

# University of Connecticut (Storrs & Regional Campuses)

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## Quarterly Overview of the Operating and Research Funds For the Twelve Months Ended June 30, 2017

On June 29, 2016, the Board of Trustees approved an Operating Budget for Fiscal Year 2017 which included \$1,319.8 million of revenue to cover \$1,319.4 million in expenses.

Financial results for Fiscal Year 2017 reflected a number of different factors when compared to budget. Actual revenue totaled \$1,337.9 million and actual expenditures totaled \$1,330.9 million resulting in a \$7.0 million net gain, of which \$6.3M is due to timing of research activity. The operating net gain was \$0.7 million. UConn has been able to maintain a balanced budget due to strong revenues, careful management of expenses, operational efficiencies and generation of new external revenues.

A more detailed review of the activity through the end of the Fiscal Year 2017 is presented below.

<b>Revenues</b>
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### **Operating Fund**

Total **Operating Fund** revenue collections through the fourth quarter of Fiscal Year 2017 were \$1,230.4 million, or 1.3% over the annual budget. Revenues at the end of Fiscal Year 2016 totaled \$1,215.4 million.

A major source of revenue, **State Support**, was \$374.0 million and represented 30.4% of the total operating fund receipts. On June 8, 2016, a lapse of \$6.9 million (\$11.7 million with fringe benefits) was reduced from the University's overall State Support. An additional \$2.3 million (\$3.8 million with fringe benefits) was rescinded from our appropriation on May 10, 2017. State funding continues to be an important piece of the overall budget and UConn appreciates the ongoing support.

**Tuition** collections totaled \$377.5 million, and have recently become our largest operating revenue source, representing 30.7% of total revenue. Tuition revenue collections reflected a \$700 rate increase for in-state students and a \$950 rate increase for out-of-state students, coupled with a 1.0% increase in the number of undergraduate students. Total undergraduate enrollment was 23,630, which includes 174 more first time in-state freshman than last year. Total graduate and professional program enrollment at UConn is 7,810 (excluding UConn Health). Total University enrollment for fall 2016 (excluding UConn Health) was up 1.2% from fall 2015. Undergraduate enrollment (degree and non-degree) was up 1.0%, Graduate enrollment was up 2.8%, and Professional enrollment was down 5.2%. Enrollment growth has caused tuition to be higher than budgeted.

**Fee** revenue is comprised of course fees from summer school, part-time, and non-degree students as well as self-supporting programs (EMBA, CEIN, etc.). Also included in this category are the mandatory fees such as the General University Fee, which primarily supports four Auxiliary Enterprise programs. Various other fees such as the Infrastructure Maintenance Fee, Application Fees and Late Payment Fees are included here as well. The twelve months of fee collections totaled \$133.5 million or 7.3% over the amount budgeted. The biggest portion of the increase came from a larger undergraduate population and strong course fee performance.

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**Auxiliary Enterprise Revenue** through the fourth quarter of Fiscal Year 2017 was \$214.8 million which represented 2.0% over the annual budgeted amount. The largest portion of Auxiliary Enterprise revenue consists of Room and Board Fees, which totaled \$148.8 million. The majority of this revenue is collected at the beginning of the Fall and Spring semesters.

**Grants and Contracts** revenue consists of non-research restricted revenues from a granting agency (e.g. Pell Grants, state grants, etc.). For Fiscal Year 2017, Grants and Contracts revenue was \$77.5 million or 97.7% of the amount budgeted. Revenues at this point last year were \$82.1 million. The decrease in FY 2017 is due in part to the reduction of the Roberta Willis State Scholarship funding and reduced Pell Grant awards.

**Foundation/Investment** revenue consists of gift funds transferred from the UConn Foundation and investment income on endowments. Through the fourth quarter of Fiscal Year 2017, the total amount received was \$23.1 million or 15.5% over the amount budgeted. Both Foundation revenue and investment income returned higher than budgeted amounts due to higher interest rates and additional Foundation donations.

**Sales and Services of Educational Activities and Other Sources** revenue totaled \$20.3 million or 2.4% higher than budgeted. This category includes revenues from the sales of goods or services that are incidental to the conduct of instruction, research, or public service.

## **Research Fund**

With respect to the **Research Fund**, the granting agency or donor restricts most of the revenues. For the twelve months, Research Fund revenues were \$107.5 million or 2.8% over the amount budgeted. Revenues were higher than anticipated in part due to timing of receipts.

<b>Expenditures</b>
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## **Operating Fund**

Total **Operating Fund** expenditures through the fourth quarter of Fiscal Year 2017 were \$1,229.7 million or just 1.4% above the annual budgeted amount. Operating expenditures at this point last year were \$1,220.3 million. Strategic cuts, careful hiring, and cost avoidance have been applied in order to reduce overall spending while still maintaining academic excellence.

**Personal Services/Fringe Benefit** expenditures totaled \$737.5 million and represented 97.0% of the budgeted amount of \$760.6 million or 60.0% of the total Operating Fund expenditures. Due to strong position management, personal services spending came in \$23 million lower than budgeted in this category.

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**Other Expenses** (including energy costs) were \$219.6 million for the twelve months. This represents 87.1% of the amount budgeted. The biggest components of this category are utilities, food service, lab supplies, and janitorial costs. Other Expenses came in lower due to operational efficiency gains achieved throughout the year and careful spending.

**Equipment** expenditures of \$17.3 million were 24.2% over the amount budgeted. This category ended up over budget due to increased academic equipment needs. This increase is offset by the 'Other Expenses' budget balance.

**Student Aid** expenditures were \$160.5 million and represented 99.3% of the amount budgeted. In spite of the decrease of \$3.7 million to the Roberta Willis State Scholarship, UConn was committed to providing financial aid to students based on both need and merit, and used gift funds a way to provide one-time funding to replace the loss. However, despite best efforts, spending fell just below the budgeted amount due to the cut in the Roberta Willis scholarship.

**Net Debt/Other Transfers** for the twelve months were \$94.9 million and represent funding used for debt service payments and other capital and non-capital projects.

### **Research Fund**

Finally, **Research Fund** expenditures totaled \$101.2 million and represented 95.2% of the budgeted amount. The lower expenditures combined with higher than anticipated research revenue resulted in a \$6.3 million net gain for the research fund.

<b>Summary</b>
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### **Overview**

In summary, UConn has been able to maintain a balanced budget due to strong revenues, careful management of expenses, operational efficiencies and generation of new external revenues. As always, the University continues to monitor spending, make judicious hiring decisions, and create additional efficiencies wherever possible.

The majority of the Fiscal Year 2017 net gain of \$7.0 million consisted of restricted research fund balances due to the timing of additional revenues and lower spending.

Although State Support was lower than projected this Fiscal Year, UConn is grateful for every penny of State funding we have received throughout the years and especially during these financially difficult times. State investment in UConn over the past two decades has transformed the University into an outstanding, top 20 public research institution.

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**University of Connecticut**  
**Storrs & Regional Campuses**  
**Statement of Operating Budget Revenues and Expenses**  
**For the Month Ending**  
**6/30/2017**

	Budget			Actual				
	Operating	Research	Total	Operating	% of Budget	Research	% of Budget	Total
<b>Revenues</b>								
State Appropriation	\$223,020,377	-	\$ 223,020,377	\$217,798,694	97.7%	-		\$ 217,798,694
State Fringe Benefits	146,911,945	-	146,911,945	156,226,475	106.3%	87,372	0.0%	156,313,847
<b>Total State Support</b>	\$369,932,322	-	369,932,322	374,025,169	101.1%	87,372	0.0%	374,112,541
Tuition	372,685,757	-	372,685,757	377,478,904	101.3%	-	0.0%	377,478,904
Fees	124,498,396	-	124,498,396	133,538,576	107.3%	(1,053)	0.0%	133,537,523
Grants & Contracts	79,294,938	102,746,343	182,041,281	77,469,422	97.7%	106,141,556	103.3%	183,610,978
Foundation	20,005,062	287,277	20,292,339	23,078,829	115.4%	-	0.0%	23,078,829
Sales and Services of Ed Activities	19,828,516	-	19,828,516	20,313,680	102.4%	11,249	0.0%	20,324,929
Auxiliary Enterprise	210,687,140	-	210,687,140	214,831,579	102.0%	-	0.0%	214,831,579
All Other Sources	18,282,867	1,553,538	19,836,405	9,708,263	53.1%	1,231,344	79.3%	10,939,607
<b>Total Revenues</b>	\$1,215,214,998	\$ 104,587,158	\$ 1,319,802,156	\$ 1,230,444,422	101.3%	\$ 107,470,468	102.8%	\$ 1,337,914,890
<b>Expenses</b>								
Personal Services	\$ 502,222,509	\$ 48,040,959	\$ 550,263,468	\$ 495,791,775	98.7%	\$ 47,115,836	98.1%	\$ 542,907,611
Fringe Benefits	258,337,473	15,180,513	273,517,986	241,675,517	93.6%	14,087,505	92.8%	255,763,022
Other Expenses	252,054,047	30,940,027	282,994,074	219,558,924	87.1%	28,367,039	91.7%	247,925,963
Equipment	13,916,612	3,563,109	17,479,721	17,286,929	124.2%	3,128,366	87.8%	20,415,295
Student Aid	161,624,095	8,536,216	170,160,311	160,474,117	99.3%	6,766,985	79.3%	167,241,102
Debt/Other Transfers	24,988,809	-	24,988,809	94,900,969	379.8%	1,732,344	0.0%	96,633,313
<b>Total Expenses</b>	\$ 1,213,143,545	\$ 106,260,824	\$ 1,319,404,369	\$ 1,229,688,231	101.4%	\$ 101,198,075	95.2%	\$ 1,330,886,306
<b>Net Gain (Loss)</b>	\$ 2,071,453	\$ (1,673,666)	\$ 397,787	\$ 756,191		\$ 6,272,393		\$ 7,028,584