June 26, 2019

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 2020 for the University of Connecticut, Storrs and Regional Campuses

RECOMMENDATION:

That the Board of Trustees approve the attached Spending Plan for Fiscal Year 2020 of $1,463.6 million for the University of Connecticut, Storrs and Regional Campuses.

BACKGROUND:

The Operating Budget for Fiscal Year 2020 includes $1,444.0 million of revenues to cover $1,463.6 million of expenses. This projected structural deficit of $19.6 million will require the University to use additional salary savings from attrition and fund transfers from prior budgeted projects and other initiatives. With these actions, the University presents a balanced budget for FY20, despite continued pressures resulting from a relatively flat State block grant and increased fringe benefit costs.

The Governor and General Assembly have reached an FY20 budget agreement that includes a block grant of $200.4 million ($371.5 million with fringe reimbursement and adjustments) for UConn. We are grateful to the Governor and General Assembly for their continued support of UConn and recognize the ongoing financial constraints on the State of Connecticut. UConn is at risk for an additional 5% or $10.0 million ($18.5 million with fringe) of cuts as part of the Governor’s rescission authority should the State budget dip into deficiency during FY20. State support, which consists of both the block grant and fringe reimbursement, is critical to the University.

Fringe benefit expenses are continuing to rise and the costs are unsustainable. A large portion of the fringe costs consists of the unfunded pension and retiree health liabilities, allocated by the State. In FY20, UConn estimates that it will pay $31 million towards these liabilities from its non-state revenues such as tuition, room and board fees and research grant revenue.
UConn has continued to manage its budget closely to account for these rising fringe benefit costs. To address the shortfalls, UConn has implemented strategic cuts to units across all campuses, created operational efficiencies including reorganization of various administrative areas, and raised tuition in the final year of our four-year tuition plan. This additional revenue is necessary for UConn to balance its budget, but the increase in tuition, room and board rates affects our students and their families.

Despite financial challenges UConn continues to focus on protecting academic excellence and providing strong student support. The proposed budget again increases our financial aid budget, with need-based aid at 17.0% of tuition and overall student financial aid of $194.7 million, or 13% of our operating budget.

UConn stands committed to maintaining and enhancing our academic excellence in support of our students and the State of Connecticut. UConn’s success is vital to Connecticut’s success.
## University of Connecticut, Storrs & Regional Campuses
### Spending Plan for Fiscal Year 2020

#### Revenues:

<table>
<thead>
<tr>
<th>Revenue Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Block Grant</td>
<td>200,354,783</td>
</tr>
<tr>
<td>Fringe Benefits &amp; Adjustments</td>
<td>171,137,667</td>
</tr>
<tr>
<td>Total State Support</td>
<td>$ 371,492,450</td>
</tr>
<tr>
<td>Tuition</td>
<td>443,285,281</td>
</tr>
<tr>
<td>Fees</td>
<td>146,491,718</td>
</tr>
<tr>
<td>Grants &amp; Contracts</td>
<td>86,115,720</td>
</tr>
<tr>
<td>Foundation/Endowment</td>
<td>21,700,000</td>
</tr>
<tr>
<td>Sales &amp; Service Education</td>
<td>23,719,375</td>
</tr>
<tr>
<td>Auxiliary Enterprise Revenue</td>
<td>218,267,321</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>14,928,662</td>
</tr>
<tr>
<td><strong>Total Operating Funds</strong></td>
<td><strong>$ 1,326,000,527</strong></td>
</tr>
<tr>
<td>Research Funds</td>
<td>118,022,233</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>$ 1,444,022,760</strong></td>
</tr>
</tbody>
</table>

#### Expenditures:

<table>
<thead>
<tr>
<th>Expenditure Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Wages</td>
<td>$ 521,663,003</td>
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<tr>
<td>Fringe Benefits</td>
<td>318,739,597</td>
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<tr>
<td>Other Expenses</td>
<td>234,152,739</td>
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<tr>
<td>Energy</td>
<td>20,653,493</td>
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<tr>
<td>Equipment</td>
<td>25,539,813</td>
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<tr>
<td>Student Financial Aid</td>
<td>194,683,696</td>
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<tr>
<td>Debt Service/Projects</td>
<td>31,114,756</td>
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<tr>
<td><strong>Total Operating Funds</strong></td>
<td><strong>$ 1,346,547,097</strong></td>
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<tr>
<td>Research Funds</td>
<td>117,078,950</td>
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<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>$ 1,463,626,047</strong></td>
</tr>
<tr>
<td>Net Gain/(Loss)</td>
<td>($ 19,603,287)</td>
</tr>
<tr>
<td>Fiscal Improvement</td>
<td>$ 19,603,287</td>
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<tr>
<td>Final Net Gain/(Loss)</td>
<td>$ (0)</td>
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</tbody>
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