University of Connecticut

Board of Trustees

Budget Workshop

June 22, 2004
FY 2004: Progress and Challenges

- Measures of achievement
- Challenges
- Key steps

- Focus resources on institutional objectives
- Enhancement of academic program
- Expansion of research
- Pursuit of cost-efficiencies
- Increase quality and access
Budget Components

- Realistic expectations of state support
- Spending reductions rolled out permanently
- Revenue enhancement/implementation of charges
- Expenditures for quality: targeted increases for high priority programs
- Investments to protect private fundraising
- Investments to grow research
- Impact of university-wide restructuring
Proposed Budget

- **FY04 Forecast**: $1,255.4M
  - Storrs & Regionals: $696.1M
  - Health Center: $559.3M

- **Adopt FY05 spending plan of $1,345.1M**
  - Storrs & Regionals: $750.1M
  - Health Center: $595.0M

- **Biennium Budget Request**
  - **FY06**: $1,424.1M
    - Storrs & Regionals: $795.1M
    - Health Center: $629.0M
  - **FY07**: $1,507.0M
    - Storrs & Regionals: $845.4M
    - Health Center: $661.6M
FY 2004: Closeout

- Health Center
  - ERIP/Opportunity Register = $5.42M

- Storrs
  - ERIP/Wage Freeze = $23.8 M
  - “Holding Pattern”
    - Retiree/adjunct solution
    - “Savings” for hiring to come
FY 2005: Equilibrium

- Recovery from:
  - Limitations on state support
  - Effects of ERIP
  - Impact of CORE financial/human resource system

- Moving towards:
  - Academic Plan focus
  - Closer alignment of operating and capital budgets with the start of Phase III of UCONN 2000
FY 2005: Challenges

- From retirees / adjuncts to permanent / full-time
- Return to stability: ERIP refill rate -> 70% of $
- Internal academic reallocation base ($7.8M)
- National searches Fall 2003 (1 year lead time)
  - Of 97 searches authorized:
    - Permanent hires: 59
    - Temporary hires: 6
    - On-going searches: 32
Growth: Faculty vs Enrollment

- Undergraduate Enrollment:
  - 1995: 14,454
  - 1996: 14,382
  - 1997: 14,855
  - 1998: 15,741
  - 1999: 16,681
  - 2000: 17,630
  - 2001: 18,662
  - 2002: 19,287
  - 2003: 19,981
  - 2004: 20,259

- Full-Time Teaching Faculty:
  - 1995: 1,068
  - 1996: 1,025
  - 1997: 962
  - 1998: 1,014
  - 1999: 1,043
  - 2000: 1,041
  - 2001: 1,036
  - 2002: 1,017
  - 2003: 1,082
  - 2004: 1,068

Storrs & Regionals
FY 2005: Spending Plan

- Expenditures will focus on:
  - Full roll-out of enrollment
  - Increasing quality and access
  - Research growth
FY 2005: Expenditure Highlights

- Of a list totaling approximately $9M in incremental program adjustments:
  - $1.2M is allocated to course coverage including the Honors Program
  - $1.6M will help to fulfill the demands of the academic plan
  - $1.9M is designated for buildings & operations
  - $468K will restore support for HR & IT
  - $500K will aid in the continued support of the Foundation

- University-wide collaborations
  - Public Health: $375K
  - Technology Transfer: $1.1M
  - Audit & Compliance $500K
Protecting the growth potential of one of our key external revenue streams as of 3/31/04.
# Financial Aid ($M)

## Total Financial Aid

<table>
<thead>
<tr>
<th></th>
<th>FY 2005</th>
<th>FY 2006</th>
<th>FY 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Need Based-Grants</td>
<td>$40.5</td>
<td>$42.5</td>
<td>$44.4</td>
</tr>
<tr>
<td>Need Based - Student Labor</td>
<td>$12.9</td>
<td>$12.9</td>
<td>$13.0</td>
</tr>
<tr>
<td>University Scholarships</td>
<td>$20.9</td>
<td>$21.7</td>
<td>$22.6</td>
</tr>
<tr>
<td>Non-University Scholarships</td>
<td>$6.2</td>
<td>$6.2</td>
<td>$6.2</td>
</tr>
<tr>
<td>Loans</td>
<td>$95.4</td>
<td>$99.7</td>
<td>$103.6</td>
</tr>
<tr>
<td>Tuition Waivers</td>
<td>$32.1</td>
<td>$34.0</td>
<td>$36.1</td>
</tr>
<tr>
<td><strong>Total Financial Aid</strong></td>
<td><strong>$208.0</strong></td>
<td><strong>$217.0</strong></td>
<td><strong>$225.9</strong></td>
</tr>
</tbody>
</table>

## Tuition Funded Financial Aid

<table>
<thead>
<tr>
<th></th>
<th>FY 2005</th>
<th>FY 2006</th>
<th>FY 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Need Based Grants/Labor</td>
<td>$26.9</td>
<td>$28.6</td>
<td>$30.2</td>
</tr>
<tr>
<td>Scholarships</td>
<td>$9.5</td>
<td>$9.9</td>
<td>$10.4</td>
</tr>
<tr>
<td>Tuition Waivers</td>
<td>$32.1</td>
<td>$34.0</td>
<td>$36.1</td>
</tr>
<tr>
<td><strong>Total Tuition Funded Financial Aid</strong></td>
<td><strong>$68.5</strong></td>
<td><strong>$72.5</strong></td>
<td><strong>$76.7</strong></td>
</tr>
</tbody>
</table>

## Total as a % of Gross Tuition Revenue

<table>
<thead>
<tr>
<th></th>
<th>FY 2005</th>
<th>FY 2006</th>
<th>FY 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition Funded Need Based %</td>
<td>37.3%</td>
<td>37.3%</td>
<td>37.3%</td>
</tr>
</tbody>
</table>

DHE policy requires a need-based financial aid set aside of 15%, UConn sets aside 17.8%
Accessibility: Financial Aid

- All tuition, fee, and room and board increases have been matched by increases in financial aid to ensure that no students’ education would be denied or hampered based on financial need.
- Additional $5.4M in aid for FY05.
- Eliminated the un-met need gap for the neediest in-state students.
- Average student indebtedness is increasing: $14,400 in FY01 to $17,300 in FY04 (National Average is $18,900).

75% of UConn students (undergraduate and graduate) received aid in FY04.
FY 2006 - FY 2007 Biennium

- Storrs & Regionals: FY06=$795.1M & FY07=$845.4M
  - Consolidates reputational & programmatic gains of last decade and begins implementation of academic plan
    - Planned & deliberate growth of faculty ranks in specific academic disciplines
    - Improve undergraduate education & expand research productivity

- Health Center: FY06=$629.0M & FY07=$661.6M
  - Curricular superiority
  - Growth of Signature Programs
  - Survival in competitive health care marketplace
Total Revenues by Type: Storrs & Regionals

- **FY91**: $364.5 million
  - All Other: 7.4%
  - Aux Enterprise Revenue: 14.8%
  - Gifts, Grants & Contracts: 10.2%
  - Tuition and Fees: 25.4%
  - State Support: 17.6%
  - Other: 50.0%

- **FY03**: $669.1 million
  - All Other: 14.2%
  - Aux Enterprise Revenue: 17.7%
  - Gifts, Grants & Contracts: 25.4%
  - Tuition and Fees: 39.0%
  - State Support: 39.0%

- **FY04 est**: $697.1 million
  - All Other: 3.1%
  - Aux Enterprise Revenue: 15.0%
  - Gifts, Grants & Contracts: 17.5%
  - Tuition and Fees: 28.1%
  - State Support: 36.4%

- **FY05 est**: $751.1 million
  - All Other: 3.2%
  - Aux Enterprise Revenue: 15.0%
  - Gifts, Grants & Contracts: 18.0%
  - Tuition and Fees: 28.7%
  - State Support: 35.1%
Total Revenues by Type: Health Center

All Other: Correctional Managed Health Care, Net Patient Care, Interns & Residents, Investment Income and Other Revenue
<table>
<thead>
<tr>
<th></th>
<th>FY04</th>
<th>FY05</th>
<th>FY06</th>
<th>FY07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Storrs &amp; Regionals</td>
<td>$190.0</td>
<td>$196.4</td>
<td>$206.9</td>
<td>$218.8</td>
</tr>
<tr>
<td>Health Center</td>
<td>$73.7</td>
<td>$73.1</td>
<td>$75.0</td>
<td>$76.4</td>
</tr>
</tbody>
</table>
Non-State Revenue Streams

- Private Support
- Research Funding
- Clinical Revenue @ Health Center
- Tuition/Room/Board/Fees @ Storrs & Regionals
Research Awards ($M)

Research, Training & Public Service External Awards
<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>% of FY05 Budget</th>
<th>% of FY06 Budget</th>
<th>% of FY07 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patient Care</td>
<td>43.9%</td>
<td>43.9%</td>
<td>43.8%</td>
</tr>
<tr>
<td>State Support</td>
<td>16.1%</td>
<td>16.2%</td>
<td>15.9%</td>
</tr>
<tr>
<td>Gifts, Grants &amp; Contracts</td>
<td>16.1%</td>
<td>16.4%</td>
<td>16.6%</td>
</tr>
<tr>
<td>Correctional Managed HC</td>
<td>13.6%</td>
<td>13.3%</td>
<td>13.1%</td>
</tr>
<tr>
<td>Interns &amp; Residents</td>
<td>5.0%</td>
<td>4.9%</td>
<td>4.9%</td>
</tr>
<tr>
<td>All Other (including Tuition)</td>
<td>5.3%</td>
<td>5.3%</td>
<td>5.7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>
## Key Revenue Drivers: Storrs & Regionals

<table>
<thead>
<tr>
<th></th>
<th>% of FY05 Budget</th>
<th>% of FY06 Budget</th>
<th>% of FY07 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Support</td>
<td>35.1%</td>
<td>35.1%</td>
<td>35.2%</td>
</tr>
<tr>
<td>Tuition &amp; Fees</td>
<td>28.7%</td>
<td>28.8%</td>
<td>28.5%</td>
</tr>
<tr>
<td>Auxiliaries</td>
<td>15.0%</td>
<td>15.0%</td>
<td>15.1%</td>
</tr>
<tr>
<td>Gifts, Grants &amp; Contracts</td>
<td>18.0%</td>
<td>18.0%</td>
<td>18.2%</td>
</tr>
<tr>
<td>All Other</td>
<td>3.2%</td>
<td>3.1%</td>
<td>3.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
## Proposed Tuition, Fees, Room & Board

<table>
<thead>
<tr>
<th></th>
<th>FY05</th>
<th>FY06</th>
<th>FY07</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In-State</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate</td>
<td>$14,894 8.71%</td>
<td>$15,760 5.81%</td>
<td>$16,782 6.49%</td>
</tr>
<tr>
<td>Graduate</td>
<td>$16,412 8.42%</td>
<td>$17,382 5.91%</td>
<td>$18,528 6.59%</td>
</tr>
<tr>
<td><strong>Out-of-State</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate</td>
<td>$26,726 9.16%</td>
<td>$28,264 5.75%</td>
<td>$29,982 6.08%</td>
</tr>
<tr>
<td>Graduate</td>
<td>$27,780 8.98%</td>
<td>$29,442 5.98%</td>
<td>$31,308 6.34%</td>
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</tbody>
</table>
## Proposed Tuition, Fees, Room & Board

### In-State Undergraduate Rates

<table>
<thead>
<tr>
<th>Item</th>
<th>FY05 Approved</th>
<th>FY05 Proposed</th>
<th>Amount Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition</td>
<td>$5,720</td>
<td>$5,772</td>
<td>$52</td>
</tr>
<tr>
<td>GUF</td>
<td>$1,116</td>
<td>$1,200</td>
<td>$84</td>
</tr>
<tr>
<td>Room</td>
<td>$3,872</td>
<td>$3,872</td>
<td>$0</td>
</tr>
<tr>
<td>Board</td>
<td>$3,378</td>
<td>$3,532</td>
<td>$154</td>
</tr>
<tr>
<td>Newspaper</td>
<td>$14</td>
<td>$14</td>
<td>$0</td>
</tr>
<tr>
<td>USG</td>
<td>$66</td>
<td>$66</td>
<td>$0</td>
</tr>
<tr>
<td>WHUS</td>
<td>$18</td>
<td>$18</td>
<td>$0</td>
</tr>
<tr>
<td>Student Union</td>
<td>$36</td>
<td>$36</td>
<td>$0</td>
</tr>
<tr>
<td>UCONN TV</td>
<td>$6</td>
<td>$10</td>
<td>$4</td>
</tr>
<tr>
<td>Transit</td>
<td>$40</td>
<td>$40</td>
<td>$0</td>
</tr>
<tr>
<td>Student Union Bldg</td>
<td>$26</td>
<td>$26</td>
<td>$0</td>
</tr>
<tr>
<td>IMF</td>
<td>$296</td>
<td>$308</td>
<td>$12</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$14,588</strong></td>
<td><strong>$14,894</strong></td>
<td><strong>$306</strong></td>
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</tbody>
</table>
Academic Highlights

FY 2004 = Application of Academic Plan within context of ERIP

- Research growth
- Undergraduate characteristics
- Diversity snapshot
- Reallocations
- Academic Plan implementation
Research Awards ($M): Storrs & Regionals

- FY98 ($56.7)
  - Federal: $35.0
  - State: $10.1
  - Corporate: $7.0
  - Other: $4.7

- FY99 ($61.2)
  - Federal: $34.5
  - State: $14.5
  - Corporate: $7.5
  - Other: $4.7

- FY00 ($68.0)
  - Federal: $42.1
  - State: $12.2
  - Corporate: $6.8
  - Other: $6.9

- FY01 ($78.9)
  - Federal: $44.4
  - State: $16.1
  - Corporate: $10.1
  - Other: $8.3

- FY02 ($86.8)
  - Federal: $54.0
  - State: $15.4
  - Corporate: $7.1
  - Other: $10.3

- FY03 ($92.0)
  - Federal: $64.8
  - State: $11.9
  - Corporate: $4.5
  - Other: $10.8
Graduate/Research: Success

- Awarded 3 large equipment grants from NIH & NSF in the last 2 years
- Graduate School implemented electronic admissions in Fall 2003: 80% utilization
- Research Strategic Planning Committee focused on development in Structural Biology & Bioinformatics with the creation of the Biotech/Bioservices Center
Undergraduate Plan

- Stabilize enrollment
- The #1 reason why a student chooses a college or university is the quality of the academic program and services

- Continue to improve student retention and graduation rates
- In order for UConn to improve our position in a highly competitive marketplace, we need to make investments that enhance and improve our academic product
Fall 2004 New Student Highlights

Compared to Fall 2003 at Storrs:

- Applications for admission + 4.4%
  - (17,666 to 18,443)

- SAT scores increased by 8 points
  - (1167 to 1175)

- Valedictorians and salutatorians increased by 25 students
  - (75 to 100)

- Minority student enrollment increased by 5.2%
  - (537 to 565)
Fall 2004 New Student Highlights

Compared to Fall 1995 at Storrs:

- Applications for admission + 87%
  - (9,874 to 18,443)

- SAT Scores increased by 62 points
  - (1113 to 1175)

- Valedictorians and salutatorians increased by 60 students
  - (40 to 100)

- Minority student enrollment increased by 83%
  - (308 to 565)
Diversity in Academic Programs: Successes

- 30+ recommendations presented in the Diversity Plan have been implemented over the past 2 years, including:
  - General education requirements that promote greater understanding of diverse cultures and community
  - UConn overall faculty diversity is at least comparable to peers
  - Female staff now constitute nearly 50% of total staff on campus
  - University-wide Diversity website, Diversity brochure, and new OMIA website to assist with the overall positioning of UConn as an environment supportive of diversity
Diversity in Academic Programs: Challenges

- Recruiting & retaining historically underrepresented faculty
- Increasing the diversity of students at the graduate level
- Graduating more historically underrepresented students in the areas of Science, Technology, Engineering & Mathematics
- Increasing the number of women in major administrative positions
Academic Reallocations

- $7.8M reallocated
  - Some moved by Provost’s Office among schools and colleges
  - Most moved within schools among departments
Academic Reallocations: CLAS

College of Liberal Arts & Sciences: $2.2M
- Geology Department closing
- Public Policy Department creation
- Consolidated business services

Expenditures ($M): FY01 = $94.1, FY02 = $100.3, FY03 = $106.5, FY04 est = $108.4
Academic Reallocation: Neag

Neag School of Education: $2M

- Program closings

- Program Enhancements
  - Teacher Education, Kinesiology, Literacy, Gifted & Talented, Measurement & Assessment

Expenditures ($M): FY01 = $15.2, FY02 = $15.8, FY03 = $17.0, FY04 est = $16.3
Provost’s Grant Competition

- 48 submitted proposals in short timeframe
- 7 invited to present proposals
- Decisions will be announced by November 1, 2004

Proposals for Excellence!
Metrics

- Will be used to allocate resources, achieve our goals & implement the academic plan

- New peer group: Georgia, Iowa, Iowa State, Ohio State, Purdue, Minnesota, Missouri & Rutgers

- Metrics are grouped into 5 categories:
  - Undergraduate Education
  - Research & Graduate/Professional Education
  - Diversity
  - Resources
  - National Reputation
Freshmen Average SAT: Fall 2002 (Storrs)

Peer Average

1149
1122
1167
1150
1188
1215
1160
1128
1130
1178

UConn Iowa State Ohio State Purdue Rutgers Georgia Iowa Minnesota Missouri
6 Year Graduation Rate: Fall 2002 (Storrs)

- 6 Year Graduation Rate: 90%
- 6 Year Minority Graduation Rate: 69%
- Peer Average: 64%
- Peer Average: 56%

Bar chart showing graduation rates for various institutions:
- UConn: 65%
- Iowa State: 48%
- Ohio State: 50%
- Purdue: 60%
- Rutgers: 68%
- Georgia: 63%
- Iowa: 54%
- Minnesota: 43%
- Missouri: 59%
Doctoral Degrees Awarded: FY 2002

Doctoral Degrees Awarded / 100 Faculty FTE
External Research Expenditures ($K): FY 2001

Peer Average

$115

UConn $102  Iowa State $123  Ohio State $115  Purdue $120  Rutgers $113  Georgia $105  Iowa $119  Minnesota $163  Missouri $66

External Research Expenditures / 100 Faculty FTE
<table>
<thead>
<tr>
<th>Institution</th>
<th>Staff &amp; Faculty % Minority</th>
<th>State Population % Minority (18 years &amp; over)</th>
</tr>
</thead>
<tbody>
<tr>
<td>UConn</td>
<td>15%</td>
<td>16%</td>
</tr>
<tr>
<td>Iowa State</td>
<td>7%</td>
<td>5%</td>
</tr>
<tr>
<td>Ohio State</td>
<td>18%</td>
<td>14%</td>
</tr>
<tr>
<td>Purdue</td>
<td>7%</td>
<td>11%</td>
</tr>
<tr>
<td>Rutgers</td>
<td>27%</td>
<td>26%</td>
</tr>
<tr>
<td>Georgia</td>
<td>17%</td>
<td>32%</td>
</tr>
<tr>
<td>Iowa</td>
<td>7%</td>
<td>5%</td>
</tr>
<tr>
<td>Minnesota</td>
<td>12%</td>
<td>9%</td>
</tr>
<tr>
<td>Missouri</td>
<td>11%</td>
<td>14%</td>
</tr>
</tbody>
</table>
Endowment Assets Market Value ($M): FY 2003

- Ohio State: $1,217
- Peer Average: $434

Institutional Values:
- UConn: $185
- Iowa State: $92
- Purdue: $502
- Rutgers: $361
- Georgia: $37
- Iowa: $293
- Minnesota: $535
- Not Available: Missouri
America’s Best Colleges: Fall 2002 (Storrs)

Rank Among Top 50 Public National Universities

- UConn: 25
- Iowa State: 41
- Ohio State: 22
- Purdue: 20
- Rutgers: 22
- Georgia: 20
- Iowa: 19
- Minnesota: 22
- Missouri: 32

These universities are ranked among the top 50 public national universities.
Student / Faculty Ratio:  Fall 2002

Peer Average

- UConn: 17
- Iowa State: 16
- Ohio State: 16
- Purdue: 16
- Rutgers: 14
- Georgia: 13
- Iowa: 15
- Minnesota: 15
- Missouri: 18

Note: The peer average is 15.
Faculty Growth

- 150 additional faculty in 5 years will bring student/faculty ratio to 15:1
- All hires will improve course coverage, reputation & diversity
- At least 50% of hires will be in areas of significant research funding
- FY06 - 30 targeted hires
  - 15 positions focused on Life Sciences and Science & Technology
  - High demand programs + high quality programs = more investment in program
University of Connecticut Board of Trustees
June 22, 2004
University of Connecticut Health Center
FY2005 Proposed Operating Budget
UCHC FY05 Consolidated Budget

**UCHC Consolidated Statement of Revenues and Expenses (with Eliminations)**

**Operating Budget - Fiscal Year 2005**

<table>
<thead>
<tr>
<th></th>
<th>FY2004</th>
<th>FY2005</th>
<th>FY 05 Budget</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Projected</td>
<td>Proposed</td>
<td>vs FY04 Projected</td>
<td>Variance</td>
</tr>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuitions</td>
<td>$5,567,000</td>
<td>$6,795,455</td>
<td>$1,228,455</td>
<td>22.1%</td>
</tr>
<tr>
<td>Fees</td>
<td>3,739,000</td>
<td>4,317,330</td>
<td>578,330</td>
<td>15.5%</td>
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<tr>
<td>Federal Research Grants and Contracts</td>
<td>62,500,000</td>
<td>70,360,000</td>
<td>7,860,000</td>
<td>12.6%</td>
</tr>
<tr>
<td>Non-Federal Research Grants and Contracts</td>
<td>23,744,000</td>
<td>25,516,516</td>
<td>1,772,516</td>
<td>7.5%</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>14,771,000</td>
<td>13,627,065</td>
<td>(1,143,935)</td>
<td>7.7%</td>
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<tr>
<td>Interns and Residents</td>
<td>27,640,000</td>
<td>29,868,321</td>
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<td>Net Patient Care</td>
<td>241,712,000</td>
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<td>77,910,500</td>
<td>81,063,597</td>
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<td>Endowment/Foundation Income</td>
<td>1,700,000</td>
<td>2,074,784</td>
<td>374,784</td>
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<td>Investment Income</td>
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<td>732,714</td>
<td>227,714</td>
<td>45.1%</td>
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<tr>
<td>Other Income</td>
<td>3,470,000</td>
<td>3,361,696</td>
<td>(108,304)</td>
<td>-3.1%</td>
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<tr>
<td><strong>Total Revenues</strong></td>
<td>$463,258,500</td>
<td>$499,492,858</td>
<td>$36,234,358</td>
<td>7.8%</td>
</tr>
</tbody>
</table>

| **Expenses:**        |         |         |              |         |         |
| Personal Services    | $277,040,000 | $296,102,532 | $19,062,532 | 6.9%    |
| State Supported Fringe Benefits | 22,843,000 | 23,026,277  | 183,277     | 0.8%    |
| Fringe Benefits      | 48,742,663 | 52,478,134  | 3,735,471   | 7.7%    |
| Medical Contractual Support | 7,471,000 | 8,042,180   | 571,180     | 7.6%    |
| Medical/Dental House Staff | 31,940,000 | 32,992,880  | 1,052,880   | 3.3%    |
| Outside Agency Per Diems | 6,401,000 | 4,056,026   | (2,344,974) | -36.6%  |
| Drugs/Medical Supplies | 60,145,000 | 61,683,782  | 1,538,782   | 2.6%    |
| Utilities            | 8,838,000  | 9,705,551   | 867,551     | 9.8%    |
| Outside & Other Purchased Services | 35,075,033 | 41,625,225  | 6,550,192   | 18.7%   |
| Insurance            | 4,598,800  | 4,455,035   | (143,765)   | -3.1%   |
| Repairs & Maintenance | 7,720,700  | 8,894,919   | 1,174,219   | 15.2%   |
| Provision for Bad Debts | 9,482,000  | 10,273,508  | 791,508     | 8.3%    |
| Other Expenses       | 18,679,333 | 20,042,703  | 1,363,370   | 7.3%    |
| Depreciation         | 20,311,300 | 21,665,745  | 1,354,445   | 6.7%    |
| **Total Expenses**   | $559,287,829 | $595,044,497 | $35,756,668 | 6.4%    |

| Excess/(Deficiency) of Revenues over Expenses Prior to State Appropriations | $(96,029,329) | $(95,551,639) | 477,690 | -0.5% |
| State Appropriation-Block Grant | 73,748,844 | 73,109,946 | (638,898) | -0.9% |
| State Supported Fringe Benefits & Other Adjustments | 22,843,000 | 23,026,277 | 183,277 | 0.8% |
| **Excess/(Deficiency)** | $562,515 | $584,584 | $22,069 | 3.9% |
| Total State Support | 96,591,844 | 96,362,223 | (229,621) | -0.5% |
| Percent of Total Revenues | 17.25% | 16.14% | -1.11% | -0.9% |
| Total State Support without Fringe Benefits | 73,748,844 | 73,109,946 | (638,898) | -0.9% |

We “earn” $500 million per year.

We employ over 4,900 people.

We are a big business! !

Our subsidy – the State 16.14%
What We’ve Done

- FOCUSED
  - Board of Directors has set vision – started with November 2003 retreat; adopted June 2004.
    - National recognition for improving health and wellness of CT citizens through innovative integration of research, education and clinical care.
    - Educational excellence
  - National recognition for improving health and wellness of CT citizens through innovative integration of research, education and clinical care.

Left: Dr. Carolyn D. Runowicz, named “Local Legend” by the American Medical Women’s Association recognizing highly accomplished female physicians from each of the 50 states.
STRENGTHS

What We’ve Done

- ACCOUNTABILITY

  ✓ Signature Program Business Plans – Cardiology finalized, Cancer finalized, Musculoskeletal in preparation

    - Key Performance metrics e.g. payor mix, customer satisfaction, market share, LOS, NIH$/FTE, NIH$/s.f., leverage ratio-ext/int funds, peer review panels, publications, and research awards/grants.

  ✓ Research review underway to identify and adopt best practices

    - PricewaterhouseCoopers engaged a working group composed of 36 faculty and senior administrators in an examination of the UCHC research enterprise and of best practices in research. Recommendations due June 30, 2004.
STRENGTHS

What We’ve Done

- **ACCOUNTABILITY**
  - Clinical profitability
    - Achieved a clinical operations turn-around from a $6.5 million UMG loss in FY02 to breakeven in FY04 and a positive gain in clinical operations overall of $2.4 million in FY04.
  - Faculty Compensation Plans reviewed, revised and implemented.
    - Implemented base salary policy for new tenured faculty; Research Incentive Plan funded for the second year; Clinical Incentive Plan revised; Academic Merit Plan revised and performance expectations established.
STRENGTHS

What We’ve Done

- STRATEGIC INVESTMENT
  - Master Plan completed; 21st Century UConn planning completed; Clinical Facilities Planning will be completed Summer 2004.
    - New research tower planning underway; received 36 responses to design RFP
  - IT Strategic Plan completed and being implemented.
CHALLENGES

What We Face

- **FINANCIAL CHALLENGES**

  ✓ Continuing decline in State support as a % of budget

  FY01  22.56%
  FY02  20.53%
  FY03  18.16%
  FY04  17.25%
  FY05  16.14%
CHALLENGES

What We Face

- FINANCIAL CHALLENGES
  - Anticipated slowing in the rate of growth in NIH research funding
  - No new state appropriation in support of our Basic Science Research Strategic Plans since the $3.1 million appropriation in FY01

NIH

FY04 = 16.6%
FY05 = 3.1%
CHALLENGES

What We Face

- **FINANCIAL CHALLENGES**
  - Maintain Clinical profitability – market competition
  - Medicaid and Medicare
  - Development/Foundation income stands only at .4% of revenue
  - Continued reliance on institution-wide cost improvement – revenue enhancement and expense reduction

<table>
<thead>
<tr>
<th></th>
<th>FY00</th>
<th>FY01</th>
<th>FY02</th>
<th>FY03</th>
<th>FY04</th>
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<td>8</td>
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<td>94</td>
<td>14</td>
<td>TBD</td>
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* Dollar amount does not include $1.7 in CMHC FY03 reductions.

incremental impact of prior year improvements
Opportunities

What We Will Do

- **FOCUS**
  - Make key investments in our Signature Programs
    - Cardiology - recruit Vascular Surgeon and Interventionalist
    - Cancer - recruit Medical and GI Oncologists; hire new research scientist
    - Musculoskeletal - recruit Institute Leader
    - Open, equip and operate the MARB
Opportunities

What We Will Do

- **FOCUS**

  ✓ Fulfill our Research Strategic Plan commitments in pursuit of scientific and educational excellence

  - $2.6 million to be invested to recruit and hire 8 new basic science researchers and fulfill outstanding start-up commitments to current faculty.
  
  - Continued funding of the Research Incentive Plan. Estimated commitment: $880,000.

  ✓ Commence planning and design of the new research building

---

Left: A biochemical reaction network generated by Virtual Cell, a unique patented software environment developed at UCHC.

Right: 3D rendering of an oligodendrocyte generated from confocal microscope data at UCHC. This is the cell responsible for producing the myelin sheath surrounding neurons and its failure is a key to understanding multiple sclerosis.
## Opportunities

### What We Will Do

- **FOCUS**

- **IT Strategic Plan completed and being implemented**
  - $4.7 million in non-clinical IT capital investment planned in FY05 up from $400,000 in FY04 and $1,000,000 in FY03 in State bond funding.

---

### IT Road Maps layout

**IT Road Maps layout the project implementation and spending plan for each domain.**

<table>
<thead>
<tr>
<th>IT Initiatives</th>
<th>Priority</th>
<th>Development Expense (000)</th>
<th>Net Ann. 5 Yr. Cost</th>
<th>5 Yr. Cost Benefit*</th>
<th>Return (%)</th>
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<td>Dental Management System</td>
<td>Start</td>
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<td>$435</td>
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<td>Health Sciences Education Center Equipment</td>
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<td>Faculty/Student Portal - Phase 2</td>
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<td>Library Equipment/Software Upgrades</td>
<td>Plan</td>
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<td>Plan</td>
<td>$600</td>
<td>$630</td>
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<td><strong>Total</strong></td>
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<td>$2,635</td>
<td>$2,850</td>
<td>$300</td>
<td>$53</td>
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*Present value of average annual 5 year benefit at 3.5%. (000)
Opportunities

What We Will Do

▪ ACCOUNTABILITY

✓ Become the recognized market leader in innovating and modeling patient safety advances
  - Implement the Collaborative Center for Clinical Care Improvement
  - Fully implement Siemens patient safety system as a wholly integrated multi-specialty inpatient and ambulatory electronic medical record, patient order entry and medical administration.
  - Achieve continued gains in clinical profitability through increased volume growth at projected levels:
    - JDH Inpatient 3.0% (FY04 actual 3.6%)
    - JDH Outpatient 9.0% (FY04 actual 9.0%)
    - UMG/UCHP 6.0% (FY04 actual 2.2%)
  - Continue to provide clinical incentives in recognition of productivity gains which have been achieved - estimated commitment of $2.3 million.

Emergency Department renovation included 6 new exam rooms, installation of a HEPA filtration system and new decontamination modular building.
Opportunities

What We Will Do

- ACCOUNTABILITY

✓ Implement Research Best Practices
  - Improve financial reporting to departments – add user-friendly report writing tools; use business accounting standards in operating core facilities (P&L); and develop best practice performance metrics (e.g. indirect cost recovery/net sq. ft., leverage ratio of external funds to internal funds, peer-reviewed external funding, graduate program rankings, etc.)

✓ Implement SOM and SODM reorganizations
  - SOM working on integration of Pharmacology with Cell Biology, a new Department of Immunology and recruitment for Chair, Lab Medicine/Anatomic Pathology
  - SODM to make recommendations Summer 2004

✓ Move forward UCHC/Storrs joint venture Public Health Center/Institute
The Heart and Vascular Care symposium served as the genesis of the newly proposed valve program which will enhance the care of patients with valvular heart disease, a growing cardiovascular problem. It is expected that the program will generate an additional 50 echo studies, consultative E&M’s, and invasive cases over the next 5 years.

Pat and Jim Calhoun Cardiology Center - providing excellent care for men and women and fostering new learning and new initiatives in cardiology research.
May, 2004 Dedication

SOM applications have increased 38.8% since 2002 and are up 11.6% over 2003. SODM applications are up 14% and for the first time in 5 years topped 1,000.

Hartford Public School students participate in the Health Professions Partnership Initiative. Over 500 area students participate annually in a variety of programs offered by the Center’s Health Career Programs.
Division of Athletics & Recreational Services
Revenue Comparison ($M)

FY 1990
$8.3M

FY 2004 est
$42.6M

FY 2005 est
$44.8M

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University Support
Division Support