



# Board of Trustees

FY16 Budget Presentation

June 24, 2015

**UConn**

# Key Principles

- Protect excellence and the core academic and research enterprise
- Commitment to financial aid
- Ensure budgets are aligned to our top priorities
- In a period of constrained resources, hard choices have to be made

# FY15 Update

- Project FY15 to end with small gain of \$2.6M
- Balanced budget despite multiple State rescissions by:
  - Careful review of all positions prior to hiring
  - Operational efficiencies
  - Elimination of specific positions
  - Cuts in operational spending

# FY16 Spending Plan

## FY16 Spending Plan for Storrs and Regional Campuses

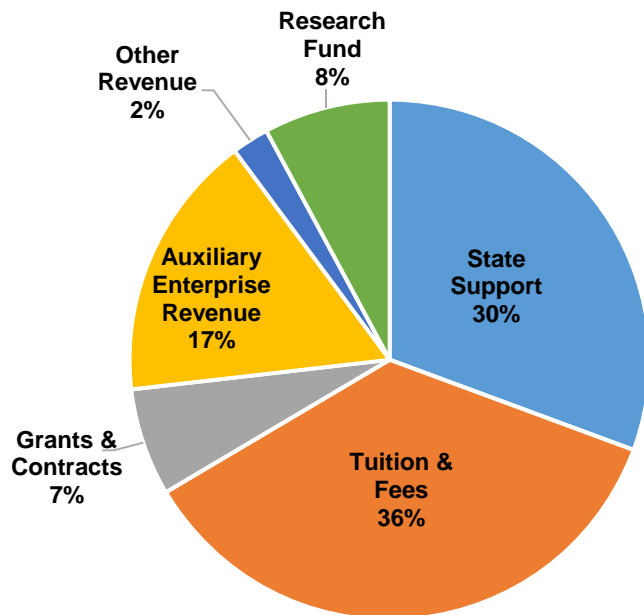
<b>Revenues:</b>		
	State Support	\$396.7
	Tuition	346.8
	Fees	117.4
	Grants & Contracts	86.5
	Sales & Service Education	18.4
	Auxiliary Enterprise Revenue	215.7
	Other Revenue	11.3
<b>Total Operating Funds</b>		<b>\$1,192.8</b>
	Research Fund	101.8
<b>Total Revenues</b>		<b>\$1,294.6</b>

<b>Expenditures:</b>		
	Personal Services	\$507.8
	Fringe Benefits	259.3
	Other Expenses	208.2
	Energy	24.5
	Equipment	3.9
	Student Financial Aid	146.5
	Debt Service/Projects	38.0
<b>Total Operating Funds</b>		<b>\$1,188.2</b>
	Research Fund	104.2
<b>Total Expenditures</b>		<b>\$1,292.4</b>

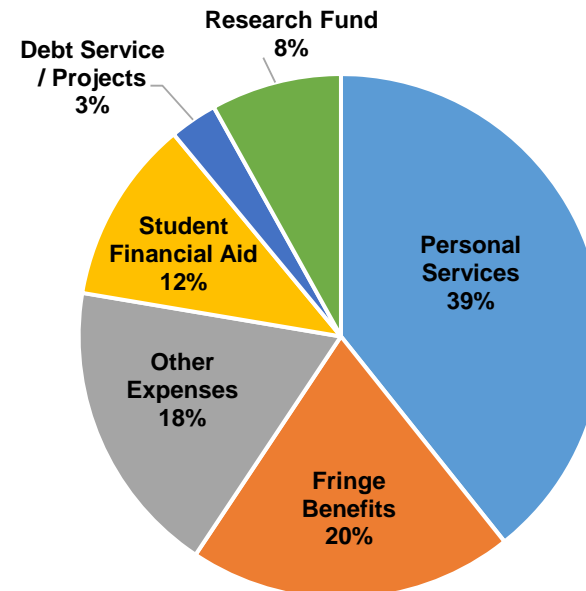
<b>Net Gain / (Loss)</b>		<b>\$2.2</b>
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# FY16 Revenue and Expenses

Revenues: \$1,294.6 M



Expenses: \$1,292.4 M



# FY16 Budget Gap

Operating Budget (\$M)	FY16
FY16 State Request	\$258.9
FY16 State Appropriation	243.2
Appropriation Reduction	(\$15.7)
Fringe Reduction	(9.4)
Workers' Compensation Claims	(3.1)
Total Reduction (including fringe)	(\$28.2)

During FY16, an additional \$26.9M is at risk due to lapses, a 1.5% additional rescission authority requested by the Governor and the 5% rescission authority already granted to the Governor.

# Budget Gap

Budget gap strategies to balance FY16:

- **Finance, Operations & President**

- Facilities/Residential Life operational efficiencies
- Slower staff hiring – any new position must be approved by the EVP and President
- Elimination of positions vacated due to resignation, retirement, etc.
- Selective layoffs

- **Provost**

- Slower faculty hiring – any new position must be approved by Provost and President
- Selected rescissions to academic departments and programs

# Challenges

- Have strategies in place to balance FY16 budget
- For FY16, State support was reduced and concerned about lapses and mid-year rescissions
- There are many unknowns in FY17:
  - State support, including NextGenCT
  - Tuition rates must be set and approved for FY17 and beyond
  - Collective bargaining (SEBAC ends in FY16)
  - Fringe rates continue to rise



# Capital Budget Plan

UCONN 2000 FY16 Capital Budget Request: \$312.1M

- UConn Storrs & Regional Campuses
  - Master Plan complete
  - NextGenCT projects underway: STEM Residence Hall, Monteith, Putnam, Hartford Campus, Engineering & infrastructure repairs
  - Phasing plan adjusted to match authorizations to spending needs
- UConn Health
  - Bioscience CT ambitious goals already being realized; projects proceeding on-time
    - Phasing plan adjusted to defer scope in hospital and lab building

# FY16 Capital Budget

UConn (\$M)		UConn Health (\$M)	
Deferred Maintenance	\$40.1	Deferred Maintenance	\$3.2
Engineering, Fine Arts, Gant	35.9	Equipment	4.2
Equipment	22.9	Main Building Renovation	9.1
Hartford Campus Relocation	33.6	New Construction & Renovation	91.2
Residential Life Facilities	71.9		
<b>Total</b>	<b>\$204.4</b>	<b>Total</b>	<b>\$107.7</b>



# UConn Health Update

**UConn** HEALTH

# FY15 Update

- Approved budget was \$12.5M loss; forecast to lose \$2.1M (\$10.4M improvement)
- Patient revenue projected to be \$14.4M or 3.6% over budget
- Position/hiring management oversight saved \$16.5M in salary and fringes
- BRG initiatives achieved and exceeded in FY15
- Outpatient pavilion opened mid-year
- Bioscience on time and on budget

# FY16 Operating Budget

<b>Revenues:</b>		
State Support		\$ 233.2
Tuition & Fees		22.6
Research Grants and Contracts		78.7
Interns and Residents		64.6
Net Patient Care		445.8
Correctional Managed Health Care		92.4
Other Income		49.7
<b>Total Revenues</b>		<b>\$ 987.0</b>

<b>Expenses:</b>		
Salary Expense		\$ 385.1
Fringe Benefits		203.3
Medical/Dental House Staff		69.8
Correctional Managed Health Care		92.4
Outside & Other Purchased Services		88.3
Drugs/Medical Supplies		76.8
Other Expenses		38.4
Debt Service		10.5
Depreciation		38.3
<b>Total Expenses</b>		<b>\$ 1,002.9</b>
<b>Net Gain/(Loss)</b>		<b>\$ (15.9)</b>

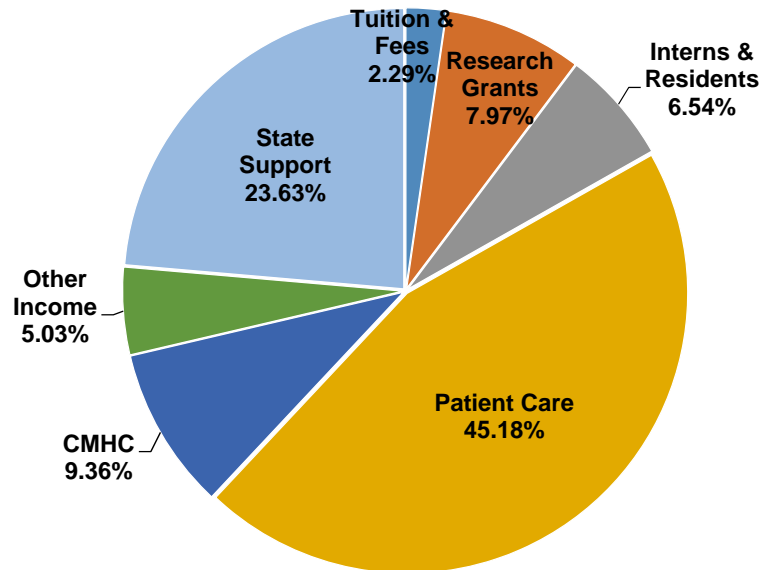
# FY16 Spending Plan

## FY16 Spending Plan for UConn Health

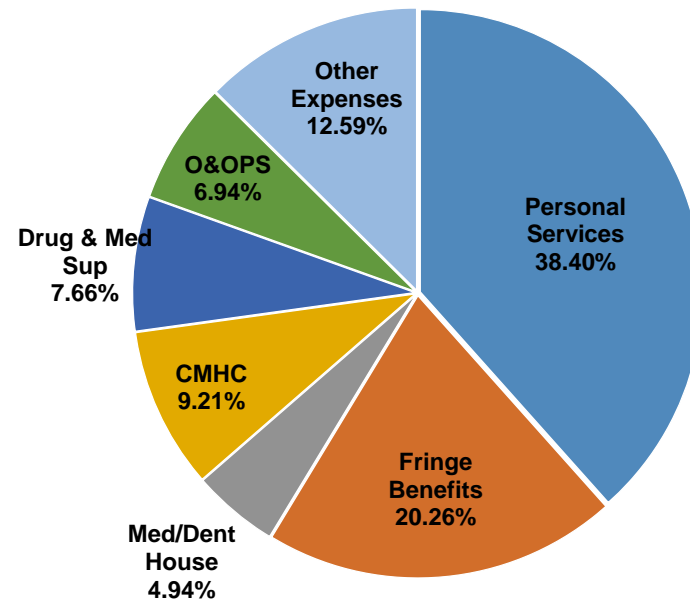
<b>Total Operating Revenue</b>		\$ 753.7	<b>Total Operating Expenses (less depreciation)</b>	\$ 964.6
State Support		233.2	Current Approved Capital Projects	2.2
			Working Capital Needs	2.0
Restricted Balances:			FY 2016 Capital Spending	13.2
Use Allowance		6.3	Use Allowance	6.3
State Bond Funds		29.4	State Bond Funds	28.8
Departmental /Grant Funds		1.0	Departmental /Grant Funds	1.0
			Principal Payment on Debt	5.5
<b>Total Available for Spending</b>		\$ 1,023.6	<b>Total Spending Plan</b>	\$ 1,023.6
			<b>Net Gain/(Loss)</b>	-

# FY16 Revenues and Expenses

Revenues: \$987.0M



Expenses: \$1,002.9M



# Challenges

- Reduction in State support
- DSS/Medicaid payment reductions
- Contractual increases
- Fringe benefit rate increases
- Outpatient Pavilion – full year of facility costs, depreciation and debt
- New Hospital tower opens last quarter



# Financial Risks

- Payor mix and volume
- Provider based reimbursement
- Medicaid reimbursement
- Outpatient Pavilion facility costs – minimal historical data
- New Hospital opening last quarter of FY16
- Hybrid Plan employee conversion – SAG award – IRS determination letter
- Mid-year appropriation rescissions
- Electronic Health Record bonds