

# University of Connecticut (Storrs & Regional Campuses)

---

## Quarterly Overview of the Operating and Research Funds For the Six Months Ended December 31, 2008

### Summary

On September 23, 2008, the Board of Trustees approved a Revised Spending Plan for Fiscal Year 2009 of \$938.3 million. This budget included \$939.3 million of revenue to cover \$938.3 million in expenses, yielding a \$1.0 million net gain. The net gain is the \$1.0 million reserve repayment for the November 2001 drawdown of \$11.5 million for the Towers Dining Center and Student Union.

Financial results for the first six months of Fiscal Year 2009 reflected a number of different factors when compared to budget. Actual revenue totaled \$481.8 million or 51.3% of the budget. At the close of December, the University expenditures and transfers totaled \$467.3 million or 49.8% of the budget.

The net gain for the Operating Fund shown in this six month report is not indicative of expected annual results, as most Operating Fund revenue is typically received in the first and second quarters of the fiscal year while expenditures are more evenly distributed throughout the year.

A more detailed review of the first six months of Fiscal Year 2009 operations is presented below.

### Revenues - Operating Fund

Total **Operating Fund** revenue collections for the first six months of Fiscal Year 2009 were \$443.1 million which represented 51.2% of the annual budget. At this point last fiscal year, Operating Fund revenue collections represented 50.6% of the annual budget. A major source of revenue, **State Support**, consisted of a \$124.7 million appropriation and a fringe benefit allotment of \$46.3 million. State Support represented 38.6% of total Operating Fund receipts for the first six months. On June 24, 2008, the Governor issued a directive which reduced the Fiscal Year 2009 State appropriation allotment by \$6.7 million or 3%; associated fringe benefit support was also reduced by \$2.7 million for a total of \$9.4 million. This rescission and the anticipated reduction in collective bargaining support from the State's Reserve for Salary Adjustment account of approximately \$2.7 million (includes estimated fringe benefits) were reflected in the Revised Spending Plan for Fiscal Year 2009. Since the spending plan was revised in September, the Governor reduced the Regional Campus allotment by \$0.2 million on December 17, 2009.

**Tuition** collections were the second largest source of revenue, totaling \$107.4 million, which represented 24.2% of total Operating Fund receipts. Tuition receipts were 52.6% of the annual amount budgeted (\$204.2 million) which is more than recent experience. Tuition revenue collections reflect a 5.6% rate increase coupled with a 2.7% increase in the number of undergraduate degree-seeking students who account for approximately 86.6% of budgeted tuition revenues. The revised Board of Trustee budget was only based on a 1.6% increase in undergraduate degree-seeking students. Therefore, tuition revenue is forecasted to be greater than budgeted due to higher enrollment than expected.

## University of Connecticut (Storrs & Regional Campuses)

---

**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 six months Fee collections were \$40.6 million or 49.1% of the amount budgeted. This category is forecasted to be less than budgeted primarily due to fewer than projected students in fee based self-supporting academic programs.

**Auxiliary Enterprise Revenue** for the first six months of Fiscal Year 2009 was \$75.2 million which represented 53.6% of the annual budgeted amount and is forecasted to be ahead of budget at year end due to a greater amount of students housed and a more meal plans than anticipated. Auxiliary revenue consisted primarily of Room and Board Fees which reflect rate increases of 8.3% and 6.3% respectively (\$57.7 million) and Athletic Department receipts (\$15.4 million).

**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 six months of Fiscal Year 2009, Gifts, Grants and Contracts revenue of \$32.3 million, which included \$5.1 million from the UConn Foundation, was 42.5% of the annual budget and is forecasted to be less than the budget at year end due to slower implementation of the federally funded Teach Grant and less funds transferred from the Foundation for Athletics than expected.

**Investment Income** for the first two quarters of Fiscal Year 2009 was \$2.8 million. Interest rates continue to fall with the rate for December 2008 at 1.69% compared to 4.64% in December 2007. Investment income for the year is projected to be below budget by \$0.8 million. Actual results will depend on interest rates and the University's cash balance through the second half of the fiscal year.

**Sales and Services of Educational Activities and Other Sources** (primarily parking, transit fee, and rental income) revenue totaled \$13.8 million and are on budget for the year.

### **Revenues - Research Fund**

With respect to the **Research Fund**, the granting agency or donor restricts most of the revenues. For the first six months, Research Fund revenues were \$38.7 million and represented 52.5% of the amount budgeted. In Fiscal Year 2008, Research Fund revenues reported in the first six months totaled \$38.3 million and represented 55.3% of the amount budgeted. This category is forecasted to be slightly ahead of budget at year end due to increased revenues from NIH and NSF grants.

### **Expenditures - Operating Fund**

**Total Operating Fund** expenditures (excluding transfers) for the first six months of Fiscal Year 2009 were \$419.2 million or 50.9% of the annual budgeted amount. The spending pattern of the first two quarters of Fiscal Year 2008 reflected expenditures of 49.0% of the annual budget. Individual categories of expenditures as a percentage of the annual budget were as follows:

## University of Connecticut (Storrs & Regional Campuses)

---

Personal Services	50.3%
Fringe Benefits	48.3%
Other Expenses	55.7%
Equipment	60.8%
Student Aid	46.4%

**Personal Services/Fringe Benefits** represents 49.8% of the annual budgeted amount of \$543.8 million and the year-end projection is forecasted to be ahead of budget partially due to a slower attrition rate than expected. The University was able to identify resources to fund a net increase of 30 full-time faculty defined by the IPEDS federal reporting standard. The hiring of the additional full-time faculty is part of the on-going effort to meet the course coverage demands of increased undergraduate enrollment. The personal service and fringe benefit expenditures will continue to be monitored closely throughout the year as they represent 62.9% of the Operating Fund expenditure budget.

**Other Expenses** (including energy costs) were \$99.2 million for the first six months and represented 55.7% of the amount budgeted. Energy expenditures are projected to be slightly under budget due to lower than expected non-cogeneration gas and electric consumption. Other Expenses (excluding energy costs) were ahead of budget due to two contributing factors. Library acquisitions which were classified as prepaids at June 30, 2008 are now included in actual expenditures. Also, Residential Life spent additional funds to convert existing space into dorm rooms and to purchase furniture to accommodate the higher than anticipated enrollment.

**Equipment** expenditures of \$7.3 million were 60.8% of the amount budgeted and are forecasted to be on budget at year-end.

**Student Aid** funds are predominantly spent in the first and third quarter of the fiscal year. For the first two quarters, Student Aid expenditures were \$42.0 million and represented 46.4% of the amount budgeted. This category is expected to be slightly under budget for the year due to slower implementation of the federally funded Teach Grant than expected.

### **Expenditures - Operating Fund Transfers**

**Transfers** for the first two quarters reflect bond and installment loan payments as well as payments for the capital lease for the cogeneration plant. Transfers do not always follow a predictable pattern, especially in the first six months, so quarterly results or comparisons are not necessarily indicative of annual results.

### **Expenditures - Research Fund**

Finally, **Research Fund** expenditures and transfers totaled \$42.6 million and represented 57.9% of the budgeted amount. Research Fund transfers include \$2.5 million for faculty start-up equipment. Because of the variability of research expenditures, quarterly comparisons are not necessarily indicative of annual results. In Fiscal Year 2008, Research Fund expenditures and transfers reported in the first six months totaled \$37.8 million and represented 54.5% of the budgeted amount.

# University of Connecticut (Storrs & Regional Campuses)

---

## **Enrollment**

Total University enrollment for fall 2008 (excluding the Health Center) was up 2.4% from fall 2007. First semester freshmen enrollment was up 12.3% from fall 2007 and total undergraduate enrollment (degree and non-degree) was up 2.5%. The current year budget was based on a projected 1.2% increase in total University enrollment and a projected 1.6% increase in undergraduate enrollment.

## **Cash Balance**

The December 31, 2008 current funds cash balance was \$117.7 million, \$17.7 million less than December 2007 which was \$135.4 million. The current funds cash balance reflected the collection of 51.3% of budgeted revenue while total expenditures and transfers were 49.8% of budget. The cash balance is expected to decrease as expenditure outlays exceed future revenue collections as the year progresses. Also, the December 31, 2008 cash balance represented 13.6% of the annual expenditure budget as compared to 15.0% one-year ago.

## **Fund Balance**

The University's revised budget is forecasted to have a net gain of \$1.2 million for the fiscal year ended June 30, 2009, which results in a Current Funds Unrestricted Fund Balance of \$65.9 million (Operating Fund-\$47.7 million; Research Fund-\$18.2 million). The fund balance represents 8.0% of the current year's unrestricted expenditure budget. Also, in accordance with standard University procedures, centrally funded unrestricted fund balances are carried forward in departmental accounts and are available for expenditure in the current and future fiscal years. The Fiscal Year 2009 revised budget assumes a consistent level of departmental fund balances at June 30, 2009. Any variance from this assumption will affect the projected fund balance level at year-end.

**UNIVERSITY OF CONNECTICUT**  
**Statement of Operating Budget Revenues and Expenses (a)**  
**For the Months Ending:**  
**12/31/2008**

	Operating Budget					Actual							
	Total	Research Fund	Operating Fund			Total	Research Fund	% of Budget	Operating Fund			% of Budget	% of Actual
			E&G	Aux Ent	Subtotal				E&G	Aux Ent	Subtotal		
<b>REVENUE</b>													
State Appropriations	\$ 239,155,605	\$ -	\$ 239,155,605	\$ -	\$ 239,155,605	\$ 124,755,997	\$ -		\$ 124,755,997	\$ -	\$ 124,755,997	52.2%	28.2%
State Allotment Fringe Benefits	89,742,687	-	89,742,687	-	89,742,687	46,285,237	-		46,285,237	-	46,285,237	51.6%	10.4%
<b>Total State Support</b>	328,898,292	-	328,898,292	-	328,898,292	171,041,234	-		171,041,234	-	171,041,234	52.0%	38.6%
Tuition	204,168,077	-	197,990,494	6,177,583	204,168,077	107,404,312	-		101,549,157	5,855,155	107,404,312	52.6%	24.2%
Fees	82,601,020	-	57,121,016	25,480,004	82,601,020	40,579,880	-		15,099,876	25,480,004	40,579,880	49.1%	9.2%
Grants & Contracts	127,012,703	73,484,347	52,968,477	559,879	53,528,356	65,935,145	38,689,528	52.7%	26,823,221	422,396	27,245,617	50.9%	6.1%
Foundation	22,614,800	50,000	10,350,800	12,214,000	22,564,800	5,078,686	(21,995)	-44.0%	3,656,932	1,443,749	5,100,681	22.6%	1.2%
Investment Income	5,382,645	-	5,382,645	-	5,382,645	2,763,422	-		2,722,696	40,726	2,763,422	51.3%	0.6%
Sales and Services of Ed Activities	16,933,666	50,000	16,883,666	-	16,883,666	7,935,895	28,166	56.3%	7,907,729	-	7,907,729	46.8%	1.8%
Auxiliary Enterprise	140,391,547	-	-	140,391,547	140,391,547	75,209,760	-		-	75,209,760	75,209,760	53.6%	17.0%
All Other Sources	11,348,345	102,250	11,246,095	-	11,246,095	5,915,296	25,363	24.8%	5,865,654	24,279	5,889,933	52.4%	1.3%
<b>TOTAL REVENUE</b>	<b>\$ 939,351,095</b>	<b>\$ 73,686,597</b>	<b>\$ 680,841,485</b>	<b>\$ 184,823,013</b>	<b>\$ 865,664,498</b>	<b>\$ 481,863,630</b>	<b>\$ 38,721,062</b>	<b>52.5%</b>	<b>\$ 334,666,499</b>	<b>\$ 108,476,069</b>	<b>\$ 443,142,568</b>	<b>51.2%</b>	<b>100.0%</b>
<b>Expenses</b>													
Personal Services	\$ 440,255,361	\$ 36,736,235	\$ 351,657,934	\$ 51,861,192	\$ 403,519,126	\$ 222,932,474	\$ 19,981,561	54.4%	\$ 175,478,719	\$ 27,472,194	\$ 202,950,913	50.3%	47.8%
Fringe Benefits	149,090,416	8,816,696	120,368,362	19,905,357	140,273,719	72,741,990	4,967,353	56.3%	58,535,784	9,238,853	67,774,637	48.3%	16.0%
Other Expenses	198,962,721	20,856,900	103,765,356	74,340,465	178,105,821	112,888,583	13,672,468	65.6%	54,572,329	44,643,786	99,216,115	55.7%	23.4%
Equipment	15,626,765	3,626,765	9,955,235	2,044,765	12,000,000	8,982,676	1,692,647	46.7%	6,085,197	1,204,832	7,290,029	60.8%	1.7%
Fixed Charges/Student Aid	91,632,796	1,150,000	80,872,417	9,610,379	90,482,796	42,076,548	104,344	9.1%	37,011,986	4,960,218	41,972,204	46.4%	9.9%
<b>Total Expenditures</b>	<b>\$ 895,568,059</b>	<b>\$ 71,186,597</b>	<b>\$ 666,619,304</b>	<b>\$ 157,762,158</b>	<b>\$ 824,381,462</b>	<b>\$ 459,622,271</b>	<b>\$ 40,418,373</b>	<b>56.8%</b>	<b>\$ 331,684,015</b>	<b>\$ 87,519,883</b>	<b>\$ 419,203,898</b>	<b>50.9%</b>	<b>98.7%</b>
Debt Service	24,182,054	\$ -	\$ 11,212,181	\$ 12,969,873	\$ 24,182,054	\$ 12,265,064	\$ -		\$ 5,487,839	\$ 6,777,226	\$ 12,265,064	50.7%	66.5%
Non Mandatory	18,590,982	2,500,000	2,000,000	14,090,982	16,090,982	(4,546,010)	2,221,994		(13,440,645)	6,672,640	(6,768,004)	-42.1%	-36.7%
<b>Total Expense/Transfer</b>	<b>\$ 938,341,095</b>	<b>\$ 73,686,597</b>	<b>\$ 679,831,485</b>	<b>\$ 184,823,013</b>	<b>\$ 864,654,498</b>	<b>\$ 467,341,325</b>	<b>\$ 42,640,367</b>	<b>57.9%</b>	<b>\$ 323,731,209</b>	<b>\$ 100,969,749</b>	<b>\$ 424,700,958</b>	<b>49.1%</b>	<b>100.0%</b>
<b>Net Gain (Loss)</b>	<b>\$ 1,010,000</b>	<b>\$ 0</b>	<b>\$ 1,010,000</b>	<b>\$ -</b>	<b>\$ 1,010,000</b>	<b>\$ 14,522,305</b>	<b>\$ (3,919,306)</b>		<b>\$ 10,935,290</b>	<b>\$ 7,506,320</b>	<b>\$ 18,441,610</b>		

**NET INC(DEC) CASH BALANCE**

**CASH BALANCE 6/30/08**  
**CASH BALANCE 12/31/2008**

\$4,647,619  
\$113,058,991  
\$117,706,610

( a ) Budgeted and actual revenues and expenditures represent accrual basis, except compensated absences which are adjusted at fiscal year end, rather than cash expenditures.

UNAUDITED

**UNIVERSITY OF CONNECTICUT**  
**Projection of Changes in Net Assets - All Funds**  
**For the Year Ended June 30, 2009**

	<u>Operating Fund</u>	<u>Research Fund</u>	<u>Subtotal</u>	<u>Other Funds</u>	<u>Total</u>
<b><u>Revenues and Expenditures, 6/30/2009</u></b>					
Revenue	\$ 865,664,498	\$ 73,686,597	\$ 939,351,095	\$ 265,786,706	\$ 1,205,137,801
Expenditures and Transfers	864,654,498	73,686,597	938,341,095	177,826,715	1,116,167,810
Net Increase (Decrease)	\$ 1,010,000	\$ -	\$ 1,010,000	\$ 87,959,991	\$ 88,969,991
<hr/>					
Net Assets, 6/30/08 (Unaudited)					
Restricted and invested in capital net of related debt	\$ 14,249,046	\$ 380,047	\$ 14,629,093	\$ 1,227,683,531	\$ 1,242,312,624
Unrestricted	46,466,166	18,196,251	64,662,417	71,121,809	135,784,226
Total, 6/30/08	\$ 60,715,212	\$ 18,576,298	\$ 79,291,510	\$ 1,298,805,340	\$ 1,378,096,850
<hr/>					
Compensated Absences Liability, 6/30/08	\$ 25,018,064				
Change at 6/30/09					
Restricted and invested in capital net of related debt	\$ -	\$ -	\$ -	\$ 101,527,500	\$ 101,527,500
Unrestricted	1,010,000	-	1,010,000	(13,567,509)	(12,557,509)
Subtotal, 6/30/09	\$ 1,010,000	\$ -	\$ 1,010,000	\$ 87,959,991	\$ 88,969,991
<hr/>					
Net Assets, 6/30/09					
Restricted and invested in capital net of related debt	\$ 14,249,046	\$ 380,047	\$ 14,629,093	\$ 1,329,211,031	\$ 1,343,840,124
Unrestricted	47,476,166	18,196,251	65,672,417	57,554,300	123,226,717
Total, 6/30/09	\$ 61,725,212	\$ 18,576,298	\$ 80,301,510	\$ 1,386,765,331	\$ 1,467,066,841
<hr/>					
Compensated Absences Liability, 6/30/09	\$ 25,518,426				