

Financial Update for UConn & UConn Health



Briefing for the Financial Affairs Committee of the Board of Trustees

February 2023

UCONN

UConn: FY23 Budget

Through the second quarter, the University is projecting a balanced budget in FY23

	FY23 Forecast ⁽¹⁾	FY23 Budget	Variance	Percent Variance	Highlights
State Appropriations	\$ 453.5	\$ 445.9	\$ 7.6	1.7%	<p>The University will end FY23 with a balanced budget.</p> <p>1) State Appropriations – Favorable, due to higher rate of fringe reimbursement and additional salary base.</p> <p>2) Tuition – Unfavorable, due to unfavorable residency mix (transfer students) and assumed retention (\$8M) and GA waivers (\$6M)</p> <p>3) Course Fees – Unfavorable, professional program and intersession revenues have yet to return to pre COVID levels.</p> <p>4) Grants & Contracts – Unfavorable, due to lower than expected grant funding offset by favorable outside financial aid funds, including Pell and RW.</p> <p>5) Auxiliary Revenue – Favorable, housing capacity at 98% vs budget of 94%, plus contingency</p> <p>6) Other Revenues – Favorable, due to higher than budgeted STIF income.</p> <p>7) Salaries/Benefits – Favorable due to vacancy savings and slower hiring.</p> <p>8) Financial Aid – Unfavorable due to increased State and Federal pass-throughs (offset in income).</p> <p>9) Energy – Unfavorable due to increased rates and utilization.</p> <p>10) Equipment – Unfavorable due to higher than anticipated spend in IT, Facilities, and academics.</p> <p>11) Capital Projects/Debt – Unfavorable due to additional accounting entries, offset in other expenses</p>
Tuition	490.4	505.2	(14.8)	-2.9%	
Course/Mandatory Fees	158.5	160.1	(1.6)	-1.0%	
Grants & Contracts - Financial Aid	76.1	70.1	6.0	8.5%	
Grants & Contracts - Add'l State Support	39.2	39.2	-	0.0%	
Grants & Contracts - All Other	205.9	212.9	(7.0)	-3.3%	
Auxiliary Revenue	218.4	201.9	16.5	8.2%	
Other Revenues ⁽²⁾	77.3	73.4	3.9	5.3%	
Total Revenues	\$ 1,719.3	\$ 1,708.7	\$ 10.6	0.6%	
Salary/Benefits	\$ 1,066.1	\$ 1,072.5	\$ (6.5)	-0.6%	
Financial Aid	258.7	252.0	6.7	2.7%	
Energy	25.9	21.4	4.4	20.7%	
Equipment	29.1	26.2	2.9	10.9%	
Capital Projects/Debt Payments	60.2	55.8	4.4	7.9%	
Other Expenses ⁽³⁾	279.4	280.8	(1.3)	-0.5%	
Total Expense	\$ 1,719.3	\$ 1,708.7	\$ 10.6	0.6%	
Net Income/(Loss)	\$ -	\$ -	\$ -		

(1) Forecast is based on the first 6 months of the fiscal year and includes Operating and Research funds

(2) Other Revenue includes Foundation, investments, gifts and self-supporting revenue

(3) Other Expense includes food service, supplies, facilities contracts, travel and other operating expenses

UConn: FY23 Financial Improvement Plan

Through the second quarter of FY23, the University has realized \$14.7M in savings of a \$19.7M total updated FIP target and is on track to end the year with a balanced budget.

Financial Improvement Plan Initiatives	Original Target	Updated Target	Implemented	% Implemented	Comment
Use of Research Fund Balance	\$ 6.0	\$ 6.0	\$ 6.0	100%	Fringe buydown - research or operating based on availability
Foundation MOU	2.2	2.2	2.2	100%	Restructured agreement
Hybrid Savings	3.0	-	-		Hybrid staffing expected to reduce operating costs
Salary and Fringe	3.3	6.5	6.5	100%	Slower hiring and vacancy savings
Additional Foundation Reimb.	-	1.0	-		
Slower Spend/Fund Balance	-	4.0	-		
Target/YTD Total	\$ 14.5	\$ 19.7	\$ 14.7	75%	
Other reconciling items					
STIF rate increase		4.1			Higher rate than budgeted
State fringe reimbursement		7.6			Higher rate realized on fringe reimbursement
Other revenue lines/fin aid offsets		(7.8)			Lower tuition, grant, fee revenues & add'l aux revenue and fin aid offsets
Other expense lines		(9.1)			Increased energy, equipment and other expenses such as travel and food
Subtotal		\$ (5.2)			
Net Result			\$ (5.0)		

UCH: FY23 Budget

UConn Health is projecting a balanced budget in FY23

	FY23 Forecast ⁽¹⁾	FY23 Budget	Variance	Percent Variance	Highlights
State Appropriations	\$314.0	\$308.5	\$5.5	1.8%	Favorable due to higher rate of fringe reimbursement and additional salary base
Additional State Support	110.4	110.4	0.0	0.0%	
Tuition and Fees	32.6	32.2	0.4	1.3%	
Grants & Contracts	113.1	111.3	1.8	1.6%	
Interns/Residents	76.6	77.5	-0.9	-1.1%	
Net Patient Revenue	788.4	763.2	25.2	3.3%	Volume increases in JDH, UMG and Pharmacy Services
Other Revenue ⁽²⁾	190.9	183.1	7.8	4.3%	Increase in 340B pharmacy initiatives
Total Revenue	\$1626.0	\$1586.1	\$39.9	2.5%	
Salary/Benefits	\$887.6	\$881.8	\$5.8	0.7%	Increase related to clinical revenue volumes
Drugs/Medical Supplies	250.4	243.5	6.8	2.8%	Increase related to clinical revenue volumes
Resident and Fellow house staff	63.3	63.2	0.1	0.1%	
Utilities	15.2	15.2	0.0	0.3%	
Interest Expense on Debt Service	8.3	8.3	0.0	0.3%	
Other expenses ⁽³⁾	342.5	333.5	9.0	2.7%	Temporary per diem staff increase related to clinical revenue volume
Capital Projects/Lease and Debt Payments	57.9	40.0	17.9	44.9%	Funds allocated for renovations and outdated capital equipment
Total Expense	\$1625.2	\$1585.5	\$39.7	2.5%	
Net Income	\$0.8	\$0.6	\$0.2		

(1) Forecast is based on the first six months of the fiscal year (YTD December 31st plus remaining budget)

(2) Other Revenue includes auxiliary services, gifts/endowments, external contract revenue and internal income (offset by internal expense)

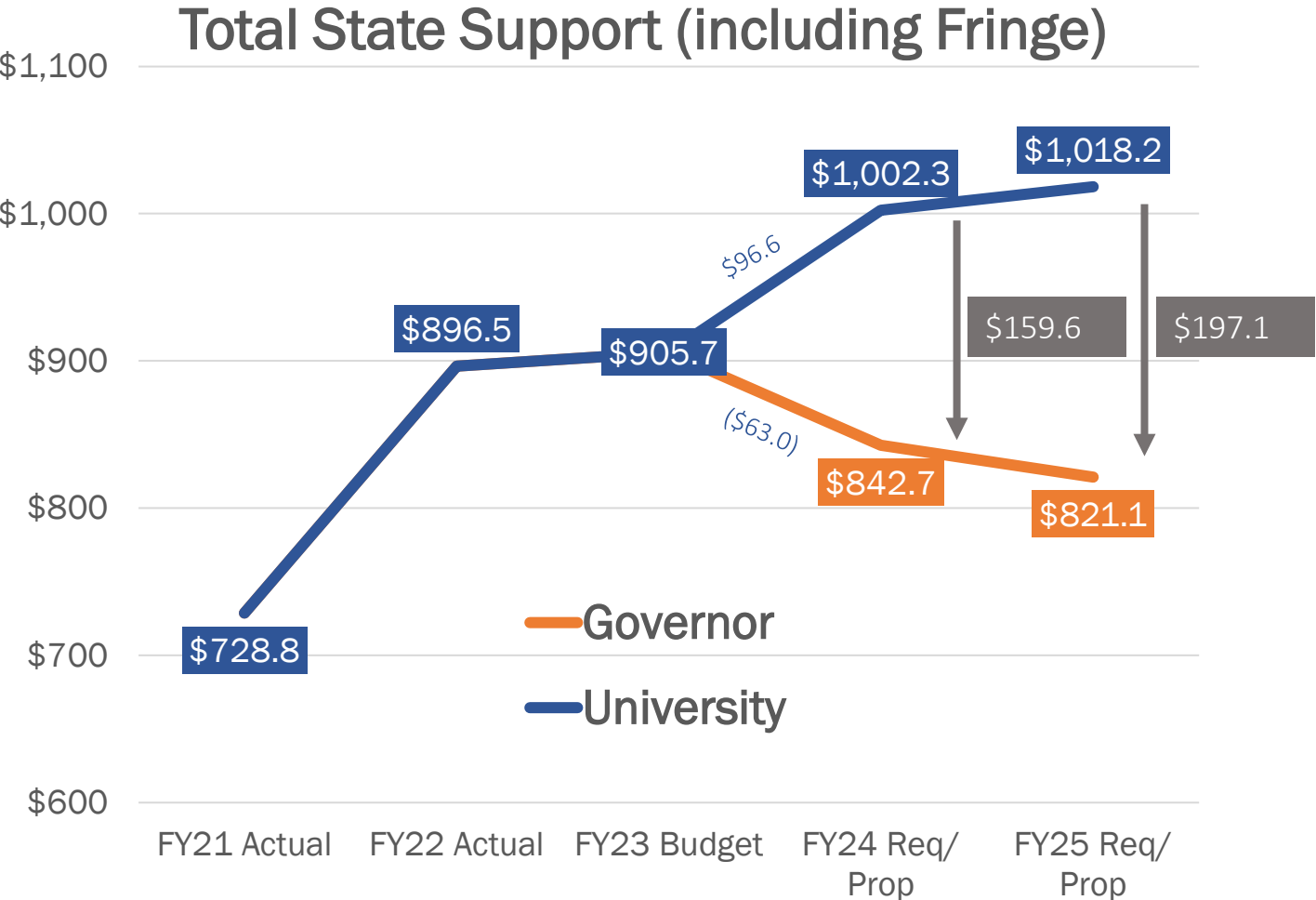
(3) Other Expenses includes items such as Temporary Per Diem Staff, Medical Contractual Support, Insurance, hardware/software maintenance, professional services and Repairs/Maintenance

UCH: FY23 Financial Improvement Plan

Through the second quarter of FY23, UConn Health has realized \$4.4M in savings and is on track to exceed the full \$5.0M target

Financial Improvement Plan Key Initiatives:	Annual Target	Implemented YTD Savings	% Implemented	Estimated Annual Savings	% Est Annual Savings
Clinical Operational Initiatives - JDH and Finance Corp	\$2.6	\$2.0	77.2%	\$2.1	82.8%
Clinical Operational Initiatives - UMG	0.9	1.1	134.0%	1.2	141.3%
Academic Initiatives - SOM	0.8	0.6	77.4%	1.1	139.1%
Academic Initiatives - SODM	0.2	0.1	74.6%	0.3	155.2%
Research Initiatives	0.6	0.5	94.9%	0.6	110.3%
TOTAL TARGET	\$5.0	\$4.4	88.9%	\$5.4	107.7%

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		
Legacy	108.7	113.2	73.6*	36.8*
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

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)						