

October 2003

## Minutes October 13, 2003

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## MINUTES OF A MEETING OF THE UNIVERSITY SENATE

1. Senator Spiggle officially called the regular meeting of the University Senate of October 13, 2003 to order at 4:04 p.m. in Room 7, Bishop Center.

2. Approval of Minutes

Senator Spiggle presented the Minutes of the regular meeting of September 8, 2003 for review.

The minutes were approved without modification.

3. Report of the President

Senior Vice Provost Maryanski touched briefly on the following items:

- The Waterbury Campus dedication.
- The Family Weekend.
- The early retirement incentive program. Allocations have made to the Deans in order to permit searches to refill positions. Forms for hiring have been modified and streamlined.

4. The Report of the Provost and Executive Vice President for Academic Affairs on Capital Projects and Master Planning Efforts was presented.

Associate Vice Provost Karla Fox presented the Master Planning Report. Planning has begun to support 21<sup>st</sup> Century UCONN and consultants are in place. The November 5<sup>th</sup> Master Planning Advisory Committee meeting will be open to the public. Phase 3 will concentrate on renovations and expansions of existing buildings and environmental sustainability guidelines.

Executive Director of Architectural and Engineering Services Larry Schilling presented the Capital projects report. Several projects are nearing completion: The old School of Business Administration building conversion to (Center for Undergraduate Education), the Gentry addition, the Benton museum addition, and the first phase of the Student Union. Work is beginning on new second phase projects including the Pharmacy building, the Co-Generation facility, and the new service drive to Babbidge Library.

In response to a question from Senator Cairra, he stated that the Co-Generation Facility is expected to save money on energy and provide a more reliable source of electricity. In response to questions from Senators Pickering and Pendryns, he noted that the traffic congestion on Hillside Rd will be looked at with a recommendation expected from consultants in November.

5. John Martin, President and Chief Executive Officer of the University of Connecticut Foundation, reported on the activities of the Foundation. He stated that the Capital Campaign is achieving success despite difficult economic times. Funds raised have gone primarily to scholarships, faculty compensation, and program enhancement. He noted an increase in support over the past 8 years and an increase in the number of gifts last year. The campaign is in its final nine months.

In response to a question from Senator Schaefer, he stated his belief that the legislature's matching gift program is secure.

6. The Report of the Vice President and Chief Financial Officer on Budget was presented by Associate Vice President Bruce DeTora.

(See Attachment #4)

A more detailed PowerPoint presentation given to the Board of Trustees is on the Financial Planning and

Budget web site (<http://www.budget.uconn.edu/BOT 9.23.03.pdf>). He discussed the budget and expenditures for the '02 and '03 fiscal years, indicating budget cuts and a higher than expected enrollment (and tuition income) last fiscal year. The '03-'04 budget for the Storrs campus is \$693 million. He noted that the level of state support (as a % of the total) has been dropping.

In response to questions from Senators Holsinger, Pendrys and DeWolf, he stated that the plan for in-residence professors will continue for a third year, the Towers dining hall payback is via room and board fees, and that he does not have specific information comparing the size of UConn's budget cuts with other research state institutions but he is certain that it is larger in some other states.

7. Senator DeWolf presented the Report of the Senate Executive Committee (See Attachment #5)
8. Senator Cairra presented the Report of the Nominating Committee (See Attachment #6)

- a. She moved the following faculty and staff deletions to the named Standing Committees:

David Herzberger from Curricula and Courses.  
Susan Spiggle from Faculty Standards.

The motion carried.

- b. She moved the following faculty and staff additions to the named Standing Committees:

Harold Reinhart to Scholastic Standards.  
Joseph Madaus as representative to Growth and Development from Student Welfare.  
Laurie Best as representative to Growth and Development from Courses and Curricula.

The motion carried.

- c. She moved the following faculty addition to the General Education Oversight Committee:

James Holzworth for a one-year term.

The motion carried.

- d. She moved the following student additions to the named Standing Committees:

Craig Calvert, graduate student, to University Budget  
John Jevitts, undergraduate student, to University Budget  
Suzanne Roosen, undergraduate student, to University Budget  
John Jevitts, undergraduate student, to Curricula and Courses  
Ryan Jones, undergraduate student, to Enrollment Committee  
Liz Cusack, undergraduate student, to Faculty Standards  
Amy Gallo, undergraduate student, to Growth and Development  
Ryan Jones, undergraduate student, to Growth and Development  
Amy Gallo, undergraduate student, to Student Welfare  
Stephanie Stolzenbach, undergraduate student, to Student Welfare

The motion carried.

## 9. Senator Zirakzadeh presented the Report of the Scholastic Standards Committee

For the information of the Senate, the Scholastic Standards Committee approved the appointment of Virginia Hettinger, Andrew Moiseff and Del Siegle to the Honors Board of Associate Advisors and approved S/U grading for Animal Science 296 and SAAS 096.

## 10. Senator Jeffers presented the Report of the Curricula and Courses Committee

(See Attachment #7)

- a. He moved a change in title for EKIN 161 and EKIN 162 and a change in credit for DRAM 107.

The motions carried.

- b. He moved that the following courses be dropped: EKIN 163 and EKIN 164.

The motion carried.

## 11. Senator Hiskes presented the Report of the General Education Oversight Committee.

(See Attachment #8)

She described the recent activities of GEOC including details on procedures and timetables for implementation of the new Gen Ed requirements, the development of an on line course submission form, and two open forums held at Storrs. She reported that faculty has expressed special concern about 200's level W courses in the major field. Forums will also be held at the regional campuses and individualized consultations with departments are available. A course submission form is now on line in HTML and PDF format with instructions on the GEOC web site. The committee hopes to begin reviewing proposals shortly.

## 12. Unfinished Business – None

## 13. New Business – None

A motion to adjourn was approved by a standing vote.

The meeting adjourned at 5:21 P.M.

Respectfully submitted,

Gerald Gianutsos, Secretary

The following members and alternates were absent from the October 13, 2003 meeting:

Anderson, Greg	Flanery, Trudy	Muirhead, Deborah	Smith, Erling
Aronson, Lorraine	Freake, Hedley	O'Donnell, James	Smith, Winthrop
Austin, Philip	Greger, Janet	Ouimette, David	Stwalley, William
Bramble, Pamela	Jain, Faquir	Petersen, John	Taylor, Ronald
Carstensen, Fred	Korbel, Donna	Ratcliff, Kathryn	Thorson, Robert
Croteau, Maureen	Kurland, Michael	Reis Renzulli, Sally	Vinsonhaler, Charles
Eby, Clare	Macgill, Hugh	Roe, Shirley	Williams, Michelle
English, Gary	Mannheim, Philip	Ross, Stephen	Wisensale, Steven
Facchinetti, Neil	McCarthy, Robert	Sidney, Stuart	Woods, David
Flaherty-Goldsmith, Linda	Miniutti, Peter	Silander, John	

# University Senate

## *Operating Budget Presentation*



Prepared By  
Office of Financial Planning & Budget

October 13, 2003

# AGENDA

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\*The following documents were used at the Board of Trustees meeting on September 23, 2003 and are available on the Office of Financial Planning and Budget website: Budget Presentation, University Operating Budget Highlights.



**University of Connecticut**  
**(Storrs & Regional Campuses)**  
***FY 2003 Budget Review***

The following narration and charts provide information on the main drivers of the University Storrs-based operating budget. The amounts presented here are subject to year-end closing and audit adjustments.

- ✚ **Total Revenue** – For the year ended June 30, 2003, total Operating and Research Fund revenues are \$669.1 million. This represents a positive variance from budget of \$18.6 million or 2.9%. This is primarily due to a significant positive variance of \$4.1 million in Gifts, Grants and Contracts, \$4.0 million in Auxiliary Enterprise Revenue, \$3.5 million in Sales and Service Education and \$3.3 million in Tuition Revenue.
- ✚ **Tuition Revenue** – For the year ended June 30, 2003, total net tuition revenue is \$116.4 million which is 2.9% greater than budgeted. Fall 2002 enrollment for total undergraduate students (degree and non-degree) was up 5.9% compared to Fall 2001. The tuition revenue budgeted was based on a 4.4% increase and this accounts for the variance.
- ✚ **Total Expenditures** – For the year ended June 30, 2003, total Operating and Research Fund expenditures/transfers are \$667.4 million. This represents a negative variance from the budget of \$16.9 million or 2.6%. The variance is primarily due to higher combined expenditures in Personal Services and Fringe Benefits of \$3.1 million, lower expenditures in Equipment of \$2.6 million and a larger amount of Transfers. The variance of \$15.6 million in the transfers line item is due to the following: funds were set aside in a Debt Service Reserve Account to fund future interest and principal payments, and funds were transferred for renovations to dining halls and dormitory window replacement. Additionally, there were other higher than anticipated departmental transfers for capital projects on buildings.
- ✚ **Energy Expenditures** – Energy expenditures for the year ended June 30, 2003 are \$20.6 million or \$3.5 million less than budgeted. The positive variance is due to lower than budgeted oil and natural gas prices. The cost for FY 2003 reflects a 20% increase over the FY 2002 amount and includes costs for new buildings.
- ✚ **Personal Services Expenditures** – Operating Fund Personal Services expenditures for the year ended June 30, 2003 are \$298.8 million or \$4.5 million more than budgeted.
- ✚ **Financial Aid Expenditures** – For the year ended June 30, 2003, Financial Aid expenditures are \$53.4 million or \$0.5 million less than budgeted. The variance is primarily due to a reduction in the Connecticut Aid for Public College Students Grant Program.
- ✚ **Net Gain (Loss)** – For the year ended June 30, 2003, there is a net gain of \$1.7 million.

**University of Connecticut (Storrs & Regionals)**  
**Statement of Operations and Variance Analysis (Unaudited)**  
**For the Twelve Months Ended June 30, 2003**  
**(Dollars in Millions)**

	Fiscal Year 2003			
	Budget	Actual	Variance	
<b>Revenues:</b>				
Operating Fund				
State Support	\$261.1	\$260.9	(\$0.2)	
Tuition	113.1	116.4	3.3	
Fees	53.0	53.6	0.6	
Gifts, Grants & Contracts	46.0	50.1	4.1	
Investment Income	3.4	2.5	(0.9)	
Sales & Service Education	10.1	13.6	3.5	
Auxiliary Enterprise Revenue	91.2	95.2	4.0	
Other Revenue	<u>5.9</u>	<u>8.2</u>	<u>2.3</u>	
Total Operating Fund	583.8	600.5	16.7	
Research Fund	<u>66.7</u>	<u>68.6</u>	<u>1.9</u>	
<b>Total Revenues</b>	<b>\$650.5</b>	<b>\$669.1</b>	<b>\$18.6</b>	<b>2.9%</b>
<b>Expenditures / Transfers:</b>				
Operating Fund				
Personal Services	\$294.3	\$298.8	\$4.5	
Fringe Benefits	86.9	85.5	(1.4)	
Other Expenses	99.5	102.8	3.3	
Energy	24.1	20.6	(3.5)	
Equipment	7.5	4.9	(2.6)	
Student Financial Aid	53.9	53.4	(0.5)	
Transfers	<u>17.6</u>	<u>33.2</u>	<u>15.6</u>	
Total Operating Fund	583.8	599.2	15.4	
Research Fund	<u>66.7</u>	<u>68.2</u>	<u>1.5</u>	
<b>Total Expenditures / Transfers</b>	<b>\$650.5</b>	<b>\$667.4</b>	<b>\$16.9</b>	<b>2.6%</b>
<b>Net Gain (Loss)</b>	<b><u>\$0.0</u></b>	<b><u>\$1.7</u></b>	<b><u>\$1.7</u></b>	

## Fiscal Year 2003-04 University Spending Plan Highlights

### THE CONTEXT

In even-numbered fiscal years, the University prepares a single fiscal year spending plan; in odd-numbered years, the University also prepares a budget for the upcoming biennium.

The spending plan for Fiscal Year '04 reflects the challenges of an increasingly difficult economic environment. In fact, University-wide, the FY '04 budget can be summed up as a triple whammy: the University is now managing the combined effects of diminished state General Fund support, the state's Early Retirement Incentive Program (ERIP) and enrollment growth. For the Storrs-based program, the key ingredients remain 1) continued expansion in enrollment, with increasingly talented students who expect and deserve excellence and 2) the imperative to move into the top ranks of academe nationally. At the Health Center, the tremendous pressures of the marketplace are now compounded by reductions in state and federal reimbursements. The dual missions of research and the education of tomorrow's doctors and dentists continue to refine and enhance the Signature Programs (those centers of excellence where the educational, clinical and research programs converge), but the financial demands that have characterized Health Center operations for the last few years show no signs of abating.

### THE STATE BUDGET

As was the case last year, the most significant environmental factor for the foreseeable future is the impact of the state's financial status. In that regard, the state budget's near-term (revenue shortfall) and long-term (the cap on expenditures) constraints likely mean that the state share of support for our budget will continue to decline. For the Storrs-based budget, the state share was 50% in FY '91, 40.7% in FY '02 and is estimated at 37.6% for FY '04. The Health Center's share of support from the state fell from 23.2% in FY '99 to 20.5% in FY '02 and is projected at 17.7% for FY '04. The realities of the state's financial circumstances mean that the University's other significant income streams will continue to play an increasingly important role in the financial health of the University. These sources include private support (also suffering from the effects of the troubled national economy), research funding (increasing University-wide, but with the rate of growth likely to slow somewhat as the Health Center reaches the limits of physical capacity), tuition/room/board fees at Storrs and the regional campuses, and clinical revenue at the Health Center.

The new state budget contains an FY '04 appropriation of \$197.1 million for Storrs. This represents a \$4.9 million increase over the FY '03 appropriation, but it is approximately \$10.7 million (\$14.9 million with fringe benefits) less than what we need to maintain the state share of current services (the amount needed to continue services at existing levels). **Please note,**

**however, that the statutory appropriation of \$197.1 million has just been reduced to a \$190 million allotment** (see Early Retirement Incentive Program section below). At the Health Center, the appropriation is \$74.9 million, an increase of \$1.5 million over FY '03, but \$2.7 million (\$3.6 million with fringe benefits) short of current services. **The Health Center appropriation of \$74.9 million has now been reduced to a \$73.8 million allotment.** As you know, the Health Center also contracts with the Department of Correction to provide health services to those in the Department's custody. For the Correctional Managed Health Care Program, the separate appropriation of \$74.9 million for inmate medical services will require us to work with the Department of Correction to address an estimated shortfall of \$3.7 million. The additional impact on the Health Center budget of changes in the State's General Assistance program is still being assessed. Finally, another change will negatively affect the budget University-wide: the mandated state fringe benefit rate for individuals in the State Employee Retirement System has now gone up to 45.8%, which is a 14% increase.

### **EARLY RETIREMENT INCENTIVE PROGRAM (ERIP)**

The impact of the Early Retirement Incentive Program cannot be overstated. At the Storrs-based programs, we saw a total of 365 people avail themselves of the ERIP. Of this group, 82 were faculty, 98 were professional staff and 185 were classified personnel, including 104 maintenance staff. The General Fund (i.e. state supported) portion of the dollar value of these retirements for Storrs is \$24.7 million in salary and fringe. The total value, which also includes salaries paid for by auxiliary funds, is \$31.3 million. At the Health Center, the ERIP headcount was 121 people, of whom 34 were professional staff, 53 performed support and maintenance duties, 28 were Correctional Managed Care Health staff, and 6 were faculty; the General Fund portion of the value of the retirements is \$3.3 million in salary and fringe. The total value, including salaries paid for by clinical and research dollars, was \$4.5 million.

The state budget just enacted provides that the higher education constituent units are permitted to retain 50% of the General Fund "savings". (In fact, we are reluctant to describe this as "savings" because the University will not see the financial benefit of the retirement program with the removal of 50% of the value from our budget.) As a result, the Office of Policy and Management has removed \$1.14 million from the Health Center budget allotment and \$7.12 million from Storrs (these figures are for salary only; related fringe savings come from another state account). We believe these numbers approximate 50% of the "savings" on an ongoing basis, and are working to understand better the full financial implications.

From a program perspective, we are also doing everything we can to address both the negative impact and the opportunities presented by the ERIP staffing losses. We have asked certain retirees to return (for the statutorily permissible 120 days per calendar year) in order to enable us to cover classes, staff residence halls (including 1300 new beds), operate the city we call the Storrs campus, and meet clinical demands at the Health Center. At this time, we are filling only the most critical positions. We will manage our way through the current year, but these temporary measures will not carry us through on a permanent basis. Furthermore, the timetable for faculty recruitment dictates that we enter the marketplace this fall. As a result, we are now beginning the search process for those positions essential to the ongoing growth and enhancement of our academic and research mission. There will,

however, be no standard University-wide “refill rate.” Rather, as we look to FY '05, positions will be approved and budgets will be developed based on programmatic priorities. For FY '04, our focus will be to minimize the problems associated with the ERIP, but longer term our goal is to maximize the reallocation opportunities—and potential for significant change—that the retirement program also represents.

## **SPENDING REDUCTIONS AND CONTROLS**

The University’s response to cuts in state aid includes aggressive management of costs; all parts of the University are being affected by cost-reduction and reallocation. Hiring and expenditure controls put into effect last year continue University-wide. For FY '03, the Storrs-based budget included \$19.6 million in reductions and reallocations, twice the amount of the previous year. The FY '03 reductions have been rolled into the FY '04 base, and the FY '04 plan also incorporates \$12.5 million in ERIP reductions (permanent) and \$11.3 million in wage concessions. The Health Center achieved \$52.6 million in operational improvements (cost reductions and revenue enhancements) from FY '00 through FY '03, and is implementing plans for another \$5 to \$10 million in FY '04. The overarching goal is to achieve efficiencies and savings without hurting quality. At Storrs, the wage concessions we achieved through negotiations with the AAUP and the UCPEA, as well as a managerial pay freeze, will help us to balance the budget in the face of state aid reductions. Fully 75% of our employees at the Storrs-based programs will see a wage freeze this year. Please note that while at the Health Center there is no wage concession package comparable to Storrs for FY '04, managers earning above \$75,000 received no increase in FY '03 (those earning less than \$75,000 received an average increase of 2.9%).

## **BUDGET PRIORITIES**

This proposal represents a balanced spending plan for FY '04. FY '03 figures are included for comparison.

	<b><u>FY 2002-03</u></b>	<b><u>FY 2003-04</u></b>	<b><u>% Increase</u></b>
<b>Storrs-based</b>	<b>\$667.4 million</b>	<b>\$693.0 million</b>	<b>3.8%</b>
<b>Health Center</b>	<b>\$524.7 million</b>	<b>\$550.8 million</b>	<b>5.0%</b>
<b>Total</b>	<b>\$1192.1 million</b>	<b>\$1243.8 million</b>	<b>4.3%</b>

(Please note: detailed charts for the current funds budgets, and their revenue/expenditure components, are found in Tab D of these materials.)

This balanced budget reflects the following:

- Recognition of the state’s diminished financial capacity
- Efficiencies, cost-reductions and reallocations (including wage freezes) rolled out permanently into the base budget
- Revenue enhancement/implementation of charges approved by the Board in 2002 and 2003

- Expenditures for quality: targeted increases for high priority programs 1) to ensure course availability and academic enhancement for undergraduates, 2) to provide support services to a growing student population 3) to increase financial aid, and 4) to enhance initiatives in the Storrs-based Centers of Excellence and the Health Center's Signature Programs
- Investments to protect private fundraising and federal grant activity

## **STORRS AND THE REGIONAL CAMPUSES**

As a result of UCONN 2000 and accompanying programmatic improvements, increasing numbers of high achieving students from Connecticut and from other states are making the University of Connecticut their school of choice. Growing recognition of the value of a UConn education has caused demand to skyrocket, making the Fall '03 entering class at Storrs the largest, most academically gifted and most diverse freshman class in UConn's history. At the same time, the University has worked to ensure that no qualified student is denied access, irrespective of ability to pay. Students' expectations have also soared: they come to UConn anticipating exceptional teaching and research faculty; access to a wide variety of course offerings and class sections; a meaningful level of academic and career counseling; a vibrant student life experience; and first-class academic, residential and recreational facilities.

The University must respond to these legitimate expectations, and this is an even greater challenge in FY '04 than ever before. For an in-state student, tuition covers only about one-third of the cost of academic services; all charges combined (tuition, room, board and fees) cover only one-half of total costs. In short, the more in-state students, the greater the financial challenge for UConn. At one time, state support was the key to making up the difference. Now the state's operating budget constraints, as well as the continued generous capital investment of UCONN 2000, have led to the expectation of increased fiscal self-reliance on the part of the University. The University spending plan reflects the ongoing rebalancing of our revenue streams.

## **REVENUE**

The proposed budget incorporates the implementation of increases approved by the Board of Trustees in June, August and November 2002 with regard to tuition, room, board and fees. Detailed breakouts are in Tab F of these materials.

For FY '04, the total in-state undergraduate cost is \$13,700, an annualized increase of 7.9% over FY '03. This represents an 8.7% increase in tuition, a 5.5% increase in room and a 5% increase in board as well as the other fees approved by the Board in 2002.

Out-of-state undergraduate costs would rise at approximately the same percentages, for total costs of \$24,484 in FY '04.

While we are sensitive to the impact of increases in tuition, room, board and fees, as it turns out the increases approved last year have proven essential to balancing this year's budget. As described below, additional financial aid is budgeted to offset the impact of increased

charges on financially needy students and families. In a dynamic college marketplace, with public universities nationwide implementing double-digit increases, UConn's cost structure remains a tremendous value in comparison to our competitors—but it is a value only if it ensures high quality.

Tuition revenue growth— a combination of increasing enrollment and increasing rates—is projected at 15.4% for FY '04 over FY '03. (Please see Tab D, Current Funds chart.) Changes in room and board (in Auxiliary Enterprises) and fees drive an increase of 7.1% for FY '04 over FY '03 revenue. The Research Fund is at \$69.4 million for FY '04; this represents a 20% increase since FY '01. By contrast, state support will remain flat for FY '04. In fact, after the ERIP reduction, state support in FY '04 is actually less than in FY '03.

## EXPENDITURES

### Undergraduate and Graduate Education

Just as cost-cutting must target areas of lower priority—reductions that will not affect the quality of the student academic life—so, too, new expenditures must support our highest priorities. Prime among these is the quality of the undergraduate experience. This budget provides for the following.

- Undergraduate course offerings: We have made significant progress in providing students with required coursework; for first-year students, 98.4% had completed schedules as of September 1. We are in the second year of an “in residence” faculty program to ensure adequate offerings in high demand courses; for FY '04, this means an additional \$515,000 for faculty and \$110,000 for teaching assistants, as well as \$367,500 for adjunct lecturers. The effort to meet demand is augmented by reallocations and opportunities arising from retirements. August '03 saw particularly high new demand in chemistry, biology and psychology. (While enrollment growth in the sciences is an encouraging development from many perspectives, it also costs the University more than most other disciplines.)
- Undergraduate academic support: With the investment last year in academic advising, we have seen reduced advisor caseloads and increased student contact. (This, too, has helped with course scheduling demands.) For FY '04, we turn the financial focus to \$420,000 in new dollars for the Center for Undergraduate Education programs designed to help students with the quantitative techniques and writing skills necessary to succeed in general education courses. We will also add an academic advisor for the student athletes in our growing football program.
- Honors Program: An additional \$202,000 will go towards the ongoing reconfiguration of the Honors Program, which will serve 1,120 students this year.
- School of Business: The ever-increasing demand for an undergraduate business major has outstripped the University's ability to respond. The FY '04 budget includes \$500,000 in new funds to support a new business minor.

- Waterbury Campus: Our new campus opened in August with a 20% increase in enrollment, which now stands at 677 students. First-time freshman enrollment has increased by a remarkable 61.3%. While increased faculty and staff costs were largely accommodated in the FY '03 budget, the FY '04 plan includes an additional \$540,000 for police and security, as well as \$148,000 for the costs of operating and maintaining the new facility.

Other funding priorities selectively target upper-division and graduate programs.

- Workforce Shortage Areas: We continue to increase our contribution to the state's efforts to meet labor market demands in professions facing shortages. The School of Nursing is budgeted for \$140,000 for new clinical teaching costs, the School of Pharmacy will receive an additional \$98,000 which includes clinical faculty to be shared with Yale University, and the Neag School of Education is slated for an increase of \$162,000 for the Stamford and West Hartford campuses' activities supporting the Alternate Route program (teacher certification for professionals from other fields of endeavor).
- School of Law: Last year, the School of Law saw a dramatic increase in the size of the entering class, and it has happened again this year. The FY '04 spending plan provides for an additional \$367,500 to meet this challenge. First year enrollment was 180 in FY '02, 248 in FY '03 and is projected at 238 for FY '04 (27% of whom are students of color).
- College of Liberal Arts and Sciences: CLAS is budgeted for \$551,000 to support new faculty and graduate teaching assistants in priority programs in Human Rights and Anthropology.

## RESEARCH

Excellence in research remains a high priority. Funding increases in this area are targeted to our "Centers of Excellence," those programs where UConn seeks competitive advantage and reputational distinction. The proposed FY '04 budget invests further in the Fuel Cell Research Center with the third of three annual increases of \$150,000. This investment grows research capacity and funding and has attracted a significant commitment of \$3.5 million from CII (Connecticut Innovations Inc.), the state's quasi-public venture capital arm, matched by \$3.5 million from private sector companies. Fuel Cell Center activities have also generated a \$2.5 million congressional earmark for the development of portable fuel cells, as well as \$2 million in federal funds for Center building construction. This budget also allocates an additional \$200,000 in FY '04 for the expansion of applied research "technology transfer" capacity University-wide (with costs split between the Health Center and Storrs). Finally, \$294,000 is allocated to continue the stabilization and improvements in operations at the Environmental Research Institute.

## ENROLLMENT MANAGEMENT

UConn now finds itself in an enviable position in a very competitive college marketplace. The University's value, both real and perceived, is a function of high quality and affordability (a combination of reasonable price and significant financial aid). This value is attracting applicants as never before. Applications for the class entering in August '03 reached the highest level ever: 18,724 applications (for 4,135 slots), which was 4047 more than last year—an increase of 28%. This good news for the University as a whole, however, translates into a tremendous challenge for the staff who deal with applications and enrollment issues. The FY '04 budget provides an additional \$147,000 to address staffing needs.

The remarkable growth in enrollment the University is experiencing has additional impacts. In FY '04, we will hold a Fall Commencement to accommodate changes in both numbers of graduates and the times they complete studies.

## DIVERSITY

The proposed budget also supports a range of activities to advance diversity efforts, ranging from joint academic appointments, to minority recruitment (both student and faculty), to support services (visa and Institute administration). Funding increases are recommended at \$210,000 for continued implementation of the Diversity Plan and for staffing support to address the growing complexities of international studies and services for students with disabilities.

## ATHLETICS

The budget for the Division of Athletics remains quite stable even with changes occasioned by our growing football program. University support represents 22.6% of the Division's FY '04 budget of \$40.8 million; the remaining 77.4% comes from other sources such as ticket revenue, licensing agreements and private donations. A remaining significant variable for the Division budget relates to the Big East, but the details of its elements—entry fee, revenue sharing and the future of the Conference itself—are not yet knowable.

## SUBSTANCE ABUSE PREVENTION

This spending plan, through new dollars and reallocation of existing resources, will help to support priority recommendations contained in the Final Report of the President's Task Force on Substance Abuse. For FY '04, this includes (1) a full-time permanent staff position for a prevention specialist, to coordinate the range of activities recommended in the report (2) enhanced support for the HEART program at approximately \$125,000 (3) permanent support for Alcohol.EDU AT \$25,000 and (4) increased road checks in the public safety budget. The restructuring of counseling and mental health support in Student Health Services will also respond to Task Force concerns. As part of the review of transportation issues in the Master Plan effort, we will pursue Task Force recommendations as well. Hours for the Student Recreational Facility have been extended to midnight every night. (As discussed at the

Capital Workshop, we are also working on the challenge of expanding recreational space, both indoor and outdoor.) Library hours have been expanded from midnight to 2:00 a.m. Monday through Thursday. The new movie theater in the Student Union is scheduled to open in January 2004.

### CORE OPERATIONS

At the same time that the University chooses to redirect existing resources to high priority areas, the lion's share of budgetary growth is in expenditures that are not discretionary. For the current year, annual increases are projected for these built-in cost-drivers as follows.

	<u>FY 2004 Increment</u>
Collective Bargaining & Fringe Benefits	\$7.7
Facilities Operations/Public Safety*	2.0
Debt Service	3.2
Residential Life & Dining Services*	6.6
All Other Auxiliary*	5.0
Energy	5.9
Financial Aid	5.8
Research Fund*	1.2
ERIP Reduction	<u>(12.5)</u>
<b>Total</b>	<b>\$ 24.9 million</b>

\*all figures include fringe benefits

On the above list, virtually all of the items represent required spending that cannot be avoided.

### FINANCIAL AID

Financial aid represents an expenditure that, while to some extent discretionary, is inextricably intertwined with the mission of the University and is therefore treated as a "must do" in our budgets. For the last several years, each increase in student costs (including the newly differentiated housing charges) has been matched by increased financial aid to ensure that no student's UConn education would be denied or hampered based on financial need. For FY '04, the University will earmark \$185.6 million for all forms of financial aid, and \$61.6 million of that amount will be funded with tuition revenue. In other words, a remarkable 38% of this University's tuition revenue is dedicated to financial aid. In fact, 75% of UConn's students received some form of assistance last year. As indicated above, this budget includes an increase of \$5.8 million for FY '04. While devoted mostly to need-based aid, these figures also include a modest expansion of merit-based aid (\$325,000 for FY '04) to solidify UConn's growing appeal to valedictorians and salutatorians.

### HEALTH CENTER

The Health Center continues to stay the course in moving forward its plan to achieve near term financial stability and long term fiscal sustainability of its enterprise. The FY '04 appropriation and ERIP reduction will necessitate further difficult cost reductions and

continued efforts at revenue enhancement in order to protect the stability of the FY '04 budget.

## REVENUE

The reduced state appropriation for FY '04 for the Health Center is \$73.8. While this is a modest increase over FY '03, when this amount is adjusted for the fringe rate change the level of state support actually goes down from FY '03 to FY '04.

Of the Health Center's \$550.8 million in revenue for FY '04, sources other than the state appropriation account for an increase of \$23.8 million. Clinical revenue is \$225.9 million, a 3.7% increase over FY '03. Research revenue is \$88.1 million, an 11.7% increase over the prior year (and research awards stand at \$103.5 million, an 8.4% increase over FY '03). Income related to the placement of interns and residents is \$30.2 million, an increase of 11.5%. Tuition and fee revenue is \$9.6 million, which reflects the 15% increase approved by the Board earlier this year. All other sources of revenue (including auxiliary) come to \$20.8 million, a 3.3% increase over last year.

## EXPENDITURES

Despite the challenging environment, the Health Center's financial commitment to the development and growth of its "Signature Programs" continues unabated in the FY '04 budget as a key funding priority. The Health Center's "Signature Programs" in cancer, cardiology, musculoskeletal medicine and Connecticut Health are the nexus for the programmatic confluence of distinguished basic science research, clinical services growth and educational excellence. Through translational research, the Health Center's investment in the cross-fertilization of excellence in research, clinical care and education via the Signature Programs is the linchpin to our plan for long-term fiscal sustainability.

The Health Center's FY '04 incremental investment in the Signature Programs is \$2.8 million. A concomitant investment of \$2.65 million is being made in furtherance of the Basic Science Research Strategic Plan. Over the past three years, these commitments have given genesis to new and nationally distinguished leadership in cancer and cardiology, the building of translational research capacity in cancer and cardiology, the expansion of cancer clinical trials beyond the region, and the development of cancer research service center infrastructure comparable to those available at top tier research institutions.

Thus, in three of the four Signature Programs the Health Center has completed or nearly completed essential foundational work necessary to advancing these programs from the developmental stage to the operational stage. The FY04 funding commitments therefore include support for operationalizing business, financial and performance management plans.

Detail for the Health Center spending plan is in Tab E.

## **THE UCONN FOUNDATION**

The past two years' declines in the national economy and financial markets have caused the need for additional support for the UConn Foundation. Since 1995, the Foundation's operating budget has been supported by two major revenue streams: 1) a fee on endowment and 2) a funding agreement with the University (originally at \$3.5 million in 1996 and declining to \$2.85 million for Storrs and \$250,000 for the Health Center in FY '02). This financial structure was perfectly adequate during strong financial markets, but is no longer. In FY '03, the Foundation restructured and cut operating costs by almost 20% and the University provided an additional \$1.175 million to protect this growing revenue source. This plan proposes an increase of \$245,000 for FY '04. The fundraising program is one of UConn's great success stories, attracting private investment, enhancing our reputation and providing the margin of excellence for our programs. In FY '03, the Foundation provided \$25.6 million to support programs and students at the University.

## **FUND BALANCE**

For the Storrs-based program, the FY '03 projected year-end Unrestricted Fund Balance of \$34.0 million represents 5.7% of the FY '04 unrestricted budget (\$598.2 million) or, alternatively stated, 21 days' worth of operations.

The \$34.0 million balance includes the following: \$15.5 in Residential Life/Dining Services set aside for repair/renovation of dormitories and dining halls and periodic major equipment replacement; \$2.1 million in inventory replenishment; \$10.6 million in designated research awards; and \$5.8 million in designated departmental funds for encumbrances and future expenditures. The University is required under the provisions of the UCONN 2000 indentures to maintain a renewal and replacement fund to keep projects in sound operating condition; the University's fund balance serves as a reserve for this purpose as well. At the Health Center, the FY '03 year-end Unrestricted Fund Balance of \$35.1 million represents 6.4% of the FY '04 unrestricted budget (\$550.8 million) or, alternatively stated, 23 days' worth of operations.

The \$35.1 million balance includes clinical capital budgets from other funds, \$16.5 million and other current liabilities, including Malpractice claims, of \$18.6 million.

In addition to the reality that our reserves are clearly insufficient to cushion the impact of this year's loss of state support, it is also true that to use one-time dollars for ongoing costs in this financial environment is fraught with risk. It is essential that UConn's budget be realistic in its assumptions about revenue sources, and responsible in its growth, as we pursue even deeper restructuring for the future.

## **THE FUTURE**

Planning for the longer term is now underway for integrated, structural changes in the way the University organizes its resource capacity to meet demand. This effort includes:

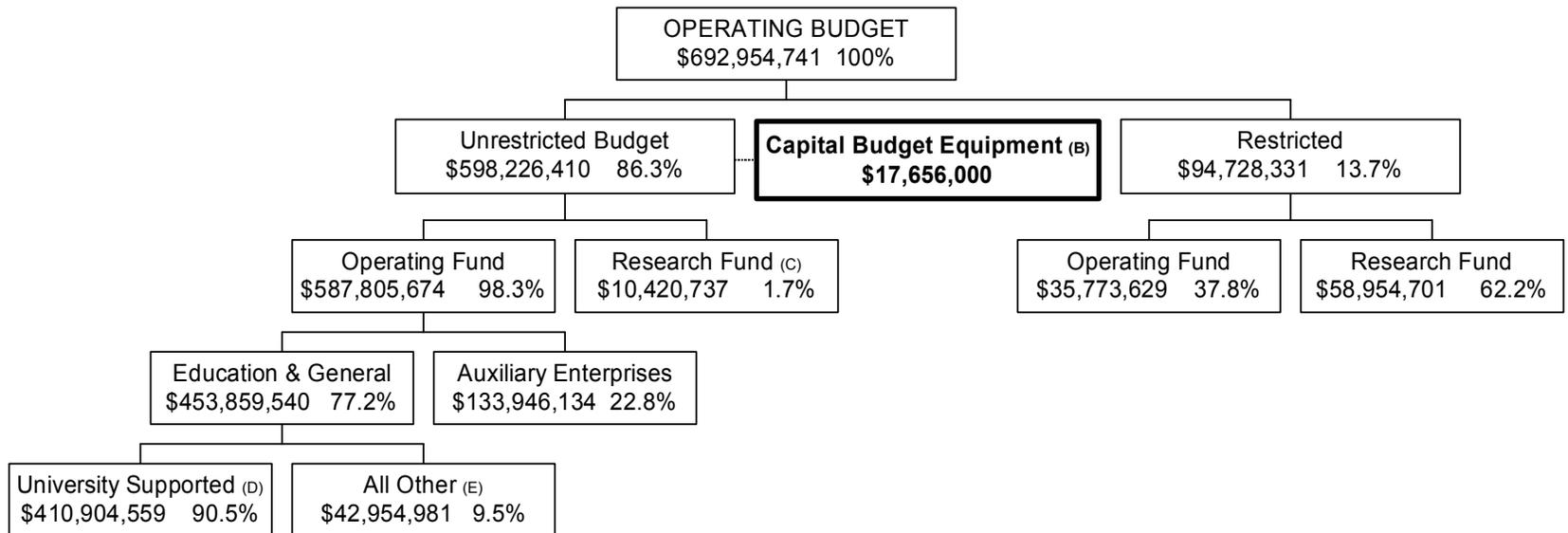
- Finalization and implementation of changes in organizational structure, including program configuration and the alignment of administrative and support functions to meet mission goals.
- Program capacity and utilization review, including regional campus capacity.
- Program quality and review, and the relationship to the undergraduate and the graduate course of study, including the results to date of accreditation activities and the University's program assessment process.
- Data gathering and analysis to provide necessary information concerning present resource allocation, including faculty/staff time and effort distribution, space allocation and academic scheduling.

These and other topics will continue to be the subject of Board of Trustee consideration in FY '04.



# University of Connecticut (Storrs & Regional Campuses) Total Operating Expenditure Budget <sup>(A)</sup> - % By Categories

## FY 2004



(A) Includes transfers for Bond Debt and construction projects.

(B) Capital Budget Equipment amount, funded by UCONN 2000, is shown for illustrative purposes only and is not included in the Operating Budget figures.

(C) This amount represents grant overhead funds only. Grant awards are reflected in the restricted portion of the budget.

(D) Primary revenue sources are the State Appropriation and tuition receipts.

(E) Primarily E & G Enterprise activities (e.g., Continuing Ed., MBA, etc.)

**University of Connecticut**  
**Current Funds Budget**  
**Fiscal Year Ended June 30, 2004**

03/04 - A - 22

<b>Current Budget 2004</b>
--------------------------------

**REVENUES**

**Operating Fund**

*State Support*

State Appropriation/Allotment	\$190.0
Fringe Benefits	<u>70.8</u>

*Total State Support* \$260.8

*Student Tuition & Fees*

Tuition & General University Fee <sup>(1)</sup>	\$152.0
Continuing Education & Other Course Fees	29.0
Room & Board	77.8
Other Fees <sup>(2)</sup>	<u>19.4</u>

*Total Student Tuition & Fees* \$278.2

*Gifts, Grants & Contracts*

Governmental Grants & Contracts	\$98.5
Private Gifts & Contracts	<u>19.1</u>

*Total Gifts, Grants & Contracts* \$117.6

*Sales/Services - Auxiliary Events<sup>(3)</sup>* \$23.3

*Sales/Services - Educational Dept's* \$11.4

*Investment Income* \$2.6

**TOTAL REVENUES** \$693.9

**EXPENDITURES**

*Academic Services*

Instruction, Academic Support, Library	\$286.2
Research	61.2
Public Service	<u>26.6</u>

*Total Academic Services* \$374.0

*Student Services*

Housing & Dining <sup>(4)</sup>	\$80.7
Student Programs & Support Services	80.3
Financial Aid <sup>(5)</sup>	<u>53.0</u>

*Total Student Services* \$214.0

*Operating, Support & Physical Plant Services* \$105.0

**TOTAL EXPENDITURES** \$693.0

**NET GAIN (LOSS)** \$0.9

## **Footnotes for Current Funds Budget Fiscal Year 2004**

- (1) Tuition is net of tuition waiver discounts of \$29.2 million.
- (2) Other Fees consists primarily of the Infrastructure Maintenance, Telephone and Parking Fees
- (3) This category includes self-generated revenues for the following programs  
Division of Athletics, Jorgensen Center for the Performing Arts and Commercial Rental accounts  
Other support for these programs is included in various other revenue line items
- (4) Housing and Dining expenditures for FY 2004 include debt service costs for various residence halls. Revenue corresponding to this debt is included in the Room & Board and Other Fee revenue lines.
- (5) Amounts do not include the budget for Athletic Scholarships of \$6.3 million, which are included in the Student Programs budget line

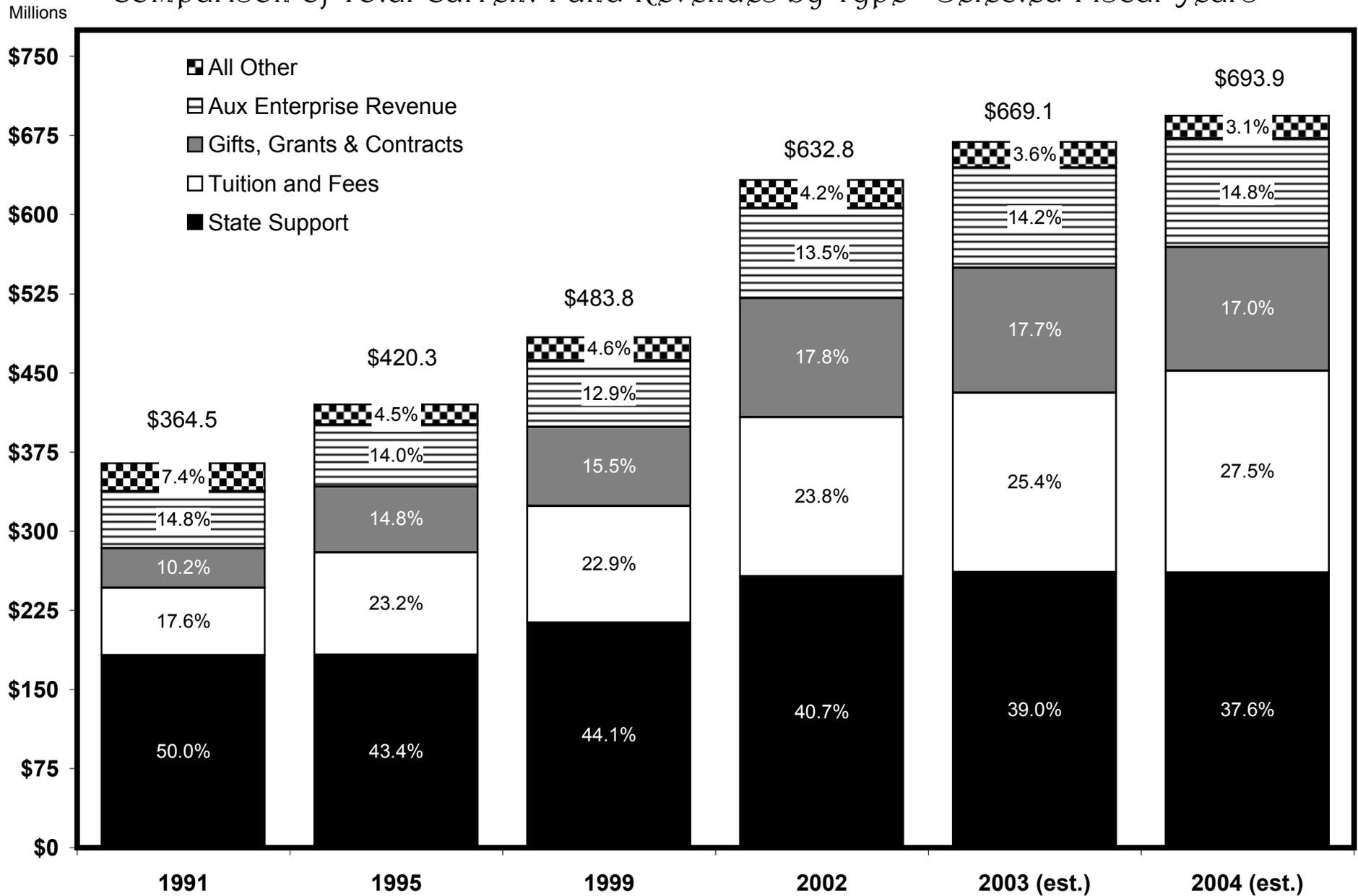
University of Connecticut  
FY04 State Appropriation  
Storrs & Regional Campuses

	<b>FY 2003 Original <u>Appropriation</u></b>	<b>FY 2003 Actual <u>Appropriation</u></b>	<b>FY 2004 Requested <u>Appropriation</u></b>	<b>FY 2004 HB <u>6802</u></b>	<b>FY 2004 ERIP <u>Reduction</u></b>	<b>FY 2004 Fleet <u>Reduction</u></b>	<b>FY 2004 Adjusted <u>Appropriation</u></b>
<b>Operating Fund</b>	\$192,168,592	\$181,124,223	\$196,370,134	\$185,659,535	\$7,124,173	\$7,872	\$178,527,490
<b>Tuition Freeze</b>	\$4,991,458	\$4,741,885	\$4,741,885	\$4,741,885	\$0	\$0	\$4,741,885
<b>Regional Campus</b>	\$6,700,000	\$6,325,218	\$6,645,732	\$6,645,732	\$0	\$0	\$6,645,732
<b>Vet Diagnostic Lab</b>	<u>\$0</u>	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$50,000</u>
<b>Total</b>	<b>\$203,860,050</b>	<b>\$192,241,326</b>	<b>\$207,807,751</b>	<b>\$197,097,152</b>	<b>\$7,124,173</b>	<b>\$7,872</b>	<b>\$189,965,107</b>

Note: FY03 State Support also includes \$2,156,530 which is not reflected in the number above. This amount consists of a FY01 Surplus Appropriation which was received in FY02 but budgeted for FY03.

## University of Connecticut (Storrs & Regional Campuses)

### Comparison of Total Current Fund Revenues by Type - Selected Fiscal Years



**REPORT**  
**SENATE EXECUTIVE COMMITTEE**

October 13, 2003

The Senate Executive Committee has met twice since the September Senate meeting. At the first of these meetings, we met with the Chairs of the Standing Committees to develop the agenda for this meeting and to receive updates on issues being discussed in the committees. We also had an update on the work of the General Education Oversight Committee. This committee will continue to make reports at the regular Senate meetings on the status of the substantial efforts needed to implement the new General Education Requirements.

At the second meeting, the Executive Committee met with the President and other members of the Administration. The status of the free speech podium, was discussed. This was previously supported by the Senate, and plans to put it into the mall area are now being discussed by the Administration. We also discussed the status of housing for visiting scholars. There are plans to take Lakeside off line in the future, and the Administration is working on alternatives. This is an issue that the Growth and Development Committee continues to follow.

The Senate Executive Committee has been contacted by the Coalition on Intercollegiate Athletics, a recently formed national network of faculty leaders. The coalition is working to represent faculty perspectives on intercollegiate athletics. Lawrence Gramling has agreed to represent the Executive Committee in the Coalition.

The Executive Committee has also appointed representatives to the following positions:

Cameron Faustman – Alumni Association Awards Committee (two-year term)  
Faquir Jain – UConn Foundation Board of Directors (two-year term)  
Gary English – University Space Committee

In addition, the Executive Committee has made up the ballot for a faculty representative on the President's Athletic Advisory Committee. The ballot will be distributed shortly.

Finally, the Executive Committee has discussed circulation of reports needed at Senate meetings. We are concerned about the quantity of paper used for these reports. Now that reports are being distributed via email and available on the Senate web site, we would like to reduce the amount of reports copied by the Senate Office. Thus we are encouraging reports that require voting be prepared as overheads for use at the Senate meetings.

REPORT  
NOMINATING COMMITTEE

October 13, 2003

1. We move the following deletions from the named Standing Committees:
  - David Herzberger from Curricula & Courses
  - Susan Spiggle from Faculty Standards
  
2. We move the following faculty and staff additions to the named Standing Committees:
  - Harold Reinhart to Scholastic Standards
  - Joseph Madaus as representative to Growth and Development from Student Welfare
  - Laurie Best as representative to Growth and Development from Courses and Curricula
  
3. We move the following faculty addition to General Education Oversight Committee:
  - James Holzworth for a one-year term
  
4. We move the following student additions to the named Standing Committees:
  - Craig Calvert, graduate student, to University Budget
  - John Jevitts, undergraduate student, to University Budget
  - Suzanne Roosen, undergraduate student, to University Budget
  - John Jevitts, undergraduate student, to Curricula and Courses
  - Ryan Jones, undergraduate student, to Enrollment Committee
  - Liz Cusack, undergraduate student, to Faculty Standards
  - Amy Gallo, undergraduate student, to Growth and Development
  - Ryan Jones, undergraduate student, to Growth and Development
  - Amy Gallo, undergraduate student, to Student Welfare
  - Stephanie Stolzenbach, undergraduate student, to Student Welfare
  
5. For the information of the Senate, the Graduate Student Senate has named Adam Rabinowitz to membership on the Senate for a one-year term.
  
6. For the information of the Senate, the Undergraduate Student Government has named the following students to membership on the Senate for a one-year term:
 

Kyle Halligan	Julia Simons
Derek Olsen	Michael Tremmel
Suzanne Roosen	
  
7. For the information of the Senate, the Faculty At-Large and Professional Staff-At-Large preliminary slates have been completed and will be distributed soon. Additional candidates may also be added by petition.
  
8. For the information of the Senate, the Faculty Review Board Ballot will be distributed soon.

Respectfully submitted,

Gregory Anderson  
Janine Caira  
Anne Hiskes

Suman Singha  
Cyrus Ernesto Zirakzadeh  
David Palmer, Chair

**UNIVERSITY SENATE CURRICULA AND COURSES COMMITTEE**  
Report to the Senate, October 13, 2003

**I. 100-level courses**

**A. The committee recommends approval of the following new 100-level course:**

No new courses at this time.

**B. The committee recommends the following changes in title and course description for an existing 100-level course:**

- **EKIN 161.** Introduction to Athletic Injuries I

Existing catalog copy:

EKIN 161. Introduction to Athletic Injuries I. First semester. First seven weeks. One credit. Prerequisite: Open only to Pre-Athletic Training students who are sophomores or higher.

A survey class to explore general considerations of recognizing and treating athletic injuries. This section covers training and conditioning, nutrition, environment, and legal issues.

Proposed catalog copy (new title only):

EKIN 161. Introduction to Athletic Training I. First semester. First seven weeks. One credit. Prerequisite: Open only to Pre-Athletic Training students who are sophomores or higher.

No change in description.

- **EKIN 162.** Introduction to Athletic Injuries II

Existing catalog copy:

EKIN 162. Introduction to Athletic Injuries II. First semester. Second seven weeks. One credit. Prerequisite: Open only to Pre-Athletic Training students who are sophomores or higher.

A survey class to explore general considerations of recognizing and treating athletic injuries. This section covers tissue healing, rehabilitation, modalities, taping, and bandaging.

Proposed catalog copy (new title only):

EKIN 162. Introduction to Athletic Training II. First semester. Second seven weeks. One credit. Prerequisite: Open only to Pre-Athletic Training students who are sophomores or higher.

No change in description.

- **DRAM 107.** Theatre Production Studio.

Existing catalog copy:

DRAM 107. Theatre Production Studio. Either semester. Three credits. Two class periods and one 2-hour studio period. May be repeated with change in course content to a maximum of six credits.

Elements of costume, lighting, management and stagecraft with application to departmental productions.

Proposed catalog copy (credit change only):

DRAM 107. Theatre Production Studio. Either semester. Three credits. Two class periods and one 2-hour studio period. May be repeated with change in course content to a maximum of nine credits.

Elements of costume, lighting, management and stagecraft with application to departmental productions.

**C. The committee recommends dropping the following 100-level course:**

- **EKIN 163.** Introduction to Athletic Injuries III. (Course dropped from program)
- **EKIN 164.** Introduction to Athletic Injuries IV. (Course dropped from program)

**II. For the Information of the Senate**

**A. The committee approved changes in title, course description, prerequisite, consent provision, or skill provision and for the following courses with skill designations:**

- ANTH 100. Other People's Worlds. (Approved adding W skill code to the course.)
- HIST 243W. The Establishment of the American Colonies. (Approved new title "Colonial America: Native Americans, Slaves, and Settlers, 1492-1760" and catalog description)
- MKTG 265. Marketing on the Internet (Approved adding W skill code to the course and dropping BADM 250 as prerequisite.)

Respectfully submitted,

Laurie Best, Janice Clark, Michael Darre, Andrew DePalma, Jane Goldman, Phillip Gould, Dean Hanink, Stephen Maxson, Carl Maresh, Stephen Maxson, Shirley Roe, Peter Sacco, John Silander  
Robert G. Jeffers (Chair)

## GENERAL EDUCATION OVERSIGHT COMMITTEE

Report to the University Senate, Oct. 13, 2003

GEOC has met five times since the last Senate meeting. In addition the GEOC subcommittees have been meeting on a regular basis. During this time the Committee focused on communicating with the Schools/and Colleges about procedures and timetables, developing an on-line form and instruction sheet, and discussing many of the details involved with implementing the new general education system.

Last week GEOC hosted its first two open forums on the Storrs Campus to address questions about the new General Education Requirements and the process of course approval. About twenty-five faculty/staff attended each meeting. Members of the audience expressed special concern about the new requirement for a 200-level W course in the major field, particularly with respect to its impact on departmental resources and faculty work loads.

The GEOC Course Action Request Form is now available on-line at the GEOC website, along with a set of instructions. Unfortunately there may be a few computer engineering problems which require further attention. As of 2:00 this afternoon there is an html version and a pdf version. The html version of the form does not allow users to save the form to their computers and also save the information that they have entered. However Mike Darre has developed a pdf version of the form that does allow some computers (but not mine) to save the form and information in pdf form which can then be e-mailed to anyone as desired. At this time people have three options:

1. Use the pdf form, save, revise, e-mail as desired.
2. Use the html form. Print a copy of the form, write answers to the "essay" questions, go on-line and cut and paste the answers into the form, and then submit.
3. Use the html form. Fill out the form with garbage, e-mail a copy to yourself, save the form as a word document, and e-mail completed forms to others and/or to the Chair of GEOC.

During the next few months GEOC will:

- Fine-tune the GEOC web-site, the on-line form, instructions and examples.
- Hold forums at each of the regional campuses
- Invite departments, schools/colleges to individualized consultations and then provide them.
- Begin to review proposals.
- Address many, many details which may produce some motions to be considered by the Senate at its next meeting.