




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

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