

University Senate Budget Committee  
Budget FAQ  
Presentation to University Senate  
October 2, 2023

Lisa Park Boush, Michael E. Morrell  
co-chairs

I. Purpose of FAQ

II. Budget Process

III. Revenue sources and definitions

IV. FY24-25 Updates

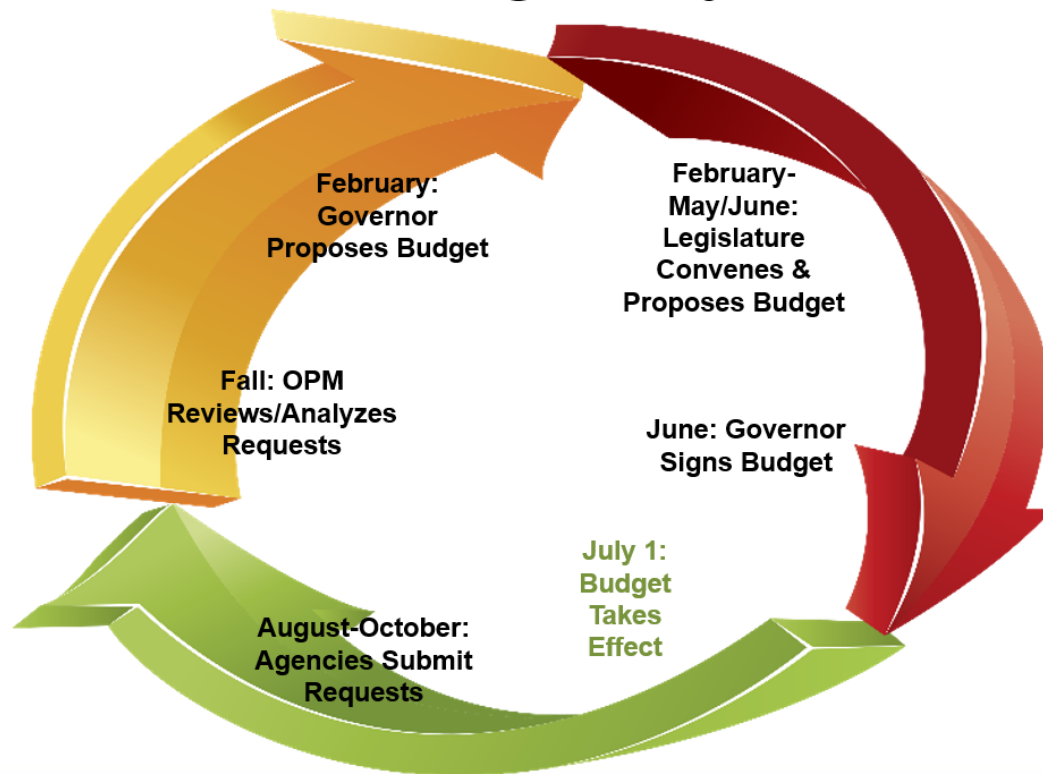
Many thanks to the Budget Committee, Robert Bird (former co-chair), and Reka Wrynn and Kelly Wihbey of the Office of Budget, Planning and Institutional Research.

# I. Purpose of FAQ

- A. Provide University Community, and Senate in particular, a resource for understanding the budget and budget processes
- B. Transparency
- C. Public document—share with constituents

# II. Budget Process

## State Budget Cycle



- biennium budget process: FY24 and FY25 adopted June 2023
- Mid-biennium adjustments for FY25 in 2<sup>nd</sup> year
- Faculty hiring for FY25 occurs prior to adjustments

### III. Revenue Definitions and Sources

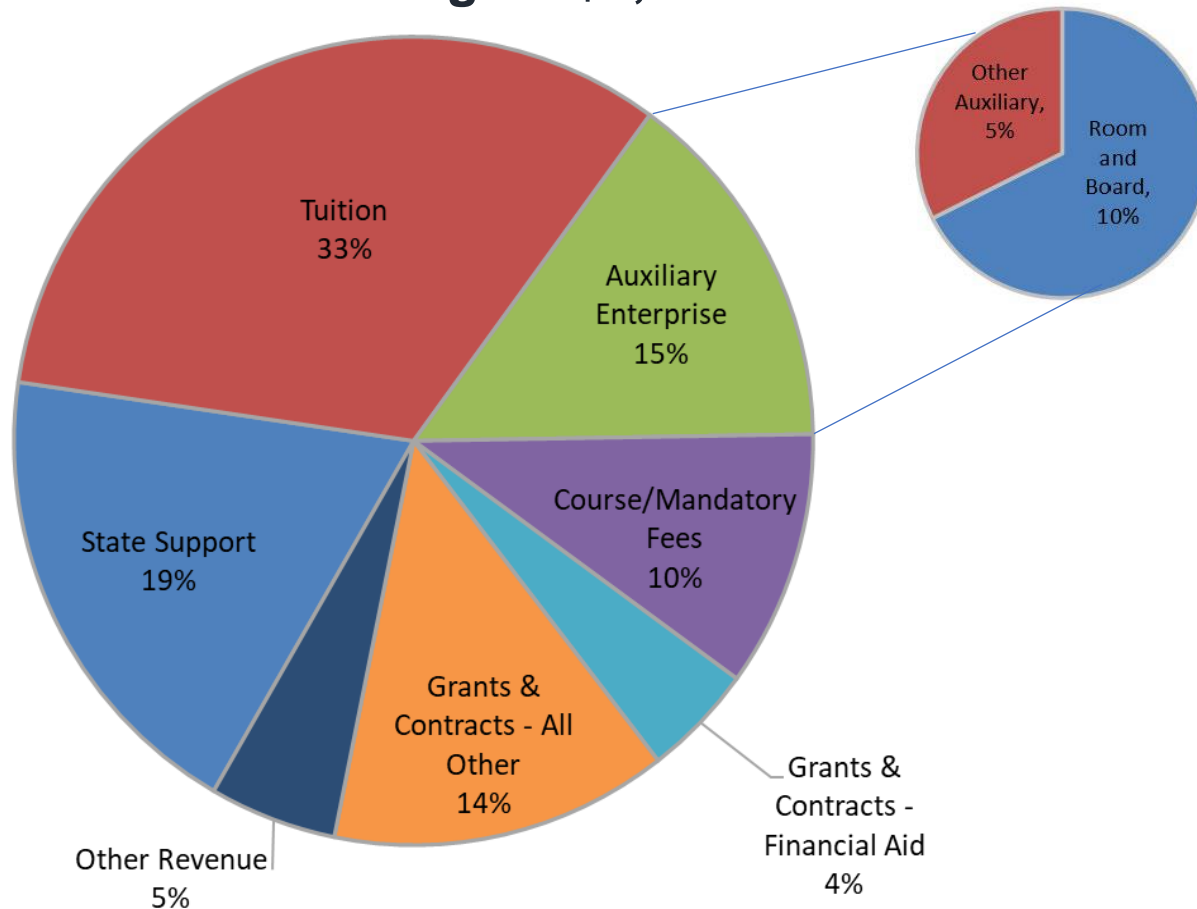
A. 2-Ledger Funds –tuition and state support

B. 3- and 4-Ledger Funds - self-generated external revenues

# IV. FY24-25 Updates

## FY24 Revenues

Revenue Budget - \$1,570.7M



- Revenues will increase 4.0% over FY23, mainly driven by one-time state support and tuition revenue.
- 53% of total revenue is funded by students and their families through tuition and fees.
- The % of state support has dropped from prior years mainly due to fringe methodology change.
- Tuition rate increases and enrollment growth fueled revenues but is partially offset by financial aid needs.

# IV. FY24-25 Updates

## State Support (\$M)

|  | FY23           | FY24           | FY25           |
|--|----------------|----------------|----------------|
| Block Grant  | \$229.9        | \$216.2        | \$217.0        |
| Temporary One-Time Support<br>(ARPA and Carry Forward) | \$63.9         | \$82.2         | \$31.1         |
| <b>Total State Appropriation</b>                       | <b>\$293.8</b> | <b>\$298.4</b> | <b>\$250.7</b> |
| Fringe Benefits  | \$197.0        | *              | *              |
| <b>Total State Support</b>                             | <b>\$490.8</b> | <b>\$298.4</b> | <b>\$250.7</b> |

\*Due to changes in fringe benefits, this expense no longer appears on the revenue or expenses side of the budget.

## IV. FY24- 25 Updates

# Fringe Benefit Changes

- Retirement: state covers costs for all employees
- Non-retirement: University covers costs for all employees
- Budget Neutral: state reduced block grant by the same amount its costs increased (\$20.6M)



## IV. FY24- 25 Updates

# Fringe Benefit Changes

- reduces risk of increased costs for unfunded pension liabilities
- fringe rate on grants reduced significantly
- block grant cut reduced non-grant funding
- responsible for increased non-retirement costs for all employees (e.g., health care)

University Senate Budget Committee  
FAQ Presentation to University Senate  
October 2, 2023

Questions?

# Change in Fringe Benefits

The state budget incorporates a budget-neutral change in methodology related to employee fringe benefit costs. It results in the state funding all retirement costs for all employees and the university funding all non-retirement costs for all employees.

| All Fringe (\$M) | Total          | Current        |                | New Methodology |                |
|------------------|----------------|----------------|----------------|-----------------|----------------|
|                  |                | State          | UConn/UCH      | State           | UConn/UCH      |
| Retirement       | \$419.8        | \$242.1        | \$177.7        | \$419.8         |                |
| Non-Retirement*  | 253.4          | 117.3          | 136.0          |                 | 253.4          |
| <b>Total</b>     | <b>\$673.2</b> | <b>\$359.4</b> | <b>\$313.7</b> | <b>\$419.8</b>  | <b>\$253.4</b> |
|                  |                |                | Change:        | \$60.4          | (\$60.4)       |

\*Includes medical and dental health insurance, FICA, unemployment and group life insurance

- To accomplish this budget-neutral change, the state block grant was reduced by \$60.4M (\$20.6M for UConn and \$39.8M for UConn Health).
- This change removes any future risk of increased costs of those unfunded liabilities, and we are hopeful the lower rates will make our faculty even more competitive when applying for externally funded research grants.
- **For FY24, only the sponsored program rates have been reduced; other rates will remain the same as FY23. We will determine the appropriate method to fill the \$20.6M budget gap at UConn.**



# State Support

The University is grateful for the support provided by the State in FY24. The significant one-time funding in FY24 and FY25 provides UConn time to begin its strategic financial plan and reduce reliance on State funding.

| State Support (\$M)                         |                |                |                |
|---|----------------|----------------|----------------|
| State Support Salary                        | FY23           | FY24           | FY25           |
| Operating Expenses                          | \$229.5        | \$213.5        | \$217.0        |
| Institute for Municipal and Regional Policy | 0.4            | 0.6            | 0.6            |
| Veterinary Diagnostic Laboratory            |                | 0.3            | 0.3            |
| UConn Veterans Program                      |                | 0.3            | 0.3            |
| Puerto Rican Studies Initiative             |                | 0.2            | 0.2            |
| Health Services-Regional Campuses           |                | 1.4            | 1.4            |
| <b>Total State Support – Salary</b>         | <b>\$229.9</b> | <b>\$216.2</b> | <b>\$219.6</b> |
| Temporary Operating Support – ARPA          | 39.2           | 42.2           | 11.1           |
| Temporary Operating Support - Carry Forward | 24.7           | 40.0           | 20.0           |
| <b>Total Additional State Support</b>       | <b>\$63.9</b>  | <b>\$82.2</b>  | <b>\$31.1</b>  |
| <b>Total Appropriation</b>                  | <b>\$293.8</b> | <b>\$298.4</b> | <b>\$250.7</b> |
| Fringe Benefits                             | 197.0          | *              | *              |
| <b>Total State Support</b>                  | <b>\$490.8</b> | <b>\$298.4</b> | <b>\$250.7</b> |

← One-time funds

\*The State is covering all pension/retirement fringe costs in FY24, so those costs have been removed from the budget on both the revenue and expense sides.