

University of Connecticut (Storrs & Regional Campuses)

Quarterly Overview of the Operating and Research Funds For the Three Months Ended September 30, 2015

Summary

On June 24, 2015, the Board of Trustees approved a Spending Plan for Fiscal Year 2016 which includes \$1,294.5 million of revenue to cover \$1,292.4 million in expenses.

Financial results for the first three months of Fiscal Year 2016 reflected a number of different factors when compared to budget. Actual revenue totaled \$448.5 million or 34.6% of the budget. At the close of September, the University expenditures totaled \$269.3 million or 20.8% of the budget.

A more detailed review of the first quarter of Fiscal Year 2016 operations is presented below.

Revenues - Operating Fund

Total **Operating Fund** revenue collections for the first quarter of Fiscal Year 2016 were \$425.9 million which represented 35.7% of the annual budget. At this point last fiscal year, Operating Fund revenue collections represented 40.0% of the annual budget. A major source of revenue, **State Support**, was \$74.6 million and represented 17.5% of total operating fund receipts for the first three months. In addition to the July 1, 2015 lapse of \$1.0 million (\$1.7 million with fringe benefits), the Governor has exercised his authority to rescind State Support by \$2.4 million (\$3.8 million with fringe benefits). In total, State Support has been reduced by about \$5.5 million including fringe benefits.

Tuition collections were the largest source of revenue, totaling \$174.3 million, which represented 40.9% of total operating fund receipts. Tuition receipts were 50.3% of the annual amount budgeted (\$346.7 million). Tuition revenue collections reflect a 6.75% rate increase coupled with a 1.9% increase in the number of undergraduate students.

Fee revenue is comprised of course fees from summer school, part-time, and non-degree students as well as self-supporting programs (off campus MBA, EMBA, 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 first three months Fee collections were \$48.8 million or 41.5% of the amount budgeted.

Auxiliary Enterprise Revenue for the first quarter of Fiscal Year 2016 was \$87.4 million which represented 40.5% of the annual budgeted amount. Auxiliary revenue consists primarily of Room and Board Fees, which totaled \$72.1M through the first quarter, and reflects rate increases of 3.0%. Athletics revenue, which includes ticket sales, conference revenue and media rights, was \$9.7M through the 1st quarter.

Gifts, Grants and Contracts revenue consists of restricted revenues from a granting agency or private donor and gifts transferred from the UConn Foundation. For the first three months of Fiscal Year 2016, Gifts, Grants and Contracts revenue of \$27.3 million, which included \$0.4 million from the UConn Foundation, was 31.6% of the annual budget.

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Investment Income for the first quarter of Fiscal Year 2016 was \$0.1 million. Investment income for the year is projected to be on budget. Actual results will depend on interest rates and the University's cash balance through the remainder of the fiscal year. The average interest rate for the first quarter was 0.17%.

Sales and Services of Educational Activities and Other Sources revenue totaled \$13.4 million or 46.0% of budget for the first quarter.

Revenues - Research Fund

With respect to the **Research Fund**, the granting agency or donor restricts most of the revenues. For the first three months, Research Fund revenues were \$22.5 million and represented 22.1% of the amount budgeted. In Fiscal Year 2015, Research Fund revenues reported in the first three months totaled \$29.8 million and represented 31% of the amount budgeted. Due to the variability of research revenue, quarterly comparisons are not necessarily indicative of annual results.

Expenditures - Operating Fund

Total Operating Fund expenditures for the first quarter of Fiscal Year 2016 were \$248.5 million or 20.9% of the annual budgeted amount. Individual categories of expenditures as a percentage of the annual operating budget were as follows:

Personal Services	16.7%
Fringe Benefits	15.1%
Other Expenses	19.7%
Equipment	83.8%
Student Aid	47.1%

Personal Services/Fringe Benefits represented 16.2% of the annual budgeted amount of \$767.1 million. These categories represent 65% of the total Operating Fund expenditure budget. The University continues to closely watch spending in these categories considering the State funding uncertainty that exists.

Other Expenses (including energy costs) were \$45.7 million for the first three months. This represents 19.7% of the amount budgeted. The biggest components of this category are utilities, food service staff and supplies, lab supplies, and janitorial costs.

Equipment expenditures of \$3.3 million were 83.8% of the amount budgeted. Prior to year-end, some of these expenditures will be moved to alternate non-operating funding sources.

Student Aid expenditures were \$69.0 million and represented 47.1% of the amount budgeted.

Net Debt/Other Transfers for the first three months were \$6.3 million or 16.7% of the amount budgeted. This category is projected to be higher than budgeted due to additional funds set-aside for projects that cannot be funded with UCONN 2000 bond funds.

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Expenditures - Research Fund

Finally, **Research Fund** expenditures totaled \$20.8 million and represented 20.0% of the budgeted amount. In Fiscal Year 2015, Research Fund expenditures reported in the first quarter totaled \$27.8 million and represented 28.7% of the budgeted amount. Due to the variability of research expenditures, quarterly comparisons are not necessarily indicative of annual results.

Enrollment

Total University enrollment for fall 2015 (excluding UConn Health) is up 1.6% from fall 2014. Undergraduate enrollment (degree and non-degree) is up 1.9%, Graduate enrollment is up 1.7%, and Professional enrollment is down 7.0%.

Fund Balance

Based on the approved budget for fiscal year ending June 30, 2016, the University is projecting that the Current Funds Unrestricted Fund Balance of \$77.0 million would increase by \$2.1 million to \$79.1 million (Operating Fund \$56.9 million and Research Fund \$22.2 million). The projected Current Funds Unrestricted Fund Balance represents 7% of the current year's unrestricted expenditure budget (\$1,131 million) or, alternatively stated, 25 days' worth of operations. Also, in accordance with current University procedures, centrally funded unrestricted fund balances are carried forward in departmental accounts and are available for expenditures in the current and future fiscal years.

Overall the University is closely monitoring spending and being judicious in hiring decisions, while State funding uncertainty exists. Maintaining quality and high standards and encouraging efficiency and cost reduction, through the face of funding shortfalls, is the main financial goal of the University.

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Statement of Operating Budget Revenues and Expenses
For the Month Ending
9/30/2015

	Budget			Actual as of 9/30/2015						
	Operating	Research	Total	Operating	% of Budget	Research	% of Budget	Total	% of Budget	% of Total
Revenues										
State Appropriation ⁽¹⁾	\$243,143,113		\$ 243,143,113	\$54,437,710				\$ 54,437,710	22.4%	
State Fringe Benefits	153,525,561		153,525,561	20,194,856				20,194,856	13.2%	
Total State Support	\$396,668,674		396,668,674	74,632,566	18.8%			74,632,566	18.8%	16.6%
Tuition	346,689,970		346,689,970	174,305,923	50.3%			174,305,923	50.3%	38.9%
Fees	117,391,563		117,391,563	48,753,017	41.5%			48,753,017	41.5%	10.9%
Grants & Contracts	68,837,750	100,564,290	169,402,040	26,905,521	39.1%	22,325,936	22.2%	49,231,457	29.1%	11.0%
Foundation	17,705,062	285,039	17,990,101	415,287	2.3%	8,939	3.1%	424,226	2.4%	0.1%
Investment Income	657,337		657,337	126,067	19.2%			126,067	19.2%	0.0%
Sales and Services of Ed Activities	18,399,357		18,399,357	5,275,105	28.7%	3,954		5,279,059	28.7%	1.2%
Auxiliary Enterprise	215,672,926		215,672,926	87,438,489	40.5%			87,438,489	40.5%	19.5%
All Other Sources	10,661,699	970,039	11,631,738	8,090,402	75.9%	187,947	19.4%	8,278,349	71.2%	1.8%
Total Revenues	\$1,192,684,338	\$ 101,819,368	\$ 1,294,503,706	\$ 425,942,377	35.7%	\$ 22,526,776	22.1%	\$ 448,469,153	34.6%	100.0%
Expenses										
Personal Services	\$ 507,792,120	\$ 46,195,759	\$ 553,987,879	\$ 84,969,952	16.7%	\$ 10,781,872	23.3%	\$ 95,751,824	17.3%	35.6%
Fringe Benefits	259,279,810	12,887,762	272,167,572	39,130,803	15.1%	2,942,437	22.8%	42,073,240	15.5%	15.6%
Other Expenses	232,659,272	31,580,418	264,239,690	45,743,880	19.7%	4,710,998	14.9%	50,454,878	19.1%	18.7%
Equipment	3,904,859	3,763,979	7,668,838	3,271,085	83.8%	626,988	16.7%	3,898,073	50.8%	1.4%
Student Aid	146,546,310	7,707,352	154,253,662	69,017,491	47.1%	1,944,896	25.2%	70,962,387	46.0%	26.3%
Debt/Other Transfers	38,039,003	2,054,387	40,093,390	6,337,780	16.7%	(158,469)	-7.7%	6,179,311	15.4%	2.3%
Total Expenses	\$ 1,188,221,374	\$ 104,189,657	\$ 1,292,411,031	\$ 248,470,991	20.9%	\$ 20,848,722	20.0%	\$ 269,319,713	20.8%	100.0%
Net Gain (Loss)	\$ 4,462,964	\$ (2,370,289)	\$ 2,092,675	\$ 177,471,386		\$ 1,678,054		\$ 179,149,440		

⁽¹⁾ State Appropriation Budget \$242,171,507
Accrual 971,606
Adjusted Appropriation \$243,143,113