

Annual Report to the University Senate

Academic Year 2025-2026

Senate University Budget Committee

Committee Charge: This committee shall review the planning and allocation of the University operating, capital, and other budgets, the process of making budgetary and financial decisions and the determination of priorities among academic and other programs having financial implications.

2025/2026 Senate Budget Committee Members:

- ***Michael Morrell, Co-Chair, CLAS**
- ***Laurent Michel, Co-Chair, Engineering**
- *Ali Bazzi, College of Engineering
- *Eleni Coundouriotis, CLAS
- *Carrie Fernandes, Office of Student Financial Aid Services
- *Timothy Folta, Business
- *Niraj Ghimire, CLAS
- *Oskar Harmon, CLAS (Stamford)
- *Anne Langley, UConn Library
- *William Lipinski, Undergraduate Student
- *Paulo Verardi, CAHNR
- *Adam Zweifach, CLAS
- Jessica Chrabaszc, Executive Associate Athletic Director for Competitive Excellence, UConn Athletics
- Elena Dormidontova, CLAS
- Shahad Faiz, Undergraduate Student
- Maham Liaqat, Graduate Student
- Steve Marchillo, SSW, Director of Finance
- Lisa Park-Boush, CLAS
- Dave Weber, School of Business
- Michael White, Dining Services
- Reka Wrynn, Interim Vice President for Finance (Ex-Officio Member)

*Senate Member 2025/2026

The committee met once per month from 3:30 to 5pm on Thursday. Specifically, on 8/28/2025, 9/25/2025, 10/23/2025, 11/20/2025, 1/29/2026, 2/26/2026, 3/26/2026, and 4/23/2026. We averaged 82.3% attendance. As expected, various commitments (from travel to research commitments and classes for students) prevent reaching 100%.

Summary:

The Senate Budget Committee engaged in several activities during this fiscal year. The main drivers were the continuing deficit, the changing fiscal landscape that emerged from the new federal administration (e.g., grant cancellations, proposed adoption of 15% IDC charges by federal agencies, NIH, NSF, DoD, DoE), the Budget Transformation Initiative (BTI) claimed to be pursued by the University to enhance its ability to track expenses and match them with revenues, and the continuing mismatch between the known revenue increases and the administration-reported enduring deficit that demands annual rescissions even beyond those required by the five year fiscal sustainability plan. The major engagements of the SUBC occurred on the BTI front (where the committee had direct representation in each working group) as well as the detailed analysis of the non-grant expenditures over FY22-25 considering the increased revenue during the same period. The SUBC awaits the projections from the new budget model recommended by BTI (delayed at the time of writing) as they will assuredly impact the behavior of units across the University. The findings from the fiscal analysis were broadly shared with the SEC, University leadership, and the Senate at large.

The SUBC still recommends that the University administration communicates early with this Committee and the Senate regarding policies or initiatives that may result in changes that have significant budget and other ramifications so that we have a chance to positively contribute to such efforts. This is in line with the spirit of shared governance.

The SUBC acknowledges the transparency, responsiveness, and consistency of Reka Wrynn, Kelly Wihbey and Julie Schwager (as well as their respective teams) in providing answers to the many requests for details required by the SUBC.

Specific Topics Addressed:

Budget Updates & Challenges

FY26 started on July 1st with large deficit projections and planned changes in IDC distributions affecting research through PIs, Centers, Institutes, and Academic Units. The first meeting of the SUBC in August 2025 did strike a slightly more optimistic note with the official closing of FY25 with a modest surplus (\$4M) and the promise of a reduced projected deficit for FY26. The concern at the forefront was the change in policies related to IDCs (PI reduced to 5%, end of distribution to academic units, Centers and Institutes, and Departments), going from a 10/10/10 distribution to a 5/0/0 distribution. The changes, absence of actual budget for units and paucity of communication were the source of repeated discussions throughout the year. The threat to sweep center accounts with positive balances was reframed in early January as reduced funding levels that fell short of the funding that IDCs would have provided and forced centers to use their positive account balances to soak up the difference. This was paired with the centralization of decision making for units (their loss of control over their respective budgets) and raised concerns about their ability to operate correctly and autonomously. The federal policies and executive orders exacerbated the challenges faced by the university with grant cancellation, confusion on IDC rates to use on new proposals, and how to handle the budgeting gaps created by delays in processing proposals and awards.

Despite these challenges, the University leadership progressed on closing most of the fiscal gap which stood at \$6.9M as of February 2026. The core changes were: better than expected research revenues, as well as the utilization of foundation funds and increased fees.

The SUBC received updates from:

- Jeffrey Gagnon, Executive Advisor for Enrollment Analytics and Fiscal Officer on how the University approaches enrollment decisions to admit classes of strong students at the targeted size and optimize its revenue, while also navigating the enrollment cliff challenges emerging this admissions cycle as the number of high school graduates' declines.
- Dean Anne Langley on how the library significantly reduced its budget to support an extremely lean operation.
- Vice President Reka Wrynn and her staff (Kelly Wihbey) on budget updates each quarter, reports to the BoT and the BTI initiative that stands to affect many units across all campuses.
- Julie Schwager, Associate Vice President – Research Finance and Administration, Office of the Vice President for Research on the IDC change process as well as outside engagement through initiatives like the Joint Associations Group (JAG) on Indirect Costs.

Budget Transformation Initiatives

The BTI initiative is facilitated by the Kennedy Consulting Group and is focused on producing a decentralized budget model that better tracks both revenue and expenses across an academic organization. The initiative (started in AY25-26) will culminate in the implementation of a shadow accounting/budgeting process in AY26-27 and a full-fledged implementation in AY27-28. The BTI process is informed by five working groups focused on fact finding for specific areas of activity and issuing recommendations to the BTI steering committee. The SUBC has representation in each working group. Specifically:

- Tuition & Fees and State Appropriations: (SUBC Rep: Oskar Harmon)
- Auxiliary Units: (SUBC Rep: Michael White, Dining Services)
- Strategic Initiatives: (SUBC Rep: Dave Weber)
- Research & Scholarly Activities: (SUBC Rep: Laurent Michel)
- Academic Unit and Central Services Costs: (SUBC Rep: Michael Morrell)

The SUBC focused on ensuring that all working groups account for the fiscal implications across groups. Major takeaways across groups relate to:

- Acknowledging the importance of the University's mission in education.
- The cost of a student's education is discipline dependent.
- Research is essential, yet executing on the research mission requires investment of 92 cents for each research dollar and is beyond what is recovered through indirect costs (62 cents on the dollar).
- There are concerns that the emphasis on which units are profit centers will drive the organization towards a "for profit" business model at odds with education and research.

Relatedly, the University also engaged with the Segal Group, a consulting group hired to assess business operations and identify areas where better efficiencies can be derived. The major findings:

- Staffing reductions have already occurred in many units yet more consolidation is recommended with a focus on creating “area-specialists”
- Administrative burden is excessive; small purchases are too complex to do, and morale is low across the board.

IDCs

The University adopted a collection of changes regarding the redistribution of IDCs to PIs, departments, schools & colleges, and centers and institutes. The changes are meant to address the perception issues that persist because of accounts with large positive balances and to better meet the needs of the university. The centralization of the budgeting process now requires center directors to submit quarterly budget projects and requests for central funds, rather than being more in control of their resources as in the past. This change shifted the ability to plan initiatives from local leaders in those units to the central administration. The current model could be further revised based on changes in the fiscal landscape emerging from Executive Orders and the federal administration. For PIs, the University withheld FY25 IDCs until early spring 2026 and, ultimately, did not provide these to PIs. They briefly delayed FY26 IDCs but began rolling out 5% of IDCs as PIs spent funds. They created a special process where PIs, through their departments and schools and colleges, could request funding for specific and urgent needs.

Revenues vs. Expenses

The SUBC conducted an in-depth analysis of non-grant revenues and expenses over FY22-25 to assess the revenue growth and the allocation of those additional resources to the various functions of the enterprise.

The high-level takeaway is that non-grant revenues increased at a healthy pace of 8.3% (on average) per year for a total of an extra \$312.9M over those 3 years. Meanwhile, expenditures also rose, with the largest nominal increase in units reporting to the President while the highest proportional increase was in the Debt/Capital category. As a fraction of the overall budget, units reporting to the Provost have, by and large, received a smaller fraction of the total budget (41.5% of the FY2025 budget vs. 45.5% of the FY2022 budget). Financial aid and Student Life are the two largest increases in spending. Naturally, the larger student population induces an increase both in cost and revenue for units like dining and housing. The increase in non-grant spending over FY22-25 was \$283.5M; we could not account for \$29.4M in spending. We excluded the CFO and Controller’s Offices because those areas include various accounting and adjustment accounts that make an analysis of them difficult, and this may account for this difference.

Suggestions for committee consideration next year:

1. Consider creating sub-committees for certain issues to increase the Committee’s efficiency and develop recommendations for it.
2. Continue to assess and reflect upon the effects of the University’s Five-Year Fiscal Sustainability Plan, actions taken to implement BTI, and policies on the distribution of IDC

funds to principal investigators, departments, schools and colleges, and centers and institutes.

3. Monitor the continued effects of changes in the Federal Government on the University's budget and report, as necessary, on this to the Senate.
4. Review all the BTI findings, the implementation of new budgeting practices based on them, and their impact on units.
5. Continue to assess the University's research revenues, expenditures, and policies and make any recommendations it has in this area.
 - a. Add to the analysis the Committee did this year by examining changes in grant revenues and expenditures, updating the analysis for FY26, and investigating capital spending more fully.
 - b. Continue to monitor state appropriations. Review the University's presentations to state officials and make suggestions for improvement.
 - c. Continue to review and assess capital spending and the University-state relationship on capital projects.
 - d. Continue to review and assess financial aid practices at the University level.
 - e. Continue to review and assess foundation practices and revenues.