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## Minutes, August 13, 2002

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**MINUTES OF THE MEETING  
OF THE BOARD OF TRUSTEES**

UNIVERSITY OF CONNECTICUT

University of Connecticut  
Rome Commons Ballroom  
South Campus Complex  
Storrs, Connecticut

August 13, 2002

**OPEN SESSION**

Call to order at 10:00 a.m.

The meeting was called to order at 10:00 a.m. by Chairman Roger Gelfenbien. Trustees present were: Louise Bailey, Philip Barry, Linda Gatling, Christopher Hattayer, Lenworth Jacobs, Claire Leonardi, Michael Martinez, Frank Napolitano, David O'Leary, Richard Twilley, and Anne George, who represents the Governor's Office.

Trustees William Berkley, Michael Cicchetti, Denis Nayden, and Richard Treibick participated by telephone.

Trustees James Abromaitis, Shirley Ferris, and Theodore Sergi were absent from the meeting.

University Staff present were: President Austin, Chancellor and Provost for University Affairs Peterson, Executive Vice President for Health Affairs Deckers, Vice President for Financial Planning and Management Aronson, Vice Chancellor for Business and Administration Dreyfuss, Vice Chancellor for Academic Administration Maryanski, Vice Chancellor for Student Affairs Triponey, Assistant Attorney General Shapiro, Dr. Schurin, University Architect Schilling, and Ms. Locke.

Chairman Roger Gelfenbien convened the meeting at 10:00 a.m. in the Rome Commons Ballroom of the University of Connecticut in Storrs. He stated that it was another great day for the University of Connecticut and informed those present that at 2:00 a.m. the Legislature had passed the 21<sup>st</sup> Century UConn program, which will give the University \$1.3 billion to spend on capital improvements over 10 years beginning in 2005. He thanked and congratulated all those involved in bringing the passing of the program to fruition specifically Lorraine Aronson, Vice President for Financial Planning and Management, Scott Brohinsky, Director of Communications, and Alvin Wilson, Director of Government Relations. He indicated that a celebration would take place in the near future. Vice President Aronson stated that it was a team effort and that there were many people in the room who contributed to making 21<sup>st</sup> Century UConn a reality.

Chairman Gelfenbien asked Committee Chairman Lenworth Jacobs to begin the Budget Workshop portion of the meeting. Dr. Jacobs added his congratulations to Vice President Aronson and her team. He reminded the Committee that there are two sides to the finances of the University, bonding and operational. Although the bonding of \$1.3 billion is wonderful and greatly appreciated, the University still needs to address the financing of running the operation. He explained that there would be presentations to answer three questions: 1) Is the University prepared to deal with the surge in enrollment? 2) Is the University meeting Trustees' expectations to provide students an exceptionally high quality education resulting in a degree to benefit them for their career? 3) Is the University pursuing the Trustees' directive to move into the top ranks of public education in the United States? The new budget is required to move the University in the direction of all three of these areas of initiative as dictated by the Trustees.

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President Philip Austin began the presentations by explaining that at the June meeting of the Board of Trustees he had provided an extensive overview of the University's financial status and strategic planning. He outlined his workshop plan as setting a programmatic context and reviewing the objectives underlying the budgetary proposal, after which he would turn over the discussion to Vice President Aronson for greater detail and depth of the technical aspects of the budget. After her presentation the discussion would move to Dr. John Petersen, Chancellor and Provost for University Affairs and Dr. Peter Deckers, Executive Vice President for Health Affairs, to give the programmatic implications of the budgetary proposals.

President Austin underscored the importance of continued momentum toward academic excellence. Much has been achieved as a result of the faith that the State of Connecticut reposed in the University six years ago, and since the then Board of Trustees directed the President to take the University to the top ranks of American public research universities. The empirical evidence that was presented in July suggests that a good deal of progress has been made in that regard. Currently the State is suffering from economic pressures and the University must live within the parameters imposed by that reality. This budget says that the University administration can continue the march toward excellence and continue to accommodate Connecticut's best students, but all must also give a bit financially during this challenging period. The proposal will allow the University to continue to attract the best students. Since 1996, 315 valedictorians and salutatorians have enrolled at UConn and another 60 freshmen (mostly from Connecticut) who are valedictorians and salutatorians are expected to enter in the fall. In order to continue to attract the best students the University must provide the classes they need and want in a timely fashion so that they can graduate in a timely manner. Timely and adequate advising and counseling must be provided in order for students to make the right academic and career choices, which requires resources. The need for everyone to "give" a little financially is reflected in 1) a proposal of an upper level management salary freeze 2) a mid-year tuition increase for the current year and 3) more significant tuition increases in the two years of the biennium. He pointed out that many public universities similar to ours and some, in whose category we aspire to be members, have approved double digit increases. UConn has kept tuition increases at less than double digit in keeping with the Board's philosophy for most of the last decade, at levels approximating the Consumer Price Index; however, we cannot afford that luxury in the current economic environment.

In the proposed plan is an increase in student financial aid funding to ensure that no qualified student will be denied admission to the University of Connecticut based solely on the economic challenges faced by the families. The proposed mid-year tuition adjustment is approximately \$108, which is anticipated to be manageable by the majority of students and for those whom \$108 is too much, student aid will be available to provide a safety net.

Vice President Aronson reiterated the points made by President Austin. She stated that this is a very challenging environment; some of the challenges are self-imposed while some are not. We cannot control what is happening in the State and National economic arena. The imperative to move into the top university ranks is a goal that the Board has set for the University and has guided the University throughout the past few years and continues to point the University in the directions to be discussed during this meeting. Increased enrollment was the University's choice and it was the right choice. UConn educates Connecticut's students. High student expectations are a wonderful outcome of what has been accomplished over the past few years. Students attend UConn expecting an outstanding program. The University is in a competitive college and healthcare marketplace. The University needs to reach out to potential customers and prove to them that UConn is the right choice. Vice President Aronson stated that a University of Connecticut education equals value, which is a combination of quality and affordability. Quality that is not affordable is not what UConn is about, because this is a public university. Affordability without quality is not a value. She explained that the University is juggling the quality and affordability issues to move forward on the value front.

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The University is in the midst of closing out Fiscal Year 2002 and the numbers being brought to the Trustees are not audited, closed out numbers. Vice President Aronson stated that University-wide there is an expenditure budget of approximately \$1.1 billion. Both the Storrs and Health Center Budgets ended balanced under very challenging conditions including rescissions through the course of the year. The University ended the year at Storrs with a projected year-end unrestricted fund balance of approximately \$27 million. This amount is often translated into how many months of operations that would provide. At Storrs this could support approximately 18 days of operations on the fund balance. At the Health Center the fund balance of \$33 million could support 24 days of operation.

The discussion will detail the spending plan for Fiscal Year 2003. It is unusual to discuss the spending plan after the beginning of the year but the State appropriation wasn't known until July 1<sup>st</sup>. Therefore, the spending for the year to date has been conservative, awaiting the Trustees' review and approval of a budget. Also to be brought forward are the proposed budgets for the coming biennium of Fiscal Years 2004 and 2005. At the end of August the University is required to submit proposed budgets to the Office of Policy and Management and to the Department of Higher Education.

The Vice President stated that over 70% of the budget is personnel related for both the Storrs-based program and Health Center. She explained that the Administration 1) reviewed what the University could do to cut expenditures, 2) endeavored to understand the external context and deal with it in a realistic way, 3) needed to enhance, grow and protect the revenue streams that the University does have influence over and 4) made sure that dollars were being spent in the right places such as high priority, quality programs. The University has instituted a set of stringent hiring and expenditure controls university-wide as part of managing this tough environment. In addition, the University is looking at almost \$32 million in reductions and reallocations in the current Fiscal Year: \$19.6 million at Storrs and \$12 million at the Health Center. In Storrs, the challenge is managing those reductions in a time of growing enrollment. We must provide quality to more students, which is not an easy task. At the Health Center, we have achieved from Fiscal Year 2000 to the end of Fiscal Year 2002 about \$43 million in cost reductions and revenue enhancements. Every year it is more challenging to come up with more financial and operational improvements, but it is done. We are attempting, both at the Health Center and at Storrs, to manage what can be done in terms of reductions while at the same time minimizing reductions in the workforce. The goal is to maintain the talent and support structure currently in place in terms of service delivery.

The base State appropriation to Storrs and the Health Center is the most significant of the operating budget contributions that the State makes. She reminded the Trustees that there are other impacts; for example, the decisions the State makes as the payer for patients covered by Medicaid have a tremendous impact on the Health Center. As the budgets are discussed and the implementing bills come through on the budget, the University will be assessing the impact beyond the State General Fund appropriation, known as the block grant. The impact of what is occurring in the financial markets on private fundraising is now also a significant part of the budget process. As the University becomes more aggressive bringing in research dollars, we are more attentive to what is occurring at the Federal level. The Federal budgetary impacts may increase dollars for research funding; however, the Medicare budget may be tightened. It is in the Medicare budget that Federal support for academic health centers is found. The University is becoming increasingly self-reliant, not by choice but through reality.

What has occurred for the current fiscal year, in terms of the State budget, is that there has been a reduction in the original appropriation University-wide of \$16.7 million. Broken out as Storrs and Regional Campus: \$13.8 million reduction (\$10 million in the appropriation and \$3.8 million in the fringe impact) and at the Health Center a \$2.9 million reduction. These have had to be managed without much forewarning.

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For the Storrs-based budget in 1991 the State provided 50% of what was needed to run the University. In the current year this number is down to 40%. This figure has seen a yearly steady decline. The Health Center has seen more stable support as there hasn't been as significant a percentage reduction, but State support at the Health Center represents a much smaller piece of the operating budget. Clinical Care is a stronger revenue stream at the Health Center. The University's share of the State's total budget, in terms of support that comes to the University through the appropriations process, has been stable over the past few years; the State appropriation has allowed the University to accommodate inflation but no more. That is important when one factors in the enrollment story. The University has accommodated the cost of all the enrollment growth through its own revenue streams, not through growth in State support. For the Health Center the State appropriation has been much the same, where the State support has essentially helped accommodate inflation.

We cannot control the State revenue stream; therefore, we need to recognize the realities attendant to that funding and look at the revenues the University does have control over, beginning with private fundraising. The University must ensure that in an environment affecting private dollars, care is taken with that revenue stream. We continue to strive to bring in external grant dollars and, at the Health Center, the focus is also on clinical services because patient revenue is the key revenue driver. Tuition and fees are the key revenue drivers at Storrs and the regional campuses.

One of the ways the University's operating budget has changed significantly over the past few years is the amount of money relied upon from private fundraising. In Fiscal Year 2002 payments to, or on behalf of, the University by the Foundation reached \$21 million. In 1995 that figure was \$5.1 million. Since 1995 two major income streams have supported the Foundation's activities: the fee on the endowment and the University's contractual payment. Due to the nature of the current financial market and its effect on the endowment, the fee structure at the Foundation is no longer able to generate sufficient support. The Foundation Board and Administration have reduced their budget by 20%. Even with the budget reduction they have asked the University for additional support. The proposed University budget includes \$1.75 million in additional support to the Foundation (in addition to the current contract of \$2.85 million for Storrs and \$250,000 for the Health Center for fundraising activities). This request is included in the proposed budget because it is believed that this is a worthwhile investment given the dollars that are coming into the University annually through the work of the Foundation.

Another important source of revenue for the University is research awards. At Storrs the capital and operating budgets are closely coordinated. In the capital plans, and in prior operating budgets approved by the Board, more dollars have been directed to support the research infrastructure, research animal care, equipment for researchers, etc., all of which are very important components to increasing the revenue from research awards. The Health Center is beginning to hit the limits of its physical capacity for research. It is now necessary to look at space reallocation to maximize productivity. Due to the space issue there is a potential for some leveling off of research awards over the next couple of years. 21<sup>st</sup> Century UConn will put the Health Center in a position to begin planning for more research space, an investment that will begin to move the picture again.

The Health Center's key revenue driver is clinical care, which is 61% of their income. Patient revenue has increased over time. At the Storrs and regional campuses the key revenue drivers of the budget are tuition, fees and room and board.

The University is cutting costs and growing private funding as well as research and clinical revenue streams. At Storrs there is a need to increase tuition, fees, room and board in order to continue to provide what students both deserve and expect. The University does not have the capacity without a tuition increase to meet

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those expectations. The proposal is for the current fiscal year (Fiscal Year 2003) to increase tuition for the spring semester. This is an unusual step driven by the significant decrease in State support. In June 2000, the Board approved an increase of 3.9% and the new proposal increases that number to 6.3%. This will cost an in-state undergraduate student an additional \$108.00 more than what was originally approved in 2000. This budget matches the proposed increases with additional financial aid to make sure that any negative impacts on needy families are offset. Proposed tuition and fee increases are 7.8% for FY 04 and 6.7% for FY 05.

Vice President Aronson stated that the tuition charges are not equal to the University's costs. Tuition for an in-state undergraduate student covers approximately one-third of academic costs and the full charges (tuition, fees, room and board) cover approximately one-half of total costs. There is the public subsidy that helps Connecticut's students in terms of the affordability of this University, but the State is now even less able to provide operating funds to help make up the difference between cost and charges. The State has helped us accommodate for inflation but has not been able to help address the effects of increased enrollment. The effects of increased enrollment are the difference between the cost and the charges. We want to accept as many qualified students as possible, which was part of the commitment with UCONN 2000 and remains the commitment with 21<sup>st</sup> Century UConn. We need to figure out how to take what the State provides for capital support and what the marketplace is telling us in the form of student demand, and manage all the competing interests and make it work. The University must also remain affordable. 38% of the income that comes in from tuition is devoted to financial aid and 70% of University of Connecticut students receive some form of financial aid. This is a significant commitment. The University cannot continue to increase enrollment, and maintain and grow quality without increasing these charges. UConn has historically been less expensive, but now people attach greater value to the price of tuition. That is the most significant piece of the UConn story over the past seven plus years. It is a competitive market and students do not have to enroll here. When they make the decision to come to the University of Connecticut they need to be assured that they will get what they pay for.

Vice President Aronson directed the Trustees to a chart of the University's top competitors. She explained that this is not a randomly chosen list of schools but rather the schools with which the University has the greatest crossover of student applicants. These schools are where the students who apply to UConn are also applying. The cost to attend UConn continues to be extremely competitive. From the perspective of a potential out-of-state student UConn is also a competitive value. She reminded the Board that all schools offer financial aid including UConn, so "sticker price" and ultimate cost will vary for any given student. Private schools tend to increase their charges when the economy is good. Public schools increase their charges when the economy is bad and state support drops.

President Austin interjected that the budget is based on maintaining the quality of the education but there is concern about access. He stated that given the quality of education and the competitors of the University, UConn's market position should not be affected by the proposed tuition increases within the proposed budget.

Vice President Aronson introduced the aggregate numbers of the university-wide revenue sources for FY 03 of \$1,159.7; FY 04 of \$1,238.0; and FY 05 of \$1,306.3. She then directed the Trustees to a chart of Health Center Revenues for the same period. She explained that there is a reduction in State support driven by the appropriation and a drop in the fringe benefit rate charged for FY 03. The fringe benefit rate is outside of the University's control and set by the State Comptroller. Tuition and fees remain stable at the Health Center. Tuition and fees are a small piece of the story there, in part because of small enrollment and in part because the tuition and fees are set by a formula, set by policy of the Board of Governors of Higher Education. The formula sets charges at a level between the 70<sup>th</sup> percentile and the 75<sup>th</sup> percentile of public medical and dental

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schools nationally. This is not a number that is not controlled by the Board of Trustees in the same way that the Storrs charges are controlled. The auxiliary revenue increase at the Health Center is largely driven by the corrections pharmacy program being instituted. Patient revenue and the research fund are significant pieces of the Health Center revenue. In FY 04 and FY 05 the numbers are projections. The budget request for state support is based on current services. At the Health Center there is an additional request for the Strategic Plan, the Signature Programs, because in the past the state budget process has put the Health Center Strategic Planning on a separate line. She reminded the Board of the \$3.1 million for the Research Strategic Plan. She stated that if the "above current services" dollars do not come in, the Signature Programs will not be able to grow as quickly as hoped.

For the Storrs and Regional campus program revenues, the State Support percentage of change from FY 02 is 1.9%. A portion of that is the lower appropriation, as well as the lower fringe rates. There is a significant increase in the growth of the tuition revenue stream. That number represents a combination of the increased charges and growing enrollment. The fee structure and auxiliaries such as room and board will drive the income similarly, reflecting both increases and enrollment growth. There has been some fluctuation in some of the University's program revenue sources, such as the Study Abroad program activities which dropped significantly after the attacks of September 11<sup>th</sup>. Investment income has dropped due to the changes in the financial market. Projections related to income from the UConn Foundation have been very conservative. The current services budget includes a line for operation and maintenance of new facilities, based on a formula that the State uses for new square footage and the operating costs attendant to that. That request is made yearly, although it is not always fully-funded as part of the appropriation. It may be, depending upon how the State's economic picture rolls out this year, that our assumption of a current services budget (in terms of State support) may be optimistic.

The schedule of revenue changes focused on Fiscal Year 2003 will bring the University \$27.6 million of new revenue, and with expenditure reductions of \$19.5 million freeing up existing dollars, that will give the University \$47 million available to address imperatives and priorities for the Storrs-based program. Vice President Aronson stressed the importance of understanding how much latitude is available with the budget dollars. Every year the Administration comes before the Board of Trustees with a spending plan broken down by areas of expenditure increases where the items are "must dos". There isn't a lot of discretion in these items. Close to \$40 million of the \$47 million is tied up in these "must do" items that include collective bargaining and fringe benefits, facilities operations, debt service, operating new Residential Life & Dining Services facilities, energy, PeopleSoft implementation, Financial Aid, Research Fund, regional campus enhancement, and inflation.

She informed the Trustees that theoretically financial aid increases are discretionary; however, UConn does not treat them as such. The Board has always offset every cost increase to students with increased financial aid. The budget proposes an additional \$4.5 million in FY 03, \$3.9 million more in FY 04, and an additional \$3.6 million in FY 05. The regional campus enhancement figure is largely for the completion of implementing the plans to the move the campus to the new building in Waterbury next year.

Chairman Gelfenbien asked that Vice President Aronson entertain some questions from the Trustees. Trustee Nayden suggested that in the fall, consideration of what is an appropriate level of on-going productivity for FY 04 and FY 05 needs to be built into the business model and everyone needs to own and constantly be aware of it.

Trustee Napolitano asked for details on the reductions and restructuring of the Foundation. He also stressed the importance of protecting the growth of the key revenue streams and the implications on Campaign

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UConn. President Austin responded that the reductions and restructuring had been well thought out and is a part of a broader organizational structure change that he will be bringing before the Trustees at a later meeting.

Trustee Berkley stated that one of the things that the Trustees have difficulty being up to date on is the actions that the State takes that have a huge impact on the University costs. He recalled a meeting a few years ago regarding increasing tuition and the University was urged not to do so by the State. He stated that the reality of the economics needed to be realized, which are that the private sector has been raising tuition 3-5% a year and UConn has had lower or no increases over that comparable period. Hence, the University has fallen behind in its capacity to control its own destiny. Ultimately, tuition is the key to controlling the University's destiny. He suggested a need to be more prepared, in advance, to respond to action by the State.

Chairman Gelfenbien stated that the State of Connecticut has paid a great deal of debt service for UCONN 2000 and other work done at UConn over the years. In order to put State support into context he felt that debt service should be added to the whole picture. Vice President Aronson indicated that the University's debt service was illustrated in the documentation given to the Trustees. The University receives issues as part of the General Obligation Bonds; therefore, an approximation could be determined and it can be provided at a later date. She stated that the stability in capital funds has given the University the ability to manage the operating budget in a time of declining State resources. The Chairman reiterated his need to receive this information at the next meeting of the full Board of Trustees.

Trustee Nayden asked Vice President Aronson, within the State's new budget, how was the issue of the State Matching Fund Program and the follow through on delinquent payments to be handled. Vice President Aronson commended Scott Brohinsky and Alvin Wilson on the tremendous job they did for the University in bringing 21<sup>st</sup> Century UConn to fruition. The other good news that they brought back to the University is the Matching Grant Program. Scott Brohinsky, Director of Communications, explained that approximately \$10.5 million for the Matching Grant Program for all of the public units of Higher Education has been included in the State Bond Package. The overwhelming majority of those funds are for the University of Connecticut.

Dr. Jacobs then introduced Chancellor John Petersen. Chancellor Petersen stated that of the \$19 million saved through reduction and reallocation, \$13.8 million had to fill the gap left by State cuts, leaving \$5.2 million for Strategic Priorities. Funds have been cut to accommodate these shortfalls. He summarized five critical areas of the Strategic Priorities to include the Undergraduate Experience, Upper Division and Graduate Programs, Centers of Excellence, Diversity, and Environment and Safety. The purpose of Strategic Priorities is to support the goals set in June and to maintain and grow quality. The University has created a base of high quality students and now needs to give them a high quality product.

Chancellor Petersen detailed the Undergraduate Experience as a program to provide high quality programs that ensure students stay in school and successfully complete their degree. Toward this effort, the budget proposes the hiring of ten in-residence assistant professors per year for three years to ensure adequate offerings in high-demand courses. The cost of these time-limited (3-year, non-tenure track) faculty contracts and related teaching assistantships is \$850,000 per year for FY 03, FY 04 and FY 05.

Academic Support Services encompasses academic accommodations, which is services for students with disabilities. The success in making new buildings accessible to students with disabilities has been proven by the rise in enrollment of students with disabilities. Academic support services for these students will be expanded in FY 03 with an additional \$100,000.

Academic Planning and Peer Mentoring will be enhanced by adding seven academic advisors for the ACES Program, a program for students who have not committed to a major, reducing the student to advisor



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ratio. Funds of \$416,000 in FY 03 allow for the expansion of the Peer Mentoring program to offer the opportunity to all new freshmen.

One of the key points of interest for the most talented applicants is the Honors Program. The University is also looking to enhance the Honors Program with approximately \$350,000 in FY 04.

Financial Aid will be increased with an additional \$4.5 million in FY 03, \$3.9 million in FY 04 and \$3.6 million for FY 05. All fee increases have been matched by increased financial aid to ensure that no student's education would be denied or hampered based on financial aid. The Chancellor gave a brief explanation of a schedule of total financial aid.

The Chancellor detailed another of the Strategic Priorities, Upper Division & Graduate Programs. There has been a significant increase in the number of students enrolled at the School of Law this coming year. The University has not accepted more individuals into the program but the yield rate has increased, which the Chancellor attributed to the quality of the Law School and its leadership over the past two years. The School of Law is budgeted for a \$647,000 increase in FY 03, with most of the funding devoted to ensuring course availability to accommodate the dramatic increase in size of the entering first year class.

The School of Business, Information Technology program has been enhanced with additional faculty and a budget increase of \$280,000.

The Neag School of Education is slated for \$220,000 in FY 04 support for program expansion to train more teachers, who are in great demand throughout the State.

Chancellor Petersen detailed the Centers of Excellence Strategic Priorities. Funding increases in this area are targeted to those programs where UConn seeks competitive advantage and reputational distinction, while protecting the growth potential of one of our key external revenue streams. As a research institution, if the University is to grow its research funds at a greater than 5% rate, investments must be strategic. There are two research areas in which programs have been initiated and expanded. The first is the Center for Regenerative Biology, in which the University has invested \$500,000 this year and hired five new faculty members who will begin their work in the new Ag-Bio Tech II building. Grant expenditures in this Center for FY 02 were \$1.3 million and are expected to increase to \$4 million in FY 05.

The second Center of Excellence is the Fuel Cell Research Center. This is a partnership with Connecticut Innovations, Inc. and various fuel cell companies in Connecticut. The University has made investments in new faculty through the School of Engineering budget and through other University funds, generating \$11.8 million in support from the Clean Energy Fund, private sector donations and Federal monies.

The final center the Chancellor described was Tech Transfers and Incubators. In addition to generating incubator facilities (the University starting to negotiate with potential occupants), there are spin-off private sector companies based on faculty intellectual property. We are also continuing to build tech transfer processes to facilitate the translation of faculty research into usable applications.

The Chancellor summarized the Strategic Priority of Diversity. He stated that the numbers detailed on the slide presentation were misleading. The figures of \$400,000 in FY 03, \$565,000 in FY 04 and \$750,000 in FY 05 are not what is being put into diversity but are the funds being used to change the culture, and continue to modify the culture at the institution to ensure that the faculty and staff that educate and support the students reflects the diversity of the State and the Nation. The University also needs to be an international, global and diversified institution. A transformation has taken place between the expenditures for Multicultural Affairs in FY 99 and the proposed budget for FY 03. There has been almost a doubling in the funds to support Multicultural Affairs and the Cultural Centers as well as a slight funding increase in the Office of Diversity

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and Equity. The University is supplying leverage through these operations to work with the schools and colleges to move forward with this key element of the Strategic Priorities.

The final Strategic Priority detailed by the Chancellor was Environment and Safety. \$800,000 has been proposed in the budget for Environmental Protection. The University of Connecticut is one of the institutions that have voluntarily joined the United States Environmental Protection Agency's Audit Program. All of the University's campuses have been audited to date. The initial findings have been reported and responses are being prepared which include addressing target dates for remedying any environmental deficiencies. Trustee Nayden asked if there were any substantive findings in the audit. The Chancellor responded that there were some issues but no significant surprises. The Chancellor stated that the University is in the final stages of hiring an Environmental Manager. There is also a proposal for capping and addressing the landfill remediation needs on campus. The area of Public Safety is a concern as the University's population grows and, therefore, those budgets have been increased to allow for hiring of additional police officers. Trustee Twilley asked why there was no increase in public safety scheduled for FY 05. Bruce DeTora, Budget Director, stated that the public safety hiring in FY 04 would bring the University to a staffing level that would take it into subsequent years.

Trustee Napolitano explained that over the past few years the Trustees have heard from students, parents and other groups that students expect to graduate on time, have reasonable class sizes, expect quality academic advising to enhance the experience, expect course availability, and have expectations on related issues. He stated that the Strategic Priorities go a long way in addressing these issues and commended it as an excellent piece of work in specifically enhancing the undergraduate experience. He suggested that when the budget package is adopted, the Strategic Priorities should be publicized to the student body. He also suggested that the Center for Undergraduate Education should be charged with publicizing what will be done for the student body. Finally, he suggested that the University should determine a way to monitor and measure the effectiveness of the Strategic Priorities.

Trustee Hattayer asked if the University is doing enough. There are 250 more undergraduate students than anticipated yet the University appears to be hiring only ten new faculty. These students are going to need, at five courses, 1,250 seats to be filled. He indicated his concern if what is being done is simply to keep on par; can the quality issues still be addressed if there is continued increased planned enrollment or subsequent unanticipated enrollment increases? How will measurements be done to analyze if students are getting the courses they need? Chancellor Petersen stated that when the budget of \$850,000 for additional faculty for high-demand undergraduate coursework was determined, the registration of sophomores, juniors and seniors was reviewed. He noted that general education courses (100 level courses) were occupied by sophomores, juniors and seniors. Therefore, the proposal addressed not only the incoming freshmen class but also the pent up demand that we are trying to diminish. Chancellor Petersen indicated that there is an effort to react in a way to alleviate past burdens while keeping pace. Dolan Evanovich, Associate Provost for Enrollment Management, stated that course availability is monitored weekly throughout the summer, and in the weeks up until the start of classes it is monitored daily. All the reports thus far indicate that although there are areas which are tight, such as math and science, students are able to get a complete schedule. Course availability will continue to be monitored and students will be surveyed on their ability to get the courses they need.

Trustee Hattayer followed up with a question related to upper division course availability and whether these courses will remain small classes of 20-30 students. Chancellor Petersen pointed out that in the reallocations there were no across the board cuts. Funds were decreased in a strategic fashion. General education issues were not the only ones reviewed; resources were also put into place for junior and senior classes.

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Trustee Leonardi requested a set of measures that will, over time, help the Trustees understand how the University is delivering quality. She suggested a series of measures that include course availability, student opinion, graduation rates, etc. The Chancellor agreed to provide this information.

Trustee Leonardi asked for an explanation of the food service information on page 10, tab G of the budget materials. She believed that one of the issues the University was addressing was closing dining halls, increasing productivity, and saving money to be used in the academic enterprise. The information in the Budget Workshop book states that there are five fewer dining halls than in 1999-2000 yet there are more food service personnel serving the same number of meals. She thought that there would be increased productivity and therefore savings realized by closing dining halls. Vicky Triponey, Vice Chancellor for Student Affairs, explained that cost savings were experienced by closing dining halls, however, the funds were reinvested to improve service and provide the growing student body with the choices they were demanding. She cited the South Campus dining hall as an example, which offers many different stations and choices for students but it is a labor-intensive operation.

#### EXECUTIVE SESSION

On a motion by Dr. Jacobs, seconded by Ms. Bailey, **THE BOARD VOTED** to go into Executive Session at 12:00 p.m. to discuss matters that would result in the disclosure of public records described in Section 1-19 (b) of the Connecticut General Statutes. The Chairman noted that on the advice of counsel only staff members whose presence was necessary to provide their opinion would be permitted to attend Executive Session.

Trustees present were: Bailey, Barry, Gatling, Gelfenbien, George, Hattayer, Jacobs, Leonardi, Martinez, Napolitano, and Twilley.

President Austin, Chancellor and Provost for University Affairs Petersen, Executive Vice President for Health Affairs Deckers, Vice President for Financial Planning and Management Aronson, Vice Chancellor for Business and Administration Dreyfuss, Assistant Attorney General Shapiro, Dr. Schurin, University Architect Schilling, and Mr. Derek Dahlen from Dahlen, Berg & Co. were also present.

Executive Session ended at 1:00 p.m. and the Board returned to Open Session at 1:05 p.m. Trustees Berkley, Cicchetti, Ferris, Nayden and Treibick participated by telephone. Attorney General Paul McCarthy joined the meeting at this time.

All actions taken were by unanimous vote of the Trustees present.

#### OPEN SESSION

Trustees returned to a presentation on the Health Center by Peter Deckers, Executive Vice President for Health Affairs. Dr. Deckers commended the Health Center staff, faculty and overall workforce for their phenomenal efforts to accomplish a financial turnaround that other healthcare industries and academic health centers have had a very hard time doing. He also credited the Trustees, especially the members of the Health Affairs Committee and most notably Trustee Leonardi, in their help to enable the Health Center's financial turnaround.

When he testified to the General Assembly about the economic shortfalls of the Health Center in FY 99, FY 00, FY 01, he was often asked to explain how the clinical product is connected to the research and educational product. That was difficult to do because the Health Center was viewed as a small community hospital in the Farmington Valley doing just what all the other hospitals do and the direct connections between the clinical products and the research and academic product were lacking. Beyond serving a population of

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patients that needed considerable high technology (such as the neonates who need high technology to stay alive), it was a stretch to make the connection. One of the most important things the Health Center has done was to develop a Strategic Plan, which integrated the research and educational efforts with the clinical product. This resulted in a mission statement that the Trustees have seen many times, "Remarkable Care through Research and Education."

The Health Center has developed five regionally pre-eminent Signature Programs in 1) cancer based on immunology and genetics, 2) musculoskeletal medicine and surgery based on considerable extramural research funding in bone biology, 3) Connecticut Health where a large number of faculty work in areas key to public health, 4) brain and human behavior, focusing on the area of neurosciences and psychiatry, and 5) vascular biology/cardiology.

The Health Center wants to be recognized as a Center for distinguished basic science research. Revenues for research last year increased \$11.5 million. The previous year they increased \$10 million. Despite downward pressures on reimbursement on the clinical side, research revenues have grown significantly. The Health Center offers an outstanding medical, dental and graduate biomedical education through a highly innovated curriculum supported by excellence in research and clinical care. Partnerships with other State agencies are beginning, which has moved the Connecticut Health program along.

Dental and medical students need to be prepared to care for the population in the State, as it exists and the population regionally and nationally. This is an increasingly diverse population. The students learn to care for a diverse population and also train in a diverse environment.

Dr. Deckers detailed the student passing rates on the National Medical Exam for Spring 1996-2001. In 1997 and 1998 the Health Center students fell behind the National average. At that time a new curriculum oriented toward ambulatory, outpatient, chronic disease, geriatrics and preventative strategies was instituted. The new curriculum has improved performance on the National Medical Exam. The School of Dental Medicine excels on the National Dental Exam. It is consistently in the top 5%, finishing third last year and first the previous year.

Dr. Deckers detailed the Health Center's progress in Fiscal Year 2002. They have continued development of the Signature Programs, maintained momentum in strengthening basic science research, maintained and grew clinical services, met financial challenges and strengthened support operations, and partnered with other State agencies such as the Department of Public Health, Department of Corrections, Department of Mental Retardation, Department of Mental Health and Addiction Services, Department of Children and Families and the Child Health and Development Institute to improve healthcare delivery.

The Health Center experienced cost improvements in FY 02 totaling \$12.6 million; as follows: \$5.5 million in specific opportunity register improvements; \$3.7 million through 46 full time employee (FTE) position reductions or salary transfers; \$1.5 million in increased clinical revenues for new billing procedures, charge master updates and new lab services; and \$1.9 million in other expense reductions and efficiencies.

Dr. Deckers explained that in order to implement the Strategic Plan, new monies needed to be found within the organization in the amount of \$12-15 million. Hence the need for the reductions, revenue enhancements and reallocations. This was accomplished through a very aggressive approach to business plans for each of the units, paying attention to profit and loss statements and working with outside consultants, PricewaterhouseCoopers, on process and business improvements. Key to success will be understanding the Health Center's market potential. Originally the Health Center was in a fairly unpopulated area but that is no longer the case. Many of the people in the area are older individuals whose health needs are likely to correlate with the focus of the Signature Programs. The Farmington Valley is the market share for the Health Center to

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maintain its clinical volume and conduct clinical research. To meet the needs of the area's citizens and to further enable the five Signature Programs the geriatrics service activity needs to grow. It is recognized that often healthcare decisions in families are made by the women in the family; therefore, a new program has been implemented entitled, "Celebrate Women" as an additional feeder to the Signature Programs. Through the continued generosity of donor Ted Hollfelder, the new Women's Health Center is almost complete.

Dr. Deckers described the progress of the Signature Program development, and detailed physician and research recruitment in the various programs.

The Health Center has also been working closely with several State agencies, especially the Department of Public Health, looking at how the University of Connecticut could be a resource to the State relative to response in the event of a bio-terrorist attack. There is a considerable database, as well as a web site being finalized showing all of the public health offerings of the University of Connecticut, which has almost 300 projects. It is being viewed daily by multiple agencies within the State.

Dr. Deckers stated that the school has developed a healthcare workforce shortage analysis with the help of the Department of Public Health, which defines the State's needs. He suggested that other schools within the University, who are involved with healthcare professionals, view it for opportunities for student education and research.

With the monies slated for reinvestment, the Health Center was able to bring in six new NIH funded investigators in neuroscience, immunology and microbial pathogenesis. Total research revenue increased \$11.5 million last year up to about \$80 million, a 16% increase in research grant awards over FY 01. To enhance that activity, an incentive-based research compensation plan was implemented for faculty.

The John Dempsey Hospital is in the black and business is booming. Inpatient volume is up 13% and outpatient volume is up 18%. The faculty practice, which is about 110 FTEs and over 300 physicians, increased its volume approximately 30%. U.S. News and World Report named John Dempsey Hospital one of America's Best 50 Hospitals for geriatric services.

In 1999 John Dempsey Hospital's admissions were 6,922 patients. In 2002 admissions were 8,580. The increase in admissions is directly attributed to the UConn Health Partners initiative. Despite the 14.2% growth in admissions last year, the budget estimate for the coming year is 5% to ensure that financial projections are based on conservative and reliable assumptions.

The average daily census in the hospital has increased significantly since 1999. The length of stay in the John Dempsey Hospital has decreased significantly since 2000 while the seriousness of the illness of patients has not changed. Outpatient visits have increased from 139,034 in 2001 to 167,746 in 2002, a 21% increase. The UConn Medical Group, which is the faculty practice, had a 30.37% increase in total invoices rendered in 2002.

Achieving a breakeven budget was a significant accomplishment in FY 02. In addition, an information technology strategic planning process was completed, and the development of a 10-year facilities master plan is in its final stages.

Dr. Deckers directed the Trustees to the slide entitled Allocated and Unallocated Capital Bond Funds. He stated that allocated funds for FY 95-FY01 were \$5 million and allocated funds in FY 02 were \$14 million. He thanked all the individuals who brought this to fruition, especially those on the Bond Commission. These funds will help to bring the Health Center facilities up to code with regard to ADA compliance, repair technology problems, and restore buildings.

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With the new partnering plan with other State agencies the Health Center has strived to improve healthcare delivery. A robotic drug packaging and delivery service has been implemented for the Corrections Department managed health care program serving 18,000 inmates. Talks are taking place with the Department of Public Health regarding locating their new laboratory building on the Health Center campus. The School is assisting the State in the maximization of Federal Medicaid match dollars for educational activities at the medical and dental schools.

The on-going challenges facing the Health Center were outlined: dealing with the State budget uncertainties and rescissions and hiring freezes; maintaining on-going operational and financial improvements; implementing Signature Programs; implementing the basic science Research Strategic Plan; reorganizing the School of Medicine (an academic and business transformation); actively trying to meet the clinical needs of the Farmington Valley; awaiting the "Synergy" report from the consultants and what direction it will propel the Health Center, and enthusiastically develop new funding sources wherever possible.

Dr. Deckers stated that the "final words" for the budget are tough choices. The reorganization of the School of Medicine is all about tough choices. The Health Center's action agenda for FY 03 include moving forward the design and construction of the Farmington Surgery Center/Musculoskeletal Center, recruiting a musculoskeletal program leader, implementing the School of Medicine reorganization, advancing the pace of the cancer and cardiology Signature Programs development, continuing the progress in completing the old Research Strategic Plan commitments, achieving clinical profitability and securing School of Medicine accreditation.

In FY 02 the Health Center had a "profit" of \$170,000 and total expenses of \$474 million. In FY 03 it is predicted that the "profit" will be approximately \$250,000 and expenses of \$509 million. As a result of the Clinical Strategic Plan the volume of research endeavors can be increased to approximately \$22 million, a 5.9% increase. This year, like last year, after presenting a balanced budget to the Health Affairs Committee in early June there were a few unanticipated occurrences. There was a sales tax assessment for work done by the contracted agent in the Health Center cafeteria. There was a change in the State appropriation and the fringe rate. Subsequently, the clinical revenue forecast was scaled down as a result of some changes in payer activity. Some adjustments in the budget were made to accommodate these changes. These actions include changes in faculty incentive compensation, the academic incentive, the research incentive, personal service reductions, and the elimination of managerial merit pool increases.

Trustee Twilley stated that the Farmington area is growing and the Health Center has management plans that were unprecedented five years ago. In that context is there enough land at the Health Center for the outlined plans? Dr. Deckers stated that he would be better able to answer when he received the consultants' report on the Master Plan.

Both Chairman Gelfenbien and Trustee Barry made special mention of the hard work and dedication that led to all the Health Center improvements and thanked Dr. Deckers.

Committee Chairman Jacobs reiterated the original questions the budget discussion was predicated upon, which were 1) Does the presentation speak to the surging increase in enrollment, and is the University properly prepared to deal with such? 2) Does the University have quality offerings that meet student expectations as well as the infrastructure to give the students the quality offerings? 3) Is the University ready to move into the top ranks of education within the United States? Dr. Jacobs stated his belief that the University is moving in that direction.

Chairman Gelfenbien stated that these are difficult times requiring difficult decisions. Over the last couple of years the University has learned to become more self-sufficient. He stated that although the State of

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Connecticut might like to do more for the University of Connecticut on the operating budget, it has made a significant commitment on the capital budget. The campus has changed along with the attitude of the people who work here. He thanked President Austin for all of his leadership to make this a great university.

## 1. Public Participation

There were no members of the public who wished to address the Board.

## 2. Chairman's Report

Chairman Gelfenbien welcomed Professors Robert Tilton, Cameron Faustman, and Gregory Anderson as the newest University Senate representatives to the Board.

### (a) Minutes of the meeting of June 25, 2002

On a motion by Dr. Jacobs, seconded by Mr. Treibick, **THE BOARD VOTED** to approve the minutes of the meeting of June 25, 2002.

### (b) Consent Agenda Items:

On a motion by Mr. Berkley, seconded by Mr. Treibick, **THE BOARD VOTED** to add to the agenda the Annual Report of the Endowed Chair Program entitled, "English Chair in Writing."

On a motion by Mr. Treibick, seconded by Mr. Cicchetti, **THE BOARD VOTED** to approve the Annual Report of the Endowed Chair Program entitled, "English Chair in Writing."

On a motion by Dr. Jacobs, seconded by Mr. Treibick, **THE BOARD VOTED** to approve the following items listed on the Consent Agenda.

- |     |  |                |
|-----|--|----------------|
| (1) | Contracts and Agreements for the Storrs-based programs   | (Attachment 1) |
| (2) | Baccalaureate Degree in American Studies at Storrs, Avery Point, Stamford and the Tri-campus   | (Attachment 2) |
| (3) | Renaming of the Bachelor of Science in Business Administration Undergraduate Major within the School of Business at Stamford and the Tri-campus, to Bachelor of Science in Business and Technology | (Attachment 3) |
| (4) | Master of Science Degree in Accounting On-line within the Graduate School  | (Attachment 4) |
| (5) | Reappointment of Board Representative to the Connecticut Agricultural Experiment Station Board of Control  | (Attachment 5) |
| (c) | Personnel matters (Storrs-based programs and the Health Center)  | (Attachment 6) |

On a motion by Dr. Jacobs, seconded by Mr. Hattayer, **THE BOARD VOTED** to approve the personnel action recommendations on Attachment 6.

- (1) Promotion, tenure, and reappointment lists
- (2) Emeritus Faculty Retirements
- (3) Sabbatics

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## (4) Informational matters

## (d) Discussion

## (1) 2002-2003 Board meeting schedule (Attachment 7)

Chairman Gelfenbien directed Trustee attention to the upcoming schedule of Board meetings listed in Attachment 7.

On a motion by Mr. Treibick, seconded by Mrs. Gatling, **THE BOARD VOTED** to approve the 2002-2003 Board meeting schedule.

Chairman Gelfenbien asked Board members to return the Conflict of Interest Forms by mail or at the October meeting. He asked that Trustees contact him or Dr. Schurin if a conflict arose during the year.

## (2) Board Committee list (To be distributed)

Chairman Gelfenbien noted that the Board Committee list will be presented at the next Board meeting. He also noted that Dr. Jacobs has agreed to chair the Academic Affairs Committee and Mr. Nayden has agreed to chair the Financial Affairs Committee.

Trustee Napolitano noted the recent death of Mr. Bert Wilson, a longtime member of the University community and former Director of Personnel. He is survived by his daughter, Pat Wilson-Coker, who is the Commissioner of the Department of Social Services and recently received the Distinguished Alumni Award. Chairman Gelfenbien asked that a letter be sent to his family acknowledging Mr. Wilson's service to the community.

## (e) Election of Board Secretary

Chairman Gelfenbien called for nominations for the Office of Secretary of the Board of Trustees. Trustee Napolitano offered a motion, seconded by Dr. Jacobs to nominate Ms. Bailey as Secretary.

## 3. President's Report

President Austin directed Trustee attention to *Connection: The Journal of the New England Board of Higher Education* summer 2002 magazine, which was presented to Trustees at their places. He noted that he was asked several months ago to prepare an article that described UCONN 2000, which is located on page 29. President Austin noted that the editors titled the piece, "How One Public University Became a National Model for Infrastructure Investment."

President Austin informed the Board that he would contact the elected leadership and many others to thank them for their efforts on the passage of the 21<sup>st</sup> Century UConn legislation. He was also pleased to report that the Matching Grant Program was also funded.

Despite the economic challenges and uncertainties since September 11, President Austin reported that commitments to the Capital Campaign have remained roughly on track, even though the payouts have been slow. He stated that the commitment of the elected leadership will be instrumental in accelerating the University's philanthropic activities. With respect to concerns raised during the prior budget discussion, he affirmed that the University was dedicated to developing a more strategic assessment within the context of continued economic challenges. Along those lines, Dr. Jacobs will revise the format of the Academic Affairs Committee to allow for more discussion on an academic strategic outlook as well as dealing with the necessary programmatic items.



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President Austin reported that the Pappas Consulting Group, Inc., who has been contracted to consult the administration on the concept of "one University," are completing their report and have made recommendations, particularly in areas of information technology, human resources, and purchasing. He noted that he will report back to the Board with a set of organizational changes that will allow the University to achieve greater efficiency and substantial cost savings.

President Austin informed the Board that former Trustee Irving Saslow underwent a lengthy operation yesterday and was in critical condition at Yale-New Haven Hospital.

President Austin introduced Dr. Janet Greger as the newly appointed Vice Provost for Research and Graduate Education and Dean of the Graduate School. He directed Trustee attention to an article written about her in the *Hartford Courant*. He noted that she has assumed one of the more challenging assignments involving restructuring the research administration area.

#### 4. Financial Affairs Committee Report – Dr. Jacobs

***AS BACKGROUND INFORMATION ON THE FOLLOWING ITEMS, PLEASE BRING TO THE BOARD MEETING THE WHITE BINDER ENTITLED "BUDGET WORKSHOP – August 13, 2002" AND THE WHITE BINDER ENTITLED "ANNUAL REVIEW & OUTLOOK - June 25, 2002" FROM THE JUNE MEETING. FILE COPIES WILL BE AVAILABLE FOR REVIEW AT THE BOARD MEETING.***

(a) Committee Chairman's report on Committee activities

Vice-Chair Jacobs asked Trustees to review pages 14-15 of the Budget Workshop binder that Vice President Aronson and Chancellor Petersen distributed earlier and also on Attachments 8 through 10 in the agenda.

(b) Items requiring Board discussion and approval:

(1) Approval of the FY 2003 Operating Budget (Attachment 8)

On a motion by Mr. Martinez, seconded by Ms. Leonardi,  
**THE BOARD VOTED** to approve the FY 2003 Operating Budget.

(2) Approval of the State Appropriation Operating Budget Request for the Biennium Fiscal Years 2004 and 2005 (Attachment 9)

On a motion by Ms. Bailey, seconded by Mr. Berkley,  
**THE BOARD VOTED** to approve the State Appropriation Operating Budget Request for the Biennium Fiscal Years 2004 and 2005.

(3) Fiscal Years 2003, 2004 and 2005 Tuition Rate and Fee Adjustments (Attachment 10)

On a motion by Mr. Martinez, seconded by Mr. Napolitano,  
**THE BOARD VOTED** to approve a revised schedule of student charges comprising annual increases as follows: FY03 – 4.7%, FY04 – 7.8% and FY05 – 6.7%. The schedule of charges is comprised of Tuition, Room, Board, Infrastructure Maintenance Fee, and the Other Mandatory Fees approved by

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the Board of Trustees on June 25, 2002. The Law School has proposed increases to the LL.M. Fee of 4.2% for FY04 and 4.0% for FY05.

**5. Health Affairs Committee Report – Ms. Leonardi**

(a) Committee Chairwoman's report on Committee activities

Vice-Chair Leonardi noted that the Health Affairs Committee has not met since the last Board of Trustees meeting. She reported that the Health Center Board of Directors will hold its first meeting on September 9 and the Board of Directors Finance Committee will hold its first meeting on August 27. Vice-Chair Leonardi noted that she will continue to give reports to the full Board on the activities of the Health Center.

(b) Items requiring Board discussion and approval:

- (1) Medical Arts and Research Building of Farmington, LLC - (Attachment 11)  
Approval of Operating Agreement Including Land Lease  
**(REMOVED for further consideration.)**

- (2) Approval of the Operating Budget for the University of Connecticut Health Center for Fiscal Year 2003 (Attachment 12)

On a motion by Mr. Martinez, seconded by Ms. Bailey,  
**THE BOARD VOTED** to approve the Operating Budget for the University of Connecticut Health Center for Fiscal Year 2003.

- (3) Approval of the Biennium Operating Budget for the University of Connecticut Health Center for Fiscal Year 2004 and Fiscal Year 2005 (Attachment 13)

On a motion by Mr. Martinez, seconded by Dr. Jacobs,  
**THE BOARD VOTED** to approve the Biennium Operating Budget for the University of Connecticut Health Center for Fiscal Year 2004 and Fiscal Year 2005.

**6. Academic Affairs Committee Report – Mr. Nayden**

(a) Committee Chairman's report on Committee activities

Chairman Gelfenbien gave the report of the Academic Affairs Committee. He noted that the Committee approved several items this morning, which were approved under the Consent Agenda. He was particularly interested in the discussion regarding on-line courses that will be offered in the future.

**7. Student Life Committee Report – Ms. Bailey**

(a) Committee Chairwoman's report on Committee activities

Vice-Chair Bailey noted that the Student Life Committee has not met since the last Board of Trustees meeting and she had no report.

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**8. Institutional Advancement Committee Report – Mr. Treibick****(a) Committee Chairman's report on Committee activities**

Vice-Chair Treibick reported that the Institutional Advancement Committee has not met since the last Board of Trustees meeting. He reviewed several aspects of the University's fundraising results for the Fiscal Year 2002, which are illustrated in Attachment 14.

Vice-Chair Treibick reported that the turbulence and drop in the equity market had a significant impact on the fund raising results. In Fiscal Year 2002, the Foundation reported gift receipts of \$43.3 million, a decline of 15% when compared with the record results of \$50.6 million in the previous year. Although this decline was in the category of gifts of \$100,000 or more to endowment, the fund raising results for Fiscal Year 2002 are the second best in UConn's history.

In addition, Campaign UConn has surpassed the \$200 million mark, with \$202.3 million reported as of June 30, 2002. Mr. Kessler reported that the Foundation has seen a strong start for Fiscal Year 2003, and at the end of the first month, the Foundation reported \$211.5 million toward the Campaign. The University remains on target to exceed the \$300 million goal by June 30, 2004.

Vice-Chair Treibick also reported that the University received a record number of donors – 35,500 – who made gifts to support the institution and its programs. This represents a 6% increase in the number of donors over the previous year.

Chairman Gelfenbien acknowledged the excellent results that occurred in a very difficult market and thanked Mr. Treibick, Foundation Vice President for Development Kessler, and others for their efforts.

Mr. Napolitano asked if President Austin was going to address the cuts and changes in Institutional Advancement as part of a report on the University's organizational structure.

President Austin responded that he would discuss the changes with Trustees either individually or in small groups. He noted that the elimination or non-filling of vacancies of approximately 20 positions was critical to reaching a balanced budget.

Mr. Napolitano further asked how the changes would affect the Campaign and possibly strategies set forth by the Alumni Association.

President Austin responded that he was confident that the Foundation senior administration based their actions on extensive discussions with the Foundation Board and have developed a plan that will continue to fulfill the University's fiduciary responsibilities to donors as well as to sustain the development effort.

Mr. Napolitano suggested that the full Board receive an update at some point after a report is given to the Institutional Advancement Committee.

Chairman Gelfenbien responded that the Campaign goals have not been changed and that the restructuring was done in conjunction with the Foundation Board.

**(1) Development Progress Executive Summary****(Attachment 14)**

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9. **Other**

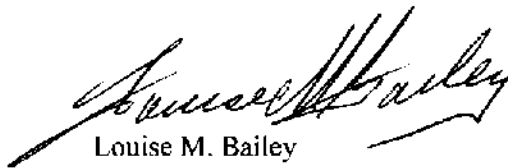
10. **Adjournment**

Chairman Gelfenbien announced that a celebration marking the passing of the 21<sup>st</sup> Century UConn legislation would be forthcoming.

He also announced that the next regular meeting of the Board of Trustees is scheduled for Tuesday, October 1, 2002 at the School of Social Work, West Hartford, Connecticut.

There being no further business, the Board meeting adjourned at 2:17 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Louise M. Bailey", written in a cursive style.

Louise M. Bailey  
Secretary