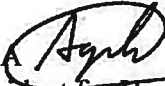


# UConn HEALTH

DATE: June 26, 2019

TO: Members of the Board of Trustees

FROM: Andrew Agwunobi, MD, MBA   
CEO and Executive Vice President for Health Affairs

RE: Proposed Spending Plan for Fiscal Year 2020 for UConn Health

## RECOMMENDATION:

The University Board of Trustees approve the attached Spending Plan for Fiscal Year 2020 of \$1,240.9 million for UConn Health.

## BACKGROUND:

The FY20 Spending Plan includes \$1,233.8 million of revenue, including estimated state support of \$295.5 million, to cover \$1,240.9 million in expenses and transfers, yielding a net loss of \$7.1 million.

A primary driver of the anticipated FY20 net loss is the allocation by the State to UConn Health of the State of Connecticut's legacy unfunded pension and health care liabilities. These state legacy unfunded liabilities are a component of the employee fringe benefit rates that the state charges UConn Health, making these rates excessively high. State unfunded pension and retiree health liabilities account for more than 54% of the state pension fringe benefit rates. In FY20, UConn Health estimates that it will be charged nearly \$55 million by the state to cover these unfunded legacy liabilities; after accounting for the additional funding of \$33.2 million allocated to UConn Health for FY20 in the recently-passed state biennial budget, UConn Health will need to pay the state the remaining \$21.5 million attributable to these unfunded liabilities out of its non-state funds.

UConn Health will institute lapses valued at \$7.1 million during FY20 by implementing savings in expenses and/or new or increased revenue opportunities, and will periodically report to the Board on the status of those efforts. With such lapses, UConn Health hereby presents the Board with a balanced FY20 Spending Plan.

# UConn HEALTH

	<b>FY2020</b>
(\$M)	<b>Proposed Budget</b>
State Support Salary	\$ 128.2
State Support Fringe	134.0
Additional State Support	33.2
<b>Total State Support</b>	<b>\$ 295.5</b>
Tuition and Fees	28.6
Grants and Contracts	91.1
Interns and Residents	73.1
Net Patient Revenue	568.1
Other Revenue	169.2
<b>Total Operating Fund</b>	<b>\$ 1,225.6</b>
<b>Research and Restricted Funds</b>	<b>8.3</b>
<b>Total Current Funds Revenues</b>	<b>\$ 1,233.8</b>
Salary and Wages	443.4
Fringe Benefits	306.1
Drugs and Medical Supplies	112.8
Other Expenses	352.9
Debt Service and Projects	17.5
<b>Total Operating Fund</b>	<b>\$ 1,232.6</b>
<b>Research and Restricted Funds</b>	<b>8.3</b>
<b>Total Current Funds Expenditures</b>	<b>\$ 1,240.9</b>
<b>Current Funds Loss</b>	<b>(7.1)</b>
Lapses	7.1
<b>Net Gain/(Loss)</b>	<b>(0.0)</b>