



University of Connecticut
Office of the President

Michael J. Hogan
President

DATE: June 10, 2010
TO: Members of the Board of Trustees
FROM: Michael J. Hogan

I'm pleased to submit the University of Connecticut's FY 2011 spending plan to the Board of Trustees.

Our budgeting continues to recognize the pressing fiscal challenges the University confronts, but as last year, does so from a strategic perspective. Adopting such a strategic perspective has served us well, allowing us to continue to make very good progress on the goals set forth in our Academic Plan, even surpassing some goals in only the Plan's second year. Thus, we continue to achieve excellence in teaching, research, and service. For instance:

- Again in the coming year, we will admit the most well-prepared and diverse entering class in UConn's history, with average SAT scores at or approaching 1220 – a remarkable jump of about 27 points in just three years -- and diversity will be at or beyond 20%;
- We have increased our research portfolio by over 25% in the past year alone;
- We will be bring our entering class of Honors students to 450 and offer more Living & Learning Communities for students;
- In our Capital Campaign's first year, we have already raised over 1/3 of the Campaign's \$600M goal.

These accomplishments represent outcomes at Storrs and our regional campuses alone; and as discussed below, there are additional achievements to recount at our Health Center. These accomplishments come during a time when we have absorbed millions in sweeps of our self-generated fund balances. Our continued ability to improve in the face of such fiscal challenges reflects the deep commitment of our faculty and staff to providing an outstanding experience for our undergraduate, graduate, and professional students. Indeed their sacrifices through wage freezes and furlough days over the past year, have helped us weather a very challenging year. Next year, they will continue to take furlough days and all newer employees will take a 3% wage cut to assist the state with its under-funded pension system.

In addition to the sacrifices of our employees, we have developed new organizational efficiencies to cope with the loss of state support, while minimizing any negative impact on our academic programs. Examples of the initiatives that have generated millions in efficiencies include refining energy and utility practices, charging graduate tuition to grants, standardizing graduate assistant appointment procedures, enhancing offerings in our summer session and intersession, encouraging conservation in printing, improving purchasing practices. The administration continues to pursue avenues for further efficiencies including, at the Board of Trustees' direction, pursuing the engagement of external consultants to examine our policies and procedures. We also have continued to seek opportunities to preserve our reputation as the leanest administration among the top-25 ranked public research universities.

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Still, our revenue and expense plans will show that we continue to face enormous challenges at all our campuses. Moreover, it's getting increasingly difficult to protect the academic core. In particular, retirements, as well as strict constraints on replacing these losses through hiring, have led our student-faculty ratio to begin to creep up (now at 17.93:1); fewer courses are being offered; and many courses are increasing in size.

At the UConn Health Center we are facing similar challenges, with respect to staffing. On the positive side, after about a decade of repeated attempts to generate state support for the renewal and renovation of the John Dempsey Hospital, we have reached success. This year, we won support from the Governor and General Assembly for over \$200M to establish the UConn Health Network, which includes bond support for a new patient bed tower on our Farmington campus and renovation of older space, as well as support for a number of collaborative initiatives with regional hospitals and healthcare agencies. This Network reflects discussions of common interests over the past three years with our regional affiliated hospitals and the subsequent support those discussions generated from them for the new construction and renovation of the John Dempsey Hospital.

Furthermore, implementation of the recommendations from the Pricewaterhouse-Coopers engagement that was initiated three years ago to generate efficiencies at the UConn Health Center are also paying us dividends. For the first time in several years, we are seeing the potential for a break-even budget. Yet, the loss of many of our fine physicians, healthcare professionals, and staff during many difficult years remains a concern.

If there is one word that captures the spirit of the UConn community over the past year, it might be "persistence." We have persevered and drawn from the well of innovation and experience that is embodied in our faculty, staff, and students to rise to these challenges. The result has been that we have weathered challenges with measured success.

At our annual Budget Workshop, we will show that we remain well-poised to absorb the fiscal challenges of FY 2011. We will discuss our continued progress on our Academic Plan goals, the fiscal challenges we are forecasting for the year, and our strategy for addressing those challenges. Yet, we must begin to face the out-years: FY 2012 and beyond. Most believe that a full economic recovery for Connecticut is unlikely by then, and the "maintenance of effort" protections of the American Recovery & Reinvestment Act (ARRA), which have shielded us from more extensive declines in state support may not be in place, although our contractual obligations will be.

In the past, I have advocated for a strategic "burden-sharing" approach to our challenges, in which all members of our community – faculty, staff, administrators, and students – bear some of the costs of declines in state support. Alongside aggressive pursuit of efficiencies, this is likely the best strategy for ensuring that UConn remains on its upward trajectory; continues to offer outstanding academic programs, and that our portfolio of research, scholarship, and creative work continues to enhance the economy, as well as the social and cultural well-being of all people.

Our success today and in the past is due not only to the talent and efforts of our faculty, staff, and students, but also to the dedication and creative work of leaders in our senior administration. I'm grateful to all of them for their advice and thoughtfulness in preparing this spending plan.