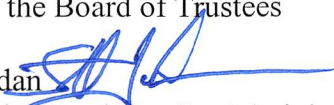


June 27, 2018

TO: Members of the Board of Trustees

FROM: Scott A. Jordan   
Executive Vice President for Administration and Chief Financial Officer

RE: Spending Plan for Fiscal Year 2019 for the University of Connecticut, Storrs and Regional Campuses

RECOMMENDATION:

That the Board of Trustees approve the Spending Plan for Fiscal Year 2019 of \$1,367.5 million for the University of Connecticut, Storrs and Regional Campuses.

BACKGROUND:

The Operating Budget for Fiscal Year 2019 includes \$1,367.5 million of revenue to cover \$1,367.5 million of expenses. The University is presenting a balanced budget for FY19, despite continued pressures resulting from a declining State block grant and increased fringe benefit costs.

On May 15, 2018, the Governor signed the FY19 State budget bill, which included a block grant of \$190.6 million (\$346.8 million with fringe reimbursement and adjustments) for UConn. We are grateful to the State legislature and Governor for their continued support of UConn and recognize the ongoing financial constraints on the State of Connecticut. However, this level of State funding is approaching a 20-year low. In addition to the reductions already realized in FY19's block grant, UConn is at risk for an additional 5% or \$9.5 million (\$16.3 million with fringe) of cuts as part of the Governor's rescission authority should the State budget dip into deficiency during FY19. State support, which consists of both the block grant and fringe reimbursement, is critical to the University.

UConn has continued to manage its budget closely to account for these reductions in State Support as well as rising fringe benefit costs. To address the shortfalls, UConn has implemented strategic cuts to units across campuses, made judicious hiring decisions, created operational efficiencies including reorganization of various administrative areas, raised tuition as part of our four-year tuition plan and implemented a new three-year rate plan on housing and dining. This additional revenue is necessary for UConn to balance our budget, but the increase in tuition, room and board rates affects our students and their families.

It is important to note that despite reductions in State funding, UConn has made significant gains in improving academic quality in recent years. This includes being ranked as the 18<sup>th</sup> top public university in *U.S. News and World Report* with outstanding SAT scores among members of our freshmen classes as well as high school class rankings.

In spite of ongoing fiscal struggles, UConn will continue to focus on protecting academic excellence, providing strong student support, and supporting the research mission of the University. To support our students, UConn continues, despite financial challenges, to increase our financial aid budget, with need-based aid at 18.0% of tuition and overall student financial aid of \$183.9 million, or 15% of our operating budget.

In recent years, UConn has made significant gains and improved academic quality on every metric and we stand committed to maintaining and enhancing our academic excellence whenever possible in support of our students and the state of Connecticut. UConn success is vital to the success of the State of Connecticut. UConn educates the State's future leaders and pioneers innovation in new products and start-up businesses through excellent research and broad educational opportunities.