


June 24, 2020

TO: Members of the Board of Trustees

FROM: Scott A. Jordan 
Executive Vice President for Administration and Chief Financial Officer

RE: Spending Plan for Fiscal Year 2021 for the University of Connecticut,
Storrs and Regional Campuses

RECOMMENDATION:

That the Board of Trustees approve the attached Fiscal Year 2021 Spending Plan of \$1,536.6 million for the University of Connecticut, Storrs and Regional Campuses. Further, that the President may make limited adjustments to fees, provided that the adjustments shall not increase the combined cost of tuition and fees for any student, as set by the Board of Trustees, and that at least 5 days prior notice of any changes in fees will be communicated to the Chair of the Financial Affairs Committee of the Board for the Committee's review.

RESOLUTION:

“Be it resolved that the Board of Trustees approve the Fiscal Year 2021 Spending Plan of \$1,536.6 million for the University of Connecticut, Storrs and Regional Campuses. Further, that the President may make limited adjustments to fees, provided that the adjustments shall not increase the combined cost of tuition and fees for any student, as set by the Board of Trustees, and that at least 5 days prior notice of any change in fees will be communicated to the Chair of the Financial Affairs Committee of the Board for the Committee's review.”

BACKGROUND:

With the current global pandemic, the University faces tremendous uncertainty for Fiscal Year 2021 (FY21). In particular, operating revenues will very much depend on our ability to re-open for in-person instruction on our campuses, maintain enrollment, and maintain occupancy in our housing and dining program.

The General Assembly has approved an FY20 & 21 biennial budget that includes a block grant of \$211.3 million (\$397 million with fringe reimbursement and adjustments) for UConn. We are grateful to the Governor and General Assembly for their continued support of UConn 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 the University. Our

scenario planning includes the possibility of a 5% rescission. Given the fiscal uncertainty faced by the state, the University remains at risk of further state cuts.

As a result of uncertainty related to both student revenue and state support, we are tracking three potential revenue scenarios for the Fall semester, ranging from \$1,408 million to \$1,490 million for FY21.

While revenues remain uncertain, the University's expenses are relatively fixed. More than 56% of expenses are related to payroll, and more than 90% of our employees are under collective bargaining agreements. The remainder of the budget includes externally-sponsored research, debt service, financial aid to students, and utilities and maintenance of our campuses. Reducing expenses will require a review of each of our programs, partnership with our unions, and analysis of the long-term impacts of our actions – all of which will take some time.

Therefore, the University presents a temporary spending plan for FY21, with a net deficit of \$47-129 million. We will report back to the Board on a quarterly basis to update revenue projections and present deficit mitigating actions. As early as mid-September, the University will have a much clearer idea of the fiscal situation.

In addition, the University is developing plans to de-densify classrooms and residence halls, and this will require offering students the option of taking some or all of their classes online. Should they choose this option, they may not benefit from some of the traditional student services offerings that are paid for by student fees, such as the Rec Center or the shuttle bus system. Having the flexibility to adjust student fees to more closely match the services provided is appropriate and fair and will create an incentive for students to choose on-line classes. In addition, the University offers numerous self-supporting programs that are planning now for fall re-entry. As they do so, we have received and expect additional requests to adjust fees to match the on-line experience – such as elimination of fees to cover food and beverages. Included in this resolution is language that allows the President to make adjustments to fees during FY21 to address this need for flexibility, with 5 days prior notice to the Financial Affairs Committee.

**University of Connecticut
Storrs & Regional Campuses
Spending Plan for Fiscal Year 2021**

Expenditures:	
Salaries & Wages	\$ 548,285,513
Fringe Benefits	326,229,880
Other Expenses	249,833,912
Energy	21,485,941
Equipment	25,126,216
Student Financial Aid	211,851,279
Debt Service/Projects	30,471,267
Total Operating Funds	\$ 1,413,284,009
Research Funds	123,320,836
Total Expenditures	\$ 1,536,604,844