



University of Connecticut
Office of the President

Philip E. Austin
President

June 20, 2006

TO: Members of the Board of Trustees

FROM: Philip E. Austin

I am pleased to submit our FY 2007 budget proposal to the Board of Trustees for your consideration. At the August 1, 2006 meeting I will forward our recommendations for our current services request for FY 2008 and 2009 which will, in part, be shaped by your decisions today regarding the coming fiscal year and in part by additional information and analysis we will be undertaking over the next six weeks.

The FY 2007 spending plan is tight, focused, and reflective of information we have previously provided to you and, in some cases, reflects decisions you have already made. Tuition and fee rates for the coming year were set at the June 2004 budget meeting, based on our enrollment goals and anticipated needs. The General Assembly and the Governor determined the level of State support this Spring. Thus our revenue picture contains few if any surprises.

Our proposed expenditures are also based on needs well understood by the Board. For the Storrs-based programs, this is essentially a steady-state spending plan, with significant increases proposed in just two areas. First, we recommend significant additional investments in construction management, compliance and oversight. Over the past year the University has made tremendous strides in addressing concerns about specific projects and, more fundamentally, in implementing organizational changes to assure that our building program meets the Board's and the public's expectations. The budget includes recommendations for several additional positions that will support our structural improvements on an ongoing basis, in such areas as audit capacity and building inspection. Second, the budget reflects a net increase of 20 faculty positions at the Storrs-based programs, both to accommodate the enrollment growth over the past several years and to support program enhancements in key areas.

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The operating budget for the University of Connecticut Health Center responds to significant challenges, some common to academic health centers generally and others unique to UConn. In the former category, federal cutbacks for National Institutes of Health and other research programs have reduced research awards and revenue. In the latter category, we experienced an unusually high rate of faculty turnover and leaves this year, largely for specific individual reasons. This led to a temporary decline in clinical revenues, which we expect to reverse in the coming year. Nevertheless, in order to maintain the quality of our instructional, research and service programs and continue implementation of the Strategic Plan, the budget proposal calls for strategic reductions in expenditures, as outlined in the accompanying materials.

At our meeting today we will present our proposals in greater detail, and review the supporting documentation included in this volume. I look forward to the opportunity to respond to your questions and concerns.