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Minutes, February 13, 2001

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

THE UNIVERSITY OF CONNECTICUT

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

February 13, 2001

The meeting was called to order at 8:35 a.m. by Chairman Roger Gelfenbien. Trustees who participated by telephone were: James Abromaitis, Christopher Albanese, Louise Bailey, Louise Berry, Michael Cicchetti, Shirley Ferris, Linda Gatling, Lenworth Jacobs, Claire Leonardi, Frank Napolitano, and Anne George, who represents the Governor's Office.

Trustees absent were: William Berkley, James Donich, John Downey, Michael Martinez, Irving Saslow, Theodore Sergi, and Richard Treibick.

University Staff present were: President Austin, Vice President for Financial Planning and Management Aronson, Associate Vice President Callahan, Vice Provost Steele, Dr. Schurin, and Ms. Locke.

University Staff who participated by telephone were: Executive Vice President Deckers, Chief Financial Officer Upton, Chief Operating Officer Whetsonc, Dr. Strongwater, Assistant Attorney General Kleinman, and Dr. Wetstone.

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

A. The **Report of the Chairman** included the following items:

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

Chief Financial Officer Daniel Upton gave a brief report on the University of Connecticut Health Center Quarterly Financial Report for the second quarter of the fiscal year ending December 31, 2000. This is the third report to be submitted to the Legislative Oversight Committee.

Mr. Upton reported that the second quarter ended with a budget deficit of \$61,000, compared to a projected budget deficiency of \$1.4 million. At the same time last year the Health Center reported a deficit of approximately \$11 million. Mr. Upton noted that the operations have improved by approximately \$9 million, which excludes the special State appropriation. Revenues exceeded expenses by \$689,000, compared to a projected budgeted deficit of approximately \$405,000. John Dempsey Hospital admissions are above budget for the second quarter and are also above last year's figures. Volume at the University Medical Group (UMG) is also above last year, and research dollars have increased 7% from the previous year. The financial report also displays the FY 2001 Deficit Appropriation and Research appropriation, which represent approximately \$3.8 million for the first half of the year. Mr. Upton also noted that expenses are slightly below budget, which is projected to be temporary as a result of some accounting issues. The administration is hopeful that these positive trends will hold steady for the remainder of the fiscal year.

Ms. Anne George, who represents the Governor's Office, joined the meeting at this time.

Chairman Gelfenbien asked when the Board could expect a year-end forecast.

Mr. Upton agreed to provide a report outlining projections beginning with January's results.

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Mr. Upton noted that the administration expected to achieve its budgeted goal, even though current figures show that the Health Center is ahead of budget and the forecast looks positive for the remainder of the fiscal year.

Chairman Gelfenbien asked Mr. Upton to provide a report once the January and February analyses are complete.

Chairman Gelfenbien also asked Mr. Upton to address the activity in the research areas, which are showing a deficit.

Mr. Upton responded that the financial status report should not be interpreted as a comprehensive indicator of all actual grant activity, because previous data did not appropriately reflect the type of grant, the timetable for recording the revenue, and the allocation of multi-year commitments. The administration has taken steps to remedy this problem and to ensure that policies and procedures are followed in the future. The administration will be conducting a search for an Associate Vice President for Fiscal Administration for Research who will oversee the research grant activity.

Trustee Napolitano joined the meeting at this time.

Mr. Upton stated that the Health Center receives two types of grants, those in which funds are received at the time the grant is awarded and those in which funds are received after a report is submitted to the granting agency. Mr. Upton reported that up to now the former type of grant was processed at the time it was received and not when expenditures were made. He noted that the accounting process has undergone revision and the income is being deferred until the expenditures are made. Mr. Upton noted that a lag usually results in the beginning of the year, which is corrected during the course of the fiscal year.

Chairman Gelfenbien asked if the Health Center had accrued any of the revenues.

Mr. Upton responded that the Health Center has accrued revenues for expenditures that were made.

Chairman Gelfenbien asked what page the research results were listed.

Mr. Upton responded that the information was presented on page 22 of the Quarterly Report.

Chairman Gelfenbien asked Mr. Upton to discuss the 2000 year-to-date negative variance of \$1.4 million.

Mr. Upton responded that there were expenses incurred during this time period (year-to-date December 2000) in which the revenues were accounted for in a previous time period.

Chairman Gelfenbien asked if the statements were included in this year's data instead of last year's data, would the research area have indicated more positive results.

Mr. Upton agreed and noted the difficulty in matching the dollars.

Chairman Gelfenbien asked Mr. Upton to report the actual year-to-date figures at the next Board meeting.

Chairman Gelfenbien asked if the state-supported fringe benefit costs are under plan and if the Health Center is spending less on personal services.

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Mr. Upton responded that the Health Center is maximizing those dollars and are still in the process of allocating salary costs to the general fund, which always results in a slight lag. He reported that by the end of February all general fund monies will be identified, that no State-supported fringe benefit monies will be returned because all the funds will be matched (dollar for dollar) to the general fund salary costs, and that all retroactive issues will be resolved.

Chairman Gelfenbien noted that the receivables for UMG have increased.

Mr. Upton noted that days revenue/accounts receivables have increased taking into account seasonal trends for both the John Dempsey Hospital and UMG. He agreed to provide a graph of the prior year's graph activity once data becomes available. There is usually an increase in days revenue from December to January because of payment delays around the holidays.

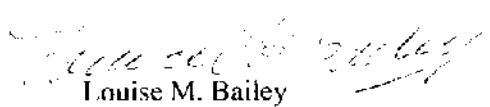
1. On a motion by Ms. Leonardi, seconded by Ms. Bailey, **THE BOARD VOTED** to approve the University of Connecticut Health Center Quarterly Financial Report for the period ending December 31, 2000 for submission to the General Assembly's Health Center Review Committee.

Chairman Gelfenbien expressed his appreciation to the entire Health Center staff.

Chairman Gelfenbien announced that the next meeting of the Board of Trustees is scheduled for Thursday, February 22, 2001 at 1:00 p.m. at the University of Connecticut, Rome Commons Ballroom (South Campus Complex), Storrs, Connecticut.

There being no further business appearing, the Board meeting adjourned at 8:50 a.m.

Respectfully submitted,



Louise M. Bailey
Secretary