

UConn HEALTH

Appropriations Committee Testimony

Dr. Bruce Liang

Interim CEO and Executive Vice President for Health Affairs of UConn Health,
Dean UConn School of Medicine

February 15, 2023

I am Dr. Bruce Liang, the Interim Chief Executive Officer and Executive Vice President for Health Affairs of UConn Health, and Dean of the UConn School of Medicine. Joining me today is Jeff Geoghegan, Executive Vice President for Finance and Chief Financial Officer for UConn and UConn Health.

I would like to start by thanking each of you for your leadership, dedication and support. I would also like to thank the Governor, Secretary Beckham, and others in the administration who continue to work closely with UConn Health.

Attached to my testimony is a packet of information about UConn Health for your review – it will provide you information on who we are and our budget requests.

I would like to take the time to provide you with an overview of UConn Health, the state's only public academic medical center: UConn Health is a vibrant, high-performing public asset for the state of Connecticut. Thanks in large part to your leadership and investment, UConn Health generates \$3.1 billion in overall economic benefit to the state. In addition to this economic impact in dollars, UConn Health contributes over 13,000 jobs to the state economy and is the single largest provider of physicians and dentists in the state. UConn Health has a unique inter-dependent tripartite mission-Education, Research/Innovation, and Clinical care, and I appreciate the opportunity to share this with you today.

Education: UConn Health ensures access to top-quality health care services for Connecticut citizens by training the state's future physicians, dentists, and scientists. UConn Schools of Medicine and Dental Medicine are affordable top-rated options for the sons and daughters of Connecticut. At 655 students, we have maintained the 30%

increase in class sizes delivering on the promise of the Bioscience Connecticut Initiative - our programs and our students are thriving.

UConn Health is the single largest source of medical and dental professionals in this state. 62% of the Dental School trainees and 65% of the Medical School trainees stay in the state after graduating from the Schools and their residency programs.

The School of Medicine is a state leader in building and developing a healthcare provider pipeline for Connecticut through the Department of Health Career Opportunity Programs, and the Aetna Health Professions Partnership Initiative. The School of Medicine ranks 23 among public medical schools for diversity and the School of Dental Medicine has been recognized by the American Dental Education Association for achievements in the recruitment and matriculation of underrepresented minority students.

We have 793 Resident doctors – these are medical and dental students who have graduated and are now in specialty training - providing patient care in local hospitals and 29 communities across the state. The medical residency program brings in over \$143.5 million in federal funds to the state (and area hospitals) to support their salaries and training.

We also have over 368 PhD and Masters students in our Graduate school - individuals who graduate and contribute to research, science, public health service, and the Connecticut economy.

Research, Innovation and Small Start-Ups: The state, through Bioscience Connecticut, made strategic investments in UConn Health and the region to generate long-term, sustainable economic growth based on bioscience research, innovation, entrepreneurship and commercialization. As a result, UConn Health research awards are strong at more than \$120 million each year.

Our Center on Aging recently received a \$7 million National Institute on Aging (NIA) Claude D. Pepper Older Americans Independence Center award solidifying our standing in the field as now being part of a nationwide network of just 15 Pepper Centers in the country to help older Americans maintain or restore their independence. The Center also received a \$1.4 million award to serve as a lead institution to establish an NIA Geoscience Education and Training Network as a complementary “sister” network to the NIA Translational Geroscience Network.

The research and innovation being conducted on our campus not only impacts the state economy, importantly it has the potential to help thousands and eventually millions of people. Among the highlights are UConn Health researchers in our world-renowned Glycogen Storage Disease Program are testing gene therapy and mRNA technology as a

cure for patients born with the rare, life-threatening liver disorder; our experimental medication therapy could help heal the brain after being damaged by a stroke; newly invented synthetic artificial stem cells could someday heal and regenerate injured joints and tissue; and even an innovative 3-D printed breast prosthetic for breast cancer patients is already benefitting cancer survivors.

Further, our collaboration with Jackson Laboratory-Genomic Medicine is strong with joint grant submissions that have resulted in \$115.0 million in awards with another \$55.0 million pending. Our biotechnology startup incubator in Farmington is at capacity with 38 companies that have raised \$125 million in equity and other funding last year, and have paid \$2.8 million in taxes. Our faculty are developing new therapies for brain and heart attacks, spine and bone disorders, precision-guided neurosurgery, and new vaccine therapies for triple negative breast cancer, to name a few.

Dr. Tim Shannon, a UConn School of Medicine graduate, and the founder and CEO of Arvinas, is Chairman of publicly traded Arvinas (IPO 2018) and Ideaya Biosciences Inc. (IPO 2019), and is a Director at RallyBio (IPO 2021).

State-of-the-Art Clinical Care: I urge anyone who has not seen and experienced care at UConn Health to visit us. Our clinical services are gaining national recognition for providing care with new approaches and technologies that other hospital facilities are not able to provide in the state or region. Our faculty teach and mentor students and resident doctors for not only their clinical but also scholarly and research training. This is what academic medical centers do. Without them the Schools would be at risk. In addition to delivering top quality clinical care, our faculty carry out cutting edge research such as gene therapy for rare disease.

Clinical revenue at UConn Health has had **unprecedented growth** for more than a decade with steady annual increases in patient volumes (except in FY2020 due to COVID's impact). This means, since the state's investment in Bioscience CT in **2010 to this current fiscal year, UConn Health's clinical revenue is expected to more than double from \$326 million to \$752.2 million.**

Public Mission: As the state's only public academic medical center, part of UConn Health's responsibility and mission is to leverage our workforce, research, and clinical knowledge to be a key resource to the state when needed. This is a responsibility we take very seriously.

UConn Health is the major safety-net care facility providing timely access for underserved populations who depend on us for treatments for both inpatient and outpatient services that are provided at levels not supported by most other private entities. These services include specialty surgery (spine, orthopedic surgery, neurosurgery, cardiac surgery and vascular surgery), painful-inherited red blood cell disorder sickle cell

disease, childbirth, and mental health care and operation of the state's Poison Control Center. As a result, we have patients from every one of the 169 cities and towns in the state. Of these patients, one in four are Medicaid recipients. The School of Dental Medicine is the single largest provider of dental care to the uninsured and underinsured in the state.

Most recently, our very own, UConn Health practitioner, Marina Creed, led the construction and distribution of "Corsi-Rosenthal Boxes", which remove virus-carrying aerosols from the air, into public school classrooms across central Connecticut. The boxes are an uncomplicated combination of easily obtained supplies that can be assembled in minutes. The components- a box fan, pleated air filter panels, cardboard and duct tape; add up to less than it costs to travel to Washington, D.C., where Creed presented members of the Biden administration's Office of Science and Technology Policy (OSTP) a Do it Yourself (DIY) air purifier by the UConn Health team and Hartford school children. During the height of the Covid-19 pandemic, Creed led the initiative to collaborate with Hartford public schools to help create the boxes for classroom use.

Strong Fiscal Stewardship: With extensive cost reductions, revenue enhancements and strategic growth initiatives, unlike other state agencies who receive 100% of their funding from the state, UConn Health receives only 26% of its revenues from the state to support its public mission of education, research, and caring for the citizens of Connecticut, particularly the underserved.

State Budget Request:

Where does UConn Health's funding come from? UConn Health receives 26% of its \$1.6 billion annual budget from the state; 52% from patient care revenues and pharmacy; 8% from research revenues and the remainder from other sources including tuition.

UConn Health's budget request for FY24 & FY25: includes three items- maintaining state block grant funding, funding the annualized cost of the existing SEBAC collective bargaining increases for all our employees and providing legacy cost relief.

Maintain Block Grant Funding: While the state covers 100% of all other state agencies salary costs, the state does not cover the salaries of all our employees. The General Fund block grant covers approximately 29% of total employees' salaries (block granted employees). We are requesting the state block grant be funded at \$150.6M, which includes an increase over the adopted budget (\$133.7M) to reflect the annualized cost of the existing SEBAC wage agreements in the amount of \$16.9M. The FY25 request is \$152.9M, which also includes an increase due to the annualized cost of existing SEBAC wage agreements in the amount of \$19.2M.

Fund Collective Bargaining Increases for All Our Employees: at \$64M, which includes the annualized cost of the existing SEBAC wage agreements for the remaining 71% of the remaining salaries of our employees whose salaries are paid for through UConn Health's self-generated revenues, eg. clinical care, research grants, outside contracts and tuition revenues (non-state block granted employees).

To be clear, UConn Health is a strong proponent of ensuring that our workforce is fairly compensated and respects the fact that the SEBAC agreement was arrived at through negotiations between the state and the combined collective bargaining units. We are in favor of pay increases for our workforce, not against them. The state, via the SEBAC agreement, made financial commitments to our workforce. We are asking that the state honor those commitments.

Provide State Unfunded Legacy Cost Relief: While the state covers 100% of the fringe costs for most other state agencies' employees, UConn Health (like the other higher education constituent units) is required to fully fund the fringe costs for the majority of our employees – for the 71% that are not funded by the state block grant. Primarily due to the state's legacy unfunded pension and healthcare liabilities, these costs have increased at alarming and unsustainable rates.

In fact, the state's fringe benefit rates are over 70% versus an average of approximately 26% compared to other area hospitals, with the majority of the difference being attributable to these unfunded legacy costs. As you know, these are costs we can no longer cover for the state. We are grateful the state has recognized this and has covered these legacy costs for UConn Health over the past two fiscal years. The Governor's proposed budget does not include this funding in the biennium. UConn Health is requesting ongoing legacy cost support in the amount \$62.6M.

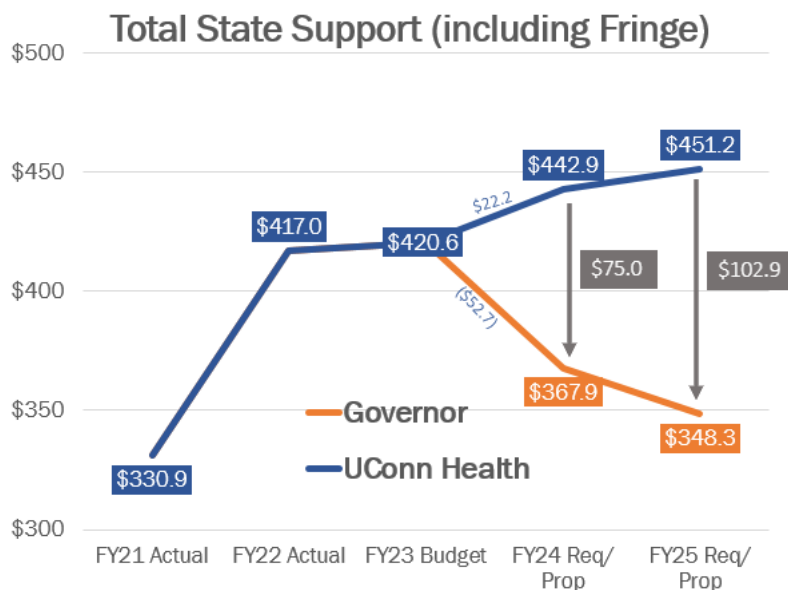
We are very thankful the Governor's proposal attempts to address the ongoing legacy cost burden placed on higher education units. However, the proposal does not provide relief in terms of our overall budget, as it is budget neutral to the state and it cuts our block grant by \$39.8M, cancelling out any potential fiscal benefit.

The Governor's proposal, if enacted would leave UConn Health with a shortfall from what we requested in the amount of \$75.0M in FY24 and \$102.9M in FY25.

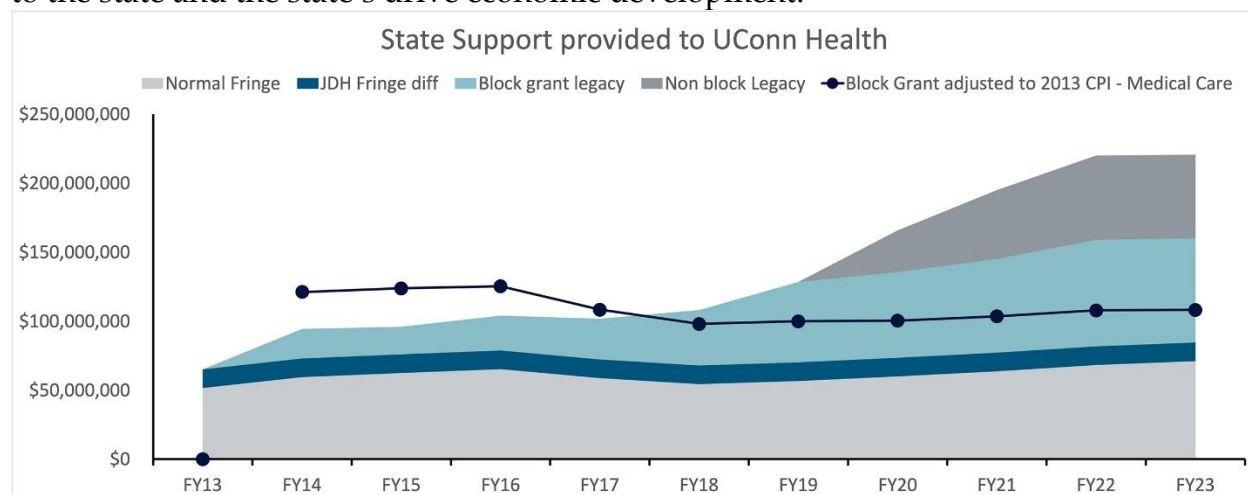
The Governor's budget proposal also recommends combining the UConn and UConn Health state funding into one budget. The university believes in and has been practicing a "One UConn" model for years with respect to shared services between campuses. We have no issue with this as long as UConn and UConn Health remain as two separate budgeted line items. We believe combining the two budgets would have serious implications for our students and patients, and the university opposes this recommendation. It threatens to create situations and scenarios where UConn is urged

or mandated to use funds generated by and intended for the Storrs and regional campuses to, for example, fund unrelated costs at UConn Health in Farmington, or vice versa.

The chart below details UConn Health's request vs. the Governor's proposal.



In conclusion, UConn Health supports the Governor, OPM, and the legislature's efforts to prepare a budget for the state that is fair and equitable. We are working hard to do our part to be good stewards of taxpayer funds. We have implemented more than \$116M in cost reductions and revenue enhancements over the past five years even in view of the fact that inflation-adjusted block grant has not increased while fringe cost driven by the legacy cost has continued to increase in the last 10 years-please see graph. We will continue to do more. We remain committed to maintaining our public mission to the state and the state's drive economic development.



Thank you very much for your consideration of my testimony today and your leadership on these important issues. I am happy to answer any questions you may have.

Appropriations Committee Agency Budget Presentation

Dr. Radenka Maric, President



Week of Welcome move-in day, August 26, 2022.

STUDENTS FIRST, EXCELLENCE ALWAYS, HUSKIES FOREVER

February 15, 2023
1:30 p.m. UConn
2:30 p.m. UConn Health

UConn

Who We Are

**We are Connecticut's
land grant public
university**

**We exist to serve the
State of Connecticut
and its citizens**

We Are

**UConn
NATION**

EST.  1881

What We Do

- We promote economic mobility and equity of access to a college education
- We educate Connecticut's professional workforce
- We drive economic development by supporting businesses, discovery and innovation, and entrepreneurship
- We promote the public health and wellbeing

UConn

UConn By the Numbers

24,076

UNDERGRADUATE STUDENTS

8,020

GRADUATE & PROFESSIONAL
STUDENTS

8,571

FIRST GENERATION
STUDENTS

2,173

FACULTY MEMBERS

71%

OF ALL STUDENTS ARE
CONNECTICUT RESIDENTS

15,649

STUDENTS RECEIVING
SCHOLARSHIPS/GRANTS

6,579

STAFF MEMBERS

169

CT TOWNS REPRESENTED IN
STUDENT BODY

UCONN

UConn is in Demand

Demand for a UConn education is strong, and the quality of the first-year student class is highly competitive

47,000+

Applications for the incoming 2023 freshman class

173

Valedictorians and salutatorians Storrs & Regionals

Applications at all campuses have increased **342%** since fall 1996 and **66%** since 2011.

1315 mean SAT* scores Storrs Campus entering first-year students for fall 2022

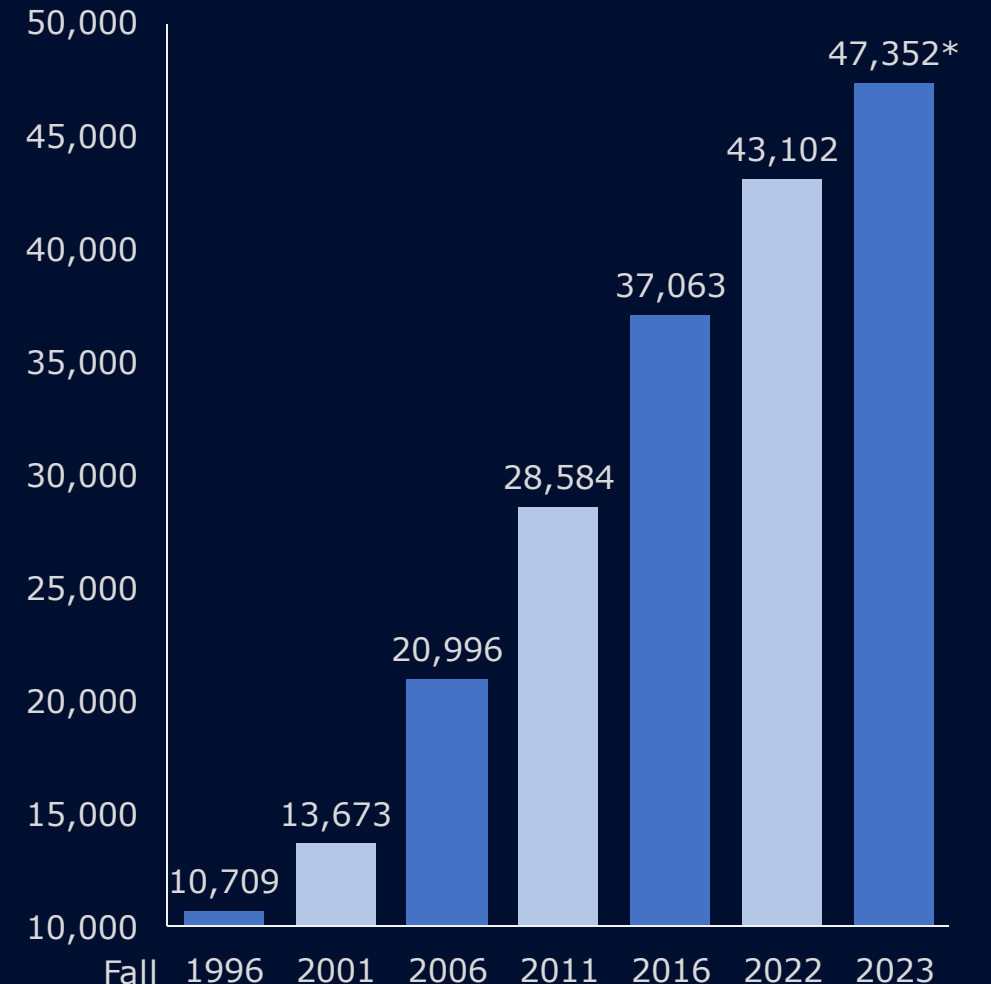
1050
National
mean SAT

1025
Connecticut
mean SAT

UConn

*SAT Data: Standardized test average represents students who elected to submit test scores as part of their application materials.

Total Applications Storrs and Regional Campuses



*As of 1/30/23

UNDERGRADUATE FIRST DESTINATION

2021
to
2022

\$59,900

Average yearly starting salary for UConn graduates, higher than the national average

Positive Outcomes Rate
as of 6 months post-graduation

90%

percentage of
graduates who fall
into the categories
below

59%

Employed

30%

Continuing Education

<1%

Serving in the U.S.
Armed Forces

<1%

Participating in
Volunteer Service

<1%

Other

In-State Grads
Staying in CT

Out-of-State Grads
Staying in CT



69%

of employed in-state graduates work in CT

19%

of employed out-of-state graduates work in CT



77%

of in-state enrolled graduates are at CT institutions

37%

of out-of-state enrolled graduates are at CT institutions

Top Employers of UConn Grads

- Aetna
- Amazon
- Cigna
- CVS Health
- Deloitte
- Ernst & Young LLP
- General Dynamics Electric Boat
- Hartford Healthcare
- KPMG
- Pratt & Whitney
- PricewaterhouseCoopers
- Raytheon Technologies
- The Hartford
- Travelers
- Yale New Haven Hospital
- Yale University

UConn

Economic Mobility of UConn Graduates

13

UConn RANK IN MOVING
STUDENTS FROM LOWEST TO
HIGHEST INCOME QUINTILE

Tier 1

ECONOMIC MOBILITY RATING
AMONG TOP 20%

\$1.2 million

RETURN ON INVESTMENT OF A
UConn BACHELOR'S DEGREE OVER
A 40-YEAR CAREER

47%

CHANCE A STUDENT HAS TO
MOVE FROM LOWEST TO
HIGHEST INCOME QUINTILE

27%

SHARE OF STUDENTS WHO RECEIVE
PELL GRANTS

\$568,000

RETURN ON INVESTMENT OF A
UConn BACHELOR'S DEGREE OVER
THE FIRST 20 YEARS OF CAREER

SOURCE: NEW YORK TIMES, JAN 18, 2017

SOURCE: THIRD WAY "RATING COLLEGES BY
ECONOMIC MOBILITY"

SOURCE: GEORGETOWN UNIVERSITY "RANKING
ROI OF 4,500 US COLLEGES AND UNIVERSITIES"

UConn

Connecticut's Intellectual Engine

Our graduates serve Connecticut communities

62% of School of Dental Medicine
graduates practice in Connecticut

35% of School of Medicine graduates
practice in Connecticut, making
UConn the largest single provider of
medical professionals in the State

53% of CT's Engineering workforce
are UConn graduates

UConn



Some of many professions
impacted by UConn graduates

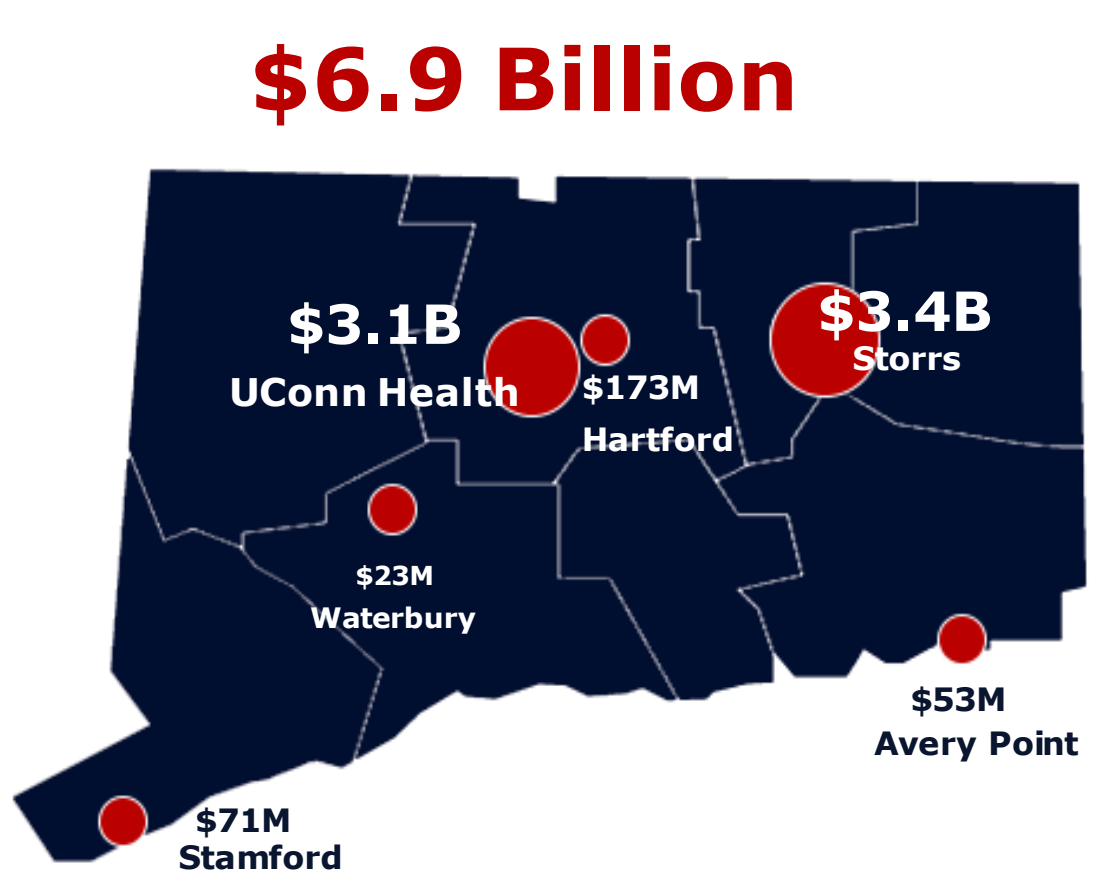
Enrollment
Fall 2022

**Degrees
Awarded**
2021-2022

Doctors School of Medicine	453	101
Dentists School of Dental Medicine	202	49
Nurses School of Nursing	973	365
Engineers School of Engineering	4413	974
Teachers & Educators Neag School of Education	877	503
Social Workers School of Social Work	387	196
Lawyers School of Law	552	218
Pharmacists School of Pharmacy	597	151

In addition to the professions listed in the table, UConn supplies graduates in many other areas, such as business, agriculture, conservation, counseling, public policy, speech and hearing, family sciences, human health, that are important to CT's future.

UConn's Impact On Connecticut



UConn

Note: Economic impacts include direct, indirect, and induced spending effect. FY 2022 data.



UConn Supports Economic Development through Industry Collaboration and Innovation

INSTITUTE OF MATERIALS SCIENCE INDUSTRIAL AFFILIATES PROGRAM

Organizations served, past 3 years

160 companies
10 universities and scientific/
technical organizations,
such as Yale and CCAT

SCHOOL OF ENGINEERING SENIOR DESIGN

Organizations supported, past 3 years

310+ companies
55+ government, municipal,
and nonprofit organizations

INDUSTRIAL PARTNERSHIP BUILDING | TECHPARK

Companies served, past 3 years

69 companies, including:
54 small and medium
enterprises (SMEs)

TECHNOLOGY INCUBATION PROGRAM

Companies served

71 current
103 past five years



Connecticut Small Business Development Center

Supporting Community Development

Support Provided in the Past Three Years:

Businesses served

9,378 companies

54,669 jobs supported

Non-COVID-19 Capital Access Assisted

\$189.9M

COVID-19 Capital Access Assisted

\$124.7M

Minority-owned businesses served

3,606 \$24.3M capital accessed

Women-owned businesses served

6,502 \$110.5M capital accessed

New Business Startups supported

521

Clients trained

4,231

UConn





UConn Serves our Community

15th Connecticut Mission of Mercy Free Dental Clinic



1000+

Patients Served

800+

Volunteers,

including

190+

UConn dentists, doctors,
pharmacists, nurses, and
other professionals, students,
and trainees



UCONN

Commercialization & Company Creation

UConn's programs support IP and new venture development and incubator startups. This drives research and innovation success, leading to technology commercialization, the creation of new companies and jobs, and economic growth in Connecticut.

25 Patents issued

91 Invention disclosures



Ashley Kalinauskas, '12 (CAHNR), founder and CEO of Torigen Pharmaceuticals at TIP

UConn

Support IP
Development

New Venture
Development

Incubate
Startups

UConn TIP:
Technology Incubation
Program

\$183 M

Funds Raised by TIP Companies
FY 2022

516

TIP Company Employees

71

Companies in TIP

15%

Of TIP Companies
are Women Owned

Four Big Challenges Facing Our World

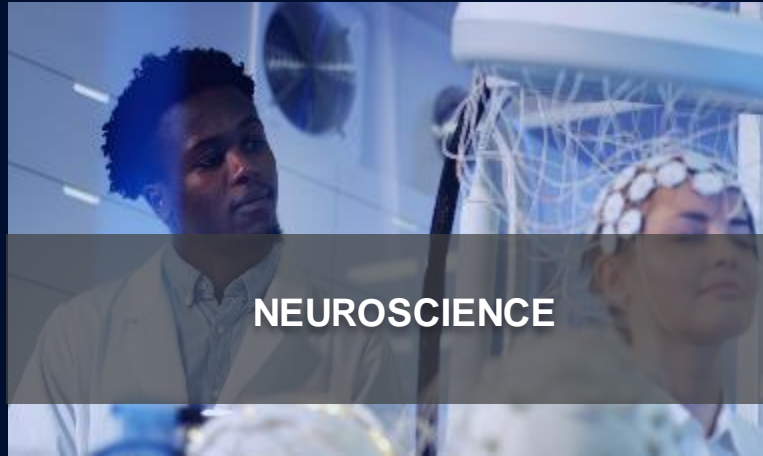
- Food security
- Climate change
- Human rights
- Health disparities

Our community is addressing these challenges through education, research, and innovation



UConn students and faculty members at the United Nations climate conference in Egypt, November 2022

Areas of Research Strength and Priority



Research Awards in FY22

\$316.6M

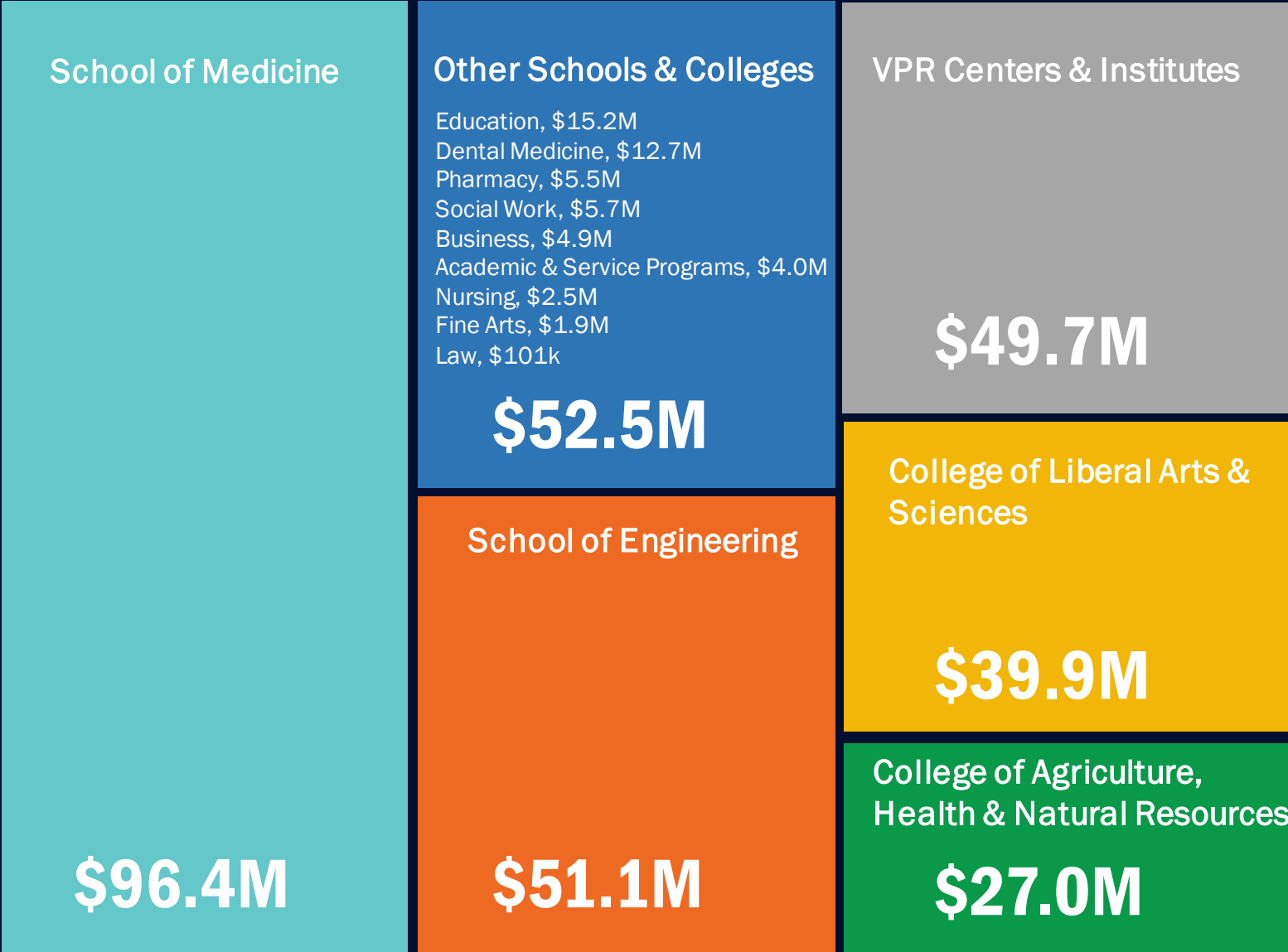
Total Awards

By Campus



UConn

By School and College



UConn Health: Connecticut's Only Public Academic Medical Center



EDUCATION

School of Medicine
School of Dental Medicine
Graduate School



PATIENT CARE

John Dempsey Hospital
UConn Medical Group
University Dentists



BIOMEDICAL SCIENCES AND RESEARCH



RESIDENCY TRAINING

Graduate Medical Education
Graduate Dental Education

UConn Health Tripartite Mission



UConn

UConn Health Video 2022:

<https://www.youtube.com/watch?v=waLNvm4cXNk>

UConn is CT's leading provider of specialty services to Medicaid recipients and of dental services to Medicaid recipients and the under- and uninsured

UConn

UConn Health: An Essential Healthcare Provider for CT's Underserved Citizens

UConn John Dempsey Hospital

24%

Medicaid inpatient days as a percentage of total inpatient days

UConn Medical Group

24%

of visits were Medicaid patients

UConn Dental Clinics

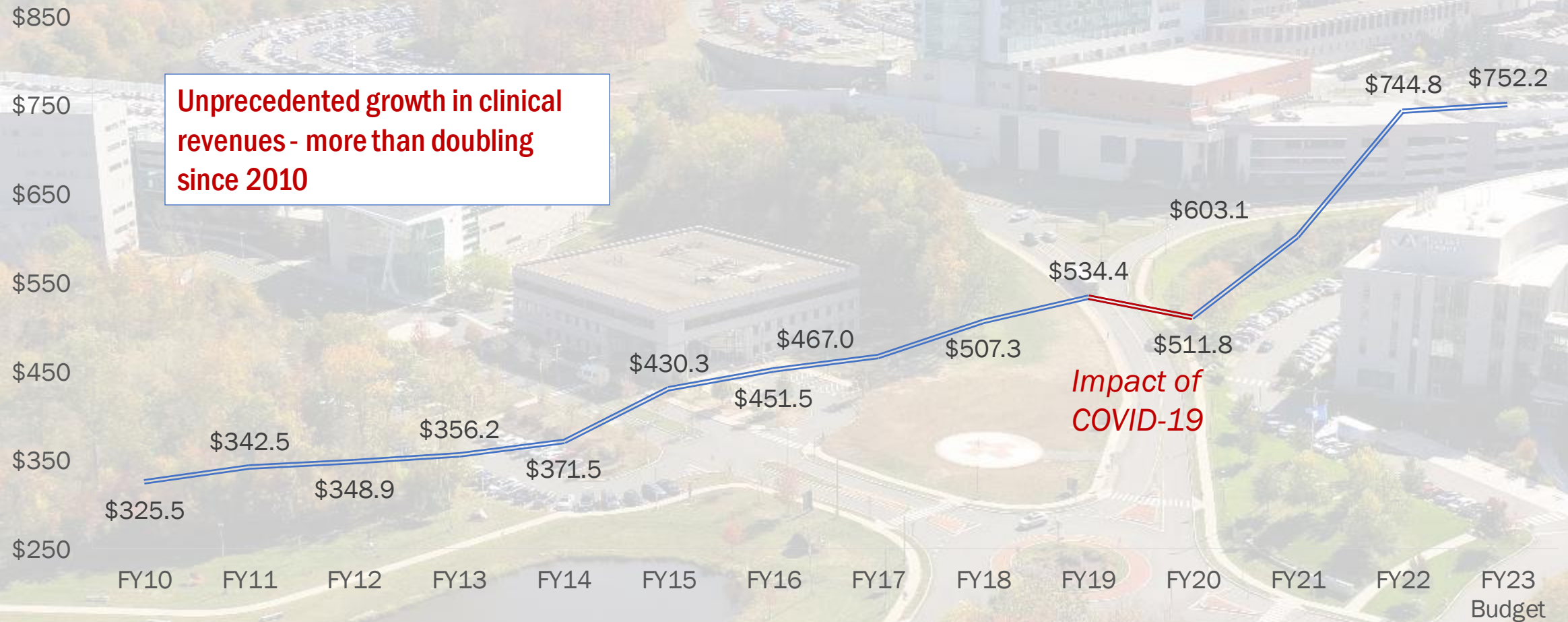
56%

of patient visits to the UConn Health Dental Clinics are Medicaid clients (locations in Farmington, West Hartford and Storrs)



UConn Health Net Patient Revenue

JDH, UMG, DENTAL CLINICS AND SPECIALTY PHARMACY



A photograph of a Black woman in a blue graduation gown and cap, smiling and waving her right hand. She is standing in front of a microphone. In the background, a large, diverse crowd of people is visible, some wearing masks. The UConn logo is partially visible in the bottom left corner of the image.

Uniquely UConn: Goals to Advance our Mission and Vision

- Prepare all students for success in their life journeys by providing outstanding academics, experiential learning opportunities, and financial literacy training in an environment that prioritizes student wellness and community service.
- Agilely adapt to societal challenges and opportunities by providing education for the jobs of today and those of the future that currently do not exist, for example in quantum materials and computers.
- Exceed a 90% graduation rate for undergraduates.
- Build to \$500 million annual research expenditures from \$302 million in 5-7 years.
- Build endowment from \$592 million in 2022 to \$1 billion in 8 years.
- Achieve carbon neutrality at UConn by 2030 and carbon zero by 2040.

LEGISLATIVE PRIORITIES

UConn



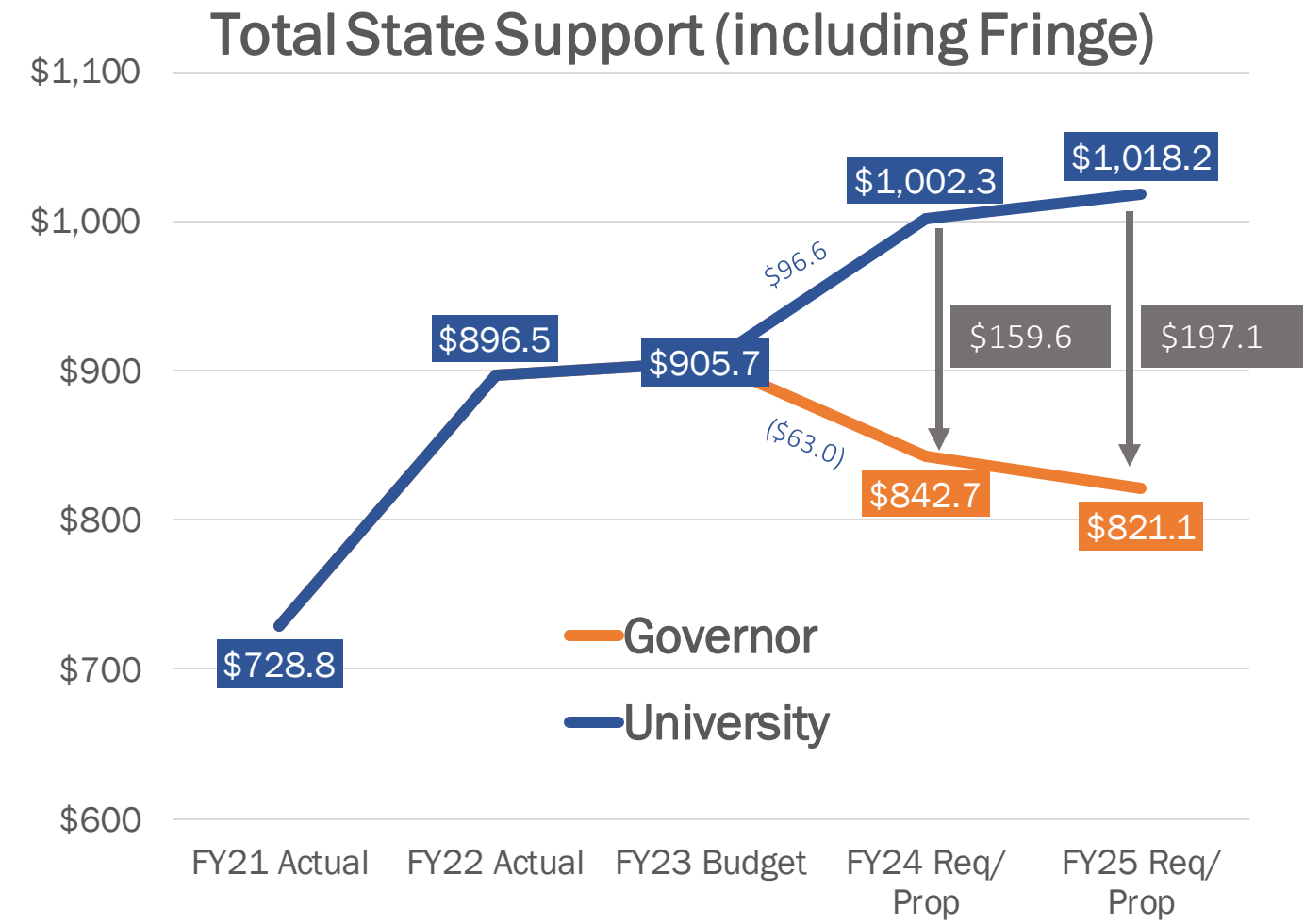
UConn & UConn Health FY24–FY25 Biennium Requests

- Maintain block grant funding
- Fund collective bargaining increases for all employees
- Provide legacy cost relief

Biennium Requests	UConn	UConn Health	Total
Base	\$208.2	\$133.7	\$341.9
Block Grant CBI	29.9	16.9	46.8
Base + Block Grant CBI	\$238.1	\$150.6	\$388.7
Non-Block Grant CBI	50.6	64.0	114.6
Legacy Costs	46.1	62.6	108.7
Other*	3.2		3.2
FY24 Operating Request	\$338.0	\$277.2	\$615.2
FY24 Total w/In-Kind Fringe	\$559.4	\$442.9	\$1,002.3
FY25 Operating Request	\$341.8	\$281.7	\$623.5
FY25 Total w/In-Kind Fringe	\$567.0	\$451.2	\$1,018.2

*Other: CIRCA-Connecticut Institute for Resilience & Climate Adaptation,
CVMDL-Connecticut Veterinary Medical Diagnostic Laboratory, Vets

UConn & UConn Health Request vs. Governor Proposal



	University Request		Governor Proposal	
	FY24	FY25	FY24	FY25
Base	\$341.9	\$341.9	\$281.7	\$281.7
Block CBI	46.8	50.6	43.2	49.0
Non-Block CBI	114.6	114.6	73.6*	36.8*
Legacy	108.7	113.2		
Other	3.2	3.2		
Total Operating	\$615.2	\$623.5	\$398.6	\$367.5
Total w/Fringe	\$1,002.3	\$1,018.2	\$842.7	\$821.1
Shortfall (including in-kind Fringe)			\$159.6	\$197.1

CBI=Collective Bargaining Increase
*Governor’s proposal utilizes one-time ARPA funding



UConn & UConn Health

FY24–FY25 Biennium Request & Proposal

State Budget Summary	Appropriation			Agency Requested						Governor Recommended			% Diff Gov- App FY23
	FY23			FY24			FY25			FY24	FY25	% Diff Gov- App FY23	
	UConn	UCH	Total	UConn	UCH	Total	UConn	UCH	Total				
Operating Expenses	207.8	133.3	341.1	237.7	150.2	387.9	239.2	152.5	391.7	324.6	330.3	56.2%	-4.8%
IMRP/AHEC	0.4	0.4	0.8	0.4	0.4	0.8	0.4	0.4	0.8	0.4	0.4		
General Fund Total	208.2	133.7	341.9	238.1	150.6	388.7	239.6	152.9	392.5	325.0	330.7	56.1%	-4.9%
CF Funding	24.5	42.8	67.3										
ARPA	39.2	72.7	111.9							73.6	36.8		
Sub-Total	271.9	249.2	521.1	238.1	150.6	388.7	239.6	152.9	392.5	398.6	367.5	46.6%	-23.5%
EBV (Vets)	0.2		0.2										
RSA	21.7	14.3	36.0										
Non-GF Wage Increases				50.6	64.0	114.6	50.6	64.0	114.6				
Legacy Costs				46.1	62.6	108.7	48.4	64.8	113.2				
Other				3.2		3.2	3.2		3.2				
Total	293.8	263.5	557.3	338.0	277.2	615.2	341.8	281.7	623.5	398.6	367.5		-28.5%
In-Kind Fringe	191.3	157.1	348.4	221.4	165.6	387.1	225.2	169.5	394.7	444.1	453.6		
Grand Total	485.1	420.6	905.7	559.4	442.8	1,002.3	567.0	451.2	1,018.2	842.7	821.1		-7.0%
Change from Prior Year				74.3	22.2	96.6	7.6	8.4	15.9	(63.0)	(21.6)		
Shortfall from Request										(159.6)	(197.1)		

Governor's Fringe Proposal

The State would fund all retirement costs and University would fund all other non-retirement fringe costs*

All Fringe Benefits	Total	Established		Proposed	
		State	University	State	University
Non-Retirement	253.4	117.3	136.0		253.4
Retirement	419.8	242.1	177.7	419.8	
Total	\$673.2	\$359.4	\$313.7	\$419.8	\$253.4
		Change		\$60.4	(\$60.4)

Established Fringe Methodology:

- All employee fringe components are charged as an expense to the University (\$673.2M total fringe benefit expense)
- For Block Grant funded employees, the fringe benefit expenses are reimbursed via in-kind fringe (\$359.4M State-supported share)
- For non-Block Grant employees, the University covers these fringe benefit expenses using their own funds (\$313.7M University-supported share)

Proposed Fringe Methodology:

- Non-Retirement fringe costs for all employees will be the University's financial responsibility (\$253.4M Non-Retirement Fringe Benefit expense)
- Retirement fringe costs will be covered by the State for all employees (\$419.8M Retirement Fringe Benefit expense)

Key takeaways:

The proposed methodology *increases* the State share of fringe costs by \$60.4M

However, to keep the impact neutral to the State Budget, a *decrease* to the University block grant of \$60.4M is proposed

Even though the proposal has the potential to stabilize the fringe rates, it does not provide any relief to the University

*Group Life, Medical insurance, Unemployment, FICA, Medicare



Impact of Governor's Proposed Budget

Potential mitigation options jeopardize our ability to carry out our mission, meet the needs of students, staff and patients, and support Connecticut's economy and communities.

- Impaired ability of UConn to act as an economic driver by serving the needs of businesses across the state
- Increased students' time to graduation (and cost/debt) as there will be fewer faculty and staff to support students
- Negatively effect on student experience through larger classes and fewer of them
- Fewer staff to support clinical care
- May impact access to specialty services for Medicaid patients and the under/uninsured at UConn Health locations
- Decreased affordability: A tuition increase of 19% or \$3,000 per student would be required to cover the Storrs portion of the cut

UConn & UConn Health Have Implemented Extensive Cost Savings and Strategic Growth Initiatives Over the Past Five Years

The implementation of Financial Improvement Plans (FIPs) have saved \$99.0M (UConn) and \$116.2M (UCH) over the last 5 years to help mitigate operating budget deficits, including shortfalls in State funding

Savings (\$M)	UConn	UCH
FY18	\$23.6	\$12.3
FY19	\$9.3	\$25.1
FY20	\$24.4	\$7.0
FY21	\$28.3	\$48.8
FY22	\$13.4	\$23.0
Subtotal	\$99.0	\$116.2
FY23 Target	\$14.5	\$5.0

THANK YOU!



Video: Who We Are
<https://www.youtube.com/watch?v=D0ARkg8Glqw>

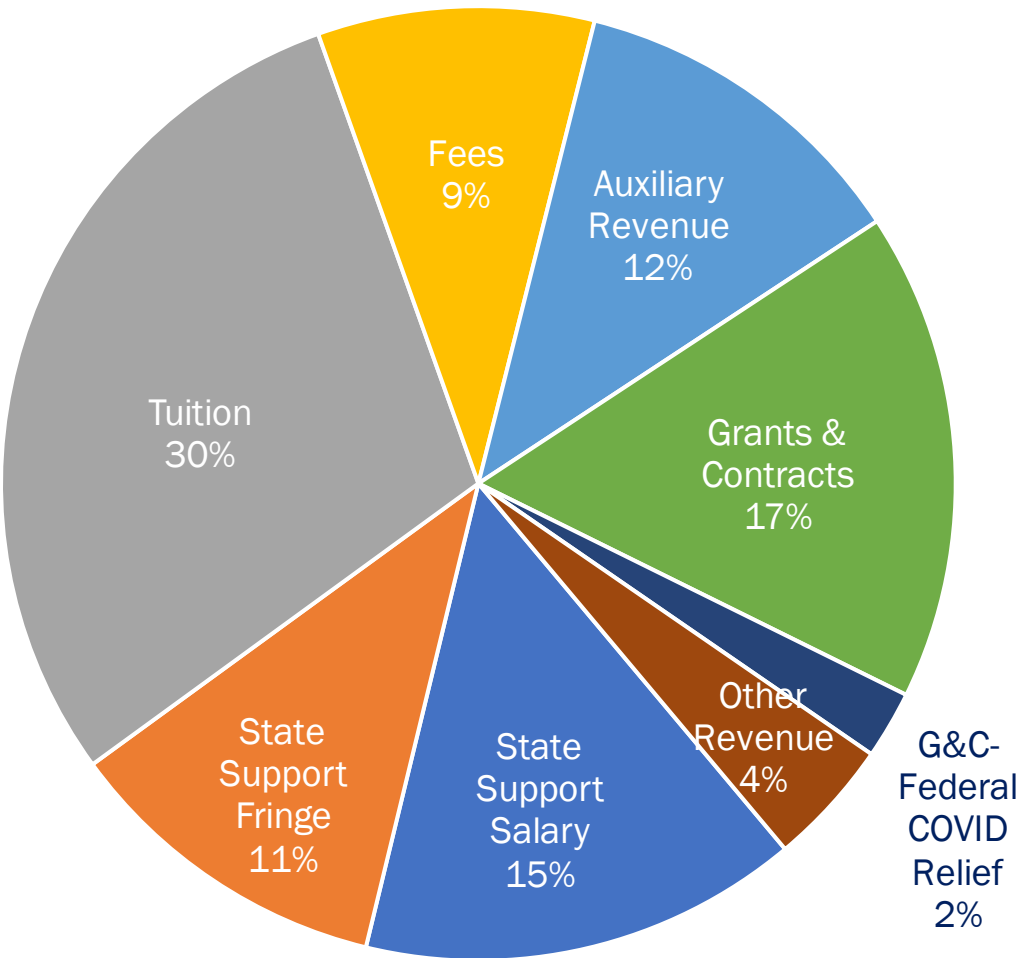


UConn Briefing
<https://bpir.uconn.edu/home/resources/uconn-briefing/>



UConn

FY23 Revenues

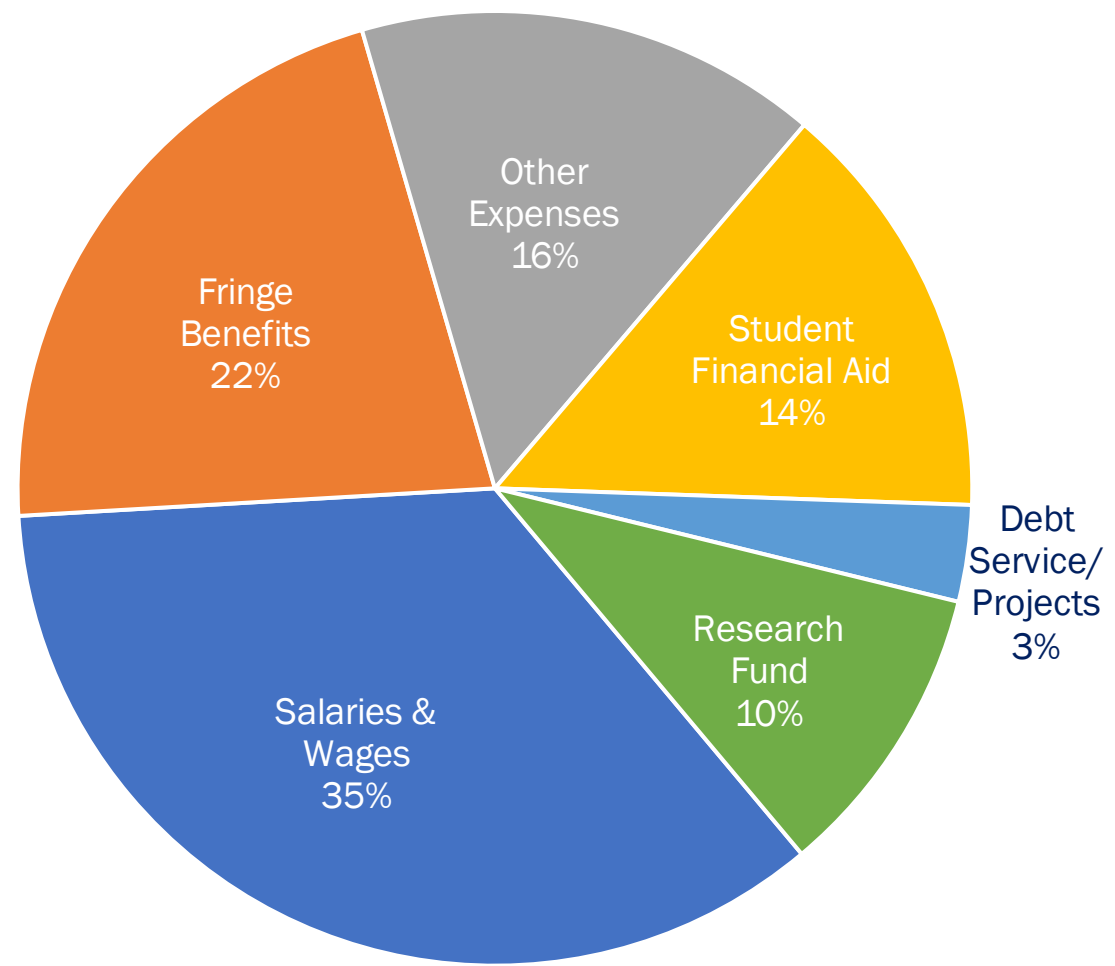


UConn		
State Support Salary	\$ 254.6	26%
State Support Fringe	191.3	
Tuition	505.2	30%
Fees	160.1	9%
Auxiliary Revenue	201.9	12%
Grants & Contracts	283.1	19%
G&C-Federal COVID Relief	39.2	
Other Revenue	73.3	4%
Total Current Fund Revenues	\$ 1,708.7	

51% Of total revenue is funded by students and their families through mandatory tuition and fees, and auxiliaries (e.g. housing and dining)

47% Of total employee salaries are funded by State support

UConn FY23 Expenses

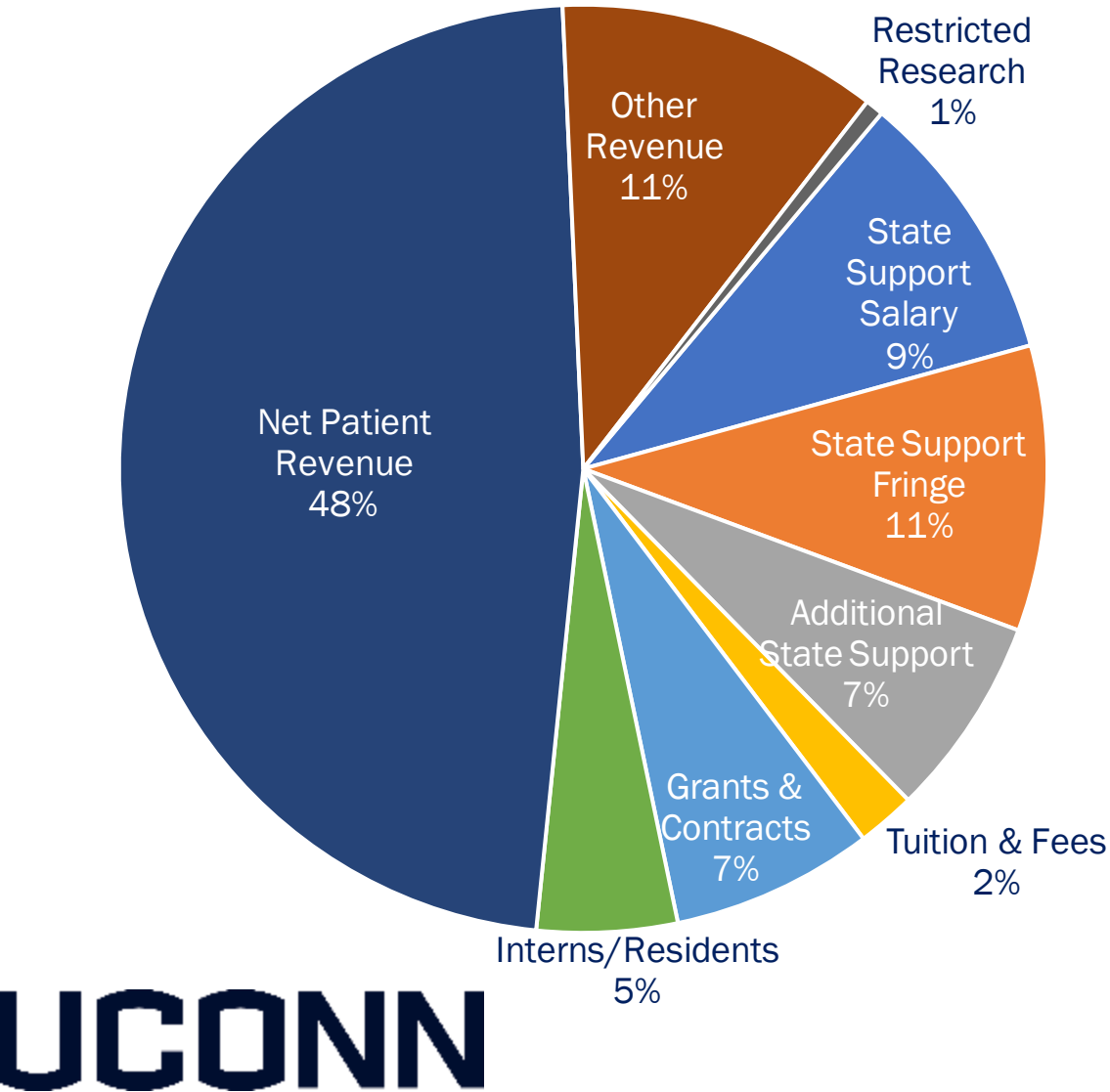


UConn		
Salaries & Wages	\$ 601.3	35%
Fringe Benefits	366.1	21%
Other Expenses	268.6	16%
Student Financial Aid	244.9	14%
Debt Service/Projects	55.8	3%
Research Fund	172.0	10%
Total Current Fund Expenses	\$ 1,708.7	

57% Of total expense is allocated to personnel costs. Student financial aid commitment is strong with a **7%** increase in tuition funded aid.



UConn Health FY23 Revenues

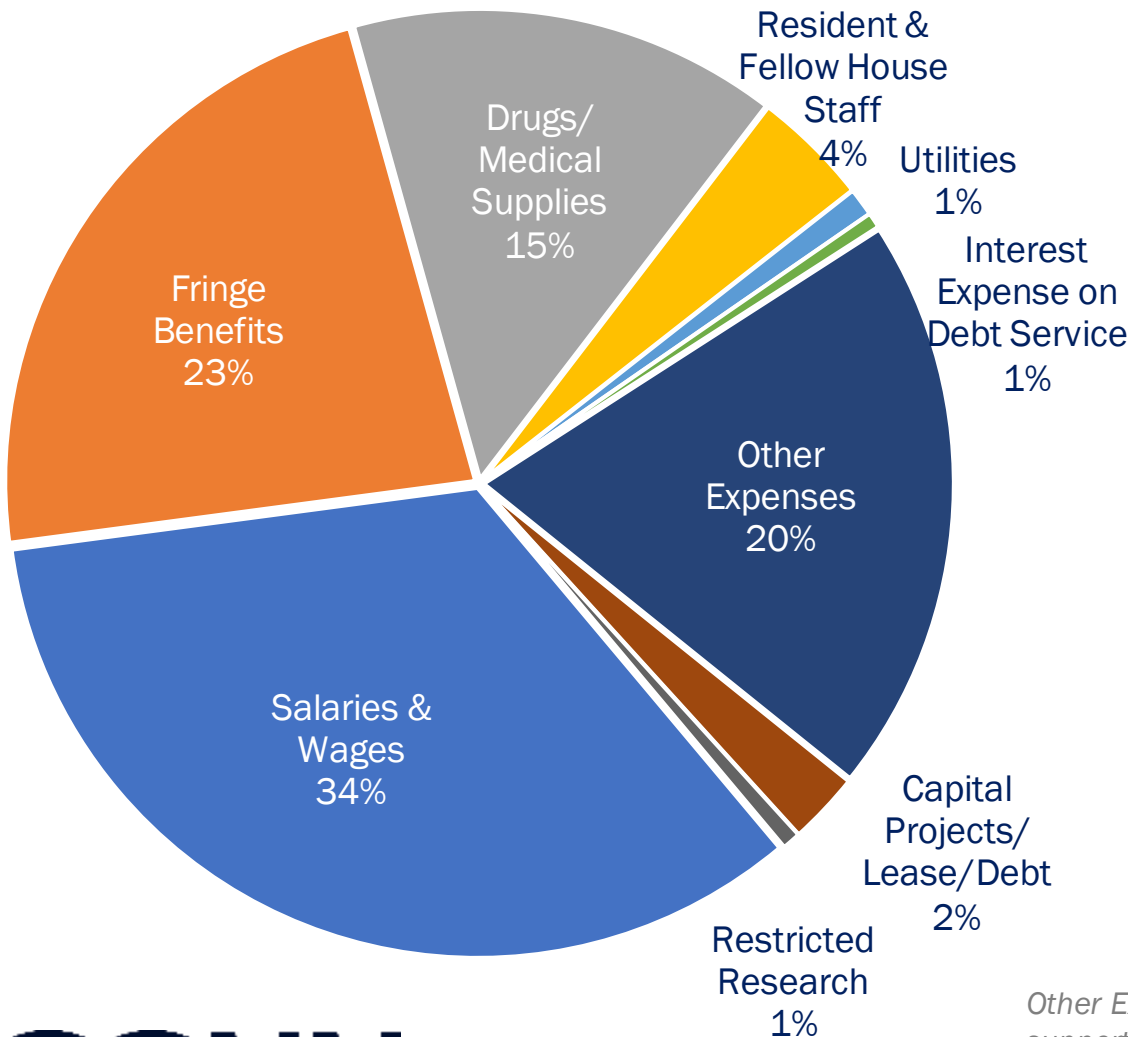


UConn Health		
State Support Salary	\$ 151.5	
State Support Fringe	157.0	27%
Additional State Support	110.4	
Tuition & Fees	32.0	2%
Grants & Contracts	111.2	7%
Interns/Residents	77.2	5%
Net Patient Revenue	752.2	48%
Other Revenue	176.6	11%
Total Operating Fund	\$ 1,568.1	
Research Restricted Funds	10.0	1%
Total Current Fund Revenues	\$ 1,578.1	

48% Of total revenue is funded by patients

29% Of total employee salaries are funded by State support

UConn Health FY23 Expenses



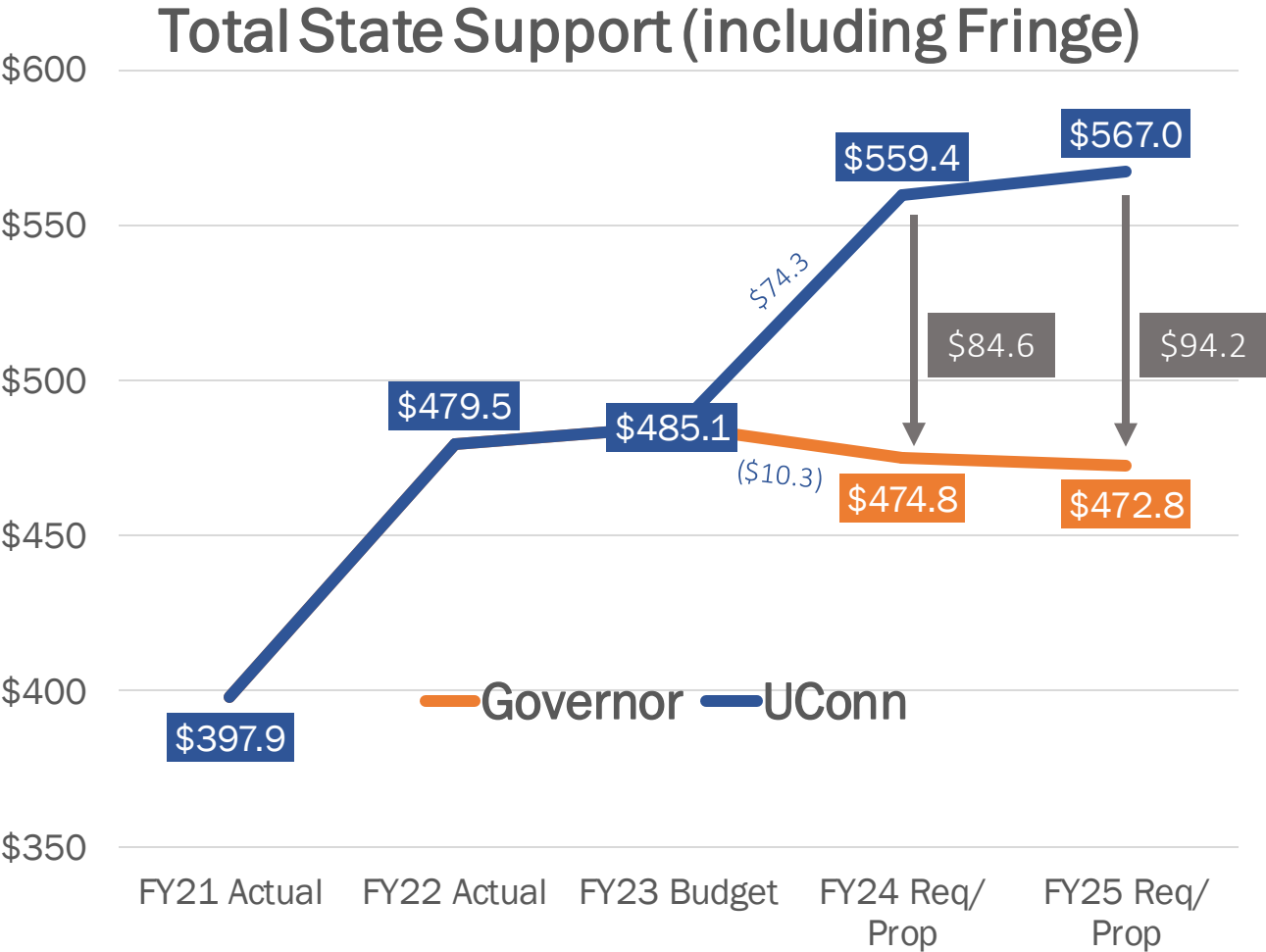
UConn Health		
Salaries & Wages	\$ 536.5	34%
Fringe Benefits	359.3	23%
Drugs/Medical Supplies	232.4	15%
Resident and Fellow House Staff	63.2	4%
Utilities	15.2	1%
Interest Expense on Debt Service	8.3	1%
Other Expenses	313.6	20%
Capital Projects/Lease/Debt Pmts	39.0	2%
Total Operating Fund	\$ 1,567.5	
Research Restricted funds	10.0	1%
Total Operating Expenses	\$ 1,577.5	

57% Of total expense is allocated to personnel costs

Other Expenses includes items such as, medical contractual support, utilities, insurance and repairs/maintenance.



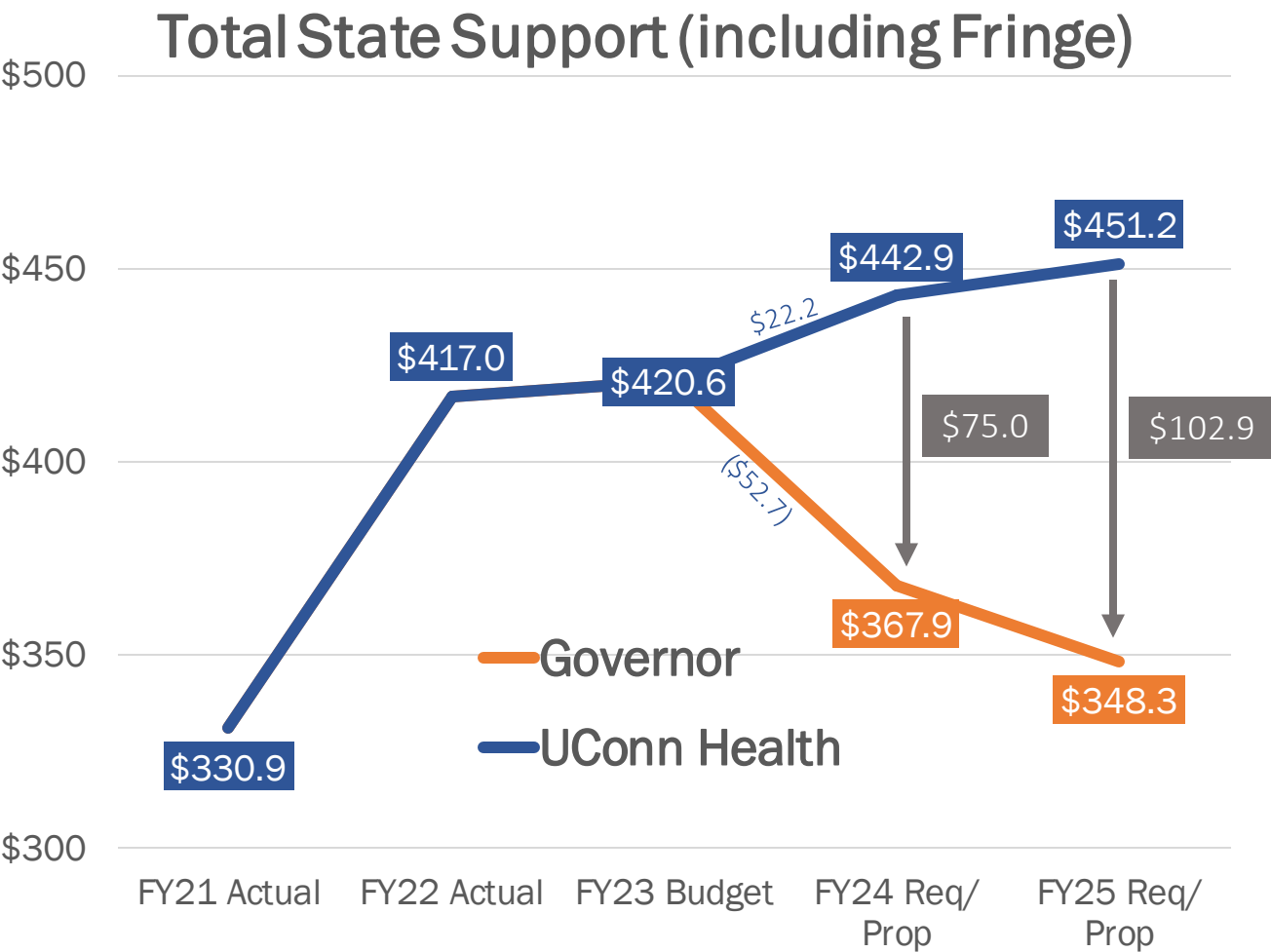
UConn Request vs. Governor Proposal



	University Request		Governor Proposal	
	FY24	FY25	FY24	FY25
Base	\$208.2	\$208.2	\$187.6	\$187.6
Block CBI	29.9	31.4	26.3	29.8
Non-Block CBI	50.6	50.6	22.2*	11.1*
Legacy	46.1	48.4		
Other	3.2	3.2		
Total Operating	\$338.0	\$341.8	\$236.1	\$228.5
Total w/Fringe	\$559.4	\$567.0	\$474.8	\$472.8
Shortfall (including in-kind Fringe)			\$84.6	\$94.2

CBI=Collective Bargaining Increase
*Governor’s proposal utilizes one-time ARPA funding

UConn Health Request vs. Governor Proposal



	University Request		Governor Proposal	
	FY24	FY25	FY24	FY25
Base	\$133.7	\$133.7	\$94.1	\$94.1
Block CBI	16.9	19.1	16.9	19.2
Non-Block CBI	64.0	64.0	51.5*	25.7*
Legacy	62.6	64.8		
Total Operating	\$277.2	\$281.7	\$162.5	\$139.1
Total w/Fringe	\$442.9	\$451.2	\$367.9	\$348.3
Shortfall (including in-kind Fringe)			\$75.0	\$102.9

CBI=Collective Bargaining Increase
*Governor’s proposal utilizes one-time ARPA funding

UConn & UConn Health

FY23 – FY25: Actual/Request/Proposed

UConn & UConn Health	FY23	FY24 Request	FY24 Proposal	Shortfall from Request		FY25 Request	FY25 Proposal	Shortfall from Request	
Base	\$341.9	\$341.9	\$281.7	(\$60.2)		\$341.9	\$281.7	(\$60.2)	
Block Grant CBI	36.0	46.8	43.2	(3.6)		50.6	49.0	(1.6)	
Base + Block Grant CBI	377.9	388.7	325.0	(63.8)	-16%	392.5	330.7	(61.8)	-16%
Non-Block Grant CBI	82.9	114.6	73.6	(41.0)		114.6	36.8	(77.8)	
Legacy Costs	66.8	108.7		(108.7)		113.2		(113.2)	
Other	29.7	3.2		(3.2)		3.2		(3.2)	
Total Appropriation	\$557.3	\$615.2	\$398.6	(\$216.7)	-35%	\$623.5	\$367.5	(\$256.0)	-41%
JDH FB Differential	13.5	13.5		(13.5)		13.5		(13.5)	
In-Kind Fringe	334.9	373.6	444.1	70.6		381.2	453.6	72.4	
Grand Total	\$905.7	\$1,002.3	\$842.7	(\$159.6)	-16%	\$1,018.2	\$821.1	(\$197.1)	-19%
Compared to FY23		\$96.6	(\$63.0)						

UConn

FY23 – FY25: Actual/Request/Proposed

UConn	FY23	FY24 Request	FY24 Proposal	Shortfall from Request		FY25 Request	FY25 Proposal	Shortfall from Request	
Base	\$208.2	\$208.2	\$187.6	(20.6)		\$208.2	\$187.6	(20.6)	
Block Grant CBI	21.7	29.9	26.3	(3.6)		31.4	29.8	(1.6)	
Base + Block Grant CBI	229.9	238.1	213.9	(24.2)	-10%	239.6	217.4	(22.2)	-9%
Non-Block Grant CBI	33.2	50.6	22.2	(28.5)		50.6	11.1	(39.5)	
Legacy Costs	6.1	46.1		(46.1)		48.4		(48.4)	
Other	24.6	3.2		(3.2)		3.2		(3.2)	
Total Appropriation	\$293.8	\$338.0	\$236.1	(\$101.9)	-30%	\$341.8	\$228.5	(\$113.3)	-33%
In-Kind Fringe	191.3	221.4	238.7	17.3		225.2	244.3	19.1	
Grand Total	\$485.1	\$559.4	\$474.8	(\$84.6)	-15%	\$567.0	\$472.8	(\$94.2)	-17%
Compared to FY23		\$74.3	(\$10.3)						

UConn Health

FY23 – FY25: Actual/Request/Proposed

UConn Health	FY23	FY24 Request	FY24 Proposal	Shortfall from Request		FY25 Request	FY25 Proposal	Shortfall from Request	
Base	\$133.7	\$133.7	\$94.1	(39.6)		\$133.7	\$94.1	(39.6)	
Block Grant CBI	14.3	16.9	16.9	0.0		19.2	19.2	0.0	
Base + Block Grant CBI	148.0	150.6	111.0	(39.6)	-26%	152.9	113.3	(39.6)	-26%
Non-Block Grant CBI	49.7	64.0	51.5	(12.6)		64.0	25.7	(38.3)	
Legacy Costs	60.7	62.6		(62.6)		64.8		(64.8)	
Total Appropriation	\$263.5	\$277.2	\$162.5	(\$114.8)	-41%	\$281.7	\$139.1	(\$142.7)	-51%
JDH FB Differential	13.5	13.5	0.0	(13.5)		13.5		(13.5)	
In-Kind Fringe	143.6	152.1	205.4	53.3		156.0	209.3	53.3	
Grand Total	\$420.6	\$442.9	\$367.9	(\$75.0)	-17%	\$451.2	\$348.3	(\$102.9)	-23%
Compared to FY23		\$22.2	(\$52.7)						