



University of Connecticut
*Office of the Vice President and
Chief Financial Officer*

September 28, 2011

TO: Members of the Board of Trustees

FROM: Richard D. Gray
Vice President and Chief Financial Officer

John M. Biancamano
Chief Financial Officer

RE: Spending Plan for Fiscal Year 2012 for the University of Connecticut Health Center

RECOMMENDATION:

That the Board of Trustees approve the Spending Plan for Fiscal Year 2012 of \$799.3 million for the University of Connecticut Health Center. The spending plan was approved by the UCHC Board of Directors on September 12, 2011.

BACKGROUND:

The Fiscal Year 2012 Spending Plan includes \$795.1 million of revenue, including state funding of \$109.7 million (excluding fringe benefits), to cover \$799.3 million in expenses yielding a net loss of \$4.2 million.

An Equal Opportunity Employer

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University of Connecticut Health Center

FY 2012 Budget Assumptions

Overall Budget Assumptions

- Change in health insurance and retirement fringe benefits (5.5% increase in health and 1% decrease in retirement)
- Decrease in state appropriations
- Assumes no bargaining unit increases for unionized employees based on SEBAC agreement beginning 8/26/11
- Includes faculty union salary increases that were provided in FY 2011 and fully recognized in FY2012
- Increase in salary expense due to furlough day savings in FY 2011 not continuing

Education, Research, & Institutional Support Assumptions

- Tuition and Fees for the School of Medicine (SOM) and School of Dental Medicine (SODM) assumes a 5% rate increase
- Grants and contracts revenues increase by 1.4%
- Full year of operating expenses related to the newly renovated 400 Farmington research building (increases to utilities, information technology, public safety, depreciation, repairs and maintenance)
- Increase in expenses related to the Connecticut Institute for Clinical and Translational Science (CICATS)
- Interns and Residents revenue increase of \$5.4m due to higher fees and expenses
- Increase in auxiliary revenue and other expenses related to increase in SOM & SODM contracts, higher capacity in Creative Child Care services and Paramedic cost recovery
- Repairs & maintenance increase due to ISS custodial services, clinical engineering and the DaVinci robot maintenance agreement

University of Connecticut Health Center

Summary of Changes between June 13, 2011 Approved Budget and Current FY12 Proposed Budget

June 13, 2011 Approved FY12 Budget \$54,000

Overall UCHC

Salary/Fringe savings due to SEBAC agreement only 10 months (originally assumed 12 months)	(1,316,000)
Reduction in State Support - Block Grant	(13,846,000)
Reduction in State Supported Fringe Benefits	(7,350,000)
Fringe Benefit savings (Originally assumed a 1% increase in Retirement but actually it's a 1% decrease)	8,026,000
Fringe Benefit savings (Originally assumed a 6% increase in Health Insurance but actually it's a 5.5% inc	1,600,000

School of Medicine

Increase from Foundation to cover costs previously supported by General Funds	250,000
Elimination of or vacancy factor applied to vacant positions	691,000

School of Dental Medicine

Elimination of or vacancy factor applied to vacant positions	403,000
Reduction of 3% of Other Expenses	237,000
Increase student size by 5	250,000

John Dempsey Hospital

NICU staff covered by CCMC contract	1,900,000
Drug expense reduction due to 340b pricing	475,000
Reduction in cost for Surgical devices & implants	800,000
Reduction/elimination of various outside contracts	570,000

UCONN Medical Group

Adjustment to 340b pricing, originally assumed \$450k in savings but actually is \$325k	(125,000)
Certain vacant positions will not be refilled	564,000
Reduction in contracted expense for Patient Keeper	224,000

Correctional Managed Health Care

Proposed budget reduced from \$99.5m to \$97.0M	0
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Institutional Services

Elimination of or vacancy factor applied to vacant positions	530,000
Reduction of Other Expenses	63,000
Insurance	1,800,000

September 28, 2011 Proposed FY12 Budget

(\$4,200,000)

"REVISED"

University of Connecticut Health Center Consolidated Statement of Revenues and Expenses Fiscal Year 2012 Proposed Budget

	Fiscal Year	Fiscal Year	FY 2012 6/13/11 Budget vs	Percent
	2012	2012	FY 2012 Proposed Budget	
	6/13/11 Approved Budget	Proposed Budget	Variance	Variance
Revenues:				
Tuitions & Fees	\$ 18,480,875	\$ 18,730,875	\$ 250,000	1.4%
Federal Research Grants and Contracts	67,500,000	67,500,000	-	0.0%
Non-Federal Research Grants and Contracts	19,053,152	19,053,152	-	0.0%
Interns and Residents	52,953,411	52,953,411	-	0.0%
Net Patient Care	351,802,702	351,802,702	0	0.0%
Correctional Managed Health Care	99,500,000	97,000,000	(2,500,000)	-2.5%
Endowment/Foundation Income	2,215,054	2,465,054	250,000	11.3%
Other Income	17,306,977	17,306,977	-	0.0%
Total Revenues	\$ 628,812,171	\$ 626,812,171	(2,000,000)	-0.3%
Expenses:				
Personal Services	\$ 326,598,578	\$ 324,056,746	\$ (2,541,832)	-0.8%
Fringe Benefits	127,652,672	117,753,258	(9,899,414)	-7.8%
Medical Contractual Support	17,272,375	17,272,375	-	0.0%
Medical/Dental House Staff	44,212,613	44,212,613	-	0.0%
Correctional Managed Health Care	99,500,000	97,000,000	(2,500,000)	-2.5%
Outside Agency Per Diems	1,339,607	1,339,607	-	0.0%
Drugs	17,351,534	17,001,534	(350,000)	-2.0%
Medical Supplies	49,745,352	48,945,352	(800,000)	-1.6%
Utilities	15,086,778	15,086,778	-	0.0%
Outside & Other Purchased Services	43,144,360	42,350,360	(794,000)	-1.8%
Insurance	7,275,508	5,475,508	(1,800,000)	-24.7%
Repairs & Maintenance	13,786,861	13,786,861	-	0.0%
Other Expenses	25,732,952	25,432,952	(300,000)	-1.2%
Depreciation	29,619,542	29,619,542	-	0.0%
Total Expenses	\$ 818,318,732	\$ 799,333,486	(18,985,246)	-2.3%
Excess/(Deficiency) of Revenues				
over Expenses Prior to State Appropriations	\$ (189,506,561)	\$ (172,521,315)	16,985,246	9.0%
State Appropriation-Block Grant	123,515,400	109,669,578	(13,845,822)	-11.2%
State Supported Fringe Benefits	52,544,779	45,195,207	(7,349,572)	-14.0%
JDH Fringe Benefit Allotment	13,500,000	13,500,000	-	0.0%
Excess/(Deficiency)	\$ 53,618	\$ (4,156,530)	(4,210,148)	-7852.1%
Total State Support	189,560,179	168,364,785	(21,195,394)	-11.2%
Percent of Total Revenues	23.16%	21.17%	-1.99%	-8.6%