

# UConn HEALTH

June 24, 2020

TO: Members of the Board of Trustees

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

Jeffrey P Geoghegan, CPA   
Chief Financial Officer

RE: Spending Plan for Fiscal Year 2021 for UConn Health

## RECOMMENDATION:

That the Board of Trustees approve a six month Spending Plan for Fiscal Year 2021 of \$645.4 million or half of the attached full year \$1,290.8 million for UConn Health, and UConn Health will present to the Board of Trustees an updated spending plan for the final six months in December 2020.

## RESOLUTION:

“Be it resolved that the Board of Trustees approve a six month Spending Plan for Fiscal Year 2021 of \$645.4 million or half of the attached full year \$1,290.8 million for UConn Health, and UConn Health will present to the Board of Trustees an updated spending plan for the final six months in December 2020.”

## BACKGROUND:

With the current global pandemic, UConn health faces uncertainty specifically related to patient revenues in Fiscal Year 2021 (FY21). The operating revenues are estimated to be \$900.5 million for FY21. Therefore, UConn Health is requesting a temporary spending plan for six month of FY21, and will report back to the Board on a quarterly basis to update the revenue projections along with potential deficit mitigating items. UConn Health will also present an updated spending plan in December for the final six months of FY21.

The General Assembly has approved an FY20 & 21 biennial budget that includes a block grant of \$132.9 million (\$275.3 million with fringe reimbursement and adjustments) for UConn Health for FY21. We are grateful to the Governor and General Assembly for their continued support of UConn Health and recognize the ongoing financial constraints on the State of Connecticut. State support, which consists of both the block grant and fringe reimbursement, is critical to UConn Health.

However, fringe benefit expenses are continuing to rise and these cost trends are unsustainable. A large portion of the fringe cost consists of the state unfunded pension and retiree health liabilities. In FY21, UConn Health estimates that it will pay \$53.8 million towards these liabilities from its non-state funding sources such as clinical, tuition and research grant revenue.

| <b>UConn Health</b>                       |                         |
|---|-------------------------|
| <b>Spending Plan for Fiscal Year 2021</b> |                         |
| <b>Expenditures:</b>                      |                         |
| Personal Services                         | \$ 475,319,964          |
| Fringe Benefits                           | 309,912,497             |
| Drugs/Medical Supplies                    | 133,424,901             |
| Resident and Fellow house staff           | 61,790,011              |
| Utilities                                 | 14,952,313              |
| Interest Expense on Debt Service          | 9,166,620               |
| Other Expenses                            | 256,286,956             |
| Depreciation                              | 29,955,538              |
| <b>Total Expenditures</b>                 | <b>\$ 1,290,808,800</b> |