\$20,499
Providence	\$29,405	Univ Connecticut	\$8,852	\$22,796
Quinnipiac	\$28,720	Univ Maine	\$8,330	\$20,540
Univ Hartford	\$26,996	Univ Delaware	\$8,305	\$19,555
		Univ Rhode Island	\$8,184	\$23,038
		Univ Maryland	\$7,969	\$22,208

UConn's Affordability FY08 Tuition, Fees, Room & Board*

UConn

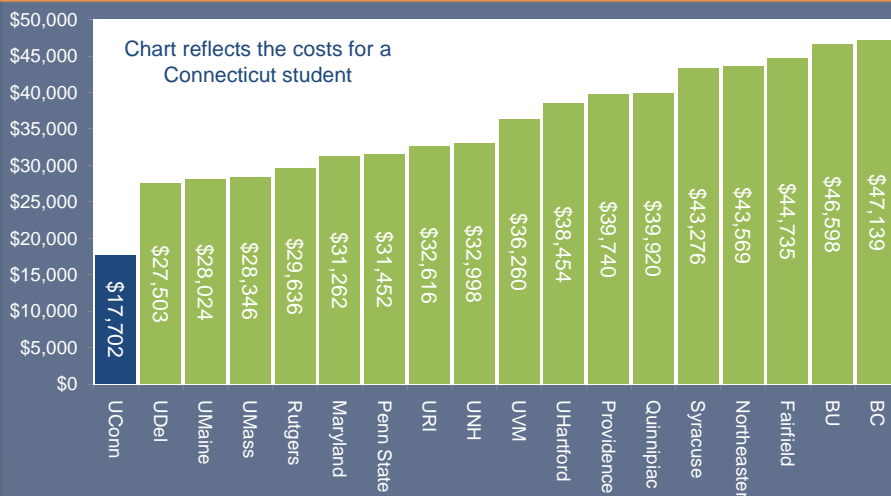
	<u>In & Out</u>		<u>In</u>	<u>Out of</u>
<u>Private Schools</u>	<u>of State</u>	<u>Public Schools</u>	<u>State</u>	<u>State</u>
Boston College	\$47,139	Penn State	\$20,584	\$31,452
Boston Univ	\$46,598	Rutgers	\$20,468	\$29,636
Fairfield	\$44,735	Univ Vermont	\$20,376	\$36,260
Northeastern	\$43,569	Univ New Hampshire	\$20,038	\$32,998
Syracuse	\$43,276	Univ Massachusetts	\$17,768	\$28,346
Quinnipiac	\$39,920	Univ Rhode Island	\$17,762	\$32,616
Providence	\$39,740	Univ Connecticut**	\$17,702	\$31,646
Univ Hartford	\$38,454	Univ Maryland	\$17,023	\$31,262
		Univ Delaware	\$16,253	\$27,503
		Univ Maine	\$15,814	\$28,024

* Board rates reflect the most expensive meal plan available.

** 34% of degree-seeking undergrads do not pay room & 42% do not pay board

UConn's Affordability FY 2008 Tuition, Fees, Room & Board*

UConn



*Board rates reflect the most expensive meal plan available.

National Trends in College Pricing at 4-Year Public Institutions

UConn

- **Tuition & Fees:**
 - National rates 6.6% higher in FY 2008 than FY 2007
 - (UConn 5.86%)
 - National increase of 51% from FY 2003 - FY 2008
 - (UConn 44%)
 - National increase of 99% from FY 1998 - FY 2008
 - (UConn 69%)
- **Tuition, Fees, Room & Board:**
 - National increase of 40% from FY 2003 - FY 2008
 - (UConn 39%)
 - National increase of 82% from FY 1998 - FY 2008
 - (UConn 65%)

Source: 2007 Trends in College Pricing, College Board

Tuition, Fees, Room & Board

UConn

Storrs & Regional Campuses

<u>In-State</u>	<u>FY08 Amount</u>	<u>FY09 Amount</u>	<u>Increase Over FY08</u>	
Undergraduate				
Tuition	\$6,816	\$7,200	5.63%	\$384
Room	\$4,698	\$5,090	8.34%	\$392
Board (Value Meal Plan)	\$3,960	\$4,210	6.31%	\$250
Undergraduate Total	\$17,510	\$18,638	6.44%	\$1,128
Graduate Total	\$19,356	\$20,592	6.39%	\$1,236
<u>Out-of-State</u>				
Undergraduate Total	\$31,454	\$33,350	6.03%	\$1,896
Graduate Total	\$32,838	\$34,812	6.01%	\$1,974

* Board rates reflect the Value meal plan which is the most popular plan available.

Total Financial Aid (\$M)

UCONN

Storrs & Regional Campuses

	<u>FY07</u>	<u>FY08</u> Forecast	<u>FY09</u> Budget	<u>% Change</u> (FY07-FY09)
Need-Based Grants	\$50.7	\$54.0	\$59.9	18.1%
University Scholarships	24.9	25.4	28.9	16.1%
Non-University Scholarships	5.1	5.2	5.5	7.8%
Loans (federal & private)	118.2	127.1	132.7	12.3%
Tuition Waivers	<u>37.8</u>	<u>39.9</u>	<u>43.9</u>	16.1%
Subtotal	\$236.7	\$251.6	\$270.9	14.4%
Work Study/Student Labor	<u>13.9</u>	<u>15.9</u>	<u>16.3</u>	17.3%
Total Financial Aid	\$250.6	\$267.5	\$287.2	14.6%

Tuition Funded Financial Aid (\$M)

UCONN

Storrs & Regional Campuses

	<u>FY07</u>	<u>FY08</u> Forecast	<u>FY09</u> Budget
Total Tuition Funded Financial Aid	\$85.8	\$85.5	\$96.0
Total Tuition Funded as a % of Gross Tuition Revenue	39.5%	37.4%	38.9%
Tuition Funded Need-Based as a % of Net Tuition Revenue	19.1%	16.6%	17.5%
DHE Need-Based Set Aside Policy	15.0%	15.0%	15.0%

Financial Aid Summary

UCONN

Storrs & Regional Campuses

- All tuition, fees, room & board increases have been accompanied by an off-setting increase in financial aid to ensure that any qualified student can attend the University regardless of financial means



- For FY09, total aid is projected to increase 7.4% and need-based grants are projected to increase 10.9%
- Meet direct educational expenses for the neediest in-state students
- 77% of students (undergraduate and graduate) received aid in FY08

FY09 Spending Plan Highlights

UCONN

- Storrs & Regionals
 - Faculty hires
 - Undergraduate enrichment
 - Course coverage
- Health Center
 - Financial stability



Provost's Priorities for FY09

UCONN

Storrs & Regional Campuses

Academic Leadership
Undergraduate Enrichment & Diversity
Increased Collaborations
Research: Blueprint for the Future
Faculty Hiring: Continuing Momentum
Implementation of New Initiatives
Re-Phasing of UCONN 2000



Academic Leadership

UCONN



Senior academic leadership provided by 13 Deans

- 4 Deans hired in FY 2008: Law, Business, Nursing & Engineering
- 4 new Deans recruited to start in FY 2009: Medicine, CLAS, Social Work & CANR
- Successful completion of these searches has been the highest priority in Academic Affairs



Undergraduate Enrichment

UConn

Storrs & Regional Campuses

- Honors program expansion – additional 70 students expected in fall 2008 compared to fall 2007 (\$255k)
- Living & Learning Communities – Honors & Global Houses (\$100k)
- Study Abroad Goals
 - Increase percentage of students who benefit from an international experience from 18% to 30%
 - Forge substantial partnerships with a limited number of prestigious international universities



Diversity

UConn

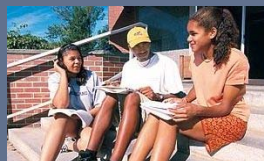
Storrs & Regional Campuses

- Increase the international dimension of teaching & research programs and enhance the range of diversity programming



Increase recruitment efforts for undergraduate international students

Increased diversity in graduate programs



Focused effort to recruit diverse faculty



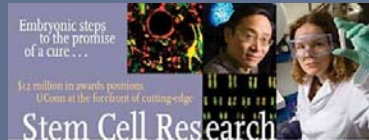
Achieve diversity goals spelled out in various college plans for faculty & students

Increased Collaborations



Inter-Departmental and Inter-Campus

- CICATS (CTSA)-Connecticut Institute for Clinical and Translational Science
- Nanotechnology
- Stem Cell Research: \$16.1M supports 23 researchers
- School of Medicine: post doctoral training for Nursing faculty
- Honors Program: students working in Neonatal Intensive Care Unit
- Pappanikou Center for Excellence in Developmental Disabilities: joint hires



Research: Blueprint for the Future



Storrs & Regional Campuses

- Increase emphasis on focused research areas
 - Eminent Faculty program: Alternative Energy & Fuel Cells
 - \$2M state funding -Eminent faculty hire anticipated (fall 2009)
 - Center for Entrepreneurship program: Business & Law
 - 6 faculty hired (FY08)
 - Nanotechnology: partnering with state agencies
 - Collaboration with foreign institutions
 - Pursuing workforce development for the state
 - Strategic investment in cultural & artistic programming



Faculty Hiring: Continuing Momentum

UConn

Storrs & Regional Campuses

- Net new faculty

- 51 in FY06
- 13 in FY07



- Faculty Hiring Plan: 175 net new by FY12

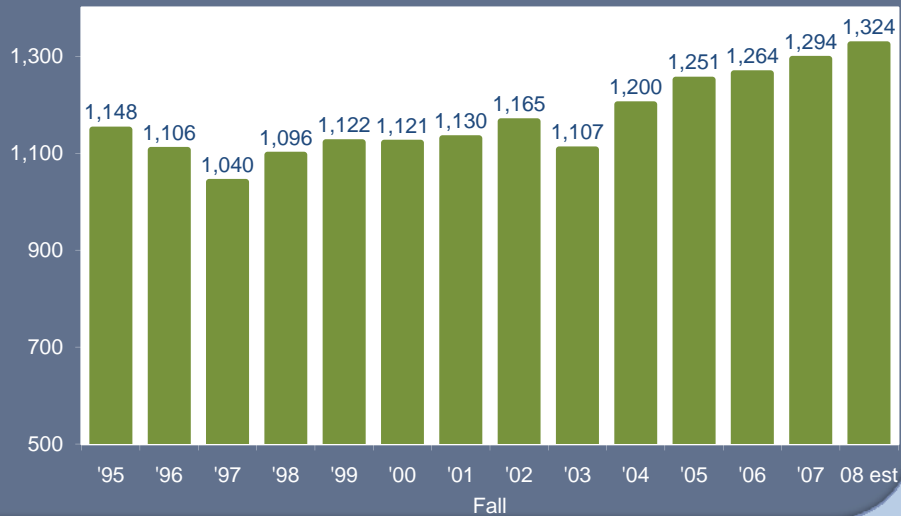
- 30 in FY08
- Approximately 30 in FY09 (fall 2008)
 - Workforce Development
 - Undergraduate Instructional Needs
 - Research Direction in Academic Plans
- Funding from reallocations



Faculty Growth

UConn

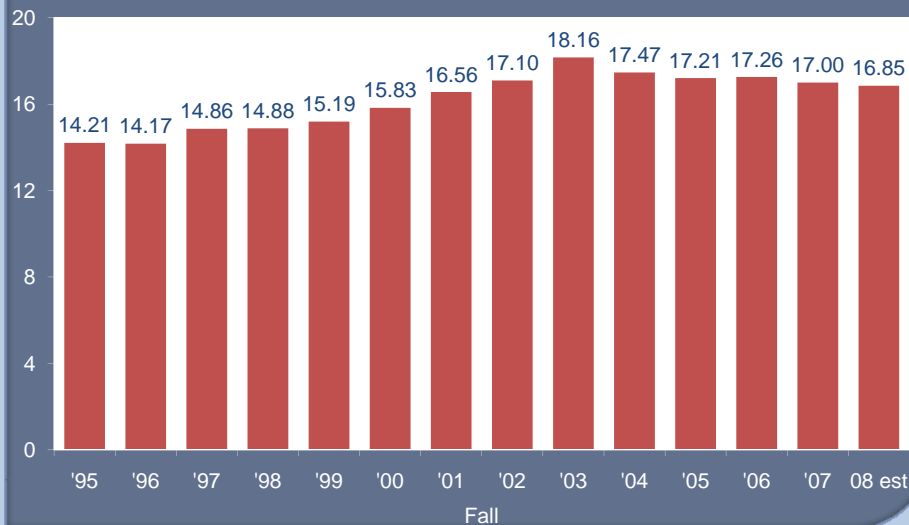
Storrs & Regional Campuses



Student Faculty Ratio

UCONN

Storrs & Regional Campuses



Re-Phasing of UCONN 2000

UCONN

Storrs & Regional Campuses

- To be in alignment with Academic Plan priorities:
 - Enhancement of undergraduate teaching and learning - Arjona and Monteith schematic design in progress
 - Building upon research & creative activities - Psychology, Fine Arts and Gentry renovations
 - Improvement of technology support - Gant (IMS, Mathematics, Physics, UITS) planning underway
 - Increase capacity for modern life science research - determination to replace or renovate Torrey in process
 - Achieve AAALAC standards and accreditation

Re-Phasing of UCONN 2000



Storrs & Regional Campuses

- Allows the university to:
 - Focus on academic priorities
 - Continue emphasis on deferred maintenance projects
 - Preserve older beautiful buildings
 - Achieve efficiencies by completing code corrections and renovations together
 - Fund smaller projects while planning for larger projects



UConn
Health Center

Board of Trustees

*Budget Workshop
June 24, 2008*

UCHC: Time of Transition



- We welcome new leadership
- We are exploring regional partnership in keeping with the CASE recommendations and subsequent legislation
- We are pursuing cost reduction and revenue enhancement
 - After \$78M in cost reduction and revenue enhancement since 2000, low-hanging fruit is gone
 - PwC recommendations fuel new efforts
 - Near-term revenue cycle activity is underway and reflected in FY09 budget
 - Productivity enhancement and performance improvement is longer-term
 - Revenue enhancement and cost savings initiatives in the FY09 budget total \$9.5M

UCHC: Time of Transition



- Structural problems persist
 - JDH is undersized and outdated
 - 116 of 224 beds are low-reimbursement specialty (NICU, newborn, high-risk maternity, psychiatry, Correction) unavailable for med/surg activity
 - For FY08, NICU average loss per case is estimated at \$33,700
 - JDH carries a unique hospital fringe benefit obligation: estimated fringe benefit differential for FY08 is \$12.5M
- UMG must rebalance the physician clinical service mix to enhance revenue while still meeting the needs of a comprehensive medical education program

UCHC: Time of Transition



- The academic/research enterprise faces challenges
 - A tight federal fiscal environment threatens medical education and intensifies competition for the research dollar
 - Changing federal direction in research requires restructuring and investment (CTSA)
 - Current regional arrangement prevents full cost recovery for the UCHC intern/residency program
 - Current SOM and SODM class size may not produce the number of doctors and dentists the region will need

FY09 Overview



- The proposed budget is \$759M, which supports “current services” increases and limited new activity:
 - essential clinical investment to stimulate growth in patient volume
 - strategic positioning in research
 - cost efficiencies in management and operations (PwC, IT) require upfront financial support (\$586,000)
- The proposed \$759M budget shows a deficit of \$11.5M
 - It reflects an increase in expenses of \$44.7M
 - Revenues are increasing over FY08 by \$41.6M
- Every effort will be made to reduce the projected FY09 deficit through faculty productivity, other performance improvements, and cost reductions

FY09 Overview



- Approximately 75% of the \$44.7M increase in expenses is for current services:
 - \$16.9M is associated with existing employees (contractual & fringe benefit increases)
 - \$2.2M is for medical house staff increases
 - \$2.3M is associated with utilities, repairs and maintenance
 - \$4.2M is for drugs and medical supplies
 - Approximately \$9.0M is for purchased services, depreciation and other expenses

FY09 Overview



- \$10.1M is associated with new positions and related fringe

SOM-New Positions (7.6 new faculty, including 5.5 of Dean/VP & research team)	\$2,077,000
SOM-New Positions (CICATS)	161,000
SODM-New Positions (Oral Surgeon & U24 researcher)	239,000
Dental Implant Center-New Positions	693,000
JDH-New Staffing Impact (Cardiology Space Expansion)	401,000
UMG-New Faculty & support staff	2,440,000
CMHC-Offset by Revenue	754,000
Institutional Support-PwC Recommendations (Decision Support, Project Mgr, Director of Contracts, Cap Purchasing Specialist)	388,000
Institutional Support-New Positions (.5 Dean, Construction Proj Mgr, AVP for IT Res, IT Tech Analyst, Application Developers, HR Director)	790,000
Fringe Benefit Increase-New Positions	2,202,000

FY09 Strategic Priorities



Signature Programs

- Musculoskeletal Institute
 - Dental Implant Center to start June 2008
 - Three clinical faculty (1 Joint, 2 Sports Medicine)
 - Four basic scientists (tissue engineering)
- Cancer
 - Tomotherapy Center enhancement (high dose density)
- Cardiology
 - Electrophysiology Lab Operations
 - 5 clinical faculty (3 Cardiologists and 2 EPs)
 - Cardiology space expansion
- Center for Public Health at current services level

FY09 Strategic Priorities



Research Strategic Investments

- Connecticut Institute for Clinical and Translational Science (CICATS)
- Transition funding for General Clinical Research Center (GCRC)
- Stem Cell Core (signal pathways for embryonic stem cells)
- Musculoskeletal (new research team)
- Immunology

FY09 Strategic Priorities



Clinical Stabilization

- **UMG**
 - Faculty recruitment & hiring plan – rebalancing the clinical mix to grow revenue
 - GI, Cardiology, Orthopedics, Dermatology
- **John Dempsey Hospital**
 - Revenue cycle improvement (PwC)
 - Performance improvement (PwC)
 - Supply chain
 - Labor expense management through training, consolidation & reorganization
 - This budget reflects conservative volume estimates, including a decrease in patient visits for existing physicians and a decrease in patient visits due to loss of physician time (turnover, medical and family leave)

FY09 Budget Highlights



- **State Support for the “Academic Gap”, Current Services, partial JDH Fringe Benefits, and Correctional Managed Health Care**
 - The FY09 budget includes the increases above the FY08 amounts as enacted in the second year of the state’s FY08 - FY09 biennial budget
 - Academic Gap \$6,500,000
 - JDH Fringe Benefits \$3,600,000
 - Current Services \$1,093,000
 - Correctional Managed Health Care \$4,693,000
- **Full cost recovery in the intern/residency program**
 - Full accounting of direct costs
 - 15% indirect cost charge
- **Full transition of student health insurance to University-wide program**
- **Financial aid increases to reflect tuition increase**

FY09 Budget Highlights



○ Research

- The overall research budget deficit is estimated at \$9M as compared to the FY08 projected loss of \$8M
 - The FY09 budget assumes a flat revenue projection for spending, which reflects retention of most existing grants, but a lower level of new grants
 - The non-federal revenue is expected to increase due to the additional awards for the Stem Cell program
 - The F&A recovery is budgeted to increase due to the 25% F&A recovery on the Stem Cell grants
 - Federal grants are expected to receive the current F&A rate
 - However, total federal dollars will decrease with the NMR purchase, as there is no F&A recovery on capital expenditures.
 - The net loss grows due to salary and fringe benefit increases, which are higher than the total F&A recovery

FY09 Budget Highlights



○ Salary Support on Grants

- The FY09 budget assumes that the loss of grant funding will make it necessary to move \$1.1M of salary expense from grant dollars to the General Fund

○ CICATS

- The creation of this research support infrastructure is undertaken jointly with the Storrs research program
- 4th quarter GCRC activity moves from grant funds to general fund (\$569,000)
- \$222,000 in new and \$345,000 in reallocated dollars for salary/fringe costs will support pursuit of the CTSA

FY09 Budget Highlights



○ Endowment / Foundation Income

- This revenue is anticipated to decrease by \$158,000
 - The Dental Implant Center budget includes the expenditure of \$450,000 in donations
 - The drawdown of restricted and unrestricted funds for FY09 will decrease by \$608,000 from FY08, as FY08 included a one-time gift for operating costs

FY09 Budget Highlights



○ Utilities

- Based on current consumption, costs, and rate structures, we are estimating an increase of 4.5% over the FY08 utility budget
 - Gas, fuel oil and water costs are projected to increase significantly
 - Electric expenses will decrease as the result of the state-negotiated purchase agreement

○ Repairs and Maintenance

- JDH costs will increase due to new service agreements on equipment coming off warranty
- Based on FY08 experience, we are estimating an increase of 14.2% for FY09

○ Depreciation

- The FY09 budget is based on up-to-date data and also takes into consideration the anticipated capital expenditures and assets that will be fully depreciated by FY09

FY09 Budget Highlights



- Information Technology
 - Increased staffing supports clinical systems as well as the central infrastructure and academic/research IT investments of UCONN 2000
 - FY09 increase is \$2.5M which includes:
 - Enhanced security and data storage hardware and software
 - Support for audit compliance, server support and student administration system upgrade
- Investment Income
 - The overall investment revenue is anticipated to decrease by \$954,000 based on current interest rates

FY09 Budget Highlights



- Salary and Fringe Benefit Costs: annualization, collective bargaining increases, managerial and faculty pools, fringe rate changes, and new hires, total \$27.1M
 - Annualization and compensated balance increase \$3.3M
 - Collective Bargaining salary increases \$9.9M
 - Managerial and faculty salary pools \$1.9M
 - New hires salary \$7.9M
 - Fringe benefit increases on salary \$4.1M
 - Total salary costs:
 - FY08 \$ 352,109,000
 - FY09 \$ 374,966,000
 - Total fringe benefit costs:
 - FY08 \$ 99,987,000
 - FY09 \$ 104,062,000

FY09 Budget Highlights: JDH



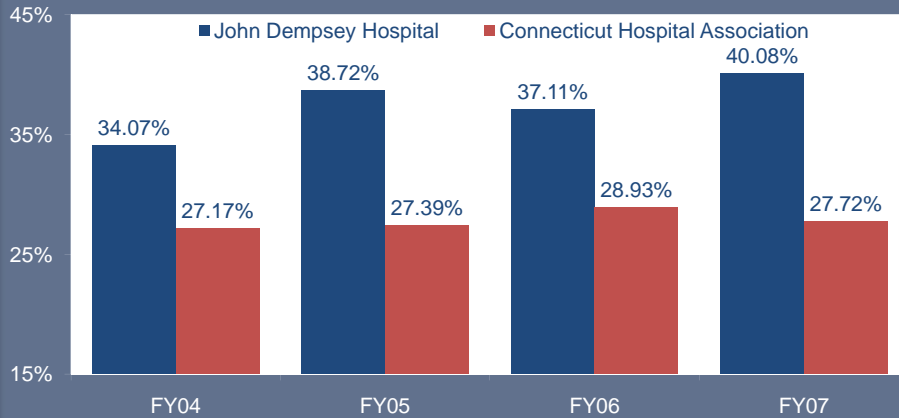
- John Dempsey Hospital has a loss of \$15.5M in this budget, of which \$3.6M is offset by the new fringe benefit support from the State, leaving a budgeted \$11.9M shortfall
 - This compares to a FY08 projected loss of \$20.0M (As in FY08, much of the loss is associated with the NICU, Psychiatry and high risk maternity OB/GYN programs)
 - Total net patient revenue is anticipated to increase by \$15.7M:
 - The FY09 budget includes an increase in net revenue of \$8M from the results of the PwC revenue cycle engagement
 - Net Revenue per Adjusted Discharge is increasing by 3.4% or \$418 per discharge, of which \$397 is due to the PwC Revenue Cycle initiatives (Net Expense per Adjusted Discharge is up only 1.1% over FY08)
 - Budgeted increases for inpatient admissions and outpatient visits increase budgeted net revenue by \$6.7M

FY09 Budget Highlights: UMG



- UConn Medical Group has a loss of \$3.5M in this budget
 - This compares to a FY08 projected loss of \$6.9M
 - Total net patient revenue is anticipated to increase by \$7.6M:
 - The FY09 budget includes the annualized impact (\$500,000) of the increase in Medicaid rates implemented in January 2008
 - The FY09 budget includes the annualized impact of the renegotiated managed care contracts, an increase of \$1.8M
 - Estimates of ambulatory visits increase the budgeted net revenue by \$5.7M

JDH Fringe Benefit Comparison



The impact in FY05 of this fringe benefit differential is an additional expense of \$8.1M; \$6.3M in FY06; \$10.7M in FY07 and is estimated to be \$12.5M in FY08
The fringe benefit rate is budgeted at 40.34% in FY09