MINUTES OF A MEETING OF THE UNIVERSITY SENATE
October 8, 2007

1. Moderator Spiggle officially called the regular meeting of the University Senate of October 8, 2007 to order 4:03 PM in Room 7 of the Bishop Center.

2. Approval of the minutes

   Moderator Spiggle presented the minutes from the regular meeting of September 10, 2007 for review.

   The minutes were approved without modification.

3. Report of the President

   President Michael J. Hogan addressed the University Senate for the first time. He began by stating his position in favor of shared university governance. He looks forward to forming close working relationships with members of the Senate and other leaders of our university. He quoted the closing lines of the motion picture *Casablanca*, stating that this is going to be the beginning of a great friendship.

   President Hogan summarized the activities he has undertaken in his first few weeks as President. He reported that he has met with the Health Center Board of Directors and toured the Health Center. He made a presentation to NEASC regarding our reaccreditation and added that the process is on track. He met with the NCAA site visit team. That recertification is also going well. He has attended several faculty receptions. He has held two press conferences, given two radio interviews, and several newspaper interviews. He visited with the UCPEA leadership and visited an undergraduate class. He attended a football game, met the President's Advisory Committee on Athletics, talked with the leadership of the AAUP, met with the Dean's council, and visited the Avery Point campus. He has scheduled visits to each of the other campuses as well.

   President Hogan reported on Katzenbach Partners, a consulting firm that has supplied a "transition team," hired by the Board of Trustees. The team will help transition the President for approximately six months. He explained they are here to accelerate his learning curve. The team has visited and spoken with many more people than President Hogan has been able to see personally and they are acting as his "eyes and ears." They have collected data from various university constituents, including faculty, staff, board members, students, donors, legislators, and other stakeholders. Katzenbach Partners will issue a report, which will be a public document shared with the university community. President Hogan believes that this approach will enable him to get up to speed faster than otherwise might be the case.

   President Hogan reported most of the concerns that have emerged thus far are ones that any Senator would predict. There are concerns about the institution's rankings in various publications and in seeing how those rankings may be advanced. The team has heard about the need for another major capital campaign. They are hearing that faculty and students are concerned about the size of the faculty and the student/faculty ratio. The turnover in Deans troubles some, and there are continuing issues at the Health Center surrounding its future. Do we really have a grip on our major construction issues? They are hearing concerns about the university's strategic and academic plan. All of these issues are emerging and will be represented in Katzenbach Partners report in four or five weeks.

   President Hogan concluded his report by stating his joy at being at the University of Connecticut.

4. Report of the Provost

(See Attachments #7 & #8)

Provost Nicholls commented on the new *Policy and Procedures on Consulting*, saying that while these do constitute a number of revisions to the preceding procedures, the differences are not that great. We are looking at evolving state legislation that limits activities for most state employees. He stated there has been a "carve out" for university employees, which sets different standards. State employees cannot receive monetary compensation for any work outside their state jobs, but UConn faculty can under certain guidelines. The "carve out" was granted only if policies and procedures are developed to demonstrate accountability for faculty consulting. These policies and procedures are not set in stone. There can and probably will be changes in the document going forward.

Provost Nicholls emphasized that he does not want people to feel that this one page form is designed to burden them, or to deter faculty from consulting. Indeed, if filed and approved, the form provides faculty members with a great deal of protection from any action that the state ethics board might otherwise undertake.

Provost Nicholls introduced Rachel Rubin, Director of Compliance in the Office of Audit, Compliance and Ethics, who explained UConn's "carve out." The State Ethics Commission has authority ultimately over any outside compensation including honoraria. The University of Connecticut, though, has reserved through the carve out the right to approve outside compensation for its own faculty, rather than having each case referred to the State Ethics Commission.

Senator Schaefer asked about administrators. Rubin replied that administrators do not have the carve out. Their work must be approved by the Ethics Commission. Senator Schaeffer asked to what extent the AAUP was involved in the drafting of the consulting policy and procedures. R. Rubin stated that Ed Marth, Executive Director of the AAUP, was involved throughout the process. Senator Schaefer asked if faculty were involved in any way in formulating the policy? R. Rubin responded faculty were involved.

Senator Sanchez expressed concern over the length of time it might take to go through the entire approval process, and inquired if quick turnaround work, such as tenure reviews and book reviews, might be exempted from the policy. R. Rubin responded that the safest path for a faculty member is to submit the forms, but if they need to be expedited, the faculty member should act to move them through the process quickly. Ilse Krist is the person in charge. Rubin acknowledged that there is a concern about the time line in getting these approved. She added that although the policies and procedures are in place and operable, the intent is to improve them over time with experience.

Senator Cantino inquired about the consulting work of staff members. R. Rubin replied that staff members who are not members of the AAUP bargaining unit are not part of this agreement. The consulting policy for staff members is spelled out in the by-laws of the University and in some collective bargaining agreements. UCPEA, for instance, has language in its contract that governs consulting by its membership.

Senator Caira commented that there seems to be a disconnect between the policy and tenure and promotion activities. Becoming known outside the university is a requirement of tenure and promotion. She wonders if the quasi-required nature of service on panels, etc. should be considered as something other than consulting. She argued that such work really is state work. R. Rubin responded the Ethics Commission does not see it that way, and this is what the University has to comply with. The Ethics Commission was beginning to issue some very restrictive rulings, and this negotiation was developed to be proactive.

Senator Schaeffer commented that the Ethics Committee has not been adequately informed about our needs, and he suggested that we should go back to the legislature to loosen further the requirements so that there be an *a priori* approval of all work. R. Rubin commented that she did not think that would be productive, but did entertain the idea that some more abbreviated procedures in some cases may be in order.

R. Rubin commented on the oversight of our process and activities that will be in place from the State level. The consulting activity and its reportage will be audited twice a year by the Ethics Commission. Senator Schaeffer commented that this might be an opportunity for us to make an argument to expand our outside work.

Senator English commented that the moral and ethical environment of the state was set by the recent spate of state scandals. He commented that in the past the approval process ended at the Dean's office and now goes to the Provosts office. He asked if in the future--perhaps to speed these things up--the responsibility might be given to the Department Heads. R. Rubin responded that the legislation does not allow this *per se*. In the case of fast turn around perhaps we should go straight to the Provosts office, as that is where the ultimate authority for approval lies.

Senator McCarthy commented that many people in the state do not see faculty as anything other than state employees. He commented that in many other states academics are considered a separate class with their own ethics code. R. Rubin replied that a similar notion was put forward, but that it did not gain traction with the Ethics Commission.

Senator Mannheim commented that there is danger whenever money is involved. He asked about "retro-activeness." Suppose, he wondered, a faculty member gets royalties from a past book before the ethics rules went into effect. What then? And he also wondered what to do about an honorarium handed to him after a speech he gave to Connecticut science teachers, without warning and without any prior knowledge on his part that an honorarium would be forthcoming. Rubin commented that in such cases the receipt of the money should be delayed until you get approval. The organizer should hold the check or whatever until after the approval of the work is completed. Anything before September 25, 2007 is subject to review by the state Ethics Committee.

Senator Hiskes asked if compensation could be put in a research account for the faculty member. Rubin replied that such a procedure was and is still permitted.

R. Rubin commented on volunteer services. Some Department Heads have asked if a faculty member's volunteer efforts outside the university should require approval. This is not currently required by the policy.

Senator Silander asked what consulting is - Is a Fulbright consulting? Is Summer Salary? Are reimbursed expenses such as travel to a speech considered consulting? R. Rubin responded this will be the Provost's decision. Technically consulting exists anytime there is any outside compensation so if there is no "cash money in your pocket," then one would not fall under the policy. But if one does accept necessary expenses you have to file a form with the ethics commission.

Senator Tuchman asked if a committee could be formed with membership from the various schools to more clearly articulate the parameters of consulting. These faculty members would ask the questions pertinent to their discipline. For example, can a performer do a concert in Europe? Can a humanist sell a book? Rubin reported that Ilse Krist will be setting up such a committee.

Senator Darre suggested that after a committee is formed that there be a workshop to address and clarify these issues with faculty directly and that this discussion in the Senate end for the moment.

Senator Nicholls agreed and thanked the Senate for their comments. He stated this had been a good discussion and will look at ways of amending the procedures in the near future to see what can be done to ease some of the burden of approvals.

5. Senator DeWolf presented the report of the Senate Executive Committee.
(See Attachment #9)

6. Barry Feldman, Vice President and Chief Operating Officer, presented the Biannual Report of the Building and Grounds Committee and Capital Projects Planning Advisory Committee.

   Senator Feldman stated Building and Grounds has been very active, meeting several times a month. Many projects have been reviewed and passed on to the Board of Trustees for further action. These include such projects as the: Arjona/Monteith replacement buildings, Student Quad, and the Science complex.

   Senator Tuchman asked about the May minutes of the Committee and its mention of improvements to the Celeron Square Path and the completion of “Lot C” having a positive impact on traffic in the area of Hunting Lodge Road. She inquired about the timetable and what completion of Lot C might means to traffic on Hunting Lodge Road. Senator Feldman replied that the lot will be built on the site of the former landfill and will accommodate about 600 cars. It should reduce some foot traffic on the Celeron Square Path.

7. Bruce DeTora, Chief Financial Officer, presented the Annual Report of the Vice President and Chief Financial Officer on Budget.
(See Attachment #10)

   Senator Mannheim inquired about the energy savings from the cogeneration facility. Senator Mannheim asked how much it cost to put it in and operate and if we are including in our figures the expenses of the plant. B. DeTora explained how the savings were measured and how debt service is handled separately.

8. Senator Moiseff presented the Report of the Scholastic Standards Committee.
(See Attachment #11)

9. Senator Darre presented the Report of the Curricula and Courses Committee.
(See Attachment #12)

   a. **The committee recommends approval of the following four motions**:

      1. The Committee moves to add the following 100-level course:

         BADM 2893 - Foreign Study Proposed
         New Cat Copy: - 193. Foreign Study
         Either or both semesters. Credits and hours by arrangement. Consent of the Associate Dean is required prior to the student’s departure. With a change in content, may be repeated for credit. Special topics taken in a foreign study program.

      2. The Committee moves to add the following 200-level course:

ENGL 213/3301. Celtic and Norse Myth and Legend.
Either semester. Three credits. Prerequisite ENGL 110 or 111 or 250. Open to sophomores or higher. Not open for credit to students who have previously received credit for the same course as English 267.
An examination of the early Celtic and Norse cultures through their medieval literature. Close analysis of works such as *The Tain*, *The Mabinogian* , *The Eddas,* selected sagas, runic and historical texts in association with later English texts that show their influence

3. The Committee moves to revise the following 200-level course:

MCB 200 - Human Genetics
Current Title and Catalog Copy: 200 (MCB2410). Human Genetics
Either semester. Three credits. Two lectures and one problem session. Prerequisite: BIOL 107. Open to sophomores or higher. Principles of genetics as applied to humans. Focus on modern methods of molecular genetics.

Proposed New Cat Copy: -
Revised Cat Copy: 200 (MCB2410). Human Genetics
Either semester. Three credits. Two lectures and one problem session. Not open to students who have passed MCB218 (MCB2400) Prerequisite: BIOL 107. Open to sophomores or higher. Nelson, Townsend. Principles of genetics as applied to humans. Focus on modern methods of molecular genetics.

4. The Committee moves the following course be dropped:

NURS 111 - Humanizing Health Care

Motions one through four carried without dissent.

b. **The committee recommends approval of the following two motions on general education courses**:

5. The Committee moves the following courses for inclusion in the W competency:

ANSC 256W	Scientific Writing in Animal Food Products – Dairy Technology
HSMG 290W	Internships in Health Care Management
JOUR 245W	Specialized Journalism
MARN 295W	Senior Research Thesis

6. The Committee moves following course for inclusion in the CA2 Social Sciences content area:

INTD 150	Alcohol and Drugs on Campus: Exploring Campus Culture and Effects on Society

Senator Sanchez questioned who teaches INTD 150. Senator Darre responded he would review a copy of the syllabus and let her know.

Motions five and six carried without dissent.

c. For the information of the Senate, the Curricula & Courses Committee has approved the following courses to be cross-listed:

Content Area 4
AFAM/DRAM 3131/3131W (231/231W) African American Theatre
(approved by both CLAS and SFA)

Open to sophomores or higher
LAMS/HIST 281 Latin America in the Colonial Period
LAMS/HIST 282 Latin America in the National Period
(Approved by CLAS)

10. Senator Hiskes presented the Report of the Nominating Committee.

(See Attachment #13)

a. **The committee recommends approval of the following four motions**:

1. We move the following faculty/staff deletions to the named standing committees:

Janine Caira from the Enrollment Committee
Lisa Sanchez from the General Education Oversight Committee

2. We move the following faculty/staff addition to the named standing committee:

Lynn Allchin to the Growth & Development Committee as representative of the Enrollment Committee

3. We move the following student additions to the named standing committees:

Tracy Anderson, Graduate Student, to the Growth & Development Committee
Jeffrey Bernath, Graduate Student, to the University Budget Committee
Kay Bloomberg, Undergraduate Student to the Enrollment Committee and the Growth & Development Committee
Jana Lanza, Undergraduate Student, to the Student Welfare Committee
Stephen Lucasi, Graduate Student, to the Scholastic Standards Committee
Jose Machado, Undergraduate Student, to the Scholastic Standards Committee and the Curricula & Courses Committee
Julia Thomson Philbrook, Graduate Student, to the Student Welfare Committee
Christopher Purzycki, Undergraduate Student, to the Curricula & Courses Committee
Nicole Rougeot, Undergraduate Student, to the Enrollment Committee
Lauren Smith, Undergraduate Student, to the Scholastic Standards Committee

4. We move Xae Reyes and Murphy Sewall to two-year terms on the General Education Oversight Committee effective immediately and ending June 30, 2009.

Motions one through four carried without dissent.

5. For the information of the Senate, the Undergraduate Student Government has named Katherine Etter to membership on the Senate for a one-year term.

11. New Business – none.

12. There was a motion to adjourn.

    The motion was approved by a standing vote of the Senate.

    The meeting adjourned at 5:30 PM.

Respectfully submitted,
Robert F. Miller
Professor of Music
Secretary to the University Senate

The following members and alternates were absent from the October 10, 2007 meeting:

Anderson, Greg	Engel, Gerald	Olson, Sherri
Armstrong, Lawrence	Evanovich, M. Dolan	Schultz, Eric
Aronson, Lorraine	Facchinetti, Neil	Siegle, Del
Bansal, Rajeev	Frank, Harry	Strausbaugh, Linda
Becker, Loftus	Franklin, Brinley	Taylor, Ronald
Boyer, Mark	Givens, Jean	Thorpe, Judith
Bramble, Pamela	Letendre, Joan	VanHeest, Jaci
Bull, Nancy	Lipsky, Sue	Wagner, David
Chambers, Kim	Makowsky, Veronica	Weiss, Robert
D'Alleva, Anne	Marsden, James	

ATTACHMENT #7

University Policy Details	
Title:	Consulting
Author:	Provost's Office
Effective Date:	09/25/2007
Status:	Published
Applies To:	Faculty
Last Reviewed Date:	10/01/2007
Description:	Policy on Faculty Consulting
For More Information Contact:	Provost's Office
Contact Telephone Number:	486-4037

POLICY ON CONSULTING FOR FACULTY

AND MEMBERS OF THE FACULTY BARGAINING UNIT

September 25, 2007

1. INTRODUCTION

Consulting is a time honored and frequent activity of faculty throughout U.S. research universities. The ability to consult is important in promoting recruitment and retention of faculty of the highest quality. Often, such consulting activities provide a range of benefits including fostering economic development, enhancing the reputation of the University, promoting faculty development and enhancing the faculty's ability to bring to the classroom current and relevant "real world" experiences, among others.

Consulting is an activity performed by a faculty member for compensation as a result of his/her expertise or prominence in his/her field while not acting in his/her official capacity as a State employee (i.e. in his/her own time.) The University's Laws and Bylaws prohibit faculty from consulting on "time due to the University".

2. PURPOSE

This Policy describes how members of the faculty and members of the faculty bargaining unit (both hereafter referred to as "faculty member(s)") may participate in consulting activities while complying with the State of Connecticut Code of Ethics, the University of Connecticut Ethics Statement, the University's Code of Conduct and the University's Laws and Bylaws.

3. SCOPE

This policy applies to all faculty members paid by the University of Connecticut and University of Connecticut Health Center.

4. DEFINITIONS

a. consulting - providing services, advice and similar activities for compensation, based on a faculty member's professional expertise or prominence in his or her field, while not acting as a State employee.
b. contracting entity - The entity engaging and compensating the faculty member for the consulting activity.
c. 'time due to the University' - Any time necessary for successfully carrying out the duties assigned to and for which a faculty member was hired. This includes both sufficient time to perform assigned duties as well as sufficient opportunity to meet with other faculty, staff and students.

5. POLICY

a. All faculty members must receive written permission in advance from their supervisor and the Provost or Executive Vice President for Health Affairs, (whoever has jurisdiction over that member), or their designees, in order to engage in consulting activities. Requests for such permission will describe the activity, its contracting entity, dates and times to take place, and an estimate of the total time it will take to complete.
b. Permission to consult may only be granted when:

i. The request to perform the consulting activity occurs due to the faculty member's expertise or prominence in his or her field, not the faculty member's official State position.

ii. The faculty member is currently, fully performing his/her State duties.

iii. The consulting activity will not interfere with a faculty member's future ability to perform his/her duties and the total amount of consulting in any fiscal year will not exceed an average of one day per week. Time spent on consulting activities performed during any period during which the faculty member is deemed off duty (e.g. faculty members who have 10 or 11 month contracts) will not be considered in determining the maximum of such time allowed.

iv. The faculty member is not competing with the University for work that may be perceived as being work the University would choose to perform.

v. Those members of a faculty bargaining unit who have specific teaching and/or research responsibilities, the consulting contributes to the continued development of the faculty member's expertise.

c) Approvals must be obtained for each consulting activity. Any on-going consulting activity must be approved on an annual basis.

d) The disclosure of proprietary information (i.e. intellectual property owned in part or in total by the University) is prohibited unless specific permission is granted.

e) The faculty member must inform the contracting entity that s/he is not acting as a State employee while performing the consulting activity and is not covered by any State liability protection.

f) The faculty member may not inappropriately use his/her association with the University in connection with the consulting activity. That is, members may identify their employee status, but they shall not speak, act, or make representations on behalf of the University or express institutional endorsement in relation to the outside activity. Further, it must be made clear that permission to use the University name, logos, or other identifiable marks may only be granted by the University.

g) Permission to use State resources while consulting must be provided in writing, in advance, and use of such resources must be fully reimbursed to the University of Connecticut.

h) When compensation exceeds the threshold established in the Policy on Individual Conflict of Interest in Research, it must be disclosed in any financial statements made under that policy.

i) All faculty members who were engaged in a consulting activity in a given fiscal year must complete a year end reconciliation report describing all consulting activities they have engaged in including the actual amount of time spent on each activity and the total compensation received for such consulting (including travel expenses.)

j) The Provost and the Executive Vice President for Health Affairs will submit annual reports of consulting activities for the faculty members under their respective jurisdictions to the Joint Audit and Compliance Committee of the Board of Trustees.

k) The University's Office of Audit, Compliance and Ethics shall develop and implement a plan of regularly recurring monitoring and audits to ensure the complete and accurate implementation of this policy.

l) A report or allegation of a violation or noncompliance with this policy shall be reviewed by the Office of Audit, Compliance, and Ethics (OACE). The OACE shall submit its findings to the Provost or Executive Vice President for Health Affairs who may, with provision of due process, withdraw the authorization or appropriately modify the conditions upon which the authorization to consult is granted so as to resolve any conflict.

m) Failure to comply with the provisions of this policy may result in appropriate disciplinary action, including but not limited to, loss of the privilege to engage in consulting activities or termination from service, in accordance with the applicable provisions of the collective bargaining agreement or the employment agreement of the faculty member.

n) Any faculty member who does not receive prior approval under this policy is subject both to sanctions for violation of University policy and to the jurisdiction of the Office of State Ethics.

Approved by the Board of Trustees September 25, 2007

Please refer to the following website for Consulting Policy Procedures:

http://provost.uconn.edu/textfiles/Procedures_faculty_consulting_Sept07.pdf

POLICY ON CONSULTING FOR FACULTY

AND MEMBERS OF THE FACULTY BARGAINING UNIT

PROCEDURES

September 25, 2007

PROCESS

1. PERMISSION
Prior to engaging in consulting activities, including any part-time or full-time outside employment, based on the member's professional expertise or prominence in the field, regardless of when such activity is set to occur, a member must complete and submit the "Request for Approval of Consulting Activities" form as approved by the Provost and the Executive Vice President for Health Affairs at UCHC. Such request must be submitted sufficiently in advance of the start of the consulting activity to allow for its appropriate review. Further, new forms must be completed and approved prior to making substantial changes to a previously approved activity.

2. INFORMATION
Information to be provided on this form must include the following: The name and address of the payer; a description of the consulting activity with enough detail so that the approver may determine whether such activities conflict with one's state responsibilities; description of interaction or responsibilities in one's official capacity, if any, with respect to the payer; estimated amount of remuneration; number of days expected to complete the consulting activity; disclosure of material use of state resources. Income must be estimated based on the following categories: under $1,000, $1,001-$5,000, $5,001-$10,000, over $10,000. Additional information regarding remuneration must be provided, if requested.

3. SIGNATORIES
The forms must be signed by the member's Department Head and the Dean. For members employed in Storrs and the Regional campuses, the form must also be reviewed and signed by the Provost or the Provost's designee. For members at the University Health Center, the form must be reviewed and signed by the Executive Vice President for Health Affairs or the Executive Vice President's designee. For members employed by the Division of Athletics, the Athletic Director must sign in place of a Dean and forward the form to the Provost's designee for review. Subsequent to review and pursuant to NCAA regulations, the President will sign as the Provost's designee.

4. ONE-DAY-A-WEEK
For the purposes of determining the requirement that consulting may not exceed more that one-day-a-week on average, this will only be deemed a factor for such time periods during which the member is otherwise committed to his/her University responsibilities. For example, members who do not have any teaching responsibilities during the summer, time due the University will not be a factor in the approval process.

REPORTING

At the end of each fiscal year, members must complete and submit a year-end reconciliation of all consulting activities, due not later than September 15, on a form developed by the Provost and the Executive Vice President for Health Affairs at the UCHC. Such form must include verification that the University has been appropriately reimbursed for material use of state resources.

MANAGEMENT COMMITTEE

A University Consulting Management Committee must be formed. Two members must be designated by the Provost and two must be designated by the Executive Vice President of the UCHC. One member must be designated by the President. The Committee must elect a chair. The University's ethics officer will serve ex-officio as a non-voting member to serve in an advisory capacity only.

If any of the individuals responsible for approving such consulting activities identify a potential conflict of interest or if use of the member's title has been requested for any commercial purpose, the request may be submitted to the Consulting Management Committee for a recommendation. The Committee shall have the ability to recommend that the proposed activity be denied, approved, or to suggest a plan to manage the potential conflict. The Committee will be authorized to request any other information that it deems necessary to assist it in this determination. Some examples of conditions or restrictions that may be recommended include, but are not limited to: recusal for making decisions in one's state capacity regarding the payer; review of decisions regarding a payer by a superior; change in required work schedules; permission to work on consulting limited to nights and/or weekends.

CONFIDENTIAL INFORMATION

Any financial information provided in the forms will be deemed confidential financial information, in accordance with Section 1-210(b) of the Freedom of Information Act, and will not be disclosed to any third party unless the member agrees or a court of competent jurisdiction so orders.

SANCTIONS

Any member who intentionally provides misleading or false information during the course of the approval process will be subject to disciplinary action in accordance with such member's collective bargaining agreement or employment agreement. Such disciplinary action may include, but not be restricted to: letter of reprimand; loss of the privilege to continue to engage in consulting activities; suspension; or, dismissal.

REVISIONS

These procedures may be revised by mutual consent of the Provost and the Executive Vice President with notification to the University's Board of Trustees.

ATTACHMENT #9

Report of the Senate Executive Committee

to the University Senate
October 8, 2007

The Senate Executive Committee has met twice since the September 10th meeting of the University Senate. On September 28 the Senate Executive Committee met in closed session with Provost Nicholls. Afterwards the SEC met with the Chairs of the Standing Committees to plan for the agenda of this meeting and to coordinate the activities between the committees.

On October 5th, the Senate Executive Committee met in closed session with President Hogan. Afterwards we met with President Hogan, Provost Nicholls, Chief Financial Officer Aronson, Chief Operating Officer Feldman, and Vice President for Student Affairs Saddlemire. Student housing issues were discussed, and it was noted that over 10,000 students live locally off campus. The University continues to hold our students accountable for their actions off campus. Additionally it is working with students and the town to educate off-campus students on their rights and responsibilities. Additional discussions included the new Board of Trustees policy on consulting and compliance issues. As a result of a request from the administration, the Senate Executive Committee is in the process of selecting faculty representatives to sit on the Executive Compliance Committee. The interest of the administration in having Senate and faculty representation on their policy committees is gratefully appreciated.

I am pleased to announce the election of Robert Ryan McHardy to the Senate Executive Committee.

I remind Senators that voting for the Faculty Review Board Election is currently underway. This is the committee that advises the Provost on promotion, tenure and reappointment cases. Voting closes on October 12th.

On behalf of the Senate Executive Committee, I welcome President Hogan to his first Senate meeting.

Respectfully submitted,
John DeWolf
Chair, Senate Executive Committee
October 8, 2007

University Senate

Operating Budget Presentation

Prepared By
Office of the Chief Financial Officer

October 8, 2007

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*The following documents were used at the Board of Trustees meeting on August 1, 2007 and are available on the CFO's website at http://www.cfo.uconn.edu/BOT/BOT.html

University of Connecticut (Storrs & Regionals)

Statement of Current Funds Budget Operations[1] and Variance Analysis

FY07 (unaudited)

(Dollars in Millions)

	Budget	Actual	Variance	% Change
Current Funds Revenues:				
Operating Fund				
State Support	$305.8	$305.9	$0.1	
Tuition	179.6	178.0	(1.6)	
Fees	71.4	74.7	3.3	
Grants & Contracts	63.0	64.9	1.9	
Investment Income	9.1	11.4	2.3	
Sales & Service Education	13.6	14.9	1.3	
Auxiliary Enterprise Revenue	132.4	130.0	(2.4)	
Other Revenue	10.1	10.9	0.8	
Total Operating Fund	785.0	790.7	5.7	
Research Fund	70.0	71.8	1.8	
Total Current Funds Revenues	$855.0	$862.5	$7.5	0.9%
Current Funds Expenditures / Transfers:				
Operating Fund				
Personal Services	$367.6	$358.8	($8.8)	
Fringe Benefits	118.2	122.2	4.0	
Other Expenses	146.0	143.6	(2.4)	
Energy	39.0	30.0	(9.0)	
Equipment	9.8	10.9	1.1	
Student Financial Aid	72.0	76.7	4.7	
Transfers	33.4	41.5	8.1	
Total Operating Fund	786.0	783.7	(2.3)	
Research Fund	70.0	69.2	(0.8)	
Total Current Funds Expenditures / Transfers	$856.0	$852.9	($3.1)	-0.4%
Net Gain (Loss)[2]	($1.0)	$9.6	$10.6	

	Operating	Research	Total
Unrestricted	$6.6	$1.6	**$8.2**
Restricted	0.4	1.0	**1.4**
Total	**$7.0**	**$2.6**	**$9.6**

1 The University prepares and presents its Operating Budget requests and annual Spending Plan in a current funds format. The current funds format shows gross student tuition and fees and does not net out scholarship allowances, as required in the financial statements which are prepared in the GASB Nos. 34/35 format. Scholarship allowances are shown as an expense item. In addition, the University's current funds format includes equipment purchases as an expense, does not include depreciation and does not include the State debt service commitment for interest.

2 For the year ended June 30, 2007, there is a net gain of $9.6 million. $1.0 million of the net gain represents a reserve repayment for the November 2001 drawdown of $11.5 million for Towers Dining Center and the Student Union. $3.3 million of the net gain represents unspent State appropriation funds for the Center for Entrepreneurship ($1.3 million) and the Eminent Faculty ($2.0 million) programs. The unspent funds will carry forward to Fiscal Year 2008 and be designated for these programs. The actual net gain will depend on audit adjustments.

University of Connecticut (Storrs & Regional Campuses)

Quarterly Overview of the Operating and Research Funds
For the Twelve Months Ended June 30, 2007

Results of Annual Operations

The enclosed report comparing the Operating and Research Funds actual results to budget for the twelve month period ended June 30, 2007 is prior to close and reflects unaudited figures and is subject to additional accounting year-end and audit adjustments.

The University ended the year with an unrestricted Operating Budget gain of $8.2 million (Operating Fund $6.6 million and Research Fund $1.6 million) and a restricted gain of $1.4 million (Operating Fund $0.4 million and Research Fund $1.0 million). The Operating Fund unrestricted net gain of $6.6 million includes a $1.0 million reserve repayment for the November 2001 drawdown of $11.5 million for Towers Dining Center and the Student Union and $3.3 million of the unrestricted net gain represents unspent State appropriation funds for the Center for Entrepreneurship ($1.3 million) and Eminent Faculty ($2.0 million) programs. The $3.3 million in unspent funds will carry forward to Fiscal Year 2008 and be designated for these programs. The remaining net gain of $2.3 million is the result of a variety of factors including energy savings, scheduling delays in several large Information Technology projects, increased fee revenue, and greater than budgeted savings in the University's vacancy management program (turnover). A summary analysis of the results of operations for various categories of accounts is presented below.

	Operating Fund	Research Fund	Total
Unrestricted	$6.6	$1.6	$8.2
Restricted	0.4	1.0	1.4
Total	$7.0	$2.6	$9.6

A more detailed review of FY 2007 operations is presented below.

Revenues – Operating Fund

Total **Operating Fund** revenue collections for the Fiscal Year 2007 were $790.7 million which represented 100.7% of the annual budget. A major source of revenue, **State Support** totaling $305.9 million**,** consisted of a $223.0 million appropriation and a fringe benefit allotment of $82.9 million. State Support represented 38.7% of total Operating Fund receipts for the year. The net state support is a positive variance of $0.1 million. This represents additional support to cover the second of three payments to retired employees for accrued sick and vacation time under the Early Retirement Incentive Program (ERIP) and additional funding for a settled collective bargaining agreement.

Tuition collections were the second largest source of revenue, totaling $178.0 million, which represented 22.5% of total Operating Fund receipts. Tuition receipts were 99.1% of the annual amount budgeted ($179.6 million). Tuition revenue collections reflect a 5.9% rate increase coupled with a 1.8% increase in the number of undergraduate degree-seeking students who account for approximately 87% of budgeted tuition revenues.

Fee revenue is comprised of course fees from summer session, part-time, and non-degree students as well as self-supporting programs (off campus MBA, EMBA, MS in Accounting,

University of Connecticut (Storrs & Regional Campuses)

etc.). Also included in this category is the General University Fee, which primarily supports four Auxiliary Enterprise programs and various other fees such as the Infrastructure Maintenance Fee, Application Fees and Late Payment Fees. The Fee collections for the year were $74.7 million or 104.5% of the amount budgeted. This was primarily attributed to greater than budgeted General University Fee and course fee revenue (summer session, MBA, MS in Accounting and EMBA).

Auxiliary Enterprise Revenue of $130.0 million represented 98.2% of the annual budgeted amount. This category is under budget primarily due to a higher than anticipated year-end accounting adjustment. The accounting adjustment is completed to reverse the auxiliary intra-university revenue as well as the corresponding expense. Auxiliary revenue consisted primarily of Room and Board Fees ($96.7 million) and Athletic Department receipts ($29.9 million).

The remaining revenue categories are (1) Grants and Contracts (non-research), (2) Investment Income, (3) Sales and Services of Educational Activities, and (4) Other Sources (primarily parking, transit fee, and rental income).

Gifts, Grants and Contracts revenue consists of restricted revenues from a granting agency or private donor and gifts transferred from the UConn Foundation. The Fiscal Year 2007 Gifts, Grants and Contracts revenue of $64.9 million, which included $22.2 million from the UConn Foundation, was 103.1% of the annual budget. Included in the total is increased revenue due to additional state and federal financial aid support as well as greater than budgeted UConn Foundation revenue.

Investment Income exceeded the budget for Fiscal Year 2007 with revenues of $11.4 million. Interest rates in the State Treasurer's STIF continued to climb with the average rate for Fiscal Year 2007 at 5.40% compared to 4.31% for Fiscal Year 2006. In order to ensure compliance with the new statutory language, Investment Income revenue of approximately $4.4 million was transferred to Plant Funds to provide partial funding to address certain code violations in keeping with new statutory language.

Sales and Services of Educational Activities and Other Sources revenue totaled $25.8 million and exceeded the budget by $2.1 million.

Revenues – Research Fund

With respect to the Research Fund, the granting agency or donor restricts most of the revenues. Research Fund revenues were $71.8 million and represented 102.4% of the amount budgeted. In Fiscal Year 2006, Research Fund revenues totaled $70.0 million and represented 86% of the amount budgeted. The Fiscal Year 2007 Research Fund budget was revised in September 2006 to reflect activity more consistent with Fiscal Year 2006 actual results. These changes reflected the changing climate in federal research support.

Expenditures/Transfers

Total Operating Fund expenditures and transfers for Fiscal Year 2007 were $783.7 million or 99.7% of the annual budgeted amount. Individual categories of expenditures as a percentage of the annual budget were as follows:

University of Connecticut (Storrs & Regional Campuses)

Personal Services	97.6%
Fringe Benefits	103.4%
Other Expenses	93.9%
Equipment	111.8%
Student Aid	106.5%
Transfers	124.3%

Personal Services/Fringe Benefits were less than budget for the Fiscal Year ended June 30, 2007. The total Operating Fund budget for personal services and fringe benefits was $485.8 million. This category was under budget by $4.8 million for the fiscal year. As a result of internal reallocations, the University was able to identify resources to fund a net increase of 13 full-time faculty and 79 full-time non-faculty staff for a total increase of 92 positions (based on the IPEDS federal reporting standard). The hiring of the additional full-time faculty is part of the on-going effort to meet the course coverage demands of increased undergraduate enrollment. Even with the additional faculty, the student-to-faculty ratio has remained essentially constant. The University was appropriated funding for the Center for Entrepreneurship ($2.0 million) and the Eminent Faculty ($2.0 million) programs. Both of these programs require a significant investment in personnel. However, two factors delayed full hiring for the program: the uncertainty regarding the funds being permanently added to the University's appropriation and, for the Eminent Faculty program, the need to secure the private match required by the law. As noted above, $3.3 million of the State appropriation remains unspent and represents a significant portion of the underage in Personal Services. In addition, the University's vacancy management program (30% of an unrestricted Operating Fund vacant position's salary/fringe benefits are removed on a one-time basis from a unit's budget) recaptured $1.2 million more than anticipated. This translates into over $4.0 million greater in turnover than what was anticipated in the budget.

Other Expenses (including energy costs) were under budget by $11.3 million. Energy expenditures were under budget primarily due to lower natural gas prices and because we are realizing efficiencies achieved with the Cogeneration plant. After the Spending Plan was presented to the Board of Trustees the University secured a contract with Connecticut Natural Gas which locked in rates lower than the rates used to build the energy budget. These savings were partially offset by the electric rate increase (approximately 19% for commercial users) effective in January 2007 for those areas of the University not connected to the Cogeneration plant.

Equipment expenditures of $10.9 million were 111.8% of the amount budgeted and represented 1.4% of the operating expenditures. Equipment expenditures were projected to exceed the budget primarily due to unliquidated Fiscal Year 2006 encumbrances. However, during the course of the year, a new accounting methodology was implemented which resulted in certain library acquisitions no longer being capitalized and considered equipment. These expenditures are now reflected as Other Expenses. Therefore, although equipment expenditures are over budget by $1.2 million, it is not as much as projected.

Student Financial Aid expenditures were $76.7 million for the fiscal year which is 106.5% of the amount budgeted. As stated at the Board of Trustees meeting on November 14, 2006, it was anticipated that additional funds would need to be allocated for need-based financial aid. The overage was covered with additional funds from state and federal sources ($1.7 million) and energy savings.

University of Connecticut (Storrs & Regional Campuses)

The **Transfers** line reflects transfers to Plant Funds for various building improvements, code related corrective action and bond and installment loan payments, as well as payments for the capital lease for the Cogeneration plant. Transfers were over budget and reflect a $4.4 million unbudgeted transfer for code related corrective action. Also, the Departments of Residential Life and Dining Services transferred more funds for repairs and renovations due to energy savings. Additional detail is provided under the Fund Balance section below.

Finally, **Research Fund** expenditures and transfers totaled $69.2 million and represented 98.8% of the budgeted amount. Fiscal Year 2007 expenditures were 2.5% more than Fiscal Year 2006 and this is reflective of the recent national trend of flat federal funding.

Enrollment

Total University enrollment for fall 2006 (excluding the Health Center) is up 1.4% from fall 2005. First semester freshmen enrollment is up 3.2% from fall 2005; however, total undergraduate enrollment (degree and non-degree) is up only 1.3%. The current year budget was based on a projected 1.9% increase in total University enrollment and a projected 2.6% increase in undergraduate enrollment.

Cash Balance

The June 30, 2007 current funds cash balance was $111.8 million, $15.4 million more than June 30, 2006 which was $96.4 million. The current funds cash balance reflected the collection of 100.9% of budgeted revenue while total expenditures and transfers were 99.6% of budget.

Fund Balance

The University has a combined net gain of $9.6 million for the fiscal year ended June 30, 2007, which is comprised of an $8.2 million unrestricted net gain and a $1.4 million restricted net gain. This results in a Current Funds Unrestricted Fund Balance of $54.4 million (Operating Fund-$35.2 million; Research Fund-$19.2 million). As noted above, the University could not completely expend the appropriated funding for the Center for Entrepreneurship and Eminent Faculty programs. The $3.3 million in unspent funds will be carried forward to Fiscal Year 2008 and be designated for these programs. This has resulted in a temporary increase in the University's current funds unrestricted fund balance at year end. Excluding this one-time carry forward funding, the Unrestricted Fund Balance represents 6.7% of the FY07 unrestricted budget ($758.9 million) or, alternatively stated, 25 days' worth of operations. Also, in accordance with standard University procedures, centrally funded unrestricted fund balances are carried forward in departmental accounts and are available for expenditure in the current and future fiscal years.

Throughout the year, the University was projecting a change in Other Funds unrestricted net assets from $48.1 million to $52.6 million. For the Fiscal Year ended June 30, 2007, the Other Funds unrestricted net assets of $53.7 million include unexpended Plant Funds ($18.0 million) and funds Internally Restricted for Retirement of Indebtedness ($35.7 million). The slight increase ($0.9 million) in Internally Restricted for Retirement of Indebtedness from Fiscal Year 2006 ($34.8 million) can be attributed to investment earnings. The University reserves at a level representing 1.6 times our annual debt cost and the $35.7 million is consistent with that standard. Unexpended Plant Funds of $18.0 million is an increase of $4.7 million from the Fiscal Year 2006 amount of $13.3 million. The Plant Funds balance includes cash resources for projects for Auxiliary Enterprise operations such as Residential Life, Dining Services, Student Health Services, Student Union and Athletics. Primarily due to energy savings (Auxiliary Enterprise Operations fund approximately 35% of the University's energy costs), the Departments of Residential Life and Dining Services were able to transfer more funds to Plant Funds than budgeted for repairs and renovations. Currently in Plant Funds is $14.2 million to address repair and renovation projects for Auxiliary Enterprise Operations. For example, a major project that has just started is a window replacement project for Hale Hall, Ellsworth Hall, Brien McMahon Hall and West Campus that totals $3.1 million. The University has a policy that a departmentally funded construction project does not begin unless the funding has been identified and transferred to Plant Funds. For Residential Life and Dining Services, the window of opportunity to actually complete the repairs and renovations is limited (some projects cannot be done while students are occupying the buildings) so the actual spending of the cash is a timing issue.

As noted above, $4.4 million was transferred from Investment Income (a non-student revenue source) to address code violations at some of our student residential facilities and to remediate building and fire code discrepancies primarily at the Agricultural Biotechnology and Advanced Technology Institute Buildings. The University is pursuing financial recovery but must upfront cash for the work underway. The transfer guarantees appropriate funding streams and cash resources to support code activity in conformance with the new statutory language that prohibits the use of tuition or student fee revenue for repairs performed solely to correct code violations that were applicable at the time of project completion and were for named projects completed prior to January 1, 2007.

The actual net gain (loss) will depend on year-end closing entries and audit adjustments.

University of Connecticut
Office of the Vice President and Chief Financial Officer

August 1, 2007

TO: Members of the Board of Trustees

FROM: Lorraine M. Aronson
Vice President and Chief Financial Officer

Bruce A. DeTora BAD
Chief Financial Officer

RE: **SPENDING PLAN FOR FISCAL YEAR 2008 FOR THE UNIVERSITY OF CONNECTICUT, STORRS & REGIONAL CAMPUSES**

RECOMMENDATION:

That the Board of Trustees approve the Spending Plan for Fiscal Year 2008 of $903.3 million for the University of Connecticut, Storrs and Regional Campuses.

BACKGROUND:

The Fiscal Year 2008 Spending Plan includes $901.0 million of revenue, including state funding of $234.9 (excluding fringe benefits), to cover $903.3 million in expenses, yielding a $2.3 million net loss. The $2.3 million net loss is comprised of a $1.0 million gain from the reserve repayment for the November 2001 drawdown of $11.5 million for the Towers Dining Center and Student Union and a $3.3 million carry over from unspent FY07 State appropriation funds for the Center for Entrepreneurship ($1.3 million) and the Eminent Faculty ($2.0 million) programs.

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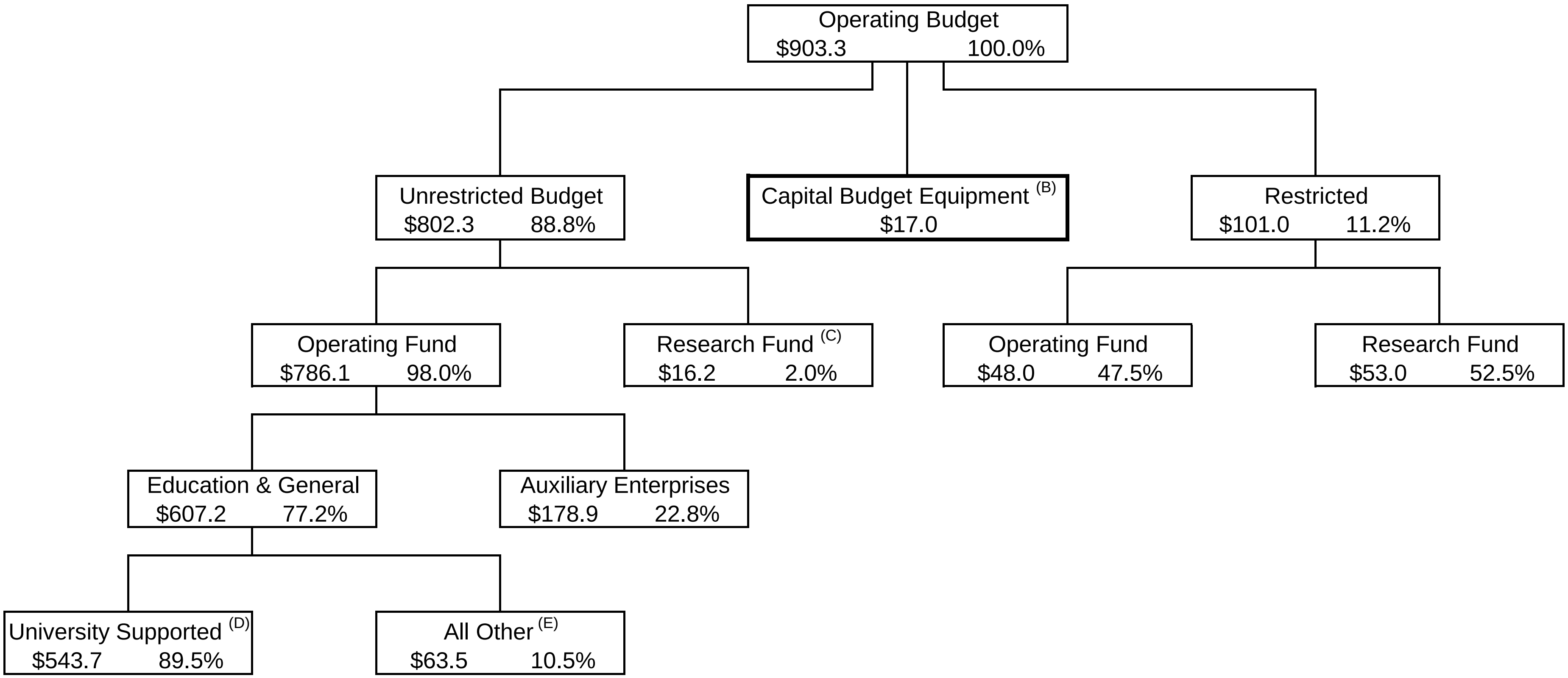
Univeristy of Connecticut (Storrs & Regional Campuses)

Total Operating Expenditure Budget (in millions) [A] - % by Categories

FY 2008



[A] Includes transfers for Debt Service and construction projects.

[B] Capital Budget Equipment amount, funded by UCONN 2000, is shown for illustrative purposes only and is not included in the Operating Budget figures.

[C] This amount represents grant indirects (F&A) funding only. Sponsored grants are reflected in the restricted portion of the budget.

[D] Primary revenue sources are the State Appropriation and tuition receipts.

[E] Primarily E&G Enterprise activities (e.g., Continuing Ed., MBA, etc…).

University of Connecticut (Storrs & Regional Campuses)

Financial Assumptions Related to Development of Current Funds Budget

	Fiscal Year 2008 Annual % Change
National Inflation	2.0%
Budget Inflation	
E & G University Supported Accounts	3.0%
Energy	5.0%
Fringe Benefits	3.0%
Undergraduate In-State Rate Adjustments	
Tuition	5.58%
General University Fee	5.36%
Room Fee	8.00%
Board Fee	6.00%
Total Undergraduate Student Cost-% Change	**6.46%**

Financial Aid (In Millions)	Fiscal Year 2008
Need Based	
Grants	$53.9
Student Labor	7.9
Total Need Based	$61.8
Scholarships	
University [A]	$25.5
Non-University Scholarships[B]	5.3
Other Student Labor	6.7
Loans	126.1
Tuition Waivers	39.7
Total	**$265.1**

Tuition Funded Need Based % / Amount [C]	17.5%	$33.5

	Fiscal Year 2008	
Enrollment Changes	Amount	% Change
Total Enrollment (All Campuses ex UCHC)	28,379	1.4%
Freshmen	4,381	0.0%
Total Undergraduate	21,169	1.9%
Graduate	6,341	0.0%
Professional (Law & PharmD)	869	0.0%
State Support (In Millions)*	$225.5	1.3%
*excludes fringe benefits & collective bargaining		
Total Operating Budget (In Millions)		
Revenues	$901.0	4.9%
Expenditures / Transfers	$903.3	5.8%
Net Gain (Loss)	**($2.3)**	

[A] Scholarships administered by the University from various sources including the UConn Foundation.

[B] Scholarships received directly by students from various sources outside the University.

[C] Based on net tuition revenue after tuition waivers.

University of Connecticut (Storrs & Regional Campuses)
Current Funds Budget
FY 2008

	Total	E & G	Auxiliary	Unrestricted	Restricted
Revenues					
Operating Fund					
State Support					
State Appropriation/Allotment	$ 234,866,774	$ 234,866,774	$	**$ 234,866,774**	$
Fringe Benefits	90,425,069	90,425,069		**90,425,069**	
Total State Support	325,291,843	325,291,843		**325,291,843**	
Student Tuition & Fees-Gross	305,946,244	278,510,439	27,435,805	**305,946,244**	
Tuition Waiver Discounts	(39,673,728)	(39,673,728)		**(39,673,728)**	
Net Student Tuition & Fees	266,272,516	238,836,711	27,435,805	**266,272,516**	
Grants & Contracts	39,318,861	38,812,861	506,000	**500,000**	38,818,861
Private Gifts & Grants	25,960,000	14,106,908	11,853,092	**17,930,000**	8,030,000
Investment Income	11,143,000	11,143,000		**10,025,000**	1,118,000
Sales/Services of Educational Depts	14,902,000	14,902,000		**14,902,000**	
Sales/Services Auxiliary Enterprises	139,063,998		139,063,998	**139,063,998**	
Other Revenue	9,799,177	9,799,177		**9,799,177**	
Total Operating Fund	831,751,395	652,892,500	178,858,895	**783,784,534**	47,966,861
Research Fund					
Research Grants and Contracts	69,269,350	69,269,350	0	**16,256,550**	53,012,800
Total Revenues	$ 901,020,745	$ 722,161,850	$ 178,858,895	**$ 800,041,084**	$ 100,979,661
Expenditures/Transfers					
Education and General (E&G):					
Instruction	$ 275,338,203	$ 275,338,203	$	**$ 270,805,054**	$ 4,533,149
Research	62,787,409	62,787,409		**10,156,983**	52,630,426
Public Service	34,047,340	34,047,340		**22,737,083**	11,310,257
Academic Support	68,274,097	68,274,097		**66,091,293**	2,182,804
Library	20,306,591	20,306,591		**20,242,207**	64,384
Student Services	32,377,925	32,377,925		**32,307,546**	70,379
Institutional Support	76,447,206	76,447,206		**76,345,215**	101,991
Physical Plant	68,909,214	68,909,214		**68,909,214**	
Student Aid	72,850,586	72,850,586		**42,764,315**	30,086,271
Sub-Total Education and General	711,338,571	711,338,571		**610,358,910**	100,979,661
E & G Transfers / Debt Retirement	13,098,938	13,098,938		**13,098,938**	
Total Education and General	$ 724,437,509	$ 724,437,509	$	**$ 623,457,848**	$ 100,979,661
Auxiliary Enterprises					
Expenditures	154,408,709		154,408,709	**154,408,709**	
Transfers for Debt Service	13,036,554		13,036,554	**13,036,554**	
Auxiliary Expend. / Mandatory Trans	$ 167,445,263	$	$ 167,445,263	**$ 167,445,263**	$
Non-Mandatory Transfers	11,413,632		11,413,632	**11,413,632**	
Total Auxiliary Enterprises	$ 178,858,895	$	$ 178,858,895	$ **178,858,895**	$
Total Expenditures/Transfers	$ 903,296,404	$ 724,437,509	$ 178,858,895	**$ 802,316,743**	$ **100,979,661**
Net Gain (Loss)*	**$ (2,275,659)**	**$ (2,275,659)**	**$ 0**	**$ (2,275,659)**	$ **0**

* The $2.3 million net loss is comprised of a $1.0 million gain from the reserve repayment for the November 2001 drawdown of $11.5 million for the Towers Dining Center and Student Union and a $3.3 million carry over from unspent FY07 State appropriation funds for the Center for Entrepreneurship ($1.3 million) and the Eminent Faculty ($2.0 million) programs.

University of Connecticut (Storrs & Regional Campuses)
Current Funds - Actual and Budgeted
Fiscal Years Ended June 30, 2005-2008

	Actual	*Actual*	*Actual*			*Budgeted*		
Revenues:	FY 2005	FY 2006	FY 2007 unaudited	Change	%	FY 2008	Change	%
Operating Fund								
State Support	$273.1	$285.7	$305.9	$20.2	7.1%	$325.3	$19.4	6.3%
Tuition (Net of Discounts)	156.0	166.6	178.0	11.4	6.8%	191.1	13.1	7.4%
Fees	63.4	70.1	74.7	4.6	6.6%	75.2	0.5	0.7%
Auxiliary Enterprise Revenue	114.8	121.4	130.0	8.6	7.1%	139.1	9.1	7.0%
All Other Revenues	79.2	92.3	102.1	9.8	10.6%	101.0	(1.1)	-1.1%
Total Operating Fund	$686.5	$736.1	$790.7	$54.6	7.4%	$831.7	$41.0	5.2%
Research Fund	76.4	70.0	71.8	1.8	2.6%	69.3	(2.5)	-3.5%
Total Revenues	$762.9	$806.1	$862.5	$56.4	7.0%	$901.0	$38.5	4.5%
Expenditures / Transfers:								
Operating Fund								
Personal Services	$317.1	$344.2	$358.8	$14.6	4.2%	$380.2	$21.4	6.0%
Fringe Benefits	105.9	109.8	122.2	12.4	11.3%	132.8	10.6	8.7%
Other Expenses	155.8	168.1	173.6	5.5	3.3%	192.0	18.4	10.6%
Equipment	8.6	14.8	10.9	(3.9)	-26.4%	10.5	(0.4)	-3.7%
Student Financial Aid	63.3	67.3	76.7	9.4	14.0%	81.0	4.3	5.6%
Transfers	25.4	35.3	41.5	6.2	17.6%	37.5	(4.0)	-9.6%
Total Operating Fund	$676.1	$739.5	$783.7	$44.2	6.0%	$834.0	$50.3	6.4%
Research Fund Expenditures	74.3	67.5	69.2	1.7	2.5%	69.3	0.1	0.1%
Total Expenditures / Transfers	$750.4	$807.0	$852.9	$45.9	5.7%	$903.3	$50.4	5.9%
Net Gain (Loss)	$12.5	($0.9)	$9.6			($2.3)		

Highlights
Fiscal Year 2008
University Spending Plan

BUDGET PROCESS

For even-numbered fiscal years, the University prepares a single fiscal year spending plan; for odd-numbered years, the University also prepares a tentative budget for the upcoming biennium for submission to the Office of Policy and Management (the Governor's budget agency), as well as to the State Department of Higher Education. Given where we are in the state's budget cycle, the August 1st budget workshop will be dedicated to the spending plan for Fiscal Year 2008.

BUDGET GOALS

The era of dramatic growth in undergraduate enrollment has come to a close. Going forward, the University will see only minimal increases in enrollment. Our budget goals are shifting accordingly, from managing growth to growing quality. For Fiscal Year 2008, faculty hiring (which translates into course coverage, improved student faculty ratio and research productivity) is the focal point in the proposed spending plan for the Storrs-based program. At the Health Center, our goal is financial stability. The immediate financial crisis has been eased in the short term, but an extremely constrained financial environment remains the overarching reality. Programmatic focus on the Signature Programs continues, with investment largely limited to revenue-generating services.

Last year's spending plan addressed pressing needs in operations. We made significant new commitments to strengthen our construction program and to enhance audit and compliance functions. FY 08 will see the full-year rollout of costs associated with new personnel for these functions, and an assessment of whether further increases are necessary. We will continue to address the financial impact of code corrections, including those being uncovered in the course of the ongoing Department of Public Safety reviews. The University is pursuing cost-recovery, and some contractors have undertaken work at their own expense, but there are still occasions when we must manage the initial cash outlay. (This issue is addressed more fully below, in the explanation of our fund balance and plant funds.)

THE STATE BUDGET

The state's financial health is reflected in the most recent appropriation to the University. For both the Storrs-based program and the Health Center, the state budget for FY 08 brings good news. Challenges remain (both near-term and long range), but major increases in state support for the Health Center have enabled us to propose a balanced budget without having to resort to significant personnel reductions. At Storrs, "current services" costs are virtually fully funded, and dollars are available for enhancements.

Storrs

The General Assembly approved a biennial budget including an appropriation of $225,534,131 for FY 08 and $229,416,160 for FY 09. (These numbers include surplus allocations described below. In addition, the state-funded share of salary increases comes from the state's Reserve for Salary Adjustment account and is thus not included in the appropriation.) While the full state budget (with detailed descriptions of appropriated funds) has not yet been published, the legislature's Office of Fiscal Analysis has verbally confirmed the following information.

- To enable the hiring of additional faculty, the appropriation includes $1 million in FY 08 and $1 million in FY 09. (This is not additive; the $1 million in FY 08 carries forward to FY 09.)
- You may recall two important programs were created in the 2006 session: the Center for Entrepreneurship ($2 million) and the Eminent Faculty Program ($2 million.) Eminent Faculty now stands at $0 in FY 08 and $2 million in FY 09, and Entrepreneurship at $2 million in each year of the biennium. Please be aware that none of the $2 million appropriation for Eminent Faculty for FY 07 has yet been expended as we work to secure the private industry match, so these funds remain available for FY 08.

- The adopted budget also adds $200,000 in surplus dollars in FY 08 for the Masters Entry Into Nursing Program (MbEIN) in Waterbury, $200,000 in surplus dollars in FY 08 for the Long Island Sound Integrated Coastal Observing System (LISICOS), and a $200,000 appropriation in FY 08 for a basin level water planning study, an initiative of the Institute of Water Resources in the College of Agriculture and Natural Resources.

- The adopted state budget also includes a $30.2 million appropriation to the Department of Higher Education (DHE) in FY 08 and in FY 09 for the Connecticut Aid to Public College Students, a need-based financial aid program that covers UConn, the Connecticut State University system, and the state's public community colleges. This is an increase of $13.7 million over the FY 07 appropriation. The current allocation to UConn is estimated to increase by $4.1 million.

- Other items: also in the DHE budget is $100,000 (for FY 08 only) to fund veterinary school slots for any qualified Connecticut resident. The State Department of Education budget includes $500,000 in FY 09 for the CommPACT schools initiative that will be spearheaded by the Neag School of Education. The State Department of Economic and Community Development's budget receives $1 million that will be transferred to the Connecticut Center for Advanced Technology for fuel diversification research grants for institutions of higher education.

Fringe benefit support from the state for Storrs is estimated at $90.4 million for FY 08. The state share of the Storrs-based operating budget, which stood at 50% in FY 91 and 35.8% in FY 06, is projected to be 36.1% for FY 08.

<u>Health Center</u>

At the Health Center, the appropriation for FY 08 is $94,374,095; for FY 09 it is $101,963,598. A comparison with our FY 07 appropriation of $76.9 million shows how significant the increase is for the biennium. In an equally positive development, the Health Center will also receive $22.1 million as a FY 07 deficiency appropriation to address the FY0 7 deficit caused by shortfalls in academic program support and clinical care revenue, as well as rising utility and fringe benefit costs. This commitment to eliminating the deficit is important for a number of reasons, not the least of which is that we pay interest when we borrow from the state to pay our bills (interest charges contributed $1.2 million to the FY 07 deficit). As with Storrs, the state-funded share of salary increases will come from the state's Reserve for Salary Adjustment account.

- The amount appropriated by the General Assembly funds the Academic Gap at the level we requested for FY 08 ($13.5 million) and FY 09 ($20 million, i.e. an additional $6.5 million). The Academic Gap represents the difference between the cost of the academic & research enterprise and the related revenues (tuition, grants/contracts & state support). As you know, these funds are absolutely critical to the financial stability of the Schools of Medicine and Dental Medicine and our research operation, because our hospital is no longer able to provide support for the academic program.

- The FY 08 appropriation does not provide any funds to help address the disparity in fringe benefit costs between John Dempsey Hospital and other hospitals. (The dollar value difference between our fringe rate and the Connecticut Hospital Association member average was $9.7 million for FY 07. The original Appropriations Committee budget had included $5 million in each year to offset some of this cost.) However, for FY 09 the State Comptroller is directed to pay, from her budget's fringe benefit account, up to $3.6 million of the fringe benefit costs for JDH employees who are members of a state-wide bargaining unit.

- The appropriation includes an additional $100,000 to support existing Area Health Education Collaboratives, a longstanding component of our public health efforts. The Health Center also receives $200,000 in surplus dollars in FY 08 to provide services to individuals with Huntington's Disease. For both FY 08 and FY 09, $500,000 is transferred from the Tobacco Health and Trust Fund to the Health Center to work with the Department of Public Health and other state agencies to develop a plan for the Connecticut Health Information Network.

- Funding is provided to the Department of Correction for inmate health care in the amount of $99.5 million for FY 08 and $104.2 million for FY 09. Also, $3.4 million is provided in a FY 07 deficiency appropriation for this program, although it does not appear that this amount was used to also adjust the base budgets for FY 08 and FY 09, which will present some challenges as we go forward.

- The budget also includes an FY 08 statewide increase in Medicaid reimbursement of $46 million to hospitals and other clinical service providers. Our quick assessment is that the new reimbursement structure will result in a $1.4 million increase in patient care revenue for the Health Center for FY 08.

- The budget bill also provides the Office of Legislative Management with $400,000 to contract with the Connecticut Academy of Science and Engineering to undertake the study of the Health Center's clinical facilities. A preliminary report is due not later than March 30, 2008, with the final report due by June 30, 2008.

The share of the Health Center's budget supported by the state (at 23.3% in FY 99 and 16.2% in FY 06) is expected to be approximately 18.3% in FY 08. Fringe benefit support from the state is estimated at $34.4 million for FY 08.

Even if state tax receipts continue to rebound, the state budget's legal cap on expenditures remains an important context as we look to the future. As a result, the University's non-state revenue streams continue to play a critical role in our financial health. These sources include private support, research funding (with reductions resulting from shifts in the federal budget), tuition/room/board/fees at Storrs and the regional campuses and clinical revenue at the Health Center.

SPENDING REDUCTIONS AND CONTROLS

We continue to seek efficiencies where possible, both immediate and long-term. At Storrs, the most significant of these efforts is in the area of energy efficiency, with the new cogeneration plant as the foundation. The "go live" of the plant could not have come at a more opportune time. The decision to pursue this cost-avoidance strategy has proven to be a sound and timely one given the current climate of spiraling energy costs. Revised estimates of the net present value of cost avoided by the construction of this plant stand at approximately $233.6 million, and savings will increase after lease payments expire in 19 years. The project will also increase the reliability of campus utilities, and lower emissions. For FY 07, the new plant and the successful negotiation of lower natural gas prices have resulted in energy costs being approximately $8.9 million under budget.

At the Health Center, approximately $75 million in operational efficiencies were achieved from FY 00 through FY 07. The "value analysis" project, a systematic look at ways to reduce costs and enhance operations, continues to produce savings in such areas as product standardization and scheduling improvements.

BUDGET PLAN AND PRIORITIES

By way of background, although we have not yet completed year-end closeout, our very preliminary estimates indicate that the Health Center will end FY 07 with a break-even result after receipt of the deficiency appropriation. The Health Center faced major financial challenges in FY 07. The most significant problem was in net patient revenues ($11 million) due to changes in case mix and payor mix (with more patients in Medicaid, our lowest reimbursement payor, and fewer patients in Medicare, our best). The second largest gap was in utility cost increases, which accounted for another $4 million. This was not just a matter of fuel costs; you will recall that, as a commercial (rather than residential) customer, the Health Center was subject to the 18.9% electric rate increase approved by the Department of Public Utility Control last winter. A series of other contributors made up the remainder of the $22.1 million deficit that formed the basis of our deficiency request in the spring. Viewed programmatically, the $22.1 million deficit was made up of a $12.8 million Academic Gap and a $9.3 million hospital shortfall. Again, we have not yet closed out FY 07, and the complexity of last year's finances may delay closeout longer than usual.

The Storrs-based program is forecasted to close FY 07 with a net gain of $5.8 million. $1.0 million of the net gain represents a reserve repayment for the November 2001 drawdown of $11.5 million for Towers Dining Center and the Student Union. $3.3 million of the net gain represents unspent state appropriation funds for the Center for Entrepreneurship ($1.3 million) and the Eminent Faculty ($2.0 million) programs. (You will recall that the legislation creating the latter program requires a private industry match, and both programs needed lead time for recruitment.) The unspent funds will carry forward to Fiscal Year 2008 and be designated for these programs. In addition, the Storrs bottom line now reflects an unbudgeted transfer to Plant Funds for various building improvements and code related corrective action.

This proposed spending plan for FY 08 projects a $2.3 million net loss for the Storrs-based program. (This is because expenditures for the Entrepreneurship/Eminent Faculty programs are budgeted in FY 08 but funded by carry-forward funds.) The Health Center plan projects a net gain of $50,000. FY 07 and FY 08 budget totals are displayed below. (Percentages represent increases over the prior year.)

	FY 07	FY 08
Storrs-based	$ 853.4 million (5.7%)	$903.3 million (5.8%)
Health Center	$ 670.2 million (5.6%)	$712.9 million (6.4%)
Total	$1,523.6 million (5.7%)	$1,616.2 million (6.1%)

(Please note: detailed charts for the current funds budgets, and their revenue/expenditure components, are found in Tab 5 and 6 of the budget materials.)

This budget reflects the following:

- The state appropriation and estimates of state fringe benefit support

- Efficiencies, cost-reductions and reallocations rolled out permanently into the base budget
- Revenue enhancement/implementation of charges previously approved by the Board
- Expenditures for quality: the faculty hiring plan at Storrs and the Health Center's Signature Programs and academic/research priorities
- Expenditures for equity: increased financial aid

STORRS AND THE REGIONAL CAMPUSES

Our budgetary focus for the next few years will be the faculty hiring plan, which is the key to realizing the Academic Plan's three interrelated objectives: improving undergraduate instruction, growing research productivity and enhancing the University's reputation as a center for scholarly endeavor. The University's plan to increase full-time faculty is designed to achieve four goals: enhance the quality of the student experience, further the state's economic growth through research and workforce development, solidify the University's growing national reputation, and maximize the investment of parents and all taxpayers by ensuring that students can graduate in four years.

The hires would be made in areas that respond to student demand, offer greatest research opportunity and tie to the state's economic development. The initial positions would be in the fields of the state's workforce needs, namely science, technology and financial services. The faculty hiring plan has as its five year goal the addition of 175 net new faculty active in both instruction and research. In FY 06, we began the academic year with 51 net new faculty members. In FY 07, we added 13 faculty to that number. Although we had sought state support for the effort in past years, to date our additional hiring has been funded through reallocation of resources.

In FY 08, that reallocation will continue, but it will be significantly enhanced with an important infusion of new, targeted state aid. The FY 08 appropriation includes $1 million for the hiring of additional faculty. (The biennial budget includes $1 million— not additive— for FY 09 as well.) The funding of the FY 08 component of the plan stands at $2.5 million excluding fringe benefits, with $1 million from the state, $0.7 from the Center for Entrepreneurship program, $0.4 million from reallocation and $0.4 from new revenue in the FY 08 budget. (Please note that recruitment for the Eminent Faculty Program may result in hiring in late FY 08, which would increase these numbers.)

We hope to hire 36 additional faculty in FY 08. Sixteen of these faculty will focus on Workforce Development which includes Engineering, Biological Sciences, Pharmacy, Nursing and the Allied Health Sciences. Twelve hires will be in the School of Business and one will be in the Neag School of Education. Six more faculty will be teaching and researching in our Critical Research arena, which encompasses the Center for Regenerative Biology, the Fuel Cell Center, Functional Foods, Intellectual Property, Operations & Information Management and the Physical Sciences. Additionally, 10 faculty hires will meet the educational needs of Undergraduate Education, Humanities and Social Sciences.

Clearly, however, the challenge for FY 08 (i.e. the current year) is our ability to bring in new faculty by the start of the school year in August given the timetable of the standard faculty search process. We have brought almost 90 searches to a close (not netted for resignations, retirements and temporary end-date positions), and have accelerated 10 more. (This may mean the addition of some faculty for second semester rather than August of 2008.) We will also look to hire 5 new in residence faculty pending permanent hires. It is likely that not all of the available funds can be fully spent in FY 08, but this actually provides the opportunity to set aside what funds remain to be used for faculty start-up costs for the following year.

Revenue

The proposed budget incorporates the implementation of increases approved in November 2007 for tuition, room, board and fees. Detailed breakouts are in Tab 6 of these materials. Please note that for an in-state student, tuition covers only about one-third of the cost of academic services; all charges combined (tuition, room, board and fees) cover only one-half of total costs.

For FY 08 the total in-state undergraduate charge will be $17,510, an annualized increase of 6.46% over FY 07. Out-of-state undergraduate charges would rise at approximately the same percentages, for a total charge of $31,454 in FY 08. As described below, additional financial aid is budgeted to offset the impact of increased charges on financially needy students and families. In a dynamic college marketplace, UConn remains a tremendous value in comparison to our competitors—but it is a value only if it ensures high quality.

Tuition revenue growth—the combined effect of enrollment and tuition charges—is projected at 6.5% for FY 08 over FY 07. (Please see Tab 6 Current Funds chart.) Changes in room and board (in Auxiliary Enterprises) and fees drive an increase of 7.1% for FY 08 over FY 07 revenue. Please note that growth in these revenue streams is now mostly a function of rate changes, as enrollment is stabilizing. Another major source of revenue for FY 08 is state support of $325.3 million (a 5.7% increase over FY 07).

Expenditure Highlights

- Undergraduate Course Offerings

  The enrollment surge is nowhere reflected as clearly as in the increase in undergraduate credit hours, which jumped from 360,191 hours in FY 96 (Fall of 1995) to 558,496 in FY 07 (Fall of 2006). This is a 55% increase over that period at all campuses and Storrs campus alone. We have tried to respond to demand with a flexible mix of instructional capacity, including full-time faculty, in-residence faculty (3 year appointments) and adjunct faculty. This flexibility has been an essential element in managing instructional demand because of shifts in student course-taking behavior by content area, as well as financial realities. For FY 08, a commitment of $4.0 million will support the new faculty hires described above and includes $250,000 in additional course coverage/extra sections. From FY 00 to FY 07, the University has devoted $9.35 million in new dollars to meet course demands of increased enrollment, with much of the increase in CLAS. Our largest increases in enrollment have been in nursing, pharmacy, biological sciences, physical sciences, psychology, finance and engineering. Two related points: 1) these are disciplines that address critical workforce shortage areas and 2) all of these students take courses in CLAS.

- Financial Aid

  Financial aid represents an expenditure that, while to some extent discretionary, is inextricably intertwined with the mission of the University and is therefore treated as a "must do" in our budgets. When we develop our budget, each increase in student costs is matched by increased financial aid to ensure that no student's UConn education is denied or hampered based on financial need. For FY 08, the University will earmark $265.1 million for all forms of financial aid, and $87.0 million (including tuition waivers) of that amount will be funded with tuition revenue. In other words, a remarkable 17.5% of this University's tuition revenue is dedicated to financial aid. In fact, 77% of UConn's students received some form of assistance last year. This budget represents an increase of $15.1 million over FY 07 total financial aid expenditures. This year is unusual in that the state will share the burden of some of the increased costs. Approximately $4.1 million will be available to UConn through the Connecticut Aid to Public College Students, a need-based financial aid program that covers UConn, the Connecticut State University system and the state's public community colleges.

- Library Acquisitions

  As you know, UCONN 2000 includes a project line entitled "Equipment, Library Collections and Telecommunications," and we have used this source to fund library needs to date. We have, however, discussed for the last few years the importance of gradually shifting this item onto operating dollars. A steady phase-in, which started in FY 06, will free up UCONN 2000 dollars for reallocation to other capital expenses. This is of concern in the short-term (because of restructuring of the annual bond caps), but it is also an issue in the mid-term (because construction material prices show no signs of improving) and in the long-term (because at the end of Phase III of UCONN 2000 we must ensure a stable funding stream for this activity). In FY 07, $2 million of the $6.3 million total came from operating dollars with the remaining $4.3 million from UCONN 2000. For FY 08, $3.2 million of the total will come from operating dollars.

Operations

Two significant investments in FY 08 will add to the University's ongoing efforts to enhance campus safety and security. The first commitment, of $530,000, will support an expanded emergency communications system. At the main campus, we will soon have the ability to text message students, faculty and staff (in addition to our present capacity with e-mail and cable television). A new "state of the art" siren system will replace the current one. Upgrades for the Stamford, West Hartford and Law School campuses are also underway.

The UConn Fire Department will see an addition of two firefighters in this budget, for staffing of 31 full-time career firefighters (including the Chief). UConn is one of very few universities nationally that has a full-time department, which responds not only to campus safety problems, but which also serves as the region's hazardous materials first responder. We are beginning a long-range strategic planning process for the Fire Department, to be completed by the end of this fiscal year.

To assist with the ever-increasing workload of the University's Capital Projects & Contract Administration, two additional staff are funded for FY 08. The work of this office is the first, and perhaps most critical, step in hiring design professionals and bidding out construction work; CPCA is responsible for compliance with all procurement requirements for capital projects.

HEALTH CENTER

In our budget presentation two years ago, we said "Given the relentless pressures of the health care marketplace, and the challenges of managing those issues in a public sector environment, FY 06 promises to be another tough year for our academic medical center." It was. And FY 07 was worse. Despite record hospital volume, and hospital expense per adjusted discharge below budget, John Dempsey Hospital's lean operations and fiscal discipline could not overcome the realities of low Medicaid reimbursement and changes in payor mix and service mix. We will continue efforts to hold the line on expenses, while struggling to hold true to the Strategic Plan, but achieving a balanced budget for FY 08 is likely going to be as great a challenge as ever.

Revenue

The state appropriation for FY 08 for the Health Center is $94.4 million. We expect state fringe benefit support of $34.4 million. Of the Health Center's $712.9 million in revenue for FY 08, sources other than the state appropriation account for an increase of $39.5 million. Clinical revenue is projected at $312.6 million, a 7.6% increase over FY 07. Clinical revenues include volume assumptions that continue historical growth trends. In addition, the volume projection reflects Signature Program business plans, new faculty recruitments, increased marketing efforts, the impact of UMG's clinical incentive plan, the Dental Implant Center, the Electrophysiology Lab, changes in Farmington Surgery Center operations, and other performance improvement initiatives. Clinical revenue price assumptions include a continued slight shift to managed care, with recently renegotiated non-governmental contracts improving the revenue picture. Medicaid rate changes will increase income by an estimated $1.4 million.

In FY 08, we expect to see research award activity remain essentially flat. Research revenue is $93.8 million, a 3.1% increase over the prior year (and research awards stand at $92 million, a 0.5% decrease from FY 07). Income related to the placement of interns and residents is $34.2 million, an increase of 10%. Tuition and fee revenue is $151.1 million, which reflects the 4% rate increase approved by the Board. $99.7 million (on both the revenue and the expense side) reflects the contract with the Department of Correction for inmate health services. All other sources of revenue (including auxiliary) come to $27.3 million.

Expenditures

The Health Center's "Signature Programs" in cancer, cardiology, musculoskeletal medicine and Connecticut Health are the nexus for the programmatic confluence of distinguished basic science research, clinical services growth and educational excellence. Through translational research, the Health Center's investment in the integration of research, clinical care and education via the Signature Programs is a key component of the Health Center's plan for long-term fiscal sustainability. The Health Center's FY 08 budget includes new incremental investments of almost $3.8 million – bringing total investments in the Signature Programs to $17 million since FY 01.

The challenge of maintaining a balanced budget over the last several years has entailed layoffs from time to time, and FY 07 saw the most significant cost-related workforce reduction we have had to undertake since FY 00. If there is good news in the FY 08 budget, it is that we have managed to achieve balance without layoffs. Even setting aside the human cost, we have reached the point at which reduction in workforce is tantamount to reduction in revenue.

Detail for the Health Center spending plan is in Tab 5.

FUND BALANCE

At Storrs, the fund balance and use of plant funds continues to be a significant issue, primarily because of the corrective action plan to address code violations at some of our student residential facilities and to remediate building and fire code discrepancies at the Agricultural Biotechnology and Advanced Technology Institute Buildings. This summary is intended to provide the Board with general background information as well as specifics regarding the source and timing of funds needed to accommodate $3 million (approximate) of work that is projected to be necessary in the coming year. Please keep in mind that while this cash outlay for construction is required immediately, we will continue our efforts to secure recovery from contractors.

For the Storrs-based program, the FY07 year-end Unrestricted Fund Balance is projected to be $52.0 million. However, $3.3 million of this amount is a temporary increase representing unspent State appropriation funds for the Center for Entrepreneurship ($1.3 million) and the Eminent Faculty ($2.0 million) programs. Excluding this one-time carry forward funding, the Unrestricted Fund Balance represents 6.4% of the FY07 unrestricted budget ($758.9 million) or, alternatively stated, 23 days' worth of operations.

The $52.0 million fund balance represents the funds and inventory remaining in these accounts: the Research Fund (designated for research); the Auxiliary Operations (residential, dining, health, student activities and recreational services); Departmental Generated (self-supporting fee-based instructional programs such as Continuing Studies and MBA); and a liability for compensated absences (vacation/sick leave), which is an accounting requirement.

It is important to remember that the fund balance, while not all technically encumbered, may be committed in a more generic sense. First of all, funds may be held in a departmental account in anticipation of an expenditure (such as start-up costs for a new researcher). Second, under the provisions of UCONN 2000, the University is required to maintain a Renewal and Replacement Fund to keep projects in sound operating condition; the fund balance serves this purpose under the Master Indenture. Third, these amounts include inventory.

The fund balance is our operating capital and reserve for programs and activities that generate revenue and are not supported by state appropriation or tuition funds. We borrow from the fund balance to pay our bills when necessary. For example, in FY04, the University didn't receive $13.4 million in state fringe benefit support until June—the very end of the fiscal year. In FY05, the first quarter allotment of our entire appropriation did not arrive until September 28th—two days before the close of the fiscal quarter. Another example: the state generally informs us of changes in fringe benefit rates after the fiscal year has started, and frequently the increases have a significant fiscal impact. The fund balance allows us to manage these dislocations without disrupting the University's operations.

At year end, when funds are available, we also set aside dollars in accounts for planned one-time expenditures, mostly capital. These accounts comprise our plant funds. A good example of this is the $10 million we set aside three years ago towards our technology infrastructure upgrade plan. Plant funds also include specific repair projects and furniture/equipment replacement for Residential Life/Dining Services.

For Storrs, then, our projected unrestricted net assets of $99.5 million are made up of $52.0 million current fund balance, estimated $12.5 million in unexpended plant funds (described in more detail below) and a third component: $35.0 million in funds that are internally restricted for the retirement of indebtedness. We have traditionally been very conservative with regard to savings for debt obligations, maintaining funds at a level of approximately 1.6 times our annual debt payments. We believe that this policy has served us well, and recent events have reinforced this view. Fortunately, the code issues we dealt with at the new residences were not health/safety issues that required the relocation of students. Had that been the case, however, the loss of the room revenue stream would have forced us to turn to our debt reserve funds.

We currently estimate that the cost of upcoming corrective action at the residential facilities, the Agricultural Biotechnology and Advanced Technology Institute Buildings, and a number of other facilities will total approximately $3 million for FY08. This estimate could increase as inspections continue. Again, we are pursuing financial recovery, but we must nevertheless upfront cash for work underway. (In the Agricultural Biotechnology and Advanced Technology Institute Buildings, the majority of the code discrepancies appear to be the result of design issues, and recovery is anticipated through the project architect's insurance carrier. The project's general contractor is no longer in business and the University is seeking recovery from the contractor's payment and performance bond surety.)

New statutory language prohibits the use of tuition or student fee revenue for repairs performed solely to correct code violations that were applicable at the time of project completion and were for named projects completed prior to January 1, 2007. Effective July 1, we have established new accounts for this activity which will enable us to segregate and track funding sources as well as expenditures in order to ensure compliance with the new statutory language. As a further safeguard, the $12.5 million in plant funds includes a transfer of $3 million from Investment Income (one of several non-student revenue sources) to guarantee appropriate funding streams to support code activity. As you know, UCONN 2000 funds may also be utilized.

Finally, at the Health Center, the FY 07 projected year-end Unrestricted Fund Balance of $54.8 million represents 8.2% of the FY 07 unrestricted budget ($670.2 million) or, alternatively stated, 30 days' worth of operations. Again, these FY 07 numbers are very preliminary projections. The fund balance includes capital budgets from other funds, and other current liabilities, including malpractice claims.

University of Connecticut

Storrs & Regional Campuses

State Appropriation

	FY 2007		FY 2008		FY 2009	
	HB 5845 Adopted Appropriation	Actual Allotment	UConn Requested Appropriation	HB8001 Approved Appropriation	UConn Requested Appropriation	HB8001 Approved Appropriation
Operating Fund	$205,657,116	$209,829,136	$213,766,058	$212,761,424 [A]	$215,743,066	$217,199,850 [B]
Tuition Freeze	4,741,885	4,741,885	4,803,530	4,741,885	4,847,563	4,741,885
Regional Campus	7,245,683	7,245,683	7,493,635	7,330,822	7,536,057	7,374,425
Water Basin Planning				200,000		
Vet Diagnostic Lab	50,000	100,000	51,400	100,000	51,439	100,000
Total	**$217,694,684**	**$221,916,704**	**$226,114,623**	**$225,134,131**	**$228,178,125**	**$229,416,160**
Integrated Pest Management		300,000				
Surplus Approp-NURC	350,000	350,000				
Surplus Approp-MbEIN Program				200,000		
Surplus Approp-LISICOS				200,000		
	$218,044,684	**$222,566,704**		**$225,534,131**		**$229,416,160**

Additions / Reductions	FY 2008	FY 2009
Eminent Faculty Program	($2,000,000)	
Faculty Hiring Plan	1,000,000	$1,000,000
Water Basin Planning	200,000	
MbEIN Program & LISICOS	400,000	
Other	(180,492)	238,035
Total Shortfall	**($580,492)**	**$1,238,035**

[A] Includes $2M for Center for Entrepreneurship and $1M for Faculty Hiring Plan.

[B] Includes $2M for Center for Entrepreneurship, $2M for Eminent Faculty and $1M for Faculty Hiring Plan.

ATTACHMENT #11

Report of the Scholastic Standards Committee to the University Senate
October 10, 2007

S/U grading has been approved for:

EEB 206. Internship in Ecology, Conservation, or Evolutionary Biology.

AH 291 (3091/ 4091) Allied Health Internship.

ATTACHMENT #12

UNIVERSITY SENATE CURRICULA AND COURSES COMMITTEE
Report to the Senate, October 10, 2007

1. Adding new 100-level course
   The Committee recommends approval to add the following course:

   BADM 2893 - Foreign Study Proposed
   New Cat Copy: - 193. Foreign Study
   Either or both semesters. Credits and hours by arrangement. Consent of the Associate Dean is required prior to the student's departure. With a change in content, may be repeated for credit. Special topics taken in a foreign study program.

2. Adding new 200-level course
   The Committee recommends approval to add the following course:

   ENGL 213/3301. Celtic and Norse Myth and Legend.
   Either semester. Three credits. Prerequisite ENGL 110 or 111 or 250. Open to sophomores or higher. Not open for credit to students who have previously received credit for the same course as English 267.
   An examination of the early Celtic and Norse cultures through their medieval literature. Close analysis of works such as *TheTain*, *The Mabinogian* , *The Eddas,* selected sagas, runic and historical texts in association with later English texts that show their influence

3. Revision of 200-level course
   The Committee recommends approval to change the following course:

   MCB 200 - Human Genetics
   Current Title and Catalog Copy: 200 (MCB2410). Human Genetics
   Either semester. Three credits. Two lectures and one problem session. Prerequisite: BIOL 107. Open to sophomores or higher. Principles of genetics as applied to humans. Focus on modern methods of molecular genetics.

   Proposed New Cat Copy: -
   Revised Cat Copy: 200 (MCB2410). Human Genetics
   Either semester. Three credits. Two lectures and one problem session. Not open to students who have passed MCB218 (MCB2400) Prerequisite: BIOL 107. Open to sophomores or higher. Nelson, Townsend. Principles of genetics as applied to humans. Focus on modern methods of molecular genetics.

4. Deletion of a course
   The Committee recommends the following course be dropped:

   NURS 111 - Humanizing Health Care

5. Courses forwarded from the General Education Oversight Committee
   The Committee recommends approval of the following courses and topics:
   a. C&C recommends approval of the following courses for inclusion in the W competency:

ANSC 256W	Scientific Writing in Animal Food Products – Dairy Technology
HSMG 290W	Internships in Health Care Management
JOUR 245W	Specialized Journalism
MARN 295W	Senior Research Thesis

   b. GEOC recommends approval of the following course for inclusion in the CA2 Social Sciences content area:

INTD 150	Alcohol and Drugs on Campus: Exploring Campus Culture and Effects on Society

6. Cross-listed Courses
   For the information of the Senate these cross-listed courses are listed:

   Content Area 4
   AFAM/DRAM 3131/3131W (231/231W) African American Theatre
   (approved by both CLAS College and FINA School)

   Open to sophomores or higher
   LAMS/HIST 281 Latin America in the Colonial Period
   LAMS/HIST 282 Latin America in the National Period
   (Approved by CLAS College)

Respectfully Submitted,
Mike Darre, Chair, Keith Barker, Laurie Best, Janice Clark, Anne D’Alleva, Andrew DePalma, Denise Irmscher, Robert Jeffers, Kazem Kazerounian, Kathleen Labadorf, Susan Lyons, Jose Machado, Maria Ana O’Donoghue, Christopher Purzycki, Eric Schultz, Nancy Shoemaker, Robert Stevens.

ATTACHMENT #13

Nominating Committee Report
to the University Senate
October 8, 2007

1. We move the following faculty/staff deletions to the named standing committees:

    Janine Caira from the Enrollment Committee
    Lisa Sanchez from the General Education Oversight Committee

2. We move the following faculty/staff addition to the named standing committee:

    Lynn Allchin to the Growth & Development Committee as representative of the Enrollment Committee

3. We move the following student additions to the named standing committees:

    Tracy Anderson, Graduate Student, to the Growth & Development Committee
    Jeffrey Bernath, Graduate Student, to the University Budget Committee
    Kay Bloomberg, Undergraduate Student to the Enrollment Committee and the Growth & Development Committee
    Jana Lanza, Undergraduate Student, to the Student Welfare Committee
    Stephen Lucasi, Graduate Student, to the Scholastic Standards Committee
    Jose Machado, Undergraduate Student, to the Scholastic Standards Committee and the Curricula & Courses Committee
    Julia Thomson Philbrook, Graduate Student, to the Student Welfare Committee
    Christopher Purzycki, Undergraduate Student, to the Curricula & Courses Committee
    Nicole Rougeot, Undergraduate Student, to the Enrollment Committee
    Lauren Smith, Undergraduate Student, to the Scholastic Standards Committee

4. We move Xae Reyes and Murphy Sewall to two-year terms on the General Education Oversight Committee effective immediately and ending June 30, 2009.

5. For the information of the Senate, the Undergraduate Student Government has named Katherine Etter to membership on the Senate for a one-year term.

Respectfully submitted,

Anne Hiskes, Chair
Rajeev Bansal
Harry Frank
Susan Spiggle
Robert Tilton
Jeff von Munkwitz-Smith