

Appropriations Higher Education Subcommittee Work Session

March 14, 2025

University of Connecticut: Storrs & Regional Campuses

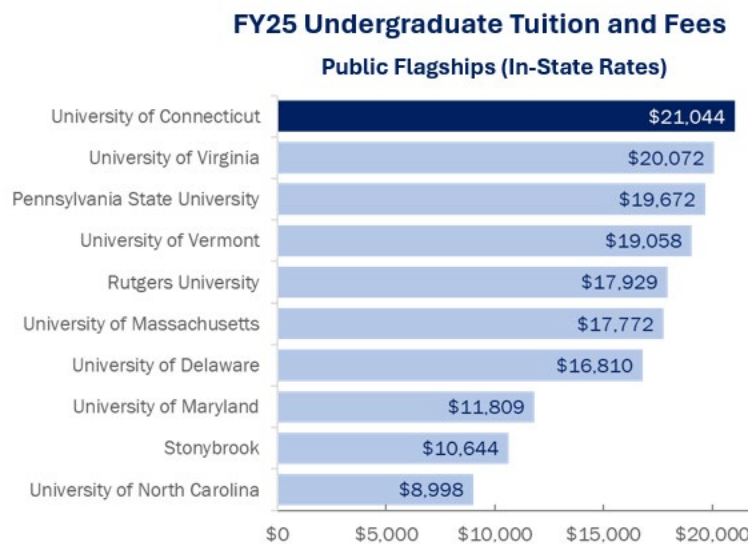
Follow Up Questions from Appropriations Committee

Meeting on February 19th, 2025

1. UConn Budget FY25 and FY26 Projected

FY04-FY26 Budget Data included in separate file

80% of UConn's revenue comes from students and outside sources, 20% comes from the state. We are at the limit of imposing tuition/fee rate increases if we want to remain an affordable and competitive in recruiting and retaining students.



Note: FY25 Forecast below includes State holdback from March 7, 2025.

	FY25	FY26
	Forecast	Projection
Revenues		Budget
Ongoing State support	223.8	234.6
ARPA and Carryforward Funding	95.7	-
Deficiency Funding		-
RSA Funding		-
State-paid fringe (incl wks comp)	1.9	1.0
Subtotal State Support	321.4	235.6
Tuition	574.2	617.1
Fees	173.9	175.7
Subtotal Tuition and Fees	748.1	792.8
Grants and contracts ²	318.9	329.5
Foundation/endowment	55.3	56.7
Sales and services	12.6	12.9
Auxiliary enterprises	257.0	281.9
Other revenue	33.4	34.1
Subtotal Other Revenue	677.2	715.0
Total	1,746.7	1,743.4
Total State Support	321.4	235.6
State Support as % of Total Revenues	18.4%	13.5%
Expenditures		
Personal Services	753.1	775.4
Fringe benefits	172.5	178.4
Subtotal Personnel	925.6	953.8
Other expenses	331.9	369.3
Energy	24.1	25.3
Equipment	37.8	42.8
Student financial aid	320.6	338.6
Debt service/projects/Transfers	106.6	97.6
Subtotal Other Expenditures	820.9	873.7
Total	1,746.5	1,827.5
Net Gain/(Loss)	0.2	(84.1)

2. How is UConn preparing for the loss of one-time ARPA funding?

The University is in the process of implementing a longer-term financial sustainability plan to not only address the current fiscal year deficit but also the changing landscape in higher education and demographic shifts in the state. This plan includes a request for state funding to cover the initial fiscal year's deficit and a glide path for permanent and sustainable fiscal management.

Per our original budget request, the base funding request is lower than the FY25 approved state support by \$26M in FY26 and \$41.5M in FY27.

If the Governor's proposed budget is approved, at UConn, we would be unable to absorb a funding shortfall of this magnitude (\$84.1M in FY26 and \$82.5M in FY27) in such a short period of time, without harm to the educational, research and public service mission.

In order to balance our budget, UConn conducts a cost savings and revenue enhancement plan which averages \$15 million annually. While we will continue to implement this strategy, these annual cost savings are insufficient to cover the loss of ARPA funds.

3. Impact of DEI Initiatives and Federal Funding. Impact of Change to NIH Funding. How Much funding is at stake? What initiatives could be impacted

At UConn, we are leaning into our core values. Diversity, equity, inclusion, and accessibility are foundational to our mission and values as a Flagship, Land and Sea Grant institution. We are already complying with the law. If we need to pivot, we will do so in such a way that is consistent and still aligns with our mission and values.

The recently announced changes to the National Institute of Health (NIH) funding model that would reduce federal support for UConn and UConn Health related to our federal NIH grants could cost the university approximately \$35 million next year (UConn \$10M, UCH \$25M). That unexpected and dramatic reduction would have far-reaching negative implications. It could be the first of multiple changes that have major fiscal implications for American higher education.

It is unclear how much funding is at stake at this time, as many of the executive orders conflict with existing federal law and we are working closely with state and federal officials to ensure we remain in compliance with current law. The changes could directly impact the university, our students, patients and staff, in a number of ways including areas such as federal scholarship support, outreach and engagement activities, Medicaid and Medicare funding for clinical services, research, innovation and entrepreneurship initiatives.

With respect to research, university leaders are analyzing the executive orders and other federal directives that will or may impact research and expect more guidance from the federal government in the coming days.

4. FY26 Deficit Mitigation Plan

As previously mentioned, the University is in the process of implementing a longer-term financial sustainability plan. A major part of this plan is developing a Strategic Enrollment Management (SEM) plan to generate additional revenue. As we develop the SEM Plan, our primary focus will be to ensure that UConn's enrollment strategies not only support the University's academic mission but also align seamlessly with our long-term strategic goals and resources. Moreover, these strategies will be designed to adapt to both the current and emerging challenges in higher education. Our efforts will be centered not just on increasing enrollment, but on continuing to foster an environment that promotes student retention, supports their academic journey, and ensures their successful graduation. The SEM plan will create a holistic, data-informed framework that will guide UConn's ongoing efforts to:

- Attract and enroll a diverse and talented student body
- Support the academic success and retention of students
- Enhance graduation rates and student outcomes
- Align resources effectively to meet student needs across all campuses
- Ensure that UConn remains a leader in a competitive higher education market

Although the specific goals of the SEM plan will be finalized by April, its implementation and financial impact will unfold over several years.

The financial sustainability plan includes revenue generation and cost containment strategies. In addition to the SEM plan, the following are key actions already underway but will require some additional time to fully implement.

- Increase efficiency in the delivery of education through faculty ratios, advising, class size and modality (in person vs. online).
- Grow fundraising through a \$1.5B campaign and grow the endowment to \$1B.
- Increase research awards to \$500M/year.
- Generate new revenue, for example through strategic industry partnerships.
- Reallocating resources to highest priorities.
- Creating shared service structures to maximize efficiencies and generate savings.

5. Unrestricted Fund Balances

- What is often presented as “reserves” or “fund balances” at UConn is actually numerous budget lines and accounts spread throughout the institution that are funding the critical current and future needs of the university.
- Combining these budget lines and accounts to create one large number is misleading and an oversimplification that creates the impression that UConn has its own “rainy day fund,” as the state does, meaning a substantial pool of cash being kept on hand for some unspecified potential future uses should needs arise. Such a fund does not exist at UConn.

What is being described as “reserves” or “fund balances” are expected to break down as follows in FY25:

- Operating (non-capital) dollars on hand: UConn: \$93.6M. These dollars include tuition, program fees, and indirect cost returns. They fund many of the basics of running the academic and research enterprises, including faculty startup costs for laboratory space and staff and infrastructure to support new research (including the emerging AI and Quantum initiatives prioritized for federal funding), the strategic expansion of departments to grow enrollment and the additional services needed to support that growth, and equipment replacement. In addition, the Board of Trustees recommends that the university always keep 90 days worth of operating dollars on hand as a sound fiscal practice. The university is falling far short of meeting that goal; at the moment UConn has only 30 days of operating dollars on hand.
- Capital dollars on hand: UConn: \$66.2M. These budget lines fund capital expenses that are not funded by the state, including deferred maintenance. The university estimates that we

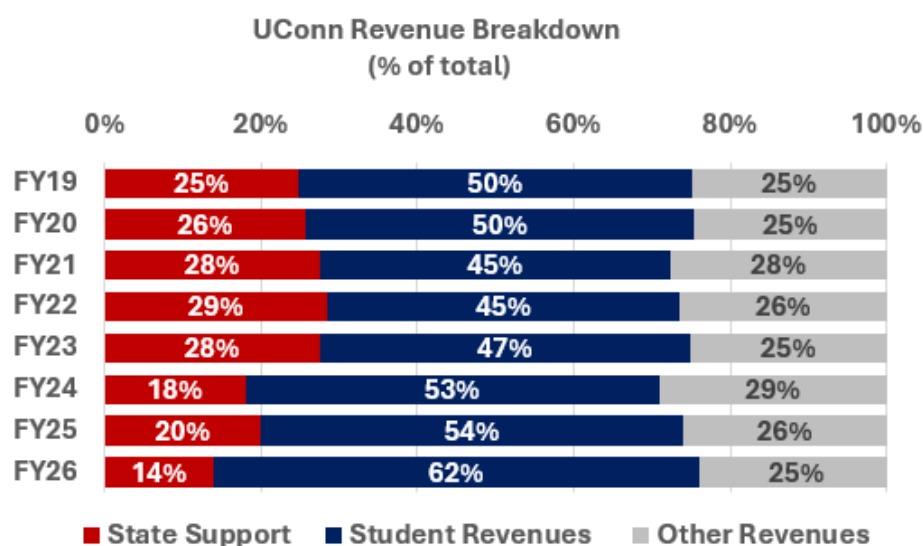
face at least \$1B in deferred maintenance needs now and in the coming years across our campuses. These capital dollars will allow us to continue to chip away at those expenses as well as fund capital costs to support growth, including rehabilitating residence halls.

- UConn keeps \$42.6M on hand to fund our debt service and maintain our credit rating.
- Sweeping some portion of these dollars to meet other fiscal needs elsewhere at the university, including deficits created by shortfalls in state funding, is the equivalent of UConn taking money out of one pocket and putting it another; all that would accomplish from a budget perspective is changing which pocket is empty – some immediate fiscal needs would be met, but new fiscal needs will have been created in the process.

	UConn		Notes
	FY24	FY25 Est	
Operating	\$92.2	\$93.6	Funds reserved for commitments made to recruited faculty for items such as startup costs for laboratory space and staff for new research, strategic expansion of departments to grow enrollment and equipment replacement (i.e. AI and Quantum initiatives).
Capital	\$104.2	\$66.2	Capital projects and deferred maintenance not included in State bond funded projects. Includes balances for projects that are underway, but funds not fully spent. UConn estimates over \$1 billion in deferred maintenance projects are required over the next decade.
Debt Service	\$42.6	\$42.6	Debt Service balance of at least 1.25x the debt payment is needed for bond coverage and favorable credit rating.
Total	\$239.0	\$202.4	

6. Percent of State Support in FY26 With Governor's Budget Proposal

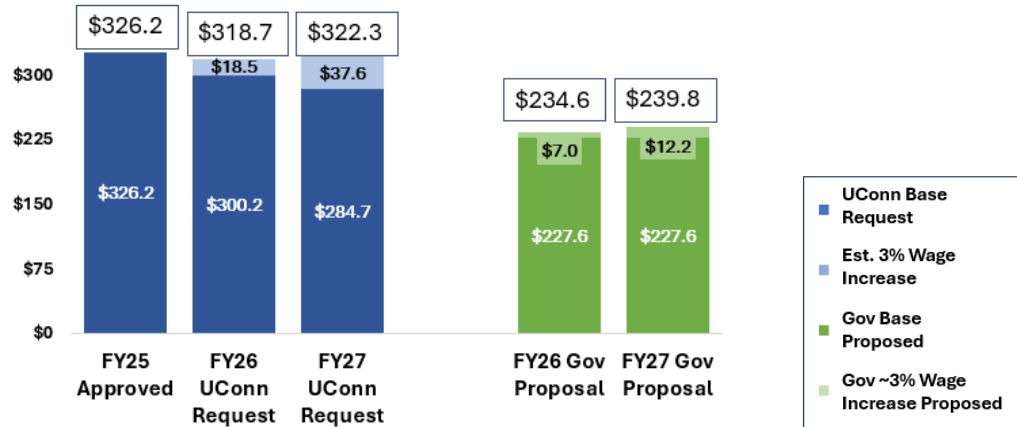
With respect to the percentage of UConn's total revenue, the percentage of UConn's budget funded by the state would be 14%, or 6 percentage points less than FY25.



- UConn base funding requests are lower than the FY25 approved state support by \$26M in FY26 and \$41.5M in FY27
- The Governor's proposed biennium budget (including the ~3% additional inflationary increase) is lower than requested creating a shortfall of \$84.1M in FY26 and \$82.5M in FY27

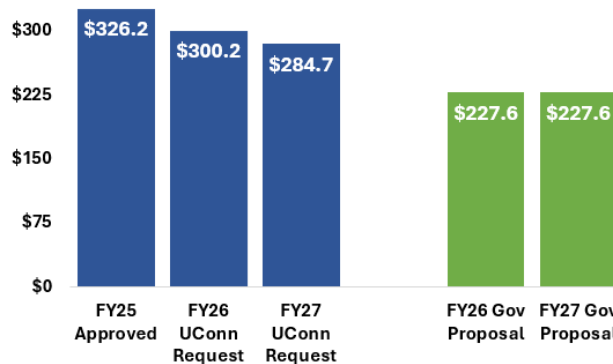
UConn:

The shortfall from the Gov. proposed budget is \$84.1M in FY26 and \$82.5M in FY27



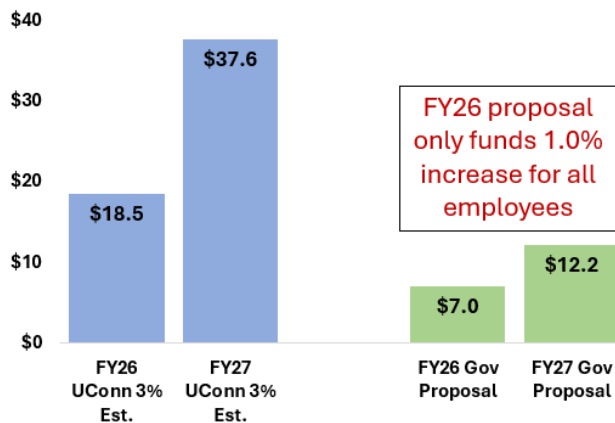
UConn:

The shortfall from the Gov. proposed budget is \$72.6M in FY26 and \$57.1M in FY27



UConn:

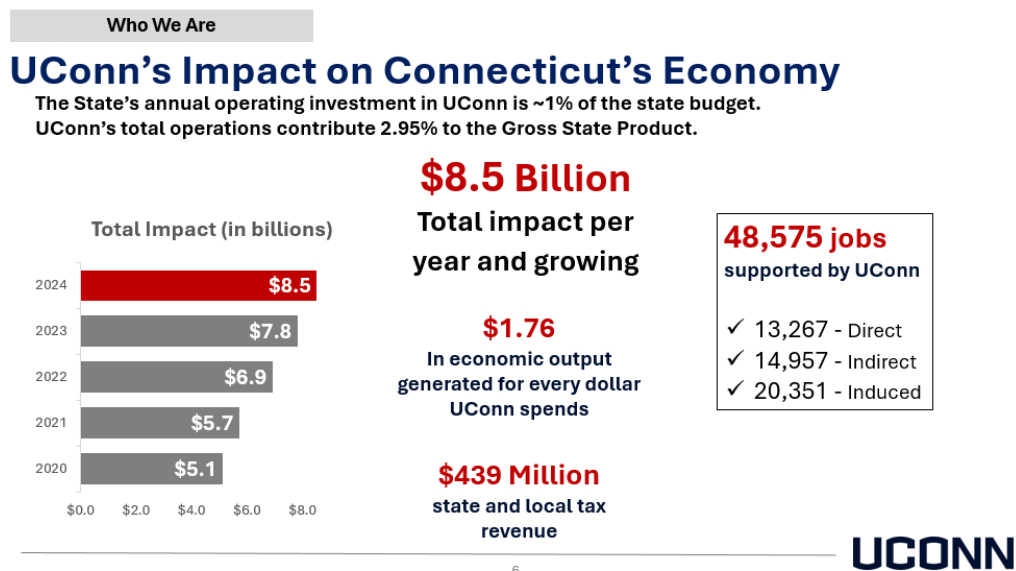
The shortfall from the Gov. proposed ~3% is \$11.5M in FY26 and \$25.4M in FY27



7. Further Economic Impact on the State/Most Impactful programs it administers

UConn helps fuel innovation and entrepreneurship, engaging directly with businesses large and small, growing our economy, and producing jobs. Our Extension service is active in all of the state's 169 cities and towns, delivering tens of thousands of hours of training, education, and outreach to Connecticut residents each year. UConn researchers are working with communities across our state to promote sustainability and protect the environment as we battle and adapt to climate change. UConn organizes and supports myriad health and wellness programs across our state, serving citizens of every age, community, and background, touching every aspect of life from nutrition to air quality to food insecurity. And UConn's role in education in Connecticut is not confined to our students alone; UConn's education programs play an enormous role in K-12 education in Connecticut, for both educators and students.

Our State of Impact report contains critical highlights and useful information, but it's not everything — there is simply too much work being done by the University throughout the state to fit into a single publication. But it can serve as a reference guide for Connecticut residents, helping to identify the UConn resources that are available to them. The State of Impact can be found here: https://impact.uconn.edu/content/uploads/2025/02/INS_025_Community-Impact-Book-ada_FY2025-Final.pdf



8. Five-Year Enrollment trend by Campus Including Future Year Targets

As mentioned in response three above, UConn is making progress on a SEM Plan which will help determine future enrollment levels. We are also considering what online opportunities should be available for students, which utilizes instructional and facilities resources in very different ways than in person programs.

The chart below details enrollment over the past five years by campus for undergraduates and graduates:

Enrollment - Headcount		Fall 2020	Fall 2021	Fall 2022	Fall 2023	Fall 2024
Undergrad	Storrs	18,917	18,567	18,983	19,388	20,056
	Avery Point	564	522	493	474	477
	Hartford	1,683	1,548	1,535	1,494	1,544
	Stamford	2,354	2,405	2,297	2,240	2,482
	Waterbury	853	795	768	760	745
Graduate	All Campuses	6,928	6,923	6,675	6,646	6,883
Professional	All Campuses	724	733	690	677	691
Total (excl UCH)		32,023	31,493	31,441	31,679	32,878

9. Changes to the Administrative Level to Reduce Cost of Attendance

The data on Return on Investment (ROI) and operational efficiency confirm that UConn provides an excellent “bang for the buck” as a leading university and dedicated steward of CT resources. For example, based on a study by Georgetown’s Center on Education and the Workforce, a UConn education can provide an ROI of over \$1.52 million over a 40-year working career.

The ratios of students and faculty to administrators (management) tell a similar story. UConn has the highest student to administrator ratio of 303:1 and the highest faculty to administrator ratio of 20:1 as compared to the top 32 public universities per US News and World Report.

University of Connecticut
Ratio of Fall 2023 Student FTE to IPEDS Management Staff Category FTE
and Ratio of Fall 2023 Faculty FTE to IPEDS Management Staff Category FTE

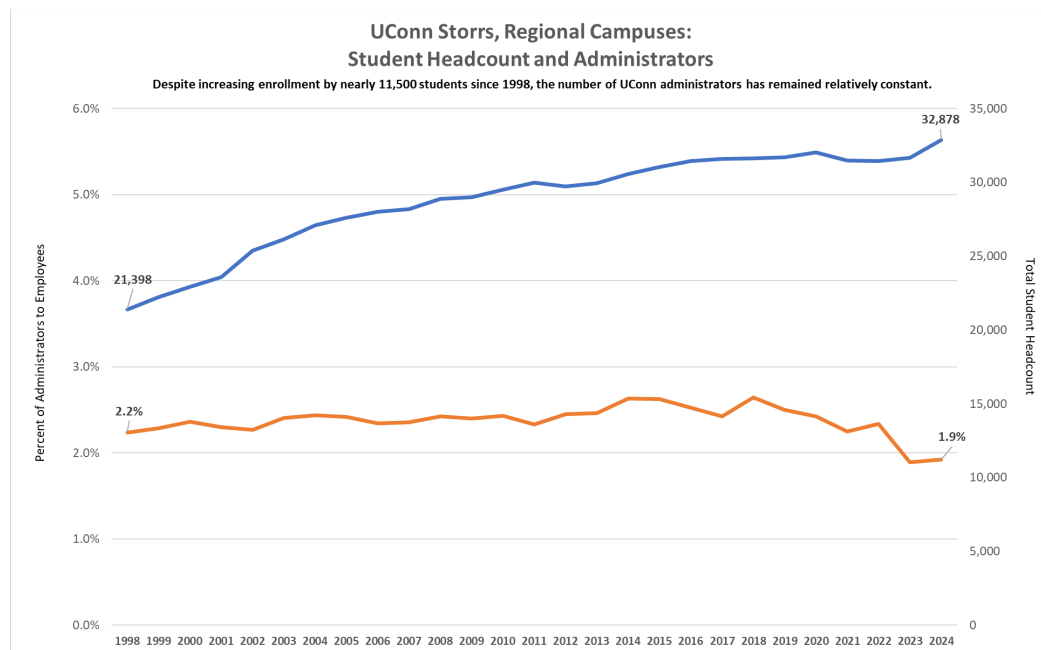
School	Student to Administrator Ratio
TOTAL STORRS & REGIONAL CAMPUSES	303.4
University of Maryland-College Park	240.5
Purdue University Global	181.9
Stony Brook University	177.5
Virginia Tech	143.6
Florida State University	125.6
University of North Carolina at Chapel Hill	116.8
University of Massachusetts-Amherst	102.3
North Carolina State University at Raleigh	102.2
William & Mary	76.6
University of California-Irvine	70.7
University of California-Santa Barbara	64.4
University of California-San Diego	59.5
University of California-Berkeley	58.8
University of California-Davis	57.5
University of California-Merced	49.8
Rutgers University-New Brunswick	48.4
University of Washington-Seattle Campus	42.4
University of Wisconsin-Madison	42.1
University of California-Los Angeles	41.6
Texas A & M University-College Station	40.1
University of Georgia	39.1
University of Illinois Urbana-Champaign	37.1
University of Florida	36.4
University of Minnesota-Twin Cities	34.2
Pennsylvania State University	30.7
Georgia Institute of Technology	27.5
Michigan State University	26.1
University of Michigan-Ann Arbor	24.8
University of Pittsburgh	21.7
The University of Texas at Austin	21.3
Ohio State University	17.0
University of Virginia	15.8

School	Faculty to Administrator Ratio
TOTAL STORRS & REGIONAL CAMPUSES	19.5
Stony Brook University	18.5
University of Maryland-College Park	14.4
Virginia Tech	9.1
University of North Carolina at Chapel Hill	8.7
Purdue University Global	7.4
William & Mary	6.5
North Carolina State University at Raleigh	6.2
Florida State University	6.1
University of Massachusetts-Amherst	5.9
University of Washington-Seattle Campus	5.3
University of California-Irvine	4.9
University of California-San Diego	4.8
Rutgers University-New Brunswick	4.6
University of California-Los Angeles	4.5
University of California-Davis	4.4
University of Wisconsin-Madison	3.9
University of Michigan-Ann Arbor	3.8
University of Pittsburgh	3.6
University of Minnesota-Twin Cities	3.3
University of California-Berkeley	3.2
University of California-Santa Barbara	2.9
Pennsylvania State University	2.7
University of Florida	2.6
University of California-Merced	2.4
University of Georgia	2.4
University of Illinois Urbana-Champaign	2.1
Texas A & M University-College Station	2.0
Ohio State University	1.8
Michigan State University	1.8
University of Virginia	1.7
The University of Texas at Austin	1.3
Georgia Institute of Technology	1.2

FTE Calculated by adding the full-time to 1/3 of the part-time

Note: Data provided to IPEDS Human Resources Survey Management Category may not be consistent among schools.

In fact, the chart below reflects the significant student enrollment growth at the University while maintaining a consistent percentage of administrators (management) over time.



10. AI Research and Studies. Federal funding available, How UConn is incorporating AI into its day-to-day operations.

The Center for Excellence in Teaching and Learning at UConn is leading the charge to help instructors effectively incorporate AI into their curriculum. We are doing this through several key initiatives that are in various stages of development:

- Developing comprehensive guidelines to support best practices in using AI as part of teaching, ensuring that students use AI appropriately to aid their learning.
- Offering a variety of workshops that address instructional issues related to AI, providing educators with the tools they need to integrate AI into their curriculum and instructional practices.
- Providing support to help faculty engage in course (re)design to embed AI effectively within the curriculum, enhancing the learning experience for all students.
- Conducting specialized workshops for academic leaders, including department heads, associate deans, and deans, to raise awareness and encourage innovative practices.
- Implementing incentive programs for faculty to ensure that students in every major experience the use of AI as part of their curriculum.

The goal is for all UConn students to graduate with a comprehensive understanding of artificial intelligence, its appropriate uses, and its impact on various fields and industries.

In addition, we are committed to cultivating a culture of innovation, leveraging technology like AI and data analytics. We have successfully submitted major grants, including the SMART AI initiative, positioning Connecticut as a leader in AI smart manufacturing. In collaboration with Yale, we are pursuing what would be the largest grant in the history of the university: Connecticut Quantum Engine, totaling \$160 million.

Our strategic vision is aligned with state and federal priorities, particularly in creating the “Industry of the Future.” Our research and educational initiatives will focus on the following key areas:

- Artificial Intelligence
- Quantum Information Science
- Advanced Manufacturing
- Biotechnology
- Health
- Humanities and Peace on Earth
- Utilizing natural resources and advanced technologies to ensure clean water, air, and soil for all
- Community prosperity and workforce development


11. Athletics Budget and Revenue Breakdown

UConn athletics is an economic driver for the region and state. All our teams are a point of pride for so many residents across the state. During our basketball and hockey games in Hartford and our football games in East Hartford, the local economies are impacted positively through revenues derived from hotel stays, increased restaurant traffic and parking revenues just to name a few. We

are looking to increase sponsorships, increase fundraising, increase ticket sales which will help grow revenues.

Athletics (\$M)	NCAA Annual Audit		Budget
	FY 2023	FY 2024	FY 2025
Revenue (grouped by institutional support and earned revenue):			
Direct Support /Indirect support/transfers back to institution	\$32.4	\$37.7	\$36.6
Student Fees (If applicable)	\$5.6	\$5.6	\$5.6
Total Institution support including student fees subtotal	\$38.0	\$43.2	\$42.2
Contributions from Related Entities (Foundation)	\$17.7	\$9.9	\$20.8
Earned revenue (ticket sales, contributions, rights/licensing, and other revenues)	\$37.4	\$47.8	\$34.7
Total Revenue	\$93.1	\$100.9	\$97.8
Expenses (List Applicable Expenses including but not limited to):			
Athletic Student Aid	\$12.6	\$14.2	\$14.3
Coaching Salaries, benefits, bonuses paid by the University and related entities	\$22.1	\$23.1	\$24.4
Staff/Administrative Support Salaries, benefits, bonuses paid by the University and related entities	\$14.6	\$16.5	\$16.3
Other operating expenses	\$41.5	\$46.9	\$42.8
Total Operating Expenses	\$90.7	\$100.7	\$97.8
Results of Operations	\$2.4	\$0.2	(\$0.1)

Strategies for Growth



Athletics Impact on CT's Economy

Operations and visitor spending by UConn Athletics and its fans generated:

- \$242.7 million in overall economic impact for the state in FY24
- \$36.1 million in State and Local Taxes
- 1,821 jobs in the State of Connecticut
- Out-of-state visitors increased from 73,684 in FY19 to 161,062 in FY24 or 119%

