MANAGEMENT ASSESSMENT

Strategic Planning

1. Does your organization’s strategic plan have specific financial and operational goals with clear measures of achievement? The University’s Comprehensive Plan was adopted by the Board of Trustees on February 25, 2015. Incorporating the key elements of the Academic Plan, the Campus Master Plan, the Capital Plan, recommendations from the Battelle report and input from key industry leaders who served on the NextGenCT advisory board, the University developed the NextGenCT Comprehensive Plan to guide the implementation of NextGenCT investments. This comprehensive plan meets the following four objectives as set forth in the Next Generation Connecticut Legislation:
   1. Develop preeminence in the University of Connecticut’s research and innovation programs;
   2. Hire and support outstanding faculty;
   3. Train and educate graduates to meet the future workforce needs of Connecticut; and
   4. Initiate collaborative partnerships that lead to scientific and technological breakthroughs.

The Comprehensive Plan has been guided by our efforts to enroll increasing numbers of outstanding students, recruit and retain the highest caliber of research and teaching faculty, meet regional campus needs, continue to make campus improvements, complete a campus master plan for our physical infrastructure, and leverage the UConn Tech Park as an economic development driver for the region. The Comprehensive Plan establishes a strategic roadmap for the University’s investments over the next decade for the Next Generation Connecticut Initiative.

--The Act provides that the University shall develop a comprehensive plan to guide Next Generation Connecticut investments. Progress reports regarding the University’s achievement of goals set out in the comprehensive plan are required by the Act to be submitted annually to the joint standing committees of the General Assembly having cognizance of matters relating to finance, revenue and bonding, commerce and higher education. The first such report was submitted by the University on January 13, 2016. The comprehensive plan was adopted by the Board of Trustees on February 25, 2015.

Campus Master Plan and Capital Program:

The University’s Master Plan provides a template for the development of the University’s physical plant and infrastructure. The 1998 Storrs Campus Master Plan was updated in 2006 to reflect the extensive physical changes on all the campuses resulting from the UCONN 2000 and 21st Century UConn initiatives. It should be noted that the Master Plan was modified throughout the project planning, design and construction process of UCONN 2000. As part of the Technology Park initiative, an update to the North Campus Master Plan was prepared to delineate various building sites, vehicular and pedestrian pathways, utility corridors, and landscape improvements to facilitate the future development of that part of campus. This work is incorporated in the comprehensive 2015 Master Plan for the campus.

The 2015 Master Plan reflects the impacts of the projects included in the Next Generation Connecticut program and guides the development of the Storrs campus for the twenty (20) year period between 2015 and 2035. The 2015 Master Plan documents the state of existing conditions on campus, and issues related to land use; space needs for academic, research, student life and administrative uses; recommended deferred maintenance and capital investments in the physical plant; environmental issues and sustainable design principles for future development; parking, circulation and transportation issues; and specific strategies to improve landscape quality and open spaces. The Master Plan references the programmatic ties to the Regional campuses, but
2. How often is the strategic plan updated? *It is a living document and updated periodically.*

Do you employ rigorous stress testing of your assumptions and/or scenario analysis? **None at this time.** If so, please describe at a high level.

3. Does management currently have tools to monitor the organization's strategy and its implementation? **Yes.** If so, what are they? **Several metric measurement and reporting functions. Various committee meetings, Board of Trustees actions, web site postings, approval processes in place that eventually go to the Board of Trustees, Town Hall meetings by senior management for entire UConn community.** How is strategy communicated throughout the organization, including the Board and middle/lower management? **Various committee meetings, Board of Trustees actions, web site postings, approval processes in place that eventually go to the Board of Trustees, Town Hall meetings by senior management for entire UConn community.**

**Risk and Financial Management**

1. Is there an organization-wide risk structure in place with defined risk tolerances? **There is no specific risk tolerance particularly addressed however there is a system of checks and balances including internal audit function, general counsel office, public auditors, athletics reporting oversite and Title IV and other reports.** If so, what are they? Does the Board review the risk program and hold management accountable? **The Board of Trustees holds management responsible. There is a management risk committee.**

**Operational Effectiveness**

1. Do unexpected events or performance issues frequently or infrequently impact operational performance? Please elaborate why or why not.

**RESPONSE:**

From time to time unexpected events or performance issues may occur, nevertheless none have materially impacted operational performance. However, UConn receives annual appropriations through the legislative process, and we are subject to state performance and legislative influences which can impact our budget and operational performance. From time to time unexpected events or performance issues may occur, nevertheless none have materially impacted operational performance. However, UConn receives annual appropriations through the legislative process, and we are subject to state fiscal performance and legislative influences which can impact our budget and operational performance. After long negotiations, the State passed a biennial budget that cut UConn by nearly $50 million from our FY17 appropriation.

On December 13, 2017, the University’s Board of Trustees approve a Revised Spending Plan for Fiscal Year 2018 of $1,325.5 million. The Revised FY18 Spending Plan included the State’s adopted biennial budget as well as UConn’s remedies to maintain a balanced budget. These remedies include the elimination of empty positions, tighter restrictions on new hiring, additional scrutiny of expenditures and exploration of new sources of external revenue. Unfortunately, budget cutbacks have become a part of the new economic reality faced by state funded institutions across the nation. Specifically in FY18 there are two big drivers that will mitigate the State’s budgetary cut – enrollment and cutting expenses.

- UConn has strategically enrolled more students, including a larger number of international students. UConn has the ability, through the Board of Trustees, to raise tuition when necessary and administratively to decide the number of students to admit and enroll at UConn. Because UConn is a good financial and academic
decision, applications continue to grow with UConn receiving nearly 37,000 applications for only 3,500 new freshmen slots in Fall 2017.

- Cutting expenses is also something UConn has engaged in. This includes some personnel positions, but the largest cost cutting measure in FY18 is deferred, delayed and cancelled capital projects and/or deferred maintenance including funding from bond proceeds.

UConn has carefully and effectively managed to balance the budget since 2015 and FY18 is no exception. UConn will continue to focus on protecting academic excellence, delivering strong student services and supporting the research mission of the University. In recent years, UConn has made significant gains and improved academic quality as measurable by metrics, and will continue to push this momentum forward.

2. Has management demonstrated the willingness to make difficult decisions? Provide a recent example.

**RESPONSE:** Yes. UConn has mitigated past possible spending plan deficits and balanced the budget for the last 4 years by taking the following actions:

- Increased enrollment
- Increased online programs, certificate programs and fee based programs
- Deferred, delayed and/or cancelled some capital projects and deferred maintenance
- Elimination of positions vacated due to resignation, retirement, etc.
- Careful hiring - any new position must be approved by President
- Selective layoffs
- Reductions in faculty start-up
- Selected budget rescissions to administrative and academic department and programs
- Reduction in Merit Scholarships for specific programs

Through the revised FY18 Spending Plan, UConn demonstrates the continued willingness and ability to make difficult decisions to balance the budget while focusing on carrying out the Academic Plan and funding key academic priorities. Over the past several years, UConn has improved its educational quality on every level. Students of higher quality are choosing UConn, new faculty and leading scholars from around the country are choosing UConn, and the University is enjoying the highest ranking by U.S. News in its history. Despite declining State support, the FY18 spending plan builds on these past successes by continuing to provide the required funds for improving the student experience, strengthening research and teaching, supporting economic development, increasing philanthropy and communicating the University’s commitment to excellence. From time to time management has considered expanding revenues, including tuition and fees.

**GOVERNANCE ASSESSMENT**

1. Describe your historical relationship with regulatory / accreditation authorities. The University has a historically good relationship with regulatory and accreditation authorities.

2. Has your organization had any recurring infractions that resulted in material losses or a material adverse effect on the enterprise’s reputation? None that we are aware of.

3. Have there been any material deficiencies in the internal control system? Have they been remedied or rendered immaterial? No.

4. Has your organization had restatements or delayed filings resulting from inadequate controls that impacted the validity/accuracy of data in the past five years? No.

**FINANCIAL POLICIES**

Please indicate if your organization has each of the following policies and provide copies of each policy (including the date of the most recent revision) with this completed form.
1. Transparency and disclosure: how frequently are full accrual financial reports published (annually, quarterly, and more frequently)? What limits the frequency of reports? **UConn Health – Annually, Limited by time and personnel resources. UConn - Full accrual, audited financial reports are published annually. No external or state requirement exists for more frequent publication.**

2. Reserves and Liquidity: is there a policy on maintaining a particular level of reserves? If so, what is the target level? Are reserve requirements linked to cash flow needs or is it less formal? **The University endeavors to maintain unrestricted available funds in an amount equal to 25% or 3 months of its annual unrestricted current fund expenditure budget. The target level for the contingency (undesignated) reserve component of this fund balance will be 2 months that may vary as designated reserves increase or decrease in amount.**

3. Reserves and Liquidity: has there been a deviation from the policy in the past five years? **The University’s management policy has been to build up reserves when feasible. From time to time the state has asked for givebacks. However, the GO-DSC bonds are paid for by the State and do not require University reserves to pay debt service. The SO-SFR coverage table shows healthy reserves. We currently are at over 7x coverage.**

4. Reserves and Liquidity: are cash and debt management functions centralized? Please describe. **Yes, for debt and cash management such as debt issuance, bond proceed cash investment, spending and forecasted cash needs, and compliance such as indenture, state law, and IRS and SEC disclosure compliance, etc. these functions are centralized in the EVPA/CFO Office of Treasury Services. At closing Treasury Services directs the bond proceeds to be held at the Trustee Bank pursuant to the Indentures of Trust and policies in dedicated investment and Trustee accounts. For other cash purposes, such as State appropriations, the State Treasurer holds the cash on behalf of UConn. In regards to managing and paying debt service for the Student Fee Revenue Special Obligation bonds the University directly funds the debt service at the Trustee Bank pursuant to that Indenture. Other forms of UCONN2000 debt are paid directly by UCONN to the debt holders pursuant to the particular financing documents and amortization schedules. The State Treasurer funds the debt service from State resources for the UCONN2000 General Obligation Debt Service Commitment Bonds pursuant to the Indentures with the Trustee Bank and the paying agent bank.**

5. Long-term Planning: how often, and under what circumstances are multi-year financial and capital plans created? What is the basis of the assumptions that support the plans? **The University is charged with making several long-term financial and capital plans. For example, the University has produced a master plan for its infrastructure. The University also submits its capital plan in the form of Supplement Indentures to the BOT and Governor every fiscal year for approval. The University presents a comprehensive capital and financial plan in its budget that is submitted to the BOT and shared with the legislature. The University of Connecticut developed a comprehensive plan to guide Next Generation Connecticut investments pursuant to the Act. On the operating side, the State of Connecticut passes a 2 year budget and UConn submits a financial plan to accomplish this goal. While State Support is an important component of our operating budget, approximately 70% of the budget is from other sources providing a solid, stable base for the University.**


7. Debt Management: How is the policy monitored and implemented and have there been deviations from the policy during the past five years? **The debt management policy is monitored by the EVPA/CFO, BOT, Governor's Office, Office of State Treasurer, State Auditors, Office of Policy & Management and others all monitor the results. The policy is implemented by the University's Office of Treasury Services working in conjunction with the Office of State Treasurer. There have been no deviations from the policy during the past 5 years. The University prepares biannual UCONN 2000 reports to the General Assembly and the Governor as required by law.**
Debt Management: if derivatives are allowed, are there policies to limit their use? Have there been deviations from the policy in the past five years? *For UConn no derivative securities have been authorized or issued. There are certain State law & Indenture requirements that limit their use additionally the university would work with the Office of State Treasurer should derivatives be deemed efficient.*