

University of Connecticut (Storrs & Regional Campuses)

Quarterly Overview of the Operating and Research Funds For the Three Months Ended December 31, 2014

Summary

On June 25, 2014, the Board of Trustees approved a Spending Plan for Fiscal Year 2015 which includes \$1,188.8 million of revenue to cover \$1,188.8 million in expenses.

Financial results for the first six months of Fiscal Year 2015 reflected a number of different factors when compared to budget. Actual revenue totaled \$637.4 million or 53.6% of the budget. At the close of December, the University expenditures totaled \$588.2 million or 49.5% of the budget.

The net gain 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 2015 operations is presented below.

Revenues - Operating Fund

Total **Operating Fund** revenue collections for the first six months of Fiscal Year 2015 were \$586.0 million which represented 53.6% of the annual budget. At this point last fiscal year, Operating Fund revenue collections represented 52.0% of the annual budget. A major source of revenue, **State Support**, was \$201.8 million and represented 31.7% of total receipts for the first six months. On November 20, 2014, the Governor exercised his authority to rescind State Support. The appropriation was reduced by about 1% (\$2.3 million or approximately \$3.5 million including fringe benefits). However, total State Support for Fiscal Year 2015 is projected to be close to budget due to a higher fringe return.

Tuition collections were the largest source of revenue, totaling \$168.9 million, which represented 26.5% of total receipts. Tuition receipts were 53.9% of the annual amount budgeted (\$313.2 million). Tuition revenue collections reflect a 6.5% rate increase coupled with a 1.7% increase in the number of undergraduate students. As a result of the *Next Generation Connecticut* initiative, undergraduate enrollment has increased 3% since Fiscal Year 2013.

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 \$57.2 million or 51.7% of the amount budgeted.

Auxiliary Enterprise Revenue for the first six months of Fiscal Year 2015 was \$108.2 million which represented 51.7% of the annual budgeted amount. Auxiliary revenue consisted primarily of Room and Board Fees which reflect rate increases of 3.0%.

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 2015, Gifts, Grants and Contracts revenue of \$36.7 million, which included \$3.9 million from the UConn

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Foundation, was 42.8% of the annual budget. This category is projected to be greater than budgeted due to additional State and Federal financial aid.

Investment Income for the first two quarters of Fiscal Year 2015 was \$0.4 million. Interest rates continue to be low with the rate for December 2014 at 0.16% compared to 0.15% in December 2013. 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 second half of the fiscal year.

Sales and Services of Educational Activities and Other Sources revenue totaled \$12.8 million or 51.5% of budget for the second quarter.

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 \$51.4 million and represented 53.5% of the amount budgeted. In Fiscal Year 2014, Research Fund revenues reported in the first six months totaled \$51.8 million and represented 57.3% of the amount budgeted.

Expenditures - Operating Fund

Total Operating Fund expenditures (excluding transfers) for the first six months of Fiscal Year 2015 were \$525.4 million or 48.8% of the annual budgeted amount. Individual categories of expenditures as a percentage of the annual budget were as follows:

Personal Services	49.1%
Fringe Benefits	47.2%
Other Expenses	49.5%
Equipment	54.1%
Student Aid	49.2%

Personal Services/Fringe Benefits represented 48.5% of the annual budgeted amount of \$717.6 million. As a result of the *Next Generation Connecticut initiative*, the Fiscal Year 2015 budget included filling an additional 61 new faculty positions. The official net new full-time faculty count is 32 more than the prior year (based on IPEDS federal reporting standards). On the staff side, hiring is lower than budgeted due to careful review of hiring requests and slower hiring than projected.

Other Expenses (including energy costs) were \$105.2 million for the first six months. This category is projected to be more than budgeted due to higher than expected faculty start-up expenses and other operating support.

Equipment expenditures of \$3.8 million were 54.1% of the amount budgeted. Utilization of alternate revenue sources will cause this category of expenses to be less than budgeted at year-end.

Student Aid funds are predominantly expended in the first and third quarter of the fiscal year. For the first two quarters, Student Aid expenditures were \$68.4 million and represented 49.2% of the amount budgeted. This category is projected to be higher than budgeted due to additional University supported financial aid awarded to students and more State and Federal aid as mentioned in the Grants category.

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Net **Debt/Other Transfers** for the first two quarters were \$15.9 million or 101.7% 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.

Expenditures - Research Fund

Finally, **Research Fund** expenditures totaled \$47.0 million and represented 48.5% of the budgeted amount. In Fiscal Year 2014, Research Fund expenditures reported in the first six months totaled \$53.4 million and represented 58.3% 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 2014 (excluding the Health Center) is up 2.1% from fall 2013. Undergraduate enrollment (degree and non-degree) is up 1.7%, Graduate enrollment is up 4.2%, and Professional enrollment is down 2.7%.

Fund Balance

After the first two quarters, the University is projecting a small net gain for the fiscal year ended June 30, 2015. The Current Funds Unrestricted Fund Balance of \$78.9 million would increase by \$1.7 million to \$80.6 million (Operating Fund \$61.5 million and Research Fund \$19.1 million). The projected Current Funds Unrestricted Fund Balance represents 7.7% of the current year's unrestricted expenditure budget (\$1,041.1M) or, alternatively stated, 28 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.

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Statement of Operating Budget Revenues and Expenses for the Period Ended 12/31/14

	Budget			Actual as of 12/31/14					
	Operating	Research	Total	Operating	% of Budget	Research	% of Budget	Total	% of Total
Revenues									
State Appropriation ⁽¹⁾	\$230,618,143		\$ 230,618,143	\$136,417,294				\$ 136,417,294	
State Fringe Benefits	118,058,104		118,058,104	65,422,732				65,422,732	
Total State Support	\$348,676,247		348,676,247	201,840,026	57.9%			201,840,026	31.7%
Tuition	313,234,258		313,234,258	168,858,885	53.9%			168,858,885	26.5%
Fees	110,596,906		110,596,906	57,201,810	51.7%			57,201,810	9.0%
Grants & Contracts	68,338,884	95,677,153	164,016,037	32,774,492	48.0%	50,250,853	52.5%	83,025,345	13.0%
Foundation	17,245,735	250,000	17,495,735	3,878,086	22.5%	160,769	64.3%	4,038,855	0.6%
Investment Income	570,400		570,400	424,354	74.4%			424,354	0.1%
Sales and Services of Ed Activities	16,096,413		16,096,413	8,330,848	51.8%	7,202		8,338,050	1.3%
Auxiliary Enterprise	209,201,629		209,201,629	108,232,251	51.7%			108,232,251	17.0%
All Other Sources	8,825,368	44,728	8,870,096	4,509,040	51.1%	962,837	2152.6%	5,471,877	0.9%
Total Revenues	\$1,092,785,840	\$ 95,971,881	\$ 1,188,757,721	\$ 586,049,793	53.6%	\$ 51,381,661	53.5%	\$ 637,431,454	100.0%
Expenses									
Personal Services	\$ 489,450,615	\$ 42,487,748	\$ 531,938,363	\$ 240,341,096	49.1%	\$ 20,660,634	48.6%	\$ 261,001,730	44.4%
Fringe Benefits	228,112,974	12,175,361	240,288,335	107,638,318	47.2%	5,880,232	48.3%	113,518,550	19.3%
Other Expenses	212,594,531	29,914,415	242,508,946	105,216,900	49.5%	15,119,752	50.5%	120,336,652	20.5%
Equipment	6,975,350	3,009,765	9,985,115	3,774,500	54.1%	1,829,023	60.8%	5,603,523	1.0%
Student Aid	139,220,013	7,128,993	146,349,006	68,435,137	49.2%	3,295,693	46.2%	71,730,830	12.2%
Debt/Other Transfers	15,583,174	2,104,782	17,687,956	15,847,262	101.7%	205,578	9.8%	16,052,840	2.7%
Total Expenses	\$ 1,091,936,657	\$ 96,821,064	\$ 1,188,757,721	\$ 541,253,213	49.6%	\$ 46,990,912	48.5%	\$ 588,244,125	100.0%
Net Gain (Loss)	\$ 849,183	\$ (849,183)	\$ -	\$ 44,796,580		\$ 4,390,749		\$ 49,187,329	

⁽¹⁾ State Appropriation \$228,323,861
Accrual 2,294,282
Adjusted Appropriation \$230,618,143