

# University of Connecticut (Storrs & Regional Campuses) – FY14

---

## Quarterly Overview of the Operating and Research Funds For the Twelve Months Ended June 30, 2014

### Summary

The enclosed report comparing the Operating and Research Funds actual results to budget for the twelve month period ended June 30, 2014 reflects unaudited figures.

On August 7, 2013, the Board of Trustees approved a Revised Spending Plan for Fiscal Year 2014 which included \$1,095.8 million of revenue to cover \$1,126.7 million in expenses and transfers. It was expected that \$30.9 million of prior years' accumulation of funds would be used to balance the Fiscal Year 2014 budget. The University only utilized \$22.0 million of prior year funds to balance the budget.

The University ended the year with an unrestricted gain of \$6.3 million (Operating Fund \$7.3 million and Research Fund (\$1.0) million) and a restricted loss of (\$5.1) million (Operating Fund (\$4.0) million and Research Fund (\$1.1) million). An analysis of the results of operations for various categories of accounts is presented below.

	<u>Operating Fund</u>	<u>Research Fund</u>	<u>Total</u>
Unrestricted	\$7.3	(\$1.0)	\$6.3
Restricted	<u>(4.0)</u>	<u>(1.1)</u>	<u>(5.1)</u>
Total	\$3.3	(\$2.1)	\$1.2

### Revenues - Operating Fund

Total **Operating Fund** revenue collections for Fiscal Year 2014 were \$1,017.8 million which represented 101.2% of the annual budget. A major source of revenue, **State Support**, consisted of a \$206.2 million appropriation and a fringe benefit allotment of \$101.9 million. State Support represented 30.3% of total Operating Fund receipts for the year. This category was more than budgeted due to slightly higher fringe benefit rates than expected.

**Tuition** collections were the second largest source of revenue, totaling \$290.4 million, which represented 28.5% of total Operating Fund receipts. Tuition receipts were 100.7% of the annual amount budgeted (\$288.6 million). Tuition revenue collections reflect a 6.25% rate increase coupled with a 1.4% increase in the number of undergraduate degree-seeking students who account for approximately 87.2% of budgeted tuition revenues. Overall, enrollment was 0.1% greater than budgeted which resulted in more tuition revenue.

**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. Fee collections were \$106.7 million or 99.2% of the amount budgeted. Fee Collections were less than budgeted at year-end because of lower enrollment in certain fee-based programs.

---

## University of Connecticut (Storrs & Regional Campuses) – FY14

---

**Auxiliary Enterprise Revenue** for Fiscal Year 2014 was \$198.7 million which represented 101.4% of the annual budgeted amount. Auxiliary revenue consisted primarily of Room and Board Fees which reflect rate increases of 3.0% and Athletics revenues. At year-end, this category was greater than budgeted due to slightly higher enrollment and full occupancy rates in student housing.

**Gifts, Grants and Contracts** revenue consists of restricted revenues from a granting agency or private donor and gifts transferred from the UConn Foundation. For Fiscal Year 2014, Gifts, Grants and Contracts revenue of \$84.1 million, which included \$18.2 million from the UConn Foundation, was 102.9% of the annual budget. This category was more than budgeted at year end due to additional federal financial aid funds.

**Investment Income** for Fiscal Year 2014 was \$0.8 million. Interest rates in the State Treasurer's STIF were 0.16% by the end of the fiscal year. The average interest rate for Fiscal Year 2014 was 0.14% which compares unfavorably to 0.16% in Fiscal Year 2013.

**Sales and Services of Educational Activities and Other Sources** revenue totaled \$29.0 million and was ahead of budget for the year by \$4.7 million due to renewable energy credits, royalties and patents, and conference revenues.

### Revenues - Research Fund

**Research Fund** revenues were \$100.3 million and represented 110.9% of the amount budgeted. This category was greater than budgeted at year-end due to new faculty research grants.

### Expenditures - Operating Fund

**Total Operating Fund** expenditures (excluding transfers) for Fiscal Year 2014 were \$1,021.9 million or 100.6% of the annual budgeted amount. Fiscal Year 2013 reflected expenditures of 101.1% of the annual budget. Individual categories of expenditures as a percentage of the annual budget were as follows:

Personal Services	99.8%
Fringe Benefits	104.4%
Other Expenses	105.5%
Equipment	23.4%
Student Aid	101.0%

**Personal Services/Fringe Benefits** represented 101.2% of the annual budgeted amount of \$665.8 million. The official full-time faculty count is 108 more than the prior year (based on IPEDS federal reporting standards). At year-end, fringe benefit expenditures were greater than budgeted based on current employee healthcare and retirement elections.

**Other Expenses** (including energy costs) were \$211.6 million and represented 105.5% of the amount budgeted. Energy expenditures were under budget by \$1.2 million for the year due to favorable prices and lower usage. Increased spending for technology purchases and faculty start-up caused this category to be over budget.

---

## University of Connecticut (Storrs & Regional Campuses) – FY14

---

**Equipment** expenditures of \$4.4 million were 23.4% of the amount budgeted. This category was under budget at year-end due to decreased spending in both academic and auxiliary areas and increased use of non-operating capital funds for equipment purchases.

**Student Aid** expenditures were \$132.0 million and represented 101.0% of the amount budgeted. Student Aid was slightly over budget at year end due to increased financial aid grants and off-setting expenses.

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

The **Transfers** line reflects transfers for bond and installment loan payments, payments for the capital lease for the cogeneration plant, and transfers to Plant Funds for construction and information technology projects. Transfers were \$14.5 million or \$4.5 million less than budgeted at year-end due to less construction projects than anticipated.

### **Expenditures - Research Fund**

Finally, **Research Fund** expenditures and transfers totaled \$102.5 million and represented 111.9% of the budgeted amount. In Fiscal Year 2013, Research Fund expenditures and transfers represented 98.1% of the budgeted amount. This category was more than budgeted at year-end due to new faculty research grants and the increased expenses are correlated to the increased revenue.

### **Enrollment**

Total University headcount enrollment for Fall 2013 (excluding the Health Center) was up by 204 students or 0.7% from Fall 2012. Undergraduate headcount enrollment (degree and non-degree) is up by 294 students or 1.3%.

### **Fund Balance**

The University had a combined net gain of \$1.2 million for the fiscal year ending June 30, 2014, which was comprised of a \$6.3 million unrestricted net gain and a \$5.1 million restricted net loss. This resulted in a Current Funds Unrestricted Fund Balance of \$78.9 million. The unrestricted fund balance represents 7.6% of the Fiscal Year 2015 unrestricted expenditure budget (\$1,041.1 million) or, alternatively stated, 28 days' worth of operations.

The \$78.9 million current funds balance represents the funds remaining in the following operating areas: the research fund (designated for research); the auxiliary operations (residential, dining, health, student activities and recreational services); and departmental generated (self-supporting fee-based instructional programs such as Continuing Studies and MBA).

Fund balances may be held in a departmental account for start-up costs for new faculty conducting research. Additionally, under the provisions of UCONN 2000, the University is required to maintain a renewal and replacement fund to keep projects in sound operating condition; the fund balance serves this purpose under the Master Indenture. These balances also include inventory, prepaid expenses and encumbrances.

The unrestricted current funds balance is our operating capital and support for programs and activities that generate revenue and are not supported by the State appropriation. We borrow from

---

## **University of Connecticut (Storrs & Regional Campuses) – FY14**

---

the fund balance to pay our bills when necessary. For example, in 2010 the Governor requested fund balances of \$3 million and then another \$5 million from us during the year. We were able to meet this obligation using existing fund balance. The fund balance allows us to manage these dislocations without disrupting the University's operations.

Throughout the year, when funds are available, we also set aside dollars in accounts for planned one-time expenditures, mostly capital. These accounts comprise our plant funds. These balances are primarily for Auxiliary Enterprise projects such as Residential Life and Dining Services. The University has a policy that a departmentally funded construction project cannot begin unless the funding has been identified and the full amount is transferred to plant funds. For Residential Life and Dining Services projects, the window of opportunity to actually complete many repairs, renovations and improvements is limited as most projects cannot be done while students are occupying the buildings, so the actual spending of the cash is a timing issue.

The FY14 unrestricted net assets of \$130.8 million consists of \$78.9 million current funds balance, \$26.5 million in unexpended plant funds and \$25.4 million in funds that are internally restricted for the retirement of indebtedness.

---

**University of Connecticut**  
**Storrs & Regional Campuses**  
**Statement of Operating Budget Revenues and Expenses for the Period Ended 6/30/14**

	Budget	Actual - Unaudited	% of Budget	% of Total
<b>Revenues</b>				
State Appropriation <sup>(1)</sup>	\$ 205,633,975	\$ 206,202,885	100.3%	18.4%
State Fringe Benefits	100,994,795	101,866,317	100.9%	9.1%
<b>Total State Support</b>	306,628,770	308,069,202	100.5%	27.6%
Tuition	288,553,779	290,438,679	100.7%	26.0%
Fees	107,625,543	106,731,995	99.2%	9.5%
Grants & Contracts	153,304,741	165,867,451	108.2%	14.8%
Foundation	18,840,514	18,457,909	98.0%	1.7%
Investment Income	570,400	780,385	136.8%	0.1%
Sales and Services of Ed Activities	16,656,047	19,279,617	115.8%	1.7%
Auxiliary Enterprise	195,920,316	198,737,496	101.4%	17.8%
All Other Sources	7,675,133	9,699,536	126.4%	0.9%
<b>Total Revenues</b>	\$ 1,095,775,243	\$ 1,118,062,270	102.0%	100.0%
<b>Expenses</b>				
Personal Services	\$ 502,114,275	\$ 504,820,287	100.5%	44.3%
Fringe Benefits	213,306,255	224,318,976	105.2%	19.7%
Other Expenses	227,503,429	242,176,775	106.4%	21.3%
Equipment	24,086,289	6,688,405	27.8%	0.6%
Student Aid	135,558,984	139,191,526	102.7%	12.2%
Debt/Other Transfers	24,145,155	21,703,827	89.9%	1.9%
<b>Total Expenses</b>	\$ 1,126,714,387	\$ 1,138,899,796	101.1%	100.0%
Gain (Loss)	\$ (30,939,144)	\$ (20,837,526)		
Use of Reserves	30,939,144	22,000,000		
<b>Net Gain (Loss)</b>	\$ -	\$ 1,162,474		

<sup>(1)</sup> State Appropriation \$202,096,916  
Accrual 3,537,059  
Adjusted Appropriation \$205,633,975