

BOARD OF TRUSTEES
BUDGET WORKSHOP
JUNE 28, 2012



University of
Connecticut



ACADEMIC PRIORITIES

- Faculty hiring initiative
- New educational initiatives
- New research initiatives
- New IT initiatives
- New economic development initiatives



EXCITING PERIOD OF GROWTH

- 290 new faculty hiring program
- \$1B in UCONN 2000 construction & renovations
- \$865M Bioscience CT & \$1.1B JAX Lab partnership for personalized medicine
- \$172M Tech Park for innovation and industry collaboration
- Establish new institutes
 - Systems Genomics
 - Advanced Manufacturing
 - Innovation & Entrepreneurship

UConn Statistics	Fall 2005	Fall 2007	Fall 2009	Fall 2012 Estimates
Undergrad Students	20,525	20,846	21,496	22,323
Bachelor's Degrees	3,816	4,354	4,610	5,261
Doctoral Degrees	261	339	266	390
Undergrad Applications	19,763	22,355	23,289	31,388
Grad Applications	6,628	7,694	8,229	9,032
SAT Scores	1189	1191	1212	1228
Freshmen in top 10%	37%	40%	44%	47%
6 Year Grad Rate	72%	75%	78%	Not Available
Tenured/TT Faculty (Total Faculty)	1,004 (1,251)	1,007 (1,294)	989 (1,286)	1,072 (1,406)
	FY06	FY08	FY10	FY13 Estimates
Scholarships & Grants	\$71.8M	\$89.9M	\$116.1M	\$141.8M
Research Awards	\$181.8M	\$194.5M	\$233.2M	\$200.0M
Research Proposals	\$355M	\$425M	\$607M	\$552M

US News & World Report

<u>Key Measures</u>	<u>Weight</u>	<u>2010 Data</u>	<u>2011 Data</u>
Peer assessment score (out of 5)	15%	3.2	
HS counselor score (out of 5)	7.5%	3.8	
Average freshman retention rate	4%	93%	93%
Classes with under 20 students	6%	44%	42%
6-year graduation rate	16%	81%	83%
Classes with 50+ students	2%	17%	18%
Full-time faculty w/highest degree	3%	95%	95%
Acceptance rate	1.5%	54%	47%
Average SAT score	7.5%	1221	1216
Freshmen in top 10% of class	6%	44%	43%
Average alumni giving rate	5%	17%	18%



FACULTY HIRING PLAN

Year	2012	2013	2014	2015
# Faculty	65	100	65	60

- Transformative programs to develop national programs and meet critical teaching needs
- Aligned with UConn initiatives (e.g. Bioscience CT, Tech Park)
- Increase the diversity of the faculty
- Closing the Achievement Gap in CT (NEAG-CLAS)
- Human Genomics, Materials Genomics & Advanced Manufacturing (SOE-CLAS-SOM-SDM-SON)
- Sustainability (CANR-CLAS-SOE)
- Digital media & Digital Humanities (SFA-SBUS-SOE-CLAS)
- Asian Studies (CLAS)



NEW EDUCATIONAL INITIATIVES

- **B.A. in Environmental Studies**
- **B.S. in Financial Management (Stamford)**
- **Minor and B.A. in Chinese Language**
- **Certificate in Social Media Marketing**
- **Development of new field of 'Digital Humanities'**
- **New Departments:**
 - **Digital Media in the School of Fine Arts**
 - **Biomedical Engineering in the School of Engineering**



NEW EDUCATIONAL INITIATIVES

- **Honors Program**
 - **Emphasis on undergraduate research**
 - **Preparation for graduate & professional studies**
 - **Dr. Jennifer Lease Butts (NEAG) selected as Director after a national search**
- **International Programs**
 - **Dr. Daniel Weiner (Ohio University) selected as Vice Provost after a national search**
 - **Integration of global experience with curriculum and research**
 - **Faculty engagement to develop innovative partnerships**



NEW EDUCATIONAL INITIATIVES

- **Diversity Programs**
 - Dr. Jeffrey Ogbar (CLAS) selected as Vice Provost after a national search
 - Create a dynamic and supportive environment for diverse cultures, perspectives and backgrounds
 - Develop innovative strategies for recruitment of faculty and students
- **Public Engagement Programs**
 - Dean Robert McCarthy (Pharmacy) appointed as Vice Provost
 - Implemented 1st year of Public Engagement Strategic Plan



NEW EDUCATIONAL INITIATIVES

- **Established the Center for Excellence in Teaching & Learning (CETL)**
 - Institute for Teaching and Learning
 - Outreach/Early College Experience
 - Incubator for Continuing Education
 - E-Campus (On-Line Learning)
- **Student Affairs**
 - Renovation of housing and dining halls
 - Realignment and growth of Career Services
 - Jobs, internship and Co-Op placements
 - Employer relationship development

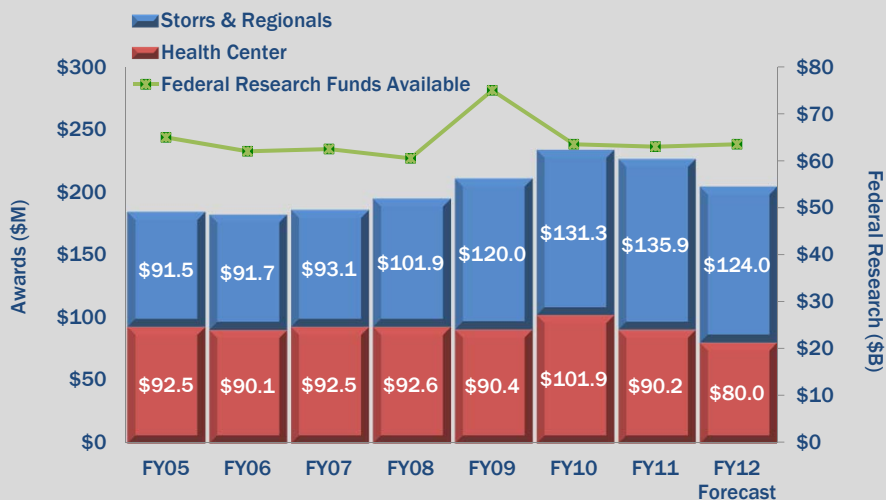


GRADUATE SCHOOL

- Dr. Kent Holsinger (CLAS) appointed as interim Dean and Vice Provost
- Dr. Susan Chafouleas (NEAG) appointed as Associate Dean
- Professional development programs for:
 - Teaching preparation
 - Technical writing
 - Proposal development
 - Research ethics, etc
- Cultural engagement of graduate students with campus activities
- New NSF IGERT on “Genes, Brain, Cognition and Computation”



NEW RESEARCH AWARDS





FEDERAL RESEARCH PRIORITIES

- \$65B for research (+1.7% basic, +3.6% applied)
- \$2.2B for advanced manufacturing
- Permanent R&D tax credit (~\$8B per year)
- 100,000 STEM educators
- Low-Carbon economy
 - \$6.7B for clean energy R&D
- Global Change Research Program: +5.6% (\$2.6B)



NEW RESEARCH INITIATIVES

- Workshops on innovative, emerging themes
- Establish Research Development Unit to:
 - Support large, multi-disciplinary programs
 - Develop institutional modules for:
 - Broader impacts in education & outreach
 - Assessment tools and industry partnership
 - Conduct external proposal reviews
- Develop partnerships with industry and FFRDCs
- Proposal writing workshops for faculty & staff
- Streamline proposal submission (on-line process)
- Implement distribution of credit for PIs/Units



ECONOMIC DEVELOPMENT

- Charting dynamic new course
- Advancing products and companies
- Updates
 - Technology Park
 - Bioscience Connecticut
- Strengthening partnerships
- Increasing outcomes



FY12 HIGHLIGHTS

- Revenues
 - Minimal tuition & fee increases – higher enrollment
 - Less state support – reduction in appropriation
 - More activity in educational activities such as Study Abroad
- Expenditures
 - 27th payroll
 - Increased financial aid
 - No wage increases (except for 2 months for UCPEA)
 - Lower energy costs - mild winter & favorable prices
 - Less research activity
 - Deficit reduction plan – procurement efficiencies & university-wide savings efforts



FY12 BUDGET & FORECAST (\$M)

	Budget	Forecast	Variance
Revenues	\$1,028.6	\$1,028.9	\$0.3
Expenses	\$1,033.2	\$1,024.4	(\$8.8)
Net Gain (Loss)	(\$4.6)	\$4.5	\$9.1



STRATEGIC REDESIGN INITIATIVE

- Hired McKinsey & Company to conduct an exhaustive review of key areas of non-academic operations which included:
 - Cost reductions
 - Improved & streamlined processes
 - Greater generation of non-tuition revenue
- Implementation of recommendations is a multi-year process
- Cost-saving measures already underway in procurement, facilities operations, information technology and general administration helped to balance the FY12 budget



FY13 BUDGET PLAN

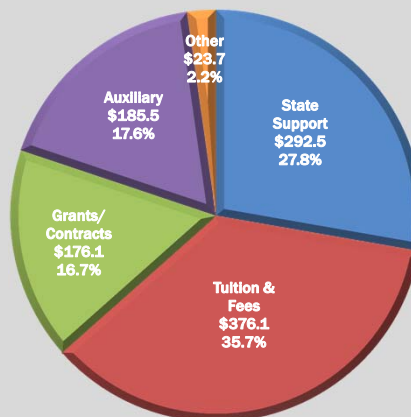
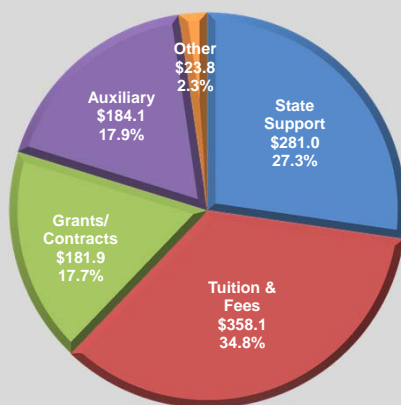
- Tuition increases to support faculty hiring plan
- State appropriation (2% less prior to funds for Eminent Faculty, CT Center for Advanced Technology, CommPACT, Kerr Grant)
- Increased financial aid
- No wage increases per SEBAC agreement
- Funding for initiatives & investments
- Continuation of university-wide savings efforts



REVENUES (\$M)

FY12 Forecast: \$1,028.9

FY13 Budget: \$1,053.9





NEED TO GROW UCONN UNRESTRICTED ENDOWMENT

- Support of students & programs in FY11 was \$26.4M
- Total new gifts & commitments increased 4.3% from FY09 to FY11
 - \$41.7M at 4/30/12 or 73% of \$57M goal

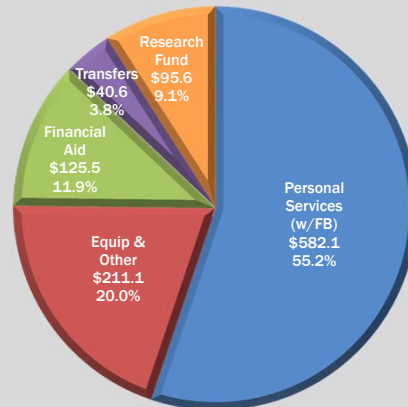
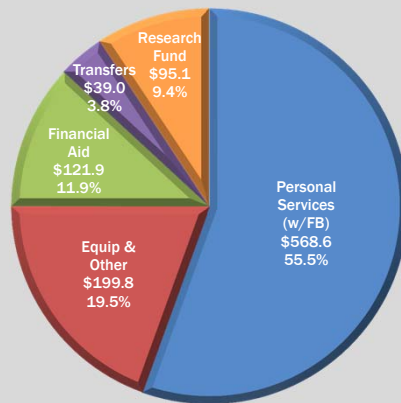
Endowment	Total (\$M) (Includes UCHC & pledges)
FY96	\$70.0
FY00	\$237.6
FY04	\$275.4
FY06	\$327.8
FY08	\$343.9
FY09	\$267.9
FY10	\$287.8
FY11	\$330.8
'09-11 % Change	23%



EXPENDITURES (\$M)

FY12 Forecast: \$1,024.4

FY13 Budget: \$1,054.9





FACULTY HIRING PLAN

- **Goals of 4 year tuition and fee / faculty hiring plan**
 - Decrease the student to faculty ratio by hiring 290 new faculty over 4 years
 - Expand course offerings
 - Allow students and parents to budget ahead of time

Student to Faculty Ratio	
FY96	14.2
FY98	14.9
FY00	15.2
FY02	16.6
FY04	18.2
FY06	17.2
FY08	17.0
FY10	17.9
FY11	18.1
FY12	18.3



UConn's AFFORDABILITY

- **Among the Top Public Universities:**
 - **In-State Undergraduate Tuition & Mandatory Fees**
 - UConn's 2.4% one-year increase for FY12 is the 3rd lowest
 - UConn's FY12 rate of \$10,670 places us in the middle of the pack, as we rank 26th most expensive (up from 15th in FY08)
 - UConn's rate increase of 20.5% from FY08-FY12 is the 8th lowest
 - **Out-of-State Undergraduate Tuition & Mandatory Fees**
 - UConn's 2.6% one-year increase for FY12 is the 4th lowest
 - UConn's FY12 rate of \$27,566 ranks as the 29th most expensive (up from 22nd in FY08)
 - UConn's rate increase of 21.0% from FY08-FY12 is the 16th lowest



FY13 – FY16 INCREASES

In-State Undergraduate	FY13*	FY14**	FY15**	FY16**
Tuition	\$8,712 5.50%	\$9,264 6.25%	\$9,864 6.50%	\$10,536 6.75%
Other Fees	2,650	2,710	2,796	2,882
Room - Double	6,096	6,278	6,466	6,660
Board - Value Plan	<u>5,044</u>	<u>5,196</u>	<u>5,352</u>	<u>5,512</u>
Total	\$22,502	\$23,448	\$24,478	\$25,590
Increment	\$1,016	\$946	\$1,030	\$1,112
Percentage	4.7%	4.2%	4.4%	4.5%


*Tuition not increased to higher rate as previously approved.

**FY14-FY16 at higher tuition rate, assumes no increase for faculty plan in State appropriation.



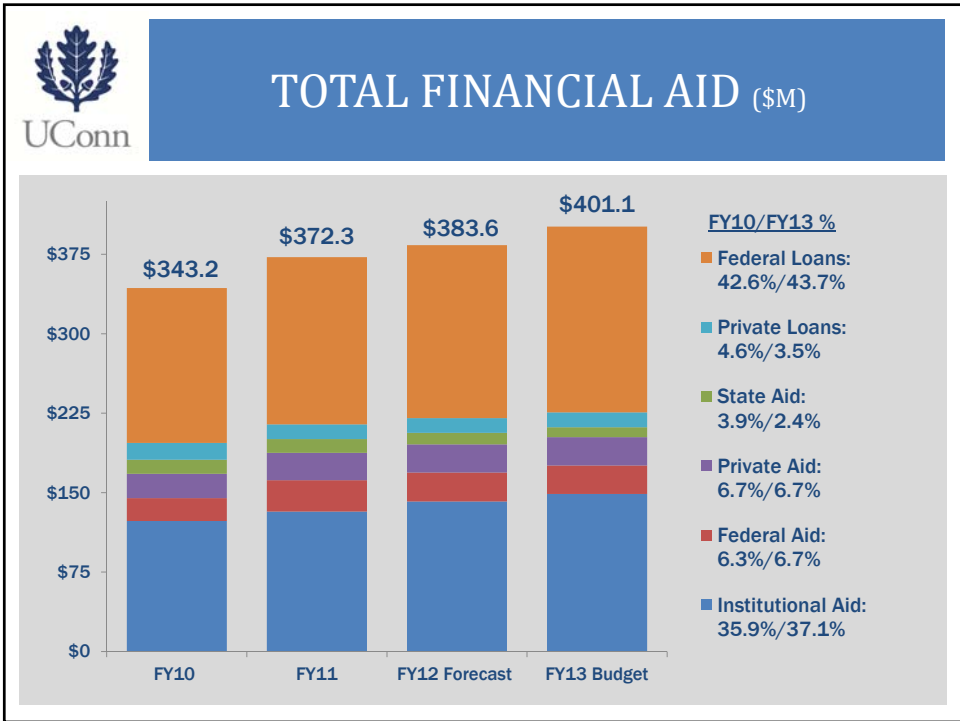
WE ALWAYS TAKE CARE OF OUR NEEDY STUDENTS

- Our best financial aid packages are provided to in-state, low income students
 - Tuition funded need-based grants increased 35% since FY10
 - Tuition funded need-based grants as a percentage of net tuition revenue is budgeted at 19.5% for FY13
- During FY12, more than 21,000 students received financial aid from all known sources (more than 17,500 were packaged by Financial Aid Office)
- For FY13:
 - Additional one-time aid of \$4.1M (\$5.8M in FY12) is attributable to the change in continuing student demand
 - \$1.2M to replace State reduction in CAPCS funding for FY13 only
 - \$500k in new Law School scholarships (year 1 of 3)



FINANCIAL AID (\$M)

Tuition Funded	FY10 Actual	FY11 Actual	FY12 Forecast	FY13 Budget	FY10- FY13 % Change
Need-Based Grants	\$36.3	\$40.8	\$46.5	\$48.9	34.7%
Work Study/Student Labor	5.9	6.1	5.8	6.1	3.4%
Scholarships	18.4	20.7	23.0	25.8	40.2%
Tuition Waivers	<u>45.2</u>	<u>46.9</u>	<u>48.8</u>	<u>50.4</u>	11.5%
Total Tuition Funded	\$105.8	\$114.5	\$124.1	\$131.2	18.4%
Total Tuition Funded as a % of Gross Tuition Revenue	38.9%	39.1%	40.2%	40.7%	
Tuition Funded Need-Based Aid as a % of Net Tuition Revenue	17.6%	18.1%	19.3%	19.5%	





INITIATIVES & INVESTMENTS

- Plant Renewal Program - \$2M
- Equipment - \$1M
- Economic Development
- Center for Excellence in Teaching & Learning
- Athletics support
- Facilities: space planning & branding
- McKinsey: continuation of university-wide savings efforts



FY 2014 CHALLENGES

- Provide infrastructure and support needed to implement the Faculty Hiring Plan
- Ensure academic quality
- Increase innovation, technology development and new jobs
- Continue to train highly skilled professionals to meet the needs of Connecticut businesses



UConn HEALTH 2020

- Engage Board, faculty, staff and other key stakeholders in defining common vision for UCHC in 2020
- Align goals with future vision
- Develop performance management system to ensure accountability for targets



UCHC GOALS: FY13

- Achieve financial stability to secure long term future of Health Center
- Increase clinical referrals and visibility
- Focus and align research investments
- Teaching in 21st Century: group learning
- Increase philanthropic support for UCHC's research, clinical and educational missions
- Construct new and renovate existing UCHC facilities



GOAL #1: FINANCIAL STABILITY

- Increase state operating support in Phase II of Bioscience CT
- Evaluate current and proposed clinical programs
- Tightly control FY13 expenses; mission-based FY14 budget process
- Maintain market based commercial insurer contracts
- Evaluate conversion to hospital-based clinics



GOAL #2: CLINICAL ENTERPRISE

- Develop clinical strategic plan aligned with overall strategic goals
- Improve quality and patient satisfaction
- Improve patient access to UCHC physician and ancillary services and collaborate with region's health care providers to more broadly improve access to care



GOAL #3: FOCUSED & EXPANDED RESEARCH

- Target faculty recruitments to align with a strategic plan that synergizes with Jackson Laboratory's strengths, as well as develops other areas of research distinction as envisioned in Bioscience CT
- Increase research productivity
- Initiate efforts to achieve top 10 ranking nationally for funded research in School of Dental Medicine (currently 18 of 61) in the next 5 years
- Innovate: commercialize research



GOAL #4: STRENGTHEN TEACHING PROGRAMS

- Reduce student debt through increased scholarship support and loan forgiveness programs for medical and dental school graduates who pursue primary care careers in CT - Bioscience CT goal
- Plan for increased medical and dental class enrollment by 30%
- Prepare for undergraduate medical education curriculum reform
- Enhance GME and residency education, adhering to new accreditation standards related to competencies and milestones
- Seek training grants for Graduate School education

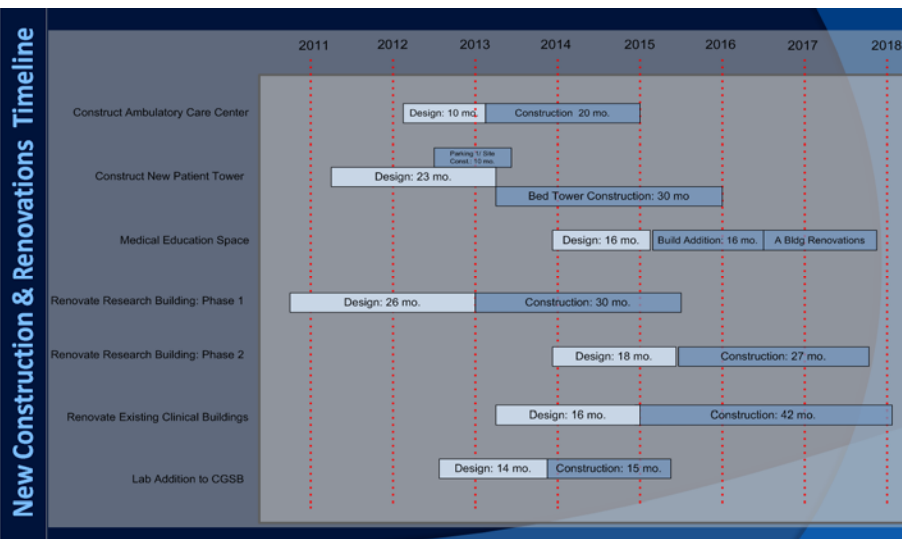


GOAL #5: INCREASE PHILANTHROPY

- Increase major giving
- Expand participation and profitability of special events
- Increase alumni engagement and support of the Medical, Dental and Graduate schools
- Now is the time



GOAL #6: CONSTRUCTION





FY12 BUDGET & FORECAST (\$M)

	Budget	Forecast	Variance
Revenues			
State Support: 21.0% , 21.2% Net Patient Care: 43.0% , 43.5% Other: 36.0%, 35.3%	\$801.0	\$790.7	(\$10.3)
Expenses			
Personal Services & FB: 55.1%, 56.5% Other: 44.9%, 43.5%	\$805.2	\$795.5	(\$9.7)
Net Loss	(\$4.2)	(\$4.8)	(\$0.6)

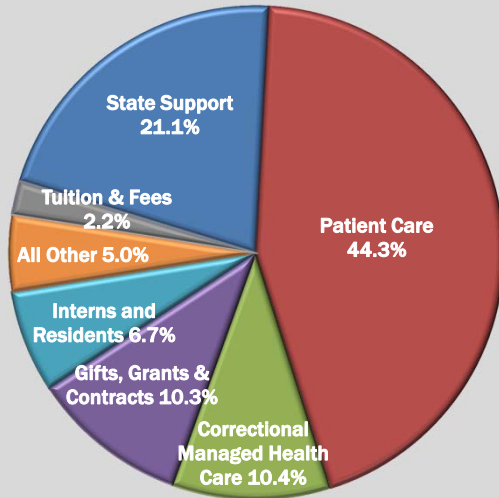


FY13 BUDGET PLAN

- **Revenues:**
 - 4% increase in tuition & fees
 - Grants and contracts revenues increase by 3.9% (\$5M related to Cage Processing capital project)
 - Higher clinical revenues due to volume & rate
 - Clinical faculty recruitments in Mohs, Neurosurgery, Gastroenterologist, General Surgery and Cardiology
 - Auxiliary and other income increase due to Connecticut Children's Medical Center contract
 - Increase in State support (primarily related to faculty recruitment and Correctional Managed Health Care services)
- **Expenses:**
 - No bargaining unit increases due to SEBAC
 - Decrease in drugs due to anticoag drug patients (elimination of expense and revenue)
 - Operating budget includes expenses necessary to meet construction time tables to ensure the success of Bioscience CT



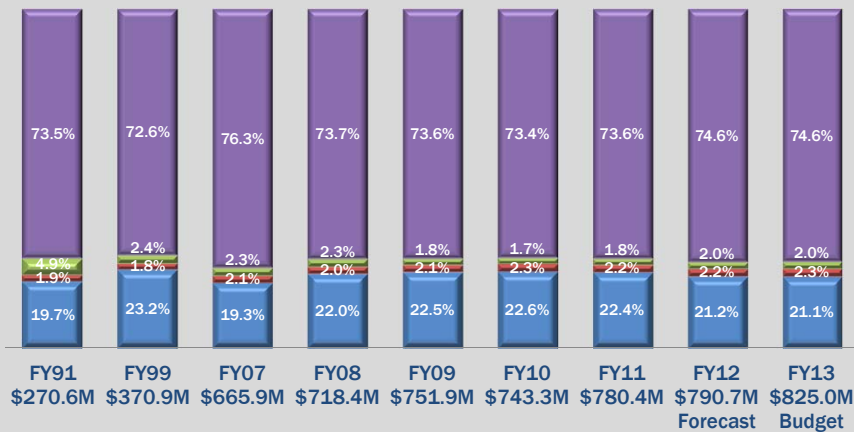
FY13 REVENUE BUDGET-\$825.0M



STATE SUPPORT AS A % OF TOTAL REVENUES (\$M)

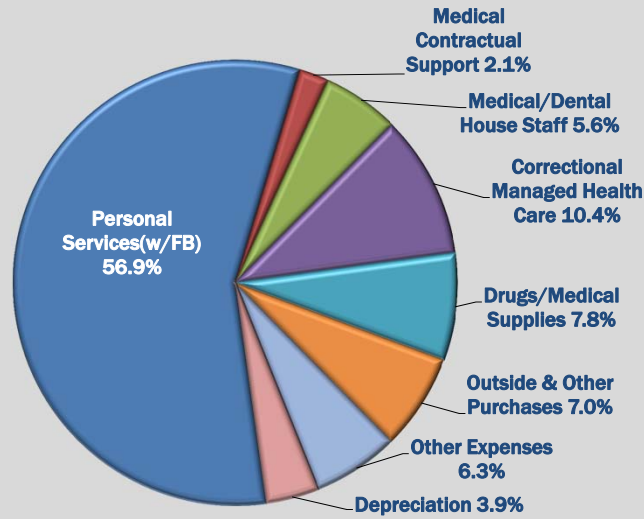
- In FY13, 21.1% of UCHC's budget is State supported, 78.9% comes from other revenues (clinical, research, tuition and philanthropy)

■ State Support ■ Tuition & Fees ■ Auxillaries ■ All Other Revenues

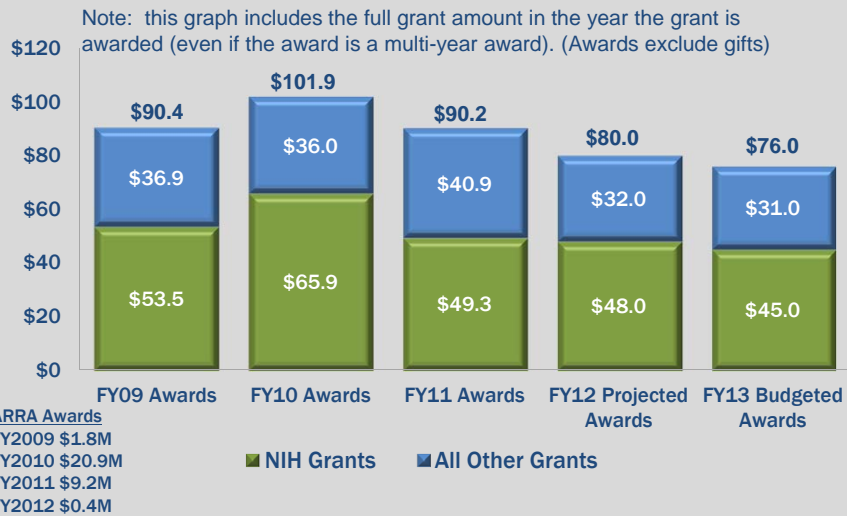




FY13 EXPENDITURE BUDGET BY MAJOR CATEGORY - \$825.0M



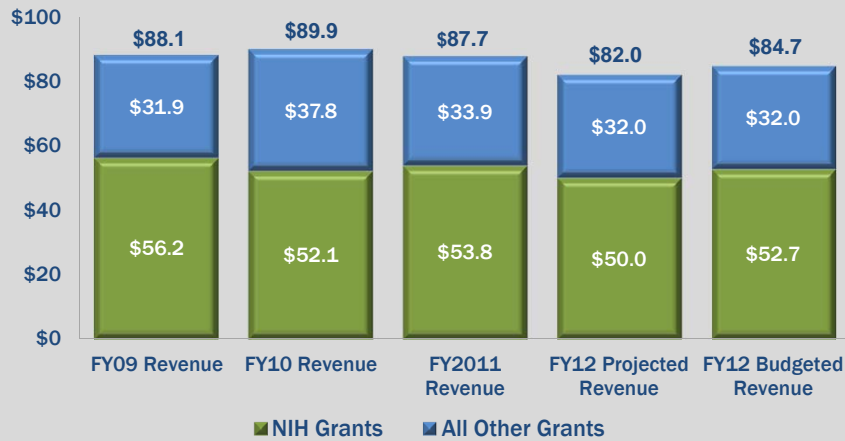
RESEARCH AWARDS (\$M)





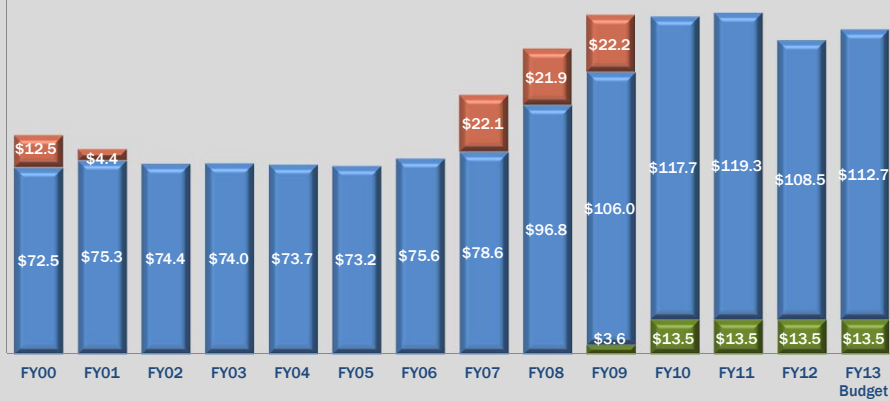
RESEARCH REVENUE RECOGNITION (\$M)

Note: Research Revenue includes indirect cost recovery



STATE APPROPRIATION (\$M)

■ JDH Fringe Benefit Differential ■ State Appropriation ■ Deficit Appropriation



Not adjusted to account for \$20M transferred from the UCHC Medical Malpractice Trust Fund to the General Fund in FY10 and FY11.



INFORMATION TECHNOLOGY

- Data Center Rescue
- Disaster Recovery
- Network Master Plan (wired)
- SecureU
- End User Services
- Identity and Access Management
- Decision Support System (Data Warehouse)



UConn 2000 PROGRAM STRUCTURE

- Project list in law
- Annual bond caps
- Authority delegated to Board of Trustees
- University administers program
- Semi-annual reports to Governor & General Assembly (Book 34)
- Annual audit



BOARD OF TRUSTEES PROCESS

- General capital plan
- Annual project list & supplemental indenture
- Submit list to Governor
- List triggers expenditure plan
 - Projects >\$500K approved at Planning, Design, Final stages by Financial Affairs Committee
- Program & planning adjustments via phasing schedule & indenture changes are ongoing



UCONN 2000 CAPITAL PROGRAM

- 23 year program: \$2.73B state debt service commitment
 - Phase I & II: \$962M (FY 1996-2005)
 - Phase III: \$1.77B (FY 2005-2018): Storrs=\$1.0B, UCHC=\$767M
- \$1.7B (Storrs=\$1.48B, UCHC=\$250M) authorized to date in bonds with state debt service commitment for 99 projects
- \$189.2M in special obligation bonds authorized to date to be repaid by the University for 9 projects
- Remaining bond authorization for FY13 - FY18 is \$1.0B (Storrs=\$484M, UCHC=\$517M)



FY13 CAPITAL PROGRAM

- **Program & planning adjustments due to limited resources**
 - Better defined scopes lead to larger projects
 - Escalation environment & market conditions
 - Re-prioritizing existing DM projects / utilization of prior year reserves
 - Focus on critically important infrastructure repair and replacement projects
- **FY13 Capital Budget**
 - \$143M UCONN 2000
 - \$36.1M UCHC Capital

QUESTIONS ?