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.  https://accreditation.uconn.edu/wp-content/uploads/sites/1777/2016/06/7.9-%E2%80%93-Comprehensive-Plan-for-Next-Generation-Connecticut-Investment-Principles-FY-15-24.pdf

   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 does not include separate master plans for those locations. [https://masterplan.uconn.edu/]

2. How often is the strategic plan updated? The University’s Comprehensive Plan is a living document and updated periodically. The University tracks changes to the Campus Master Plan and reports on it annually, with the issuance of a Supplement to the Campus Master Plan scheduled for 2020. In the 2020-2021 academic year, the University will undergo a process to develop a new Strategic Plan. The Strategic Plan will establish a common set of priorities at UConn to unite our community toward shared goals of excellence in research, life-transformative education and driving economic growth in Connecticut.

3. Do you employ rigorous stress testing of your assumptions and/or scenario analysis? Yes. If so, please describe at a high level.

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 annual report represents the specific information, per statute, which the University is required to submit. As appropriate and available, peer comparisons are included.

- Student applications, student enrollment and degrees awarded
- Sponsored Programs Proposals, Awards, and Expenditures
- Industry partnerships including joint projects, consortium projects, and technology incubator support
- A summary of University and joint University-industry intellectual property activities, including the number of disclosures, patents, licenses, new businesses, and entrepreneurial activities established with University technologies
- Identification of research and innovation benchmarks and an analysis of the University’s progress in meeting such benchmarks

Thus far, the University has made significant progress in meeting the goals of Next Generation Connecticut and the metrics included in these annual reports reflect positive growth trends.

4. Does management currently have tools to monitor the organization’s strategy and its implementation? If so, what are they? Yes, Several metric measurement and reporting functions. Various committee meetings, Board of Trustee actions, website 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 Trustee actions, website postings, email listservs, 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? If so, what are they? Does the Board review the risk program and hold management accountable? The University has a system of checks and balances including the internal audit function, general counsel’s office, compliance office, public auditors, athletics reporting oversight and Title IV and other reports. The Joint Audit and Compliance Committee (JACC) of the University’s Board of Trustees plays a significant oversight role in the integrity of the University’s financial statements, the systems of internal control, the performance of the internal audit function, and the University’s compliance with legal and regulatory requirements. The JACC meets regularly and holds management accountable.

Operational Effectiveness

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

From time to time unexpected events or performance issues may occur. 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. The Governor may reduce State agency appropriations by not more than 5% unless approved by the Appropriations Committee of the General Assembly. For Fiscal Year 2021, the State appropriation has been reduced by $2.5 million for allocable bottom line savings for the State budget. While no assurance can be made that the State will not change the Fiscal Year 2021 appropriation prior to the
end of such Fiscal Year, any State funding cuts are expected to be managed by the University through various mitigation efforts.

Additionally, with the current COVID-19 global pandemic, the University faces tremendous uncertainty for Fiscal Year 2021. In particular, operating revenues will very much depend on the University’s ability to remain open for in-person instruction on all campuses, maintain enrollment, and maintain occupancy in the housing and dining program. The Fiscal Year 2021 budget forecast includes $1,441.9 million in expenditures and $1,414.4 million of revenue, yielding a net loss of $27.5 million. The University will continue to seek external support as well as reduce expenses to mitigate this loss.

Throughout any unexpected event or performance issue, the University will continue to focus on protecting academic excellence, providing strong student support, and supporting the research mission of the University. UConn has made significant gains and improved academic quality and expects to continue to push this momentum forward.

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

Yes, the University has had to make difficult decisions every year in order to balance the operating budget. The COVID-19 global pandemic has wreaked havoc on the University’s budget during Fiscal Year’s 2020 and 2021. In order to mitigate large deficits as a result of closing the campus early in the spring of 2020 as well as the impacts of de-densified housing occupancy and restrictions on in-person classes in order to re-open the campus in the fall of 2020, the University has executed a variety of mitigating items such as management furloughs, spending and hiring freezes, and departmental budget cuts. More specifically, the University has:

- Implemented hiring and spending freezes in all but essential areas
- Management furloughs of 5-10%
- Eliminated adjunct/contract faculty positions
- Reduced staff at the Extension Service of the College of Agriculture, Health, and Natural Resources
- Eliminated academic programs
- Reduced 100 student worker positions
- Reduced graduate research and teaching assistants (GAs & TAs)—jobs that many students need to support their education
- Reduced elective course offerings
- Eliminated 4 NCAA sports
- Canceled thousands of library journal subscriptions
- Reduced facilities services including waste removal, proactive equipment upgrades, and routine maintenance

In September 2020, U.S. News & World Report’s annual rankings, for the ninth consecutive year, included UConn among the nations’ top 25 public universities. UConn’s rankings place as No. 23 is an especially meaningful achievement in light of the University’s pledge to protect academic quality amid difficult financial circumstances in recent years. The rankings show that UConn continues to offer strong performances in student retention and graduation rates, attracting highly talented undergraduates, providing faculty resources, ensuring the success of low-income students, and helping keep graduates’ indebtedness below state and national averages. The University will continue efforts to increase operational efficiencies and vacancy elimination to achieve cost savings where possible to avoid any actions which would harm the University and all that we have achieved. Our stability in the Top 25 among public institutions is a testament to the determination of our faculty, staff, and students to pursue excellence in everything they do.

GOVERNANCE ASSESSMENT

1. Describe your historical relationship with regulatory / accreditation authorities. The University has a historically strong and productive 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? No.

3. Have there been any material deficiencies in the internal control system? Have they been remedied or rendered immaterial? None that we are aware of.
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.

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<thead>
<tr>
<th>Financial Policies</th>
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<tr>
<td>Reserves and Liquidity</td>
<td>X (see BOT policy)</td>
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<tr>
<td>Investment management</td>
<td>X (see handbook)</td>
</tr>
<tr>
<td>Debt management</td>
<td>X (see policy &amp; handbook)</td>
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1. Transparency and disclosure: how frequently are full accrual financial reports published (annually, quarterly, and more frequently)? **UConn issues full accrual, audited financial reports published annually.** **UConn Health issues full accrual, audited financial reports published annually.** What limits the frequency of reports? **No external or state requirement exists for more frequent publications.**

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. **These levels are commensurate with good business practices and are consistent with industry standards.**

3. Reserves and Liquidity: has there been a deviation from the policy in the past five years? **The University’s Reserves policy has not changed in the past five years. The management approach to follow this policy has been to build up reserves when feasible. From time to time the state has asked for givebacks in order to support the state-wide budget which has reduced the level of University reserves. In addition, the University has strategically acted to utilize reserves in order to reduce operating budget expenses. For example, the University called and retired the SO-SFR 2010 Refunding bonds in November 2019. While this action resulted in a $16.7 million drawdown of reserves, the University will save in excess of $2.6 million in future interest cost over the next eight years. Finally, due to the COVID-19 global pandemic, the University opted to send students home from University housing in March 2020. The University issued housing and dining refunds to the impacted students which was primarily funded through a drawdown of reserves. In light of these actions, the University continues to have a healthy level of reserves.**

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. The functions are centralized in the Department of Treasury Services in AVP Financial Operations and Controller’s department at UConn.**

**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 Trust accounts. For other cash purposes, such as State Appropriations, the State Treasurer holds the cash on behalf of UConn. In regard 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 UCONN 2000 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 UCONN 2000 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 Supplemental Indentures to the Board of Trustees (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 72% 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 EVP/CF0, BOT, Governor’s Office, Office of State Treasurer, State Auditors, Office of Policy & Management and others. 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.

8. 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 govern their use, additionally the university would work with the Office of State Treasurer should derivatives be deemed efficient.