

University of Connecticut (Storrs & Regional Campuses)

Quarterly Overview of the Operating and Research Funds For the Three Months Ended September 30, 2012

Summary

On June 28, 2012, the Board of Trustees approved a Spending Plan for Fiscal Year 2013 which includes \$1,053.9 million of revenue to cover \$1,054.9 million in expenses and transfers. Over the years, the Research Fund balance for use by principal investigators, deans and department heads has grown. It is expected that \$1.0 million of the prior years' accumulation of funds will be spent down in Fiscal Year 2013.

Financial results for the first three months of Fiscal Year 2013 reflected a number of different factors when compared to budget. Actual revenue totaled \$375.0 million or 35.6% of the budget. At the close of September, the University expenditures and transfers totaled \$256.0 million or 24.3% of the budget.

The net gain for the Operating Fund shown in this three 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 three months of Fiscal Year 2013 operations is presented below.

Revenues - Operating Fund

Total **Operating Fund** revenue collections for the first three months of Fiscal Year 2013 were \$349.6 million which represented 36.4% of the annual budget. At this point last fiscal year, Operating Fund revenue collections represented 38.9% of the annual budget. A major source of revenue, **State Support**, consisted of a \$47.5 million appropriation and a fringe benefit allotment of \$21.3 million. State Support represented 19.7% of total Operating Fund receipts for the first three months.

Tuition collections were the largest source of revenue, totaling \$132.9 million, which represented 38.0% of total Operating Fund receipts. Tuition receipts were 48.9% of the annual amount budgeted (\$271.6 million). Tuition revenue collections reflect a 5.5% rate increase coupled with a 0.7% decrease in the number of undergraduate degree-seeking students who account for approximately 86.3% of budgeted tuition revenues. Overall enrollment is 0.4% lower than budgeted, but tuition revenue is projected to be on target.

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 \$41.2 million or 39.4% of the amount budgeted.

Auxiliary Enterprise Revenue for the first three months of Fiscal Year 2013 was \$74.3 million which represented 40.0% of the annual budgeted amount. Auxiliary revenue consisted primarily of Room and Board Fees which reflect rate increases of 3.0%.

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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 2013, Gifts, Grants and Contracts revenue of \$24.7 million, which included \$1.0 million from the UConn Foundation, was 30.3% of the annual budget. This category is expected to be slightly less than budget at year end.

Most **Investment Income** is reported in the quarter subsequent to when it is earned except for the fourth quarter (June 30) when it is accrued for annual reporting purposes. Consequently, the amount received (\$120,203) does not reflect the actual amount earned for the first quarter. The average interest rate for the first quarter was 0.19%.

Sales and Services of Educational Activities and Other Sources revenue totaled \$7.6 million and are expected to be higher than 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 three months, Research Fund revenues were \$25.4 million and represented 26.8% of the amount budgeted. In Fiscal Year 2012, Research Fund revenues reported in the first three months totaled \$31.2 million and represented 31.8% of the amount budgeted.

Expenditures - Operating Fund

Total Operating Fund expenditures (excluding transfers) for the first three months of Fiscal Year 2012 were \$232.1 million or 25.3% of the annual budgeted amount. The spending pattern for the first quarter of Fiscal Year 2012 reflected expenditures of 28.3% of the annual budget. Individual categories of expenditures as a percentage of the annual budget were as follows:

Personal Services	22.9%
Fringe Benefits	24.1%
Other Expenses	17.8%
Equipment	17.9%
Student Aid	47.2%

Personal Services/Fringe Benefits represented 23.2% of the annual budgeted amount of \$582.1 million. Official full-time faculty and staff counts (based on IPEDS federal reporting standards) will be available in the second quarter.

Other Expenses (including energy costs) were \$34.4 million for the first three months and represented 17.8% of the amount budgeted. Energy expenditures are projected to be under budget for the year.

Equipment expenditures of \$3.2 million were 17.9% of the amount budgeted.

Student Aid funds are predominantly expended in the first and third quarter of the fiscal year. For the first quarter, Student Aid expenditures were \$59.3 million and represented 47.2% of the amount budgeted. This category is expected to be on track for the year.

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Expenditures - Operating Fund Transfers

Net **Transfers** for the first quarter were (\$4.5) million. This was primarily due to transfers from the Research fund for faculty start-up costs.

Expenditures - Research Fund

Finally, **Research Fund** expenditures and transfers totaled \$28.4 million and represented 29.7% of the budgeted amount. In Fiscal Year 2012, Research Fund expenditures and transfers reported in the first three months totaled \$32.4 million and represented 32.2% 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 2012 (excluding the Health Center) is down 0.9% from fall 2011 and undergraduate enrollment (degree and non-degree) is down 0.8%.

Fund Balance

The University's budget is projected to have a net loss of \$1.0 million for the fiscal year ended June 30, 2013, which results in a Current Funds Unrestricted Fund Balance of \$73.0 million (Operating Fund-\$54.1 million; Research Fund-\$18.9 million). The fund balance represents 7.9% of the current year's unrestricted expenditure budget (\$919.1M). 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.

UNIVERSITY OF CONNECTICUT
Statement of Operating Budget Revenues and Expenses
For the Months Ending
9/30/2012

	Operating Budget					Actual				
	Total	Research Fund	Operating Fund			Total	Research Fund	Operating Fund		
			E&G	Aux Ent	Subtotal			E&G	Aux Ent	Subtotal
Revenues										
State Appropriations ⁽¹⁾	\$ 206,906,340	\$ -	\$206,906,340	\$ -	\$ 206,906,340	\$ 47,509,686	\$ -	\$47,509,686	\$ -	\$ 47,509,686
State Allotment Fringe Benefits	85,590,689	-	85,590,689	-	85,590,689	21,331,514	-	21,331,514	-	21,331,514
Total State Support	292,497,029	-	292,497,029	-	292,497,029	68,841,200	-	68,841,200	-	68,841,200
Tuition	271,585,298	-	267,131,672	4,453,626	271,585,298	132,864,735	-	128,364,185	4,500,550	132,864,735
Fees	104,515,826	-	72,096,037	32,419,789	104,515,826	41,230,496	582	8,810,125	32,419,789	41,229,914
Grants & Contracts	155,809,912	94,313,000	60,277,167	1,219,745	61,496,912	49,133,197	25,374,455	23,802,453	(43,711)	23,758,742
Foundation	20,225,064	230,000	10,175,864	9,819,200	19,995,064	959,031	3,017	821,809	134,205	956,014
Investment Income	756,400	-	686,320	70,080	756,400	120,203	-	102,205	17,998	120,203
Sales and Services of Ed Activities	17,530,635	27,000	17,503,635	-	17,503,635	5,019,216	2,640	5,016,576	-	5,016,576
Auxiliary Enterprise	185,532,371	-	-	185,532,371	185,532,371	74,273,169	-	-	74,273,169	74,273,169
All Other Sources	5,496,838	50,000	5,396,838	50,000	5,446,838	2,572,705	2,944	2,566,063	3,698	2,569,761
Total Revenues	\$ 1,053,949,373	\$ 94,620,000	\$ 725,764,562	\$ 233,564,811	\$ 959,329,373	\$ 375,013,952	\$ 25,383,638	\$ 238,324,616	\$ 111,305,698	\$ 349,630,314
Expenses										
Personal Services	\$ 468,538,234	\$ 42,857,808	\$ 362,413,295	\$ 63,267,131	\$ 425,680,426	\$ 110,003,904	\$ 12,452,629	\$ 82,548,633	\$ 15,002,642	\$ 97,551,275
Fringe Benefits	166,791,960	10,418,718	133,309,974	23,063,268	156,373,242	40,315,168	2,702,799	32,064,992	5,547,377	37,612,369
Other Expenses	220,374,820	27,149,763	110,270,232	82,954,825	193,225,057	39,966,682	5,529,381	19,924,042	14,513,259	34,437,301
Equipment	23,750,803	5,861,721	15,667,194	2,221,888	17,889,082	4,797,534	1,594,770	3,060,154	142,610	3,202,764
Fixed Charges/Student Aid	129,727,633	4,250,000	113,061,220	12,416,413	125,477,633	60,541,323	1,262,883	53,998,316	5,280,124	59,278,440
Total Expenses	\$ 1,009,183,450	\$ 90,538,010	\$ 734,721,915	\$ 183,923,525	\$ 918,645,440	\$ 255,624,611	\$ 23,542,462	\$ 191,596,137	\$ 40,486,012	\$ 232,082,149
Transfers										
Non Mandatory	45,765,923	5,081,990	(8,957,353)	49,641,286	40,683,933	346,710	4,874,025	(4,496,771)	(30,544)	(4,527,315)
Total Expense/Transfer	\$ 1,054,949,373	\$ 95,620,000	\$ 725,764,562	\$ 233,564,811	\$ 959,329,373	\$ 255,971,321	\$ 28,416,487	\$ 187,099,366	\$ 40,455,468	\$ 227,554,834
Net Gain (Loss)	\$ (1,000,000)	\$ (1,000,000)	\$ -	\$ -	\$ -	\$ 119,042,631	\$ (3,032,849)	\$ 51,225,250	\$ 70,850,230	\$ 122,075,480

(1) State Appropriation \$225,353,662
SEBAC adjustments (17,632,482)
Accrual (814,840)
Adjusted Appropriation \$206,906,340

UNAUDITED
University of Connecticut (Storrs & Regionals)
Estimated Annual Changes in Unrestricted Net Assets
FY 2013

	Operating Fund	Research Fund	Subtotal	Other Funds	Total
<i>Net Assets, 6/30/12 (Unaudited)</i>					
Restricted	\$18,150,334	\$1,541,143	\$19,691,477	\$1,297,914,827	\$1,317,606,304
Unrestricted	54,116,916	19,845,153	73,962,069	98,181,746	172,143,815
<i>To</i> State Appropriations ⁽¹⁾	\$72,267,250	\$21,386,296	\$93,653,546	\$1,396,096,573	\$1,489,750,119

Unrestricted Revenues & Expenditures/Debt Service FY13

	Operating Fund	Research Fund	Subtotal	Other Funds		Total
				Internally Designated for Retirement of Indebtedness	Unexpended Plant Funds	
Revenues	\$ 959,329,373	\$ 94,620,000	\$ 1,053,949,373	\$ 1,000	\$ -	\$ 1,053,950,373
Transfers In	4,180,668	1,307,810	5,488,478	19,940,696	25,923,904 ^A	51,353,078
Subtotal	\$ 963,510,041	\$ 95,927,810	\$ 1,059,437,851	\$ 19,941,696	\$ 25,923,904	\$ 1,105,303,451
Expenditures/Debt Service	\$ 918,645,441	\$ 90,538,010	\$ 1,009,183,451	19,940,696	\$ 41,100,000	\$ 1,070,224,147
Transfers Out	44,864,600	6,389,800	51,254,400	-	-	51,254,400
Subtotal	\$ 963,510,041	\$ 96,927,810	\$ 1,060,437,851	\$ 19,940,696	\$ 41,100,000	\$ 1,121,478,547
Net Increase (Decrease)	\$ -	\$ (1,000,000)	\$ (1,000,000)	\$ 1,000	\$ (15,176,096)	\$ (16,175,096)

Unrestricted Net Assets, 6/30/12 (Unaudited)

Non-spendable	\$ 7,625,680	-	\$ 7,625,680	-	\$ 87,826	\$ 7,713,506
Committed	-	-	-	-	54,406,870	54,406,870
Assigned	46,491,236	19,845,153	66,336,389	25,215,293	18,471,757	110,023,439
Unrestricted Net Assets, 6/30/12 (Unaudited)	\$ 54,116,916	\$ 19,845,153	\$ 73,962,069 ^B	\$ 25,215,293	\$ 72,966,453	\$ 172,143,815
Projected Operating Change	-	(1,000,000)	(1,000,000)	-	-	(1,000,000)
Projected Non-Operating Change	-	-	-	1,000	(15,176,096)	(15,175,096)
Estimated Unrestricted Assets 6/30/13	\$ 54,116,916	\$ 18,845,153	\$ 72,962,069	\$ 25,216,293	\$ 57,790,357	\$ 155,968,719

^A Primarily represents transfers for auxiliary projects which are funded from revenue generated from room and board. The University has a policy that a departmentally funded construction project does not begin unless the funding has been identified and transferred to plant funds. For Residential Life and Dining Services projects the window of opportunity to actually complete many repairs and renovations is limited as many projects cannot be done while students are occupying the buildings.

^B Board of Trustees reserve policy is 90 days of current fund expenditures. The current balance represents approximately 29 days.

Note regarding Assigned Unrestricted Net Assets:

~Under provisions of the UCONN 2000 indentures, the University is required to maintain a renewal and replacement fund to keep assets in sound operating condition.

~The Research Fund is primarily generated by grant overhead (IDC) and the funds are designated to the Research Foundation, schools/colleges/departments and individual principal investigators.

~Internally designated for retirement of indebtedness represents approximately 1.26 times our annual debt payments.

~Departmental generated funds come from self-supporting fee based instructional programs (not tuition).

~Unexpended plant funds includes cash resources for capital projects approved by the B&G Committee or the Board of Trustees as well as funds set aside to address on-going code related corrective action.