

**Higher Education Subcommittee**  
**UConn and UConn Health Follow-up Items**  
**February 22, 2022**

1. Please provide additional information on your FY 23 legacy cost requests by filling out the table below:

The costs below represent the portion of the State legacy costs that UConn and UConn Health are forced to pay using non-State funds (such as tuition, fees, clinical, and research revenues). The Governor's budget proposal includes an additional \$30.5M for UConn Health to support these costs on a one-time basis.

	<b>UConn</b>	<b>UConn Health</b>	<b>Total</b>
SERS UAL	\$31.1M	\$38.2M	\$69.3M
Retiree Health	\$13.7M	\$22.5M	\$36.2M
Subtotal	<b>\$44.8M</b>	<b>\$60.7M</b>	<b>\$105.5M</b>
Additional assistance already appropriated for FY 23	\$6.1M	\$30.2M	\$36.3M
Remaining Request	<b>\$38.7M</b>	<b>\$30.5M</b>	<b>\$69.2M</b>

2. Separately for UConn and UConn Health, please provide the following information regarding FY 22 retirements:

UConn (Storrs & Regionals) anticipates approximately 315 retirements in FY22. That is 160 more than our annual average of 155.

**UConn**

<b>FY22 Retirement Status</b>	<b>Number of Employees</b>	<b>% of workforce</b>
<b>Reported:</b> Actual Retirements from 7/1/21 to 2/1/22	150	3.0%
<b>Expected:</b> Anticipated Retirements from 3/1/22 to 7/1/22	165	3.3%
<b>Total Actual/Anticipated Retirements from 7/1/21 to 7/1/22</b>	<b>315</b>	<b>6.9%</b>

UConn Health anticipates approximately 263 retirements in FY22. That is 135 more than the annual average of 128.

**UConn Health**

<b>FY22 Retirement Status</b>	<b>Number of Employees</b>	<b>% of Workforce</b>
<b>Reported:</b> Actual retirements FYTD, 7/1/21 - 2/1/22)	108	2.4%
<b>Expected:</b> (Formally notified HR for a 3/1/22 - 7/1/22 retirement)	155	3.4%
<b>Total Actual/Anticipated Retirements from 7/1/21-7/1/22</b>	<b>263</b>	<b>5.8%</b>

3. Please provide the enrollment information below for each of UConn and UConn Health.

UConn

	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Undergraduate</b>					
In-state	18,203	18,283	18,448	18,835	18,203
Out-of-state	3,873	3,662	3,314	3,485	3,866
International	1,769	2,033	2,138	2,051	1,768
<b>Subtotal</b>	<b>23,845</b>	<b>23,978</b>	<b>23,900</b>	<b>24,371</b>	<b>23,837</b>
<b>Graduate</b>					
In-state	4,563	4,597	4,660	4,771	4,721
Out-of-state	856	813	821	934	974
International	2,031	1,946	2,040	1,657	1,654
<b>Subtotal</b>	<b>7,450</b>	<b>7,356</b>	<b>7,521</b>	<b>7,362</b>	<b>7,349</b>
<b>TOTAL</b>	<b>31,295</b>	<b>31,334</b>	<b>31,421</b>	<b>31,733</b>	<b>31,186</b>

UConn Health

	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Medical School</b>					
In-state	380	386	422	420	426
Out-of-state	29	37	19	28	24
International	2	2	3	1	2
<b>Subtotal</b>	<b>411</b>	<b>425</b>	<b>444</b>	<b>449</b>	<b>452</b>
<b>Dental School</b>					
In-state	159	159	171	166	172
Out-of-state	21	26	30	31	29
International	1	1	1	0	0
<b>Subtotal</b>	<b>181</b>	<b>186</b>	<b>202</b>	<b>197</b>	<b>201</b>
<b>Graduate Students</b>					
In-state	230	247	207	221	229
Out-of-state	17	17	15	18	19
International	48	48	44	51	59
<b>Subtotal</b>	<b>295</b>	<b>312</b>	<b>266</b>	<b>290</b>	<b>307</b>
<b>TOTAL</b>	<b>887</b>	<b>923</b>	<b>912</b>	<b>936</b>	<b>960</b>

4. Please note for which graduate or professional programs there is an international student rate that differs from the out-of-state rate.

There are no programs that have a separate rate for international students. International students are required to pay a Visa compliance fee of \$700.

5. What have been the fiscal impacts to UConn and to UConn Health (separately) from the recent decline in international students? Please be sure to provide the revenue associated with international students in FY 19 and FY 22.

Revenue received from international students decreased \$17.7M from FY19 to FY22. This loss was mostly offset by an increase in domestic out-of-state students.

International Student Revenue				
	FY19	FY20	FY21	FY22
Undergraduate	67,634,992.00	73,884,068.00	70,825,134.00	61,255,080.00
Graduate	39,243,336.00	44,193,376.00	32,526,840.00	27,961,452.00
Total	106,878,328.00	118,077,444.00	103,351,974.00	89,216,532.00

6. How much in RSA funding do UConn and UConn Health anticipate receiving for each of FY 22 and FY 23, associated with wage increases for block grant-funded employees?
- a. If this funding will be insufficient to cover the wage increase costs for block grant-funded employees, please note how much additional funding will be needed.

Our understanding is that the wage increases for the block grant employees will be fully covered via RSA (and equivalent fringe reimbursement) for both FY22 and FY23.

The Governor's proposal also includes funding for the non-block grant employees via a deficiency appropriation (salary and fringe) in FY22. In FY23, the proposal only includes a capped amount of \$20M for UConn and \$20M for UCH. It is estimated that an additional \$12.5M (\$8.6M salary and \$3.9M fringe) will be required for UConn and \$25M (\$17.1M salary and \$7.9M fringe) for UCH.

7. Did Governor's proposals match our requests?

The Governor's budget provided a significant amount of funding for both UConn and UConn Health; the remaining requests are as follows:

**UConn: \$58.5M in Operating Funds**

- \$12.5M - remaining collective bargaining increases (\$8.6M salary & \$3.9M fringe)
- \$7.3M - fringe costs on the 27<sup>th</sup> payroll
- \$38.7M - legacy costs (retiree pension and healthcare liabilities)

**UConn Health: \$29.7M in Operating Funds**

- \$25.0M - remaining collective bargaining increases (\$17.1M salary & \$7.9M fringe)
- \$4.7 M - fringe costs on the 27<sup>th</sup> payroll
- \$55.1M - UCONN 2000 Bond Funds for Deferred Maintenance (bonding subcommittee)

## Additional Detail follows:

UConn - Storrs & Regionals				
	State Budget FY23	Request FY23	Governor's Budget FY23	Remaining Request
Operating Expenses	\$207,784,065	\$207,784,065	\$207,784,065	\$0
CBI non-block grant employees*		\$32,487,867	\$20,000,000	\$12,487,867
Institute of Municipal and Regional Policy	\$400,000	\$400,000	\$400,000	\$0
<b>SUBTOTAL</b>	<b>\$208,184,065</b>	<b>\$240,671,932</b>	<b>\$228,184,065</b>	<b>\$12,487,867</b>
Carryforward support (CIRCA/Vets program)	\$2,750,000	\$2,750,000	\$2,750,000	\$0
Carryforward - 27th payroll (one-time)**		\$15,344,054	\$7,991,695	\$7,352,359
Legacy fringe costs***	\$6,087,251	\$44,759,611	\$6,087,251	\$38,672,360
<b>TOTAL STATE SUPPORT</b>	<b>\$217,021,316</b>	<b>\$303,525,597</b>	<b>\$245,013,011</b>	<b>\$58,512,586</b>
<b>Other items:</b>				
ARPA	\$5,000,000	\$5,000,000	\$5,000,000	\$0

**\*Note about CBI funding proposal:**

**FY22: Non-block grant** - \$25.3M is being allocated one-time through a deficiency bill, fully covering non-block grant CBI's (salary & fringe).

**Block grant** - CBI's will be fully funded through the RSA allocation.

**FY23: Non-block grant** - Due to the one-time funding in FY22 not carrying forward, the non-block grant CBI funding of \$20M is short by \$12.5M (\$8.6M salary & \$3.9M fringe).

**Block grant** - CBI's will be fully funded through the RSA allocation in the Governor's budget.

\*\*Governor's budget included the salary portion of the 27th payroll but the remaining request is for the equivalent fringe benefits.

\*\*\*Total legacy costs of \$44.8M are made up of \$31.1M in unfunded pension and \$13.7M for retiree health.

UConn Health				
	State Budget FY23	Request FY23	Governor's Budget FY23	Remaining Request
Operating Expenses	\$133,354,285	\$133,354,285	\$133,354,285	\$0
CBI non-block grant employees*		\$45,004,423	\$20,000,000	\$25,004,423
AHEC	375,832	375,832	375,832	\$0
<b>SUBTOTAL</b>	<b>\$133,730,117</b>	<b>\$178,734,540</b>	<b>\$153,730,117</b>	<b>\$25,004,423</b>
Carryforward - 27th Payroll (one-time)**		9,843,466	5,143,466	\$4,700,000
Carryforward - Temporary Operating Support/Legacy Costs***	30,200,000	60,700,000	60,700,000	\$0
<b>TOTAL STATE SUPPORT</b>	<b>\$163,930,117</b>	<b>\$249,278,006</b>	<b>\$219,573,583</b>	<b>\$29,704,423</b>
<b>Other items:</b>				
Deferred Maintenance		\$55,100,000	\$0	\$55,100,000
Carryforward - Replenish Medical Malpractice Trust Fund		\$20,000,000	\$20,000,000	\$0
Poison Control		\$200,000	\$200,000	\$0

**\*Note about CBI funding proposal:**

**FY22: Non-block grant** - \$28.9M is being allocated one-time through a deficiency bill, fully covering non-block grant CBI's (salary & fringe).

**Block grant** - CBI's will be fully funded through the RSA allocation.

**FY23: Non-block grant** - Due to the one-time funding in FY22 not carrying forward, the non-block grant CBI funding of \$20M is short by \$25.0M (\$17.1M salary & \$7.9M fringe).

**Block grant** - CBI's will be fully funded through the RSA allocation in the Governor's budget.

\*\*Governor's budget included the salary portion of the 27th payroll but the remaining request is for the equivalent fringe benefits.

\*\*\*Total legacy costs of \$60.7M are made up of \$38.2M in unfunded pension and \$22.5M for retiree health.

Workers Comp claims funding in DAS was \$543K higher in the Gov budget.

## 8. Has the state always paid fringe costs?

Historically, the State has always funded the full fringe costs for all **block grant** employees through a biweekly reimbursement process. UConn and UConn Health have funded the full fringe costs for all other employees through their own revenue sources (such as tuition, fees, clinical and research revenues). As the State's legacy costs have grown significantly, UConn and UConn Health are no longer able to cover these costs. These liabilities are NOT costs that we created or have any control over. We are asking the State to cover the legacy costs just as they do for all other agencies. These high costs affect research and clinical competitiveness and

cause an undue burden on students and their families, as tuition and fees go toward legacy costs instead of supporting their education.

**9. (UCH) Any concerns about recent hospital acquisitions and where UCH sits in this environment?**

UConn Health has concerns about large wave hospital system consolidations occurring in our State. As the Dean of the Medical School testified at the Appropriations budget hearing, he is concerned the consolidations are going to have a negative impact on the quality of the medical student education. We have for example medical students training in both Manchester and Waterbury hospitals. We want to make sure if the recent acquisitions go through, our students' education is not going to be compromised — both qualitatively and quantitatively.

There is also a concern about patient access to care in local communities in terms of quality, specialty care — not just primary care — at local hospitals. There is a concern that consolidations might limit choices patients have in where they can go for care. When systems consolidate, there may be a tendency to send patients to another town or city to get the specialty care they need. It also remains to be seen what these mega consolidations mean to the overall cost of healthcare in the state both to payers and patients.

In addition, and understandably, as a hospital system, we are concerned what these mega acquisitions mean for our patients, our ability to compete, clinical volumes and revenues. As systems consolidate, one objective is to keep patients within their own networks and this could negatively impact other area hospitals that are outside that network.

**10. (UCH) Malpractice fund sweep – how has UCH managed since the sweep?**

In 2009, the approved State Budget (PA09-03 of the June Special Session) swept \$20 million (\$10m in FY10 and \$10m in FY11) of UConn Health's \$25 million Fund and transferred it to the State's General Fund to assist the state in balancing the state budget. The Fund is managed and funded by UConn Health with revenues generated by its clinical operation (non-state general funds) and is used to cover medical malpractice claims against UConn Health. In 2009, The University did not support this action, and shared with the administration and the Legislature that it was not following sound business practice and potentially put UConn Health and the state in an unfavorable and volatile financial position should any large or multiple claims become due in any one year.

Since the \$20 million was swept, UConn Health has funded \$2 to \$4 million a year into the Trust fund to cover estimated current year expenses, as approved by the UConn Board of Trustees. As you know, actuarial data indicates that any clinical program will periodically experience large settlements for medical malpractice claims payouts. In light of recent cases and to get the Fund back to appropriate levels, we are asking that the state replenish the Fund with the \$20 million it swept in 2009. As was the case in FY10 and FY11, these monies are and will continued be used only for the purpose of funding the claims and other costs associated with UConn Health's Medical Malpractice Trust Fund program.

**11. (UCH) Does malpractice fund have an insurance backstop to cap liability?**

Currently UCH does not have an insurance backstop. We review this type of coverage annually and the history shows the insurance to be very expensive. Currently we are working with the State Insurance Board looking into alternate coverages.