

Appropriations Committee Testimony
President Susan Herbst
University of Connecticut
-February 15, 2018-

Good morning. Thank you for giving us the opportunity to be here with you today.

We have submitted a large volume of written material to you, so I will not go through that now but would be happy to answer any questions you have about it.

The governor's proposed budget is slightly less than the numbers contained in the adopted biennial budget.

The total reduction for the appropriation over the biennium to UConn (including UConn Health) is \$110 million, which rises to \$179 million with fringe. Historically, cuts to UConn's state support including reductions, rescissions, and fund sweeps since 2010 are \$125 million, and \$164 million with fringe.

We know that when the legislature approves budgets that reduce funding for UConn, it's because it is necessary to close deficits, not because most legislators believe cutting UConn is good public policy or good for the state.

I want to share two brief anecdotes that are tied directly to the value of our state appropriation.

I speak with legislators in small groups and one-on-one on a regular basis. One comment I've heard is that UConn doesn't do enough to advertise how we are managing budget cuts. One legislator said: "We keep slashing UConn's budget and the university seems fine. That invites more cuts."

We have raised tuition, implemented tens of millions of dollars in reductions – including to every single academic unit – had workforce reductions, restricted hiring, and have stopped growing our enrollment. This means fewer classes, bigger classes, and less financial aid. It is not pretty.

But understanding this is key: our prospective students have many choices when it comes to which university they will attend. Right now UConn is a top choice for many of the best students who are graduating from high schools in every single Connecticut city and town. That was not always the case.

It is the case today because UConn aggressively recruits these students, has an excellent academic reputation, and is much more affordable for Connecticut residents than any of our competitors, thanks to in-state tuition and strong financial aid.

As leaders at the university, we must argue for investment in UConn and fight tooth and nail against major budget reductions. But if UConn were to create the public impression that it was in decline and were to focus relentlessly on the negative impact of these cuts, rather than on the great things we offer students, that would badly undermine our recruiting. It would have the effect of driving prospective students away, weakening the university as a whole.

It would be the equivalent of a business running ads saying it wasn't as good as it used to be because of cutbacks.

The fact is that the university is working aggressively to maintain its academic strength and the quality of the student experience in the face of these significant cuts.

But to me, the story of UConn in recent years is not just about maintaining our quality, it is also about unfulfilled potential.

We spend 100% of our state appropriation on people. And faculty are our number one personnel cost.

I spoke with a Connecticut business leader the other day. He pointed out that big employers in the state like Electric Boat, Sikorsky, Pratt & Whitney, as well as many small and medium-sized companies, are all major recruiters of UConn Engineering graduates.

But, he said, the demand is so high for these highly-skilled grads, there still aren't enough of them. He asked me why we couldn't just double the number of Engineering graduates UConn produces each year.

I told him we could. But we would need to hire scores of new faculty and staff to teach and support all those new students, and dramatically increase our financial aid budget to recruit more of the best. And that would require financial resources we simply don't have right now.

The equation is straightforward: more faculty and staff allows us to recruit and enroll even more students. That means more highly-skilled graduates, most of whom go on to work for Connecticut employers and live in Connecticut's communities. They are the citizens and taxpayers every state in America wants to attract.

It's true that UConn is today one of the best public universities in the United States, thanks to investments by the state supported on a bipartisan basis. What UConn's dramatic rise tells us is that, with the right resources, its potential is really unlimited. And more important than any ranking is maximizing the return on the state's investment.

Diminishing investment means diminishing returns. A degree is on resumes for a lifetime and it loses value if a university's academic reputation suffers both for the alum who earned it and potential employers.

At the moment we are desperate to avoid leaving an era of excellence behind and entering into a period of decline. That would be a terrible waste, because we can do so much more.

Thank you again for your support for UConn over many years and for listening to us today.

I'll now ask our CFO, Scott Jordan, to discuss a few key points regarding the budget.

Scott Jordan, Chief Financial Officer

Thank you, President Herbst. Good morning. I will share just a few key points with you:

In FY19, the state block grant and associated fringe will fund 24.1% of UConn's operating budget for Storrs and the regional campuses.

As President Herbst noted, we will spend 100% of it on personnel, which is longstanding practice.

It will pay for about 47% of our permanent and continuing work force.

The remainder of our workforce – and the rest of our operating budget – is funded primarily through tuition, fees, and external grants.

We will increase tuition by 5.9% in FY19. That will generate \$19 million in additional revenue, which helps to mitigate the \$57 million in reductions to our appropriation that were adopted in the biennial budget and an additional \$9 million in cuts proposed by the Governor, for the Storrs and regional campuses, including fringe, for FY19.

Escalating fringe benefit costs driven, in part, by the unfunded pension liability continue to be a major budget driver for the university, as is the case with the state.

In FY11, UConn's share of fringe costs were about \$92 million. In FY19, fringe costs now account for more than \$262 million of our total budget at UConn and UConn Health, with much of that increase coming in just the last few years. That is an increase of 185%.

As you know, the comptroller determines fringe rates. The cost of fringe is without question crowding out other priorities, including academic priorities.

The University has reduced spending by nearly \$30 million through a program we adopted known as "SpendSmart." We hope this will continue to generate savings.

Much of UConn is already centralized and consolidated because we are one institution. Our admissions, financial aid, bursar, and registrations processes were centralized long ago. We are currently implementing a program called "One UConn" that is combining and streamlining certain administrative functions between UConn and UConn Health that will also generate savings over time.

In response to reductions to our appropriation in recent years, we have implemented the cost savings I just described, increased tuition in each of the last seven years under two different tuition plans, cut the budgets of virtually every unit on campus – including academic departments – delayed or cancelled construction projects, restricted hiring, closed our Torrington campus, reduced our workforce and abandoned plans for continued enrollment growth because we will not be able to hire the faculty and staff needed to accommodate further growth at this time.

Thank you again for your time. We would be happy to answer any questions that you have.



UConn

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UConn

Who We Are

We are UConn Nation

One team, achieving greatness together!

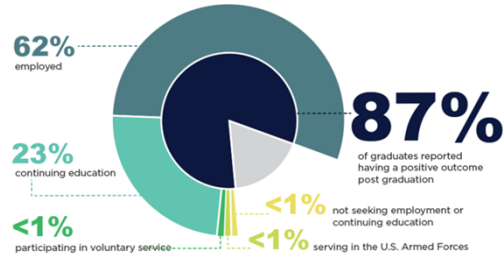


UConn Impact on Connecticut Economy

- 76% of graduates who attended high school in CT, who are employed, continue to work in the state of Connecticut.

2016-2017

FIRST DESTINATION DATA



- 27% of graduates who did not attend high school in CT, who are employed, have stayed and are working in the state.

Outstanding Academic Quality

UConn has continued to improve and move up in the US News and World Report rankings.

- \$1.3 billion Operating Budget + \$250 million Capital Budget annually.
- Over 31,500 students supported by approximately 4,800 faculty & staff.
- Top 20 Public National University (18th) in *U.S. News and World Report*.
- Nearly 37,000 undergraduate applicants for about 5,300 seats in 2017.
- Undergrad degrees in STEM have increased by 12% since FY13.
- 135,000+ alumni living in Connecticut.

US News Ranking – Public Universities

Penn State	14
Illinois	14
Ohio State	16
Georgia	16
UConn	18
Purdue	18
Texas	18

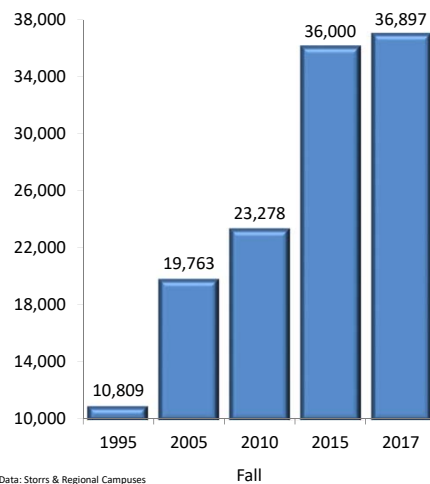
UConn Student Success

Profile of Fall 2017 incoming Freshmen is remarkable

- Nearly 37,000 freshmen applicants for the Fall of 2017, a record number.
 - From all 50 states, DC, Puerto Rico and 99 countries.
- 5,292 freshmen welcomed at all campuses - including 3,683 at Storrs Campus.
 - 161 valedictorians & salutatorians (81 vals and 80 sals).
- 73% freshmen across all campuses are CT residents, up from 72% last year.
 - Residency mix across all campuses for all undergraduates is 76% in-state and 24% out-of-state.
- 42% of freshmen across all campuses are from minority groups.
- 162 of CT's 169 cities and towns are represented.

UConn Student Success

Freshman application trends continue to rise to nearly 37,000 for about 5,300 seats in 2017.

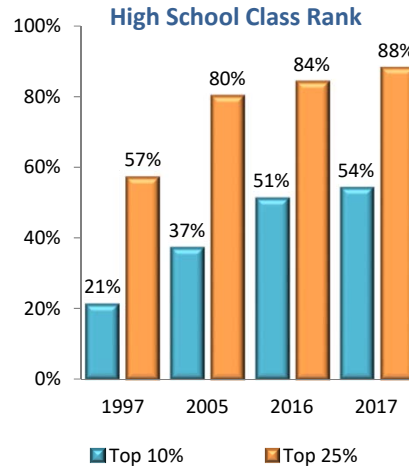


- Applications at all campuses have increased 241% from Fall 1995 to Fall 2017.
- STEM applicants at the Storrs Campus have increased 27% since Fall 2012.

UConn Student Success

Freshman quality is strong.

- Mean SAT score of Storrs Campus entering freshmen for Fall 2017 is 1294.
- Fall 2017 National High School Mean is 1060 and CT High School Mean is 1041.

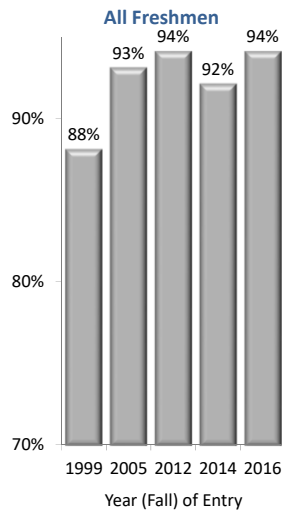


Data: Storrs Campus



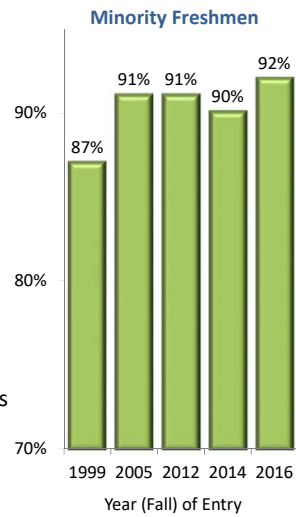
UConn Student Success

Freshman retention trends are among the highest.



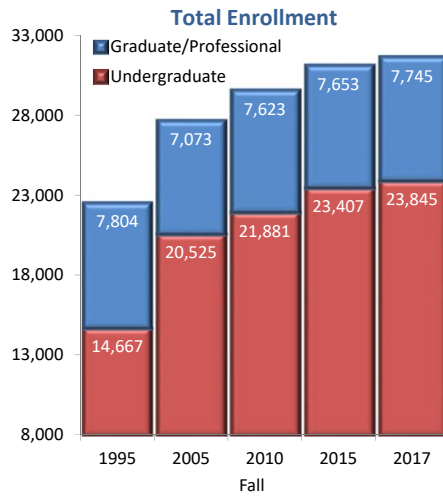
- Nationally, the total Fall 2015 rate ranks 17th among the 58 Public Research Peer Universities and it is substantially higher than the 83% average for 319 colleges & universities in the national Consortium for Student Retention Data Exchange.
- Fall 2015 minority freshmen retention rate is also substantially higher than the national 81% average.

Data: Storrs Campus



UConn Student Success

Undergrad enrollment has increased 63% from Fall 1995 to 2017.

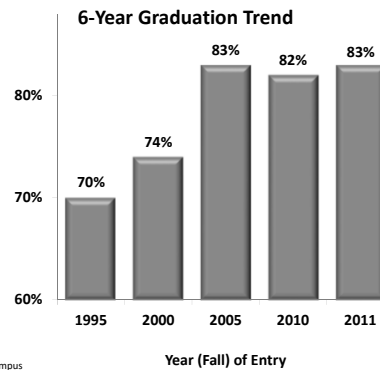
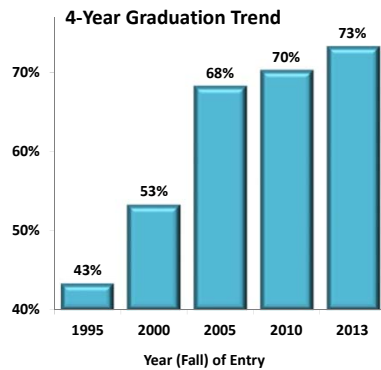


Residency (All Campuses)	1995	2005	2010	2015	2017
In-State Freshmen	83%	78%	74%	68%	73%
Out-of-State Freshmen	17%	22%	26%	32%	27%
In-State Undergrads	87%	81%	80%	77%	76%
Out-of-State Undergrads	13%	19%	20%	23%	24%

UConn Student Success

UConn's average time to degree of 4.2 years now ranks 4th among the 58 Public Research Peers.

- The Fall 2012 Storrs cohort continues to have exceptional retention and graduation rates, being the first cohort to have a five-year graduation rate of 84%. No Storrs cohort has ever achieved a four, five or six-year rate of 84%.



Data: Storrs Campus

Cost of Attendance in FY18

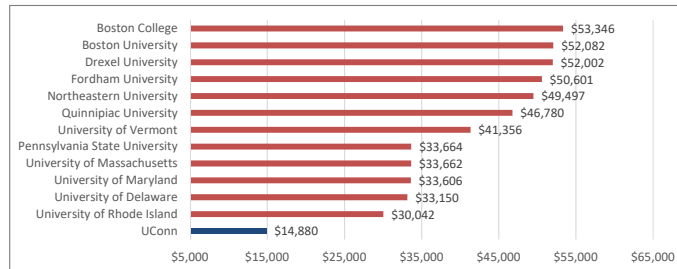
Current 2017-18 rates for in-state and out-of-state students.

	In-State	Out-of-State
Tuition	\$11,998	\$34,066
Mandatory Fees	2,882	2,882
Subtotal	\$14,880	\$36,948
Room & Board	12,514	12,514
Direct Cost of Attendance*	\$27,394	\$49,462

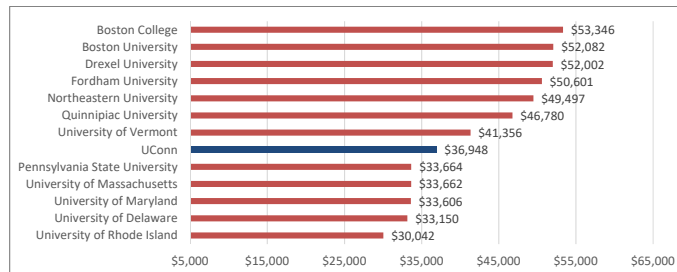
*Does not include costs for books, supplies, transportation, etc.



Tuition and Fees vs Competitors



For Connecticut residents, UConn offers the best value.



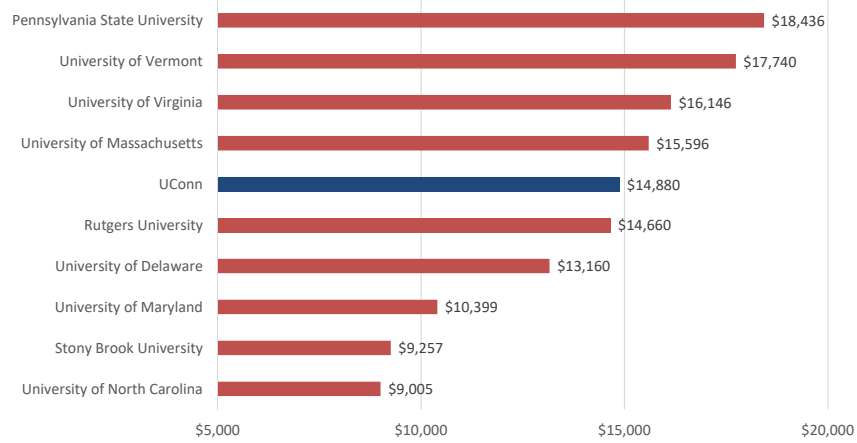
For Non-Connecticut residents, UConn is the second highest cost among public flagship institutions.

FY18 Published Rates



Tuition and Fees vs Competitors

In-State tuition and fee rates at peer public flagship institutions.



FY18 Published Rates



UConn

Next Generation Connecticut



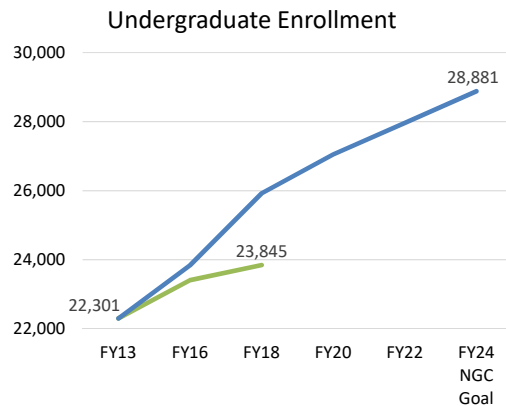
Next Generation Connecticut Overview

Thanks to the strong support from the State, UConn continues the transformation of modernizing, rehabilitating and expanding the physical plant of the University through the NextGenCT initiative.

- Approved in 2013, NextGenCT is an ambitious plan (FY15-FY27) to improve UConn's STEM capabilities. Specifically, the initiative is designed to:
 - Build STEM facilities including classrooms, equipment and laboratories.
 - Upgrade aging infrastructure to accommodate faculty and students.
 - Hire new faculty & enroll more talented undergraduate students primarily in STEM areas (dependent on new State operating funds).
 - Increase research productivity & innovation.
- Includes capital and operating components:
 - Capital Budget \$1.5B Approved
 - Operating Budget \$137M Increase requested in State Appropriation

NextGenCT Progress - Student Growth

Since FY13, total undergraduate enrollment has increased by 1,544 students or 7% despite NextGenCT operating fund shortages – growth at Storrs is more than the planned amount.



- Fall of 2017 enrollment is 23,845, up 215 from the prior year.
- Storrs undergraduate STEM enrollment increased by 31% since FY13.
 - 3,111 of the Storrs STEM students are in engineering which has increased by 57%.

NextGenCT Progress - Student Growth

	FY17 Actual	Change from FY13	
Freshmen Applications: Total	36,897	5,534	+18%
Storrs Undergraduates: STEM	10,451	2,456	+31%
Storrs Undergraduates: Total	19,241	1,713	+10%
Undergraduates: Total	23,845	1,544	+7%
Graduates: Total	7,098	485	+7%
Bachelor's Degrees: STEM (FY17)	2,964	577	+24%
Bachelor's Degrees: Total (FY17)	5,530	408	+8%
Masters & Doctoral Degrees: STEM (FY17)	695	103	+17%
Masters & Doctoral Degrees: Total (FY17)	2,315	448	+24%

NextGenCT Progress - Student Growth

Storrs Engineering undergraduate enrollment increased from 1,978 in FY13 to 3,111 in FY18 or 57%.

Why do we need more engineering students?

- Expected workforce growth over next decade in Connecticut:
 - Pratt & Whitney (PW) will hire 8,000 new employees.
 - Lockheed Martin-Sikorsky (LM-S) will grow by 8,000.
 - Electric Boat (EB) will increase it's workforce by 4,000.
 - At least 5,000 additional engineers will be needed by these 3 companies alone (based on assumption that 20% of workforce will be engineers).
 - There are at least 200 supply companies to PW, LM-S & EB that will need to significantly ramp up production.
- UConn provides majority of employees for these companies – we have a capacity problem in catching up with demand – resources are needed to maintain and increase our graduates.



UConn

Operating Budget

State Budget Cuts

The Governor's FY19 budget represents an additional \$5.5M appropriation cut for UConn Storrs and Regional Campuses, bringing the total reduction in FY18 and FY19 to \$78M (\$127M w/fringe) when compared to FY17 State funding.

	UConn					
	Appropriation FY2017	Adopted Budget FY2018 PA17-2 (June Sp. Session) 10/26/17	FY2018 Lapses 11/17/2017	Adopted Budget FY2019 PA17-2 (June Sp. Session) 10/26/17	Governor Proposed FY2019 (2/5/18)	Difference from FY2017 Appropriation
Operating Expenses	207,699,685	179,422,908	171,988,981	176,494,509	171,494,997	
Workers Compensation Claim	3,045,682	2,299,505	2,299,505	2,271,228	2,271,228	
Next Generation Connecticut	19,072,546	17,530,936	17,042,447	17,353,856	16,865,367	
Kirklyn M. Kerr Grant Program	100,000					
Total Appropriation	229,917,913	\$ 199,253,349	\$ 191,330,933	\$ 196,119,593	\$ 190,631,592	
CUT		\$ (30,664,564)	\$ (7,922,416)	\$ (33,798,320)	\$ (5,488,001)	\$ (77,873,301)
				Estimated Fringe Benefits	\$ (49,600,000)	
						\$ (127,473,301)

- For FY19, under the Governor's proposal, UConn would receive \$190.6M in appropriation + \$135.6M estimated in fringe reimbursement totaling \$326.2M.
- The State appropriation funds 24% of UConn's budget; 100% of these funds are used to pay employee salaries; it covers 47% of UConn employees. The State reimburses UConn for fringe benefit costs incurred by the University for those employees whose salaries are paid for using the State appropriation (i.e. 47% of UConn employees).

Fringe Benefit Rate Components - SERS

The State Comptroller develops the fringe benefit rates and UConn is charged those rates for each employee.

FY18 State Component Rates

State Retirement (SERS) **	56.58%
FICA SS	6.20%
FICA Medicare	1.45%
Unemployment Compensation	0.26%
Group Life Insurance*	~0.20%
Health Insurance*	~31.51%
	96.20%

*Rates vary according to coverage selected

Unfunded Liability	28.95%
Retiree Health	20.70%
Normal/Current Retire. Costs	5.41%
Other Post Employ. Benefit Costs (OPEB)	2.80%
Administrative Costs	0.36%
Roll-forward/Adjustments	-1.64%
	56.58%

**Other retirement options are available for some higher education employees (through the Alternate Retirement Plan (ARP)), which is similar to a traditional 401K retirement plan. The ARP rate is 14.5%, a much lower rate, mainly because it does not include any unfunded liability.

Almost 50% of our employees are on the SERS plan, with the remainder in ARP, and a few individuals on the Teachers Retirement Plan.

What has UConn done to address cuts?

UConn has sustained \$104.4M in mid-year cuts since FY10. The cuts have been addressed in a variety of ways including:

- Closed Torrington Campus
- 100 layoffs at the end of FY16
- Merged UConn and UCH Fire and Police Departments to save \$1M in FY18 by reducing overtime, reducing FTE count, consolidating leadership, changes in service delivery, etc.
- Through a program called Spend Smart, over 200 initiatives were implemented by over 37 departments, schools/colleges and units totaling nearly \$29M in savings.
- Centralized regional campus leadership, enrollment management, financial controls, HR, procurement, software systems and student services to Storrs.
- Continually identifying expense reductions, revenue enhancements, cost avoidance and operational efficiencies
- Currently reviewing and analyzing further coordination, collaboration and consolidation between UConn and UCH including:
 - Human Resources
 - Procurement
 - Document Production
 - General Counsel
 - Communications

Impact of Cuts to UConn

- UConn has carefully and effectively managed its finances to balance the budget and maintain academic quality in the face of major reductions in State support and rising costs over the last few years. The cuts in the biennium are significant and will impact every aspect of UConn.
- However, the magnitude of the cuts are putting UConn's *US New and World Report* ranking of 18th among public research universities in jeopardy.
- Protecting academic excellence, delivering strong student support, providing excellent patient care and supporting the research mission of the University will be a challenge going forward.
- Ongoing and mid-year cuts thwart our ability to forecast and plan effectively. Continual significant cuts reduce the quality of the education UConn is able to offer and reduces the University's ability to effectively contribute to the State and its economy.

UConn's FY18 Operating Forecast

With a hiring freeze, cost cutting, new revenue streams and expense avoidance, UConn projects a balanced budget for FY18 despite State cuts.

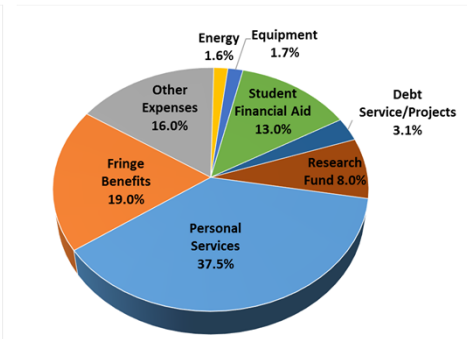
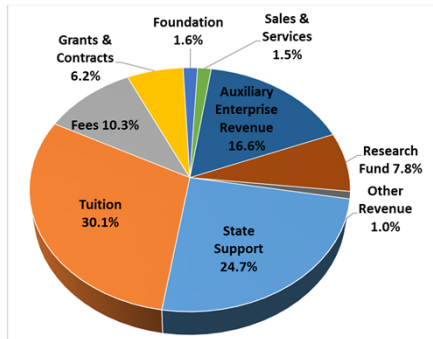
Revenues (\$M)		Expenditures (\$M)	
Appropriation	191.3	Personal Services	496.1
Fringe Benefits & Adjustments	135.8	Fringe Benefits	252.0
Total State Support	\$ 327.2	Other Expenses	212.7
Tuition	398.9	Energy	20.9
Fees	136.5	Equipment	22.4
Grants & Contracts	82.5	Student Financial Aid	172.3
Foundation/Endowment	21.0	Debt Service/Projects	40.9
Sales & Services	19.9	Total Operating Fund	\$ 1,217.3
Auxiliary Enterprise Revenue	219.6	Research Fund	106.1
Other Revenue	12.9	Total Operating Expenditures	\$ 1,323.4
Total Operating Fund	\$ 1,218.4	Net Gain/Loss	\$ 1.1
Research Fund	106.1		
Total Current Funds Revenues	\$ 1,324.5		

UConn's FY18 Operating Forecast

In December, the Board of Trustees approved a revised balanced budget for FY18. State Support now only comprises 24.7% of our total budget.

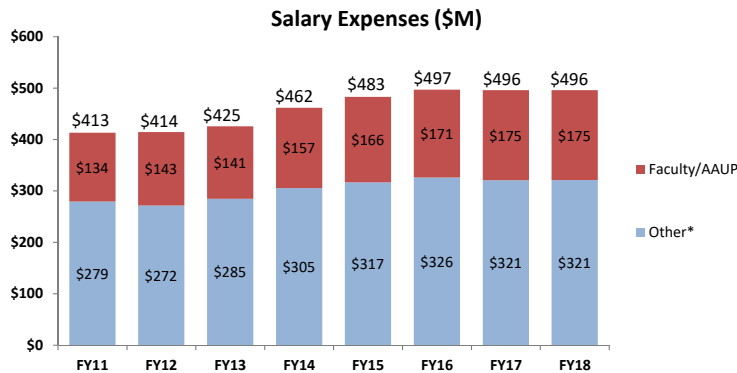
Revenues - \$1,324.5M

Expenses - \$1,323.4M



Rising Costs – Salary Expenses

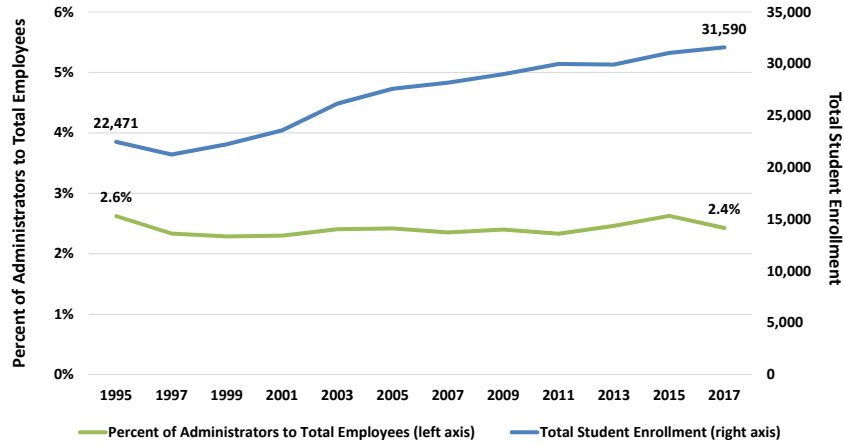
Between FY11 and FY18, mandated salary increases, due to union agreements, cost UConn about \$68M or 82% of the total salary growth.



The majority of the growth in FY18 is due to graduate assistant contractual increases and additional police. Per the SEBAC agreement, FY18 includes no faculty/staff salary increases.

Student Headcount & Administrators

Despite increasing enrollment by nearly 10,000 since 1995, the number of administrators has remained relatively constant.



UConn's Administrative Staff is Lean

In comparison to our peers, our Student to Administrator ratio ranks #1 and our Faculty to Administrator ratio ranks #3.

School	Student to Administrator Ratio
University of Connecticut	241.8
Virginia Tech	235.1
Purdue University-Main Campus	179.0
Rutgers, State U. of New Jersey	166.2
University of Massachusetts-Amherst	140.5
University of North Carolina at Chapel Hill	119.0
University of Maryland-College Park	103.1
Clemson University	93.7
University of California-Santa Barbara	91.2
University of California-Davis	71.8
Colorado School of Mines	63.1
University of California-San Diego	63.1
University of Wisconsin-Madison	60.2
University of California-Irvine	56.7
Texas A & M University-College Station	53.4
University of Washington	52.4
University of Minnesota-Twin Cities	49.3
University of Florida	49.2

School	Faculty to Administrator Ratio
Rutgers, State U. of New Jersey	15.0
Virginia Tech	14.3
University of Connecticut	14.1
Purdue University-Main Campus	10.1
University of North Carolina at Chapel Hill	9.8
University of Massachusetts-Amherst	7.8
University of Maryland-College Park	6.1
University of Wisconsin-Madison	5.7
University of Washington	5.4
Clemson University	5.2
University of California-Davis	5.0
University of California-San Diego	4.5
University of Minnesota-Twin Cities	4.4
University of Michigan-Ann Arbor	4.3
University of Pittsburgh	4.1
Colorado School of Mines	4.0
University of California-Santa Barbara	3.9
University of California-Irvine	3.4

Cuts to State Support

Since FY10, UConn has sustained \$104.4M in reductions* including lost fringe.

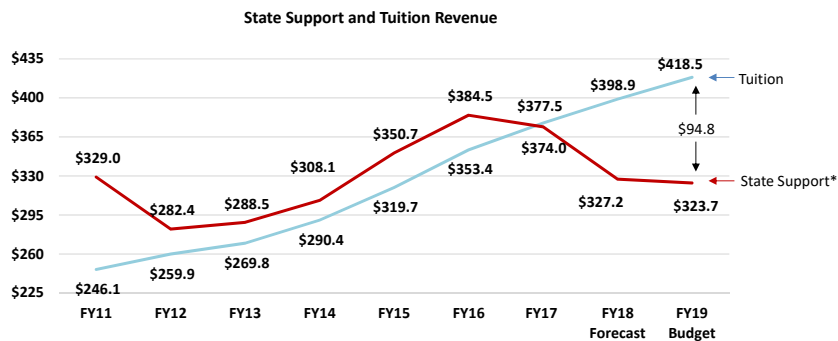
UConn Storrs - Reductions, Fringe (Lost) and Fund Sweeps (\$M)						
	Appropriation	Reduction	Actual Allotment	Lost Fringe due to Reduction	Fund Sweeps	Total Cut
FY10	235.3	(2.3)	233.0	(1.2)	(8.0)	(11.5)
FY11	233.0	(0.4)	232.6	(0.2)	(15.0)	(15.6)
FY12	207.7	(2.1)	205.6	(1.1)	-	(3.2)
FY13	206.1	(10.3)	195.8	(5.2)	-	(15.5)
FY14	203.4	(0.8)	202.6	(0.4)	-	(1.2)
FY15	229.6	(7.4)	222.2	(3.7)	-	(11.1)
FY16	243.2	(2.6)	240.6	(1.6)	(13.2)	(17.4)
FY17	229.9	(9.2)	220.7	(6.3)	-	(15.5)
FY18	199.3	(7.9)	191.4	(5.5)	-	(13.4)
TOTAL		\$ (43.0)		\$ (25.2)	\$ (36.2)	\$ (104.4)

- The combined cut including UConn Health amounts to \$163.8M since FY10.
- Per statute, should the State budget be in deficit, the Governor may reduce State agency allotments by not more than 5% unless approved by the General Assembly.

*Reductions = lapses, rescissions, fund sweeps and deficit mitigation

Tuition Revenue

FY17 was the first year that tuition surpassed State support as the largest revenue source. The gap grows significantly in FY18 and FY19.



UConn enrollment growth and increased rates, have resulted in overall tuition revenue increases.

*Since FY10, UConn has sustained \$104.4M in reductions to State support, including lost fringe.

Four Year Tuition Plan

FY18 tuition increase will only cover half of the cuts from the budget adopted this past fall.

	2016-17		2017-18		2018-19		2019-2020	
	Resident	Non-Resident	Resident	Non-Resident	Resident	Non-Resident	Resident	Non-Resident
Tuition Amount	11,224	33,016	11,999	34,066	12,849	35,216	13,799	36,466
Dollar Increase	\$700	\$950	\$775	\$1,050	\$850	\$1,150	\$950	\$1,250
New Revenue	\$15.3M		\$17.0M		\$18.6M		\$20.6M	
New Financial Aid	\$2.5M		\$2.8M		\$3.0M		\$3.4M	
Net New Revenue	\$12.8M		\$14.2M		\$15.6M		\$17.2M	

UConn approved a 4 year tuition plan (FY17-FY20) on December 16, 2015 which will provide certainty and transparency for students and their parents.

Financial Aid

UConn is providing an additional \$10.6M in financial aid for FY18.

- In FY17 the University allocated need-based and merit aid to over 11,300 undergraduate students.
- The percentage of need-based financial aid to gross tuition is growing to 18.1% which is greater than last year and over the State's requirement of 15%.
- Need based financial aid is \$69.3M out of the \$123.5M University supported total.

Undergraduate & Graduate Aid (\$M)	FY15	FY16	FY17	FY18 Forecast	FY17-FY18 Change
University Supported	\$93.9	\$97.7	\$113.8	\$123.5	\$9.7
State (includes R. Willis Scholarship)	11.2	14.0	9.0	9.1	0.1
Federal (Pell/SEOG)	25.6	26.0	26.8	30.1	3.3
Other*	11.9	13.3	11.2	9.6	(1.6)
Total Aid in Budget	\$142.6	\$151.0	\$160.8	\$172.3	\$11.5

*Other funding comes from the private sources such as the Foundation and Endowments.

Financial Challenges

UConn has carefully and effectively managed the budget despite deep cuts to the budget over the last few years. Looking forward, the University is facing troubling financial challenges and asks the State for stable funding.

Some long term financial concerns include:

- SEBAC provides a 5.5% increase in FY20 and FY21, which is equivalent to \$31M and \$36M respectively.
- Fringe growth is projected to grow at 1.5% annually, or \$10M in additional expenses per year.
- SEBAC provides a “no layoff” provision. Approximately 56% of UConn’s costs are personnel.
- Tuition Plan ends in FY20.

UConn

Capital Budget

UCONN 2000 Capital Program

The State approved a revised bonding schedule in October 2017 which deferred significant funding to future years.

- UConn will continue the transformation of modernizing, rehabilitating and expanding the physical plant of the University.
- 32 year UCONN 2000 capital program totaling \$4.3B in State Bonds.
 - Phase I & II: \$962M from FY96-05 is complete
 - Phase III: \$3.3B from FY05-2027 is underway

Bonds (\$M)	UConn	UCH	Total	Deferral
FY96-FY99	\$382.0		\$382.0	
FY00-FY05	580.0		580.0	
FY05-FY17	2,177.9	768.5	2,946.4	
FY18	155.6	44.4	200.0	(95.5)
FY19	187.0	13.0	200.0	(51.0)
FY20	291.6		291.6	22.6
FY21	186.2		186.2	(5.3)
FY22	101.4		101.4	(42.6)
FY23	98.0		98.0	(14.0)
FY24	85.0		85.0	11.5
FY25	70.1		70.1	70.1
FY26	63.6		63.6	63.6
FY27	40.6		40.6	40.6
Total	\$3,457.0	\$825.9	\$4,282.9	\$0.0

Capital Summary

While the Bioscience CT program is nearing completion at UConn Health, the NextGenCT program at Storrs & Regional Campuses is well underway.

- FY19 is year 5 of the 13 year NextGenCT program and the core science buildings are in construction now or scheduled for construction in FY19.
- \$1.1B of bond funds have yet to be authorized for projects that are already under construction or are in planning/design.

Fiscal Year	UCONN 2000 Statute (NextGenCT)	Governor's Proposed
2019	200.0	200.0
2020	291.6	291.6
2021	186.2	186.2
2022	101.4	101.4
2023	98.0	98.0
2024	85.0	85.0
2025	70.1	70.1
2026	63.6	63.6
2027	40.6	40.6
Total	\$1,136.5	\$1,136.5

- Since funding for major projects is phased over multiple years, it is critical that the capital funding plan remains in tact to avoid additional costs associated with delaying or shutting down projects in construction.

Capital Projects Completed/Nearing Completion

- Projects completed for fall 2017:

- Hartford Campus - \$140M
- UCH Academic Building Renovation - \$36.1M
- UCH Main Building Phase 2 - \$41M



Hartford Campus

- Projects to be completed during FY18:

- Innovation Partnership Building (IPB) - \$162.3M
- Engineering & Science Building - \$95M
- UCH EMR Implementation - \$98M
- Energy Savings Improvements Phase 1 - \$31.6M
- North Eagleville Road Infrastructure Phase 3 - \$56M



Engineering & Science Building

Major Capital Projects in Construction

Multiple State-funded capital projects are in construction.

- Gant Building Renovations - \$190M
estimated completion - December 2022
- UCH Clinic (C) Building Renovations - \$91M
estimated completion - January 2019
- Fine Arts Renovation & Improvements - \$34M
estimated completion - July 2019
- NW Science Quad Infrastructure Phase 1 - \$20M
(to support STEM Research Science 1)
estimated completion - August 2018

Long Term Capital Program Challenges

The capital program depends upon the economic health of the State.

- UConn delayed multiple capital projects as a result of the State capital funding deferrals. Starting and then stopping projects will affect UConn's reputation and bid responses/competitive pricing. Therefore, delaying a project today will equal higher costs in the future.
- As UConn moves forward, it is critical that the capital program focus on the following goals:
 - Protecting the core priorities of the NextGenCT program.
 - Preserving projects currently in construction or scheduled to break ground this year.
 - Protecting funding for critical deferred maintenance and infrastructure projects necessary to ensure continued operation and public safety at our campuses.
- It is important to recognize that many capital needs have been identified which are not fully funded or included in the current capital plan and funding strategies will need to be identified.

UConn

Research & Innovation Economic Driver for Connecticut

UConn Research & Innovation:

Economic Driver for CT

University Initiated Pipeline for an Innovation Economy

UConn's \$250M in research generates new discoveries that move through translational stages towards commercialization, investment, new companies, and new jobs for Connecticut.



UConn Research & Innovation:

Research & Discovery (Storrs/Regionals & UConn Health)

Federal and industry grants fund groundbreaking basic and applied research to fuel new discoveries and the development of promising technologies.

UConn Sponsored Program* Activity	FY17	Change from FY15	
Annual Grant Expenditures (\$M)	\$136	+\$10	+8%
Proposals (\$M)	\$704	-\$18	-3%
Grants Awarded (\$M)	\$130	-\$17	-12%
Average Grant Award Size/Faculty	\$112,453	+\$15,596	+16%
UConn Health Sponsored Program* Activity	FY17	Change from FY15	
Annual Grant Expenditures (\$M)	\$87	+\$4	+4%
Proposals (\$M)	\$507	+\$43	+9%
Grants Awarded (\$M)	\$55	-\$14	-21%
Average Grant Award Size/Faculty	\$157,819	-\$35,003	-18%

* Includes all Sponsored Program activity (both Research and Education & Service projects)

UConn Research & Innovation: Commercialization & Company Creation

FY17 Technology Commercialization Activity:

- **61** invention disclosures received
- **87** U.S. patent applications filed
- **28** patents issued
- **10** licenses & options executed
- **\$1.7M** licensing revenue



Research & Innovation success leads to technology commercialization, creates new companies, new jobs, and positions Connecticut for economic growth.

UConn Research & Innovation: Commercialization & Company Creation

Technology Incubation Program (TIP) CY 2017 Data:

- **\$45.6 M** raised in debt & equity funding
- **\$14.8 M** raised in revenue from sales and grants
- **35** companies located at the incubator – largest # in program history
- **91** full-time & **71** part-time jobs
- **88 %** of incubator space occupied
- **\$770,000** in taxes paid



Moving technology from
the lab to the market at
UConn and UConn
Health.

UConn Research & Innovation: Commercialization & Company Creation

What Do We Need to Accelerate Growth?

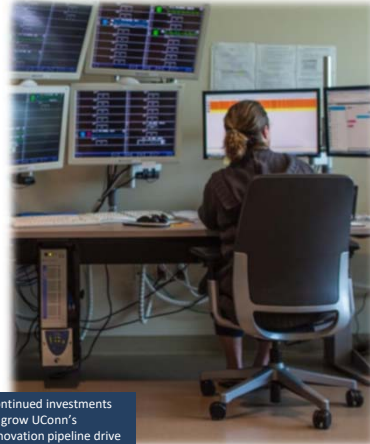
To build on current strengths, gain momentum and see faster returns, we need:

Dollars

- Proof of concept funds to more quickly and substantially transform ideas into products.

People

- More researchers – to grow UConn's Research & Innovation pipeline and create student inventors/entrepreneurs.
- More venture development expertise – to generate innovation activities, venture development, etc.



Continued investments to grow UConn's innovation pipeline drive the growth of CT's economy.

UConn Research & Innovation: Support & Grow Existing Industries

Types of University-Industry Partnerships:

- Industry Contracts
- Joint Research Grants
- Student Internships
- Scientific/Engineering Support
- Clinical Trials
- Technology Development
- Shared Equipment
- Proof of Concept Resources (money & facilities)
- Partner and Startup Co-location (e.g. Industry Partnership Building)



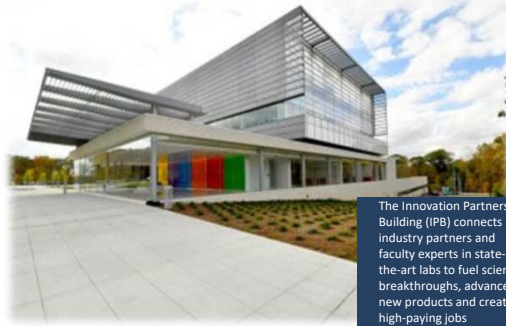
When UConn's world-class researchers collaborate with industry, economic growth and competitiveness of CT is increased.

UConn Research & Innovation: Support & Grow Existing Industries

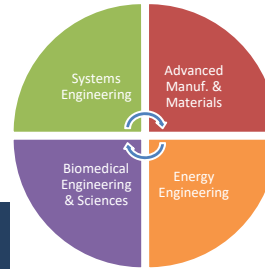
Innovation Partnership Building (IPB) at the UConn Tech Park

- Targets Manufacturers
- Attracts Large Corporations
- Supports Small and Medium-Sized Enterprises in Supply Chain
- Partner with National Labs

Aligning Industry needs with UConn innovation and expertise.



The Innovation Partnership Building (IPB) connects industry partners and faculty experts in state-of-the-art labs to fuel scientific breakthroughs, advance new products and create high-paying jobs



UConn Research & Innovation: Support & Grow Existing Industries

As part of developing the IPB at the Technology Park, UConn has created centers of excellence & announced partnerships with multiple key industries.

Innovation Partnership Building (IPB)

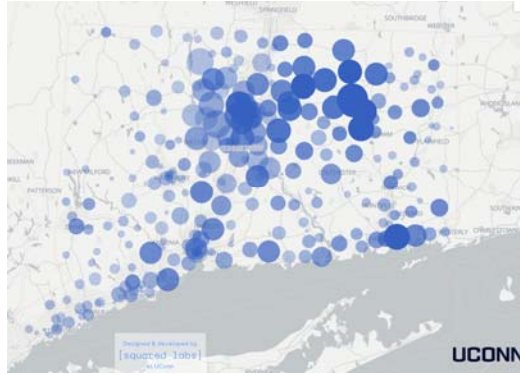
**OVER \$80M
IN INDUSTRY
PARTNERSHIPS
TO DATE**

\$25M	Thermo Fisher Scientific Center of Excellence
\$10M	UTC Institute for Advanced Systems Engineering
\$9M	Eversource Energy Center
\$7.5M	Additive Manufacturing Innovation Center in Partnership with Pratt & Whitney
\$7.5M	GE Advanced Technology Initiative
\$7.2M	Fraunhofer Center for Energy Innovation
\$6M	Comcast Center for Security Innovation
\$2.2M	Synchrony Financial Center of Excellence in Cybersecurity
\$2.1M	Connecticut Manufacturing Simulation Center
\$2M	EDAX-Advanced Cameras & Detectors – Thermo Fisher Scientific Center of Excellence
\$1.5M	Quiet Corner Innovation Cluster / Proof of Concept Center
\$1.4M	UTC Aerospace Systems Center for Advanced Materials
	Reverse Engineering Fabrication Inspection & Non-Destructive Evaluation Labs (investment amount not disclosed)

Grant Trails

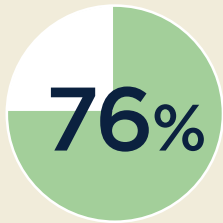
Grant Trails (<https://grantrails.uconn.edu/CT>) interactively shows you where research grants that are awarded to UConn faculty are spent throughout our state.

Federal, state, and corporate research grants support researchers at an institution, they also play an important role in supporting local economies in a manner that often gets overlooked. Grant dollars are used to pay for equipment, reagents, consumables, salaries, etc. that are required for actually carrying out the research.



Note: Grant Trails is an open source project, conceived and built at UConn (with talented undergraduates), and available for any institution wishing to visualize their grant expenditures geographically.

UConn: Critical to Connecticut's Future



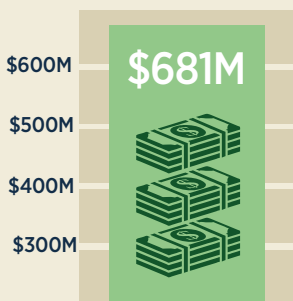
76%
of UConn's most recent graduates from in-state are living and working in Connecticut

500+

U.S. patents have been granted based on UConn innovations, with 28 issued last year alone

63%

increase in enrollment in the last 20 years



UConn was awarded nearly \$681M in external sponsored programs funding in the last three years

#18

Our highest-ever ranking in U.S. News & World Report

1

UConn keeps great students in Connecticut and brings new people to the state — fighting the “brain drain” and helping to build a key working age population

- Connecticut residents comprise 76 percent of UConn's undergraduate student body.
- Some 76 percent of UConn's employed in-state graduates are living in Connecticut, while 27 percent of out-of-state grads stay in Connecticut for employment after graduation — people who would not have moved here otherwise.
- UConn's undergraduate enrollment has increased by 63 percent in the last 20 years.

2

UConn creates new businesses, jobs, and economic growth, strengthening Connecticut industry

- More than 24,000 Connecticut jobs, or 1 out of every 90, are generated by UConn.
- The Technology Incubation Program at UConn (TIP) is one-of-a-kind in Connecticut and has supported more than 90 startup companies, contributing to the creation of more than 2,000 jobs supported and sustained annually by the University. TIP companies have raised over \$54 million in debt and equity, exceeding the \$45.3 million raised in 2016 and \$19.2 million in 2015. Company funding included grants, debt, equity, and revenues.
- Industry leaders including Pratt & Whitney, Comcast, Eversource, UTC, GE, and many more have invested nearly \$100 million in UConn in areas such as materials science, advanced manufacturing, big data, computer security, and other fields. Companies heavily recruit student talent on our campuses for both internships and full-time jobs to support their growth.
- More than 500 U.S. patents have been granted based on UConn innovations, with 28 issued last year alone.

3

UConn prepares students for high-quality jobs

- Storrs Engineering undergraduate enrollment has increased from 1,978 in FY13 to 3,111 in FY18 or by 1,133 (a 57% increase).
- With the Bioscience CT initiative, enrollment at UConn's School of Medicine and School of Dental Medicine is also growing, to ensure a stable source of future medical professionals in our state and access to quality health care for our residents.

4

UConn innovates and finds solutions to major health and societal problems

- UConn was awarded nearly \$681 million in external sponsored programs funding in the last three years.
- UConn and UConn Health researchers innovate and find solutions to major public health challenges, including cancer, heart disease, stroke, and obesity, as well as major public policy challenges, such as the achievement gap in schools, coastal flooding, energy, cybersecurity, environmental sustainability, infrastructure safety, and more.

5

UConn improves and strengthens Connecticut cities and towns

- UConn opened a new Hartford campus in 2017 that will transform the capital city's downtown.
- UConn has vibrant locations in Groton, Waterbury, and Stamford with thousands of students, faculty, and staff generating millions in economic activity.

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2018 Fact Sheet

THE UNIVERSITY

- Founded 1881
- Main Campus: Storrs
- 4 Regional Campuses: Avery Point, Hartford, Stamford, Waterbury
- School of Law and Graduate Business Learning Center: Hartford
- School of Social Work: Hartford
- UConn Health: Farmington
(Schools of Medicine & Dental Medicine, graduate programs, medical & dental clinics, and UConn John Dempsey Hospital)
- Land Grant & Sea Grant college, Space Grant Consortium institution
- Storrs & Regionals = 4,109 acres; UConn Health = 209 acres

INITIATIVES

UConn 2000 – As of July 2017:

- \$3.6 billion in bonds have been authorized
- \$3.4 billion in construction-related contracts issued from all fund sources – 64% of funds to Connecticut contractors, 21% to set-aside contractors
- In excess of 4 million square feet of new space added, as well as a significant amount of renovated space
- Bond Credit Ratings by Fitch, Moody's, and Standard & Poor's remain consistently strong

Next Generation Connecticut

- Next Generation Connecticut: \$1.5 billion capital investment over 10 years includes construction, renovations, infrastructure, and equipment

Bioscience Connecticut

- Bioscience Connecticut: \$864 million investment in genomics and personalized medicine

STUDENTS – Fall 2017

Academic Programs & Degrees

14 Schools & Colleges

Agriculture, Health & Natural Resources, Business, Dental Medicine, Neag Education, Engineering, Fine Arts, Graduate, Law, Liberal Arts & Sciences, Medicine, Nursing, Pharmacy, Ratcliffe Hicks, Social Work

7 undergraduate degrees: 113 majors

17 graduate degrees: 90 research and professional practice fields of study

6 professional degree programs (J.D., LL.M., M.D., D.M.D., Pharm.D., S.J.D.)

Degrees 2016-17	8,622		
Bachelor's	5,530	Dental Medicine	90
Master's	1,904	Graduate/Professional	
Doctorates	411	Certificates	251
Law (J.D., LL.M.)	198	6 Yr. Education	62
Pharm.D.	101	2 Yr. Agriculture	30
Medicine	45		

Degrees by: Female 53% Minority 22%

Total Student Enrollment – 32,182

19,241 Undergraduate at Main Campus
4,604 Undergraduate at Regional Campuses

23,845 Subtotal Undergraduate

7,098 Graduate (M.A./Ph.D., incl. 294 at UConn Health)
457 Law
190 Pharm.D.
411 Medicine
181 Dental Medicine

8,337 Subtotal Graduate/Professional

Entering Freshmen at Main Campus, Fall 2017 – 3,683

- 54% were in top 10% of high school class
- 88% were in top 25% of high school class
- 81 valedictorians and 80 salutatorians
- 261% more minority freshmen than in Fall 1995
- Since 1995: 2,409 valedictorians and salutatorians enrolled at all campuses

Student Characteristics

	Undergraduate - 23,845	Grad/Professional - 8,337
Female	51%	53%
Minority	33%	19%
International ¹	7%	25%
Connecticut Residents ²	76%	64%

¹ 108 countries were represented in the Fall 2017 international student population.

² 72% of undergraduates on Main Campus are Connecticut residents.

All 169 Connecticut towns and 42 of 50 states are represented in the Fall 2017 total undergraduate student population.

SAT Scores and Retention & Graduation Rates

2017 SAT Scores (Critical Reading and Math)	National High School	Connecticut High School	Main Campus Entering Freshmen
	1060	1041	1294

Main Campus	All	Minority	
Freshmen Retention:	1-Year Rate	94%	92%
Graduation:	4-Year Rate	83%	66%
	6-Year Rate	73%	77%

UConn (Main Campus) ranks 20 out of 58 public research universities in graduation rate for all freshmen and 22 out of 58 public research universities for minority freshmen. (Sources: *U.S. News 2018 America's Best Colleges & 2016 IPEDS Graduation Rate Survey*) UConn (Main Campus) average time to graduate is 4.2 years among those who graduate within 6 years, and ranks 4 out of 58 public research universities.

Total Undergraduate Student Cost – 2017-2018

	In-State	Out-of-State
Tuition, Fees, Room ¹ & Board ²	\$27,394	\$49,462
Tuition & Mandatory Fees	14,880	36,948
Tuition Only	11,998	34,066

¹ 66% of Main Campus undergraduates live in campus housing (101 residential halls).

² Board rate shown reflects the Value Plan, which is the most popular plan available.

Student Financial Aid – Fiscal Year 2017

Financial Aid Support: \$499.3 million

	Main Campus/ Regional ¹	UConn Health
Scholarships & Grants	\$184.8 million	\$6.4 million
Loans	199.0 million	18.7 million
Student Employment	24.2 million	
Tuition Waivers	66.2 million	

¹ 37.8% of all tuition dollars are dedicated to financial aid. Approximately 21,700 students received financial aid packages in FY 2017.

UConn ranks among the Top 25 public universities in the nation

– *U.S. News & World Report America's Best Colleges* (2018)

2018 Fact Sheet



BUDGET – Fiscal Year 2018

Total Current Funds Budget: \$2.4 billion

MAIN & REGIONAL CAMPUSES

Revenues	In Millions
State Appropriation	\$191.3
Fringe Benefits	135.8
Student Tuition & Fees	719.1
Gifts, Grants & Contracts	205.7
Sales/Services - Auxiliary Enterprises	35.8
Sales/Services - Educational	19.9
Investment Income	2.9
All Other Revenues	15.6
Total	\$1,326.1

Expenditures

Academic Services	\$608.7
Research Services	87.5
Student Services	437.4
Operating, Support & Physical Plant Services	191.9
Total	\$1,325.5

UConn Health

Revenues	In Millions
State Appropriation	\$117.7
Fringe Benefits	105.7
Student Tuition & Fees	24.4
Gifts, Grants & Contracts	84.9
Interns & Residents	66.7
Net Patient Care	482.7
Correctional Managed Care	80.4
All Other Revenues	58.6
Total	\$1,021.1

Expenditures

Hospital & Health Services	\$518.0
Correctional Managed Care	80.4
Academic Services	185.9
Research Services	124.7
Operating, Support & Physical Plant Services	130.5
Total	\$1,039.5

STAFF – Fall 2017

Number of Full-time & Part-time Faculty & Staff: 9,916

	Main Campus/Regional	UConn Health
Full-time & Part-time Faculty & Staff	4,857	5,059
Full-time Faculty & Staff	4,654 (96%)	3,938 (78%)
Part-time Faculty & Staff ¹	203 (4%)	1,121 (22%)
Full-time Faculty	1,545	493
Tenured & Tenure Track	1,148 (74%)	166 (34%)
Non-Tenure Track	397 (26%)	327 (66%)
Full-time Staff	3,109	3,445
Full-time & Part-time Faculty		
Female	41%	44%
Minority	21%	34%
Full-time & Part-time Staff		
Female	57%	77%
Minority	15%	27%

¹Approximately 680 adjunct lecturers teach at least one course at Storrs and regional campuses.

Staff Covered by Collective Bargaining Agreements:

Main Campus & Regional Campuses	90%
UConn Health	94%

ALUMNI and GIVING

UConn Alumni

- Nearly 254,000 total alumni worldwide.
- More than 135,000 alumni live in Connecticut.

Private Giving Fiscal Year 2017

- In FY 2017 private donations to the University totaled \$71.8 million. Of that amount, \$22 million was donated for scholarships and student support, \$25.7 million for program support, \$11 million for research, \$7.4 million for faculty support and \$5.7 million for capital improvements.

- Alumni contributed \$29.3 million in FY 2017. Parents and other individuals contributed \$17.4 million. Corporations and organizations added an additional \$25.1 million.

- Funds made available to support the University in FY 2017 totaled \$45.9 million.

- The University endowment portfolio was valued at \$421.8 million at the fiscal year-end, including more than \$176 million for scholarships.

RESEARCH, TRAINING and PUBLIC SERVICE

Fiscal Year 2017 external funding, sponsored awards:

\$184.5 million (excluding financial aid):

Main & Regional Campuses:	\$129.8 million (70%)
UConn Health:	\$ 54.7 million (30%)

Total by Funding Source

Federal: 80.2% State: 3.6% Private/Other: 16.2%

Sponsored Awards at Main & Regional Campuses

Research	86%
Education and Training Programs	5%
Public Service	9%

Sponsored Awards at UConn Health

Research	90%
Public Service	10%



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