

# University of Connecticut (Storrs & Regional Campuses)

## *FY 2010 Budget Review*

The following narrative and schedule provide information on the main drivers of the University of Connecticut Storrs-based operating budget. The amounts presented here are subject to year-end closeout and audit adjustments.

- ✦ **Total Revenue** – For the year ended June 30, 2010, total Operating and Research Fund revenues are forecasted to be \$996.0 million or 0.4% more than budgeted. The Operating and Research Funds are expected to have a positive variance from budget of \$3.7 million. This is primarily due to positive variances in Tuition, Fees, Auxiliary Enterprises and Research. This is offset by negative variances in Gifts, Grants & Contracts and Sales & Services of Educational Activities.
- ✦ **Tuition & Fees Revenue** – Total Tuition and Fees revenue is \$314.5 million or 0.5% greater than budget. Tuition revenue collections reflect a 6.0% rate increase coupled with a 0.7% increase in the number of undergraduate degree-seeking students who account for approximately 87.1% of budgeted tuition revenues.
- ✦ **Gifts, Grants & Contracts** – Gifts, Grants & Contracts are less than the budget of \$78.2 million by \$0.8 million. The University has received additional federal financial aid, but this category is less than expected due to the amount of funds transferred from the Foundation.
- ✦ **Sales & Services of Educational Activities** – Due to the closing of a few self-supporting programs in the School of Education, this category is expected to be \$2.4 million less than budget.
- ✦ **Auxiliary Enterprise Revenue** – This category is \$1.8 million more than budget due to a greater number of students housed and more meal plans than budgeted.
- ✦ **Research Fund** – An additional \$2 million in Research activity and Facilities & Administration recovery is expected for this category.
- ✦ **Total Expenditures** – Total Operating and Research Fund expenditures/transfers are forecasted to be \$993.1 million. Operating Fund expenditures are under budget by \$1.2 million and Research Fund expenditures are on budget. Savings in Personal Services, Other Expenses and Energy will be off-set by additional expenses in Financial Aid, Equipment and Transfers.
- ✦ **Personal Services** – Operating Fund Personal Services expenditures (including fringe benefits) will be \$524.9 million or \$10.7 million less than budget due to the vacancies created by the Retirement Incentive Plan and the amount of time it takes to refill positions.
- ✦ **Other Expenses** – Other Expenses are less than the budget by \$7.7 million. The later than normal approval of the FY10 Spending Plan by the Board of Trustees (November 5, 2009) has resulted in this category coming in under budget. In addition, certain operating expenses have decreased due to University-wide efficiencies.
- ✦ **Energy** – Energy costs are \$2.2 million less than budget due to favorable pricing.
- ✦ **Equipment** – This category is \$1.7 million greater than budget due to the additional funds awarded through the Provost's Equipment Competition.
- ✦ **Student Financial Aid** – Student Financial Aid expenditures are expected to be \$1.8 million more than budget due to the additional restricted federal funds and more University support for Juniors and Seniors provided by the President.
- ✦ **Transfers** – This line reflects transfers to Plant Funds for various building improvements and bond and installment loan payments, as well as payments for the capital lease for the Cogeneration plant. Transfers are expected to be over budget by \$15.9 million due to the required transfer of \$8 million to the State General Fund and the funding of construction projects.
- ✦ **Net Gain** – For the year ended June 30, 2010, a net gain of \$2.9 million is forecasted. \$1.0 million of the gain represents a reserve repayment for the November 2001 drawdown of \$11.5 million for Towers Dining Center and the Student Union.

University of Connecticut (Storrs & Regionals)  
Statement of Current Funds Budget Operations<sup>1</sup> and Variance Analysis  
FY10 Forecast  
(Dollars in Millions)

	Budget	Forecast	Variance	% Change
<b>Current Funds Revenues:</b>				
Operating Fund				
State Support	\$325.3	\$326.8	\$1.5	
Tuition	225.5	226.6	1.1	
Fees	87.5	87.9	0.4	
Grants & Contracts	78.2	77.4	(0.8)	
Investment Income	1.1	1.2	0.1	
Sales & Service Education	17.0	14.6	(2.4)	
Auxiliary Enterprise Revenue	161.5	163.3	1.8	
Other Revenue	<u>10.4</u>	<u>10.4</u>	<u>0.0</u>	
Total Operating Fund	906.5	908.2	1.7	0.2%
Research Fund	<u>85.8</u>	<u>87.8</u>	<u>2.0</u>	2.3%
<b>Total Current Funds Revenues</b>	<b>\$992.3</b>	<b>\$996.0</b>	<b>\$3.7</b>	<b>0.4%</b>
<b>Current Funds Expenditures / Transfers:</b>				
Operating Fund				
Personal Services	\$397.0	\$386.1	(\$10.9)	
Fringe Benefits	138.6	138.8	0.2	
Other Expenses	162.2	154.5	(7.7)	
Energy	30.7	28.5	(2.2)	
Equipment	21.3	23.0	1.7	
Student Financial Aid	102.6	104.4	1.8	
Transfers*	<u>56.1</u>	<u>72.0</u>	<u>15.9</u>	
Total Operating Fund	908.5	907.3	(1.2)	-0.1%
Research Fund	<u>85.8</u>	<u>85.8</u>	<u>0.0</u>	0.0%
<b>Total Current Funds Expenditures / Transfers</b>	<b>\$994.3</b>	<b>\$993.1</b>	<b>(\$1.2)</b>	<b>-0.1%</b>
<b>Net Gain (Loss)</b>	<b><u>(\$2.0)</u></b>	<b><u>\$2.9</u></b>	<b><u>\$4.9</u></b>	

<sup>1</sup> The University prepares and presents its Operating Budget requests and annual Spending Plan in a current funds format. The current funds format shows gross student tuition and fees and does not net out scholarship allowances, as required in the financial statements which are prepared in the GASB Nos. 34/35 format. Scholarship allowances are shown as an expense item. In addition, the University's current funds format includes equipment purchases as an expense, does not include depreciation and does not include the State debt service commitment for interest.

<sup>2</sup> For the fiscal year ended June 30, 2010, the University is forecasted to have a net gain of \$2.9 million. The net gain includes the \$1.0 million reserve repayment for the November 2001 drawdown of \$11.5 million for the Towers Dining Center and Student Union. The actual net gain (loss) will depend on year-end accruals and audit adjustments.

\* Includes required transfer of \$8 million to State General Fund.


**University of Connecticut**  
**(Storrs & Regional Campuses)**

	Fall <u>1995</u>	Fall <u>1997</u>	Fall <u>1999</u>	Fall <u>2001</u>	Fall <u>2003</u>	Fall <u>2005</u>	Fall <u>2007</u>	Fall <u>2008</u>	Fall <u>2009</u>	Fall 95-09 <u>Growth</u>
<b><u>Full-Time Staff Headcount*</u></b>										
Executive/Administrative/Managerial	100	83	89	92	91	100	101	106	100	0.0%
Executive/Administrative/Managerial-% of Total	2.6%	2.3%	2.3%	2.3%	2.4%	2.4%	2.4%	2.4%	2.4%	
Faculty	1,148	1,040	1,122	1,130	1,107	1,251	1,294	1,324	1,286	12.0%
Faculty-% of Total	30.1%	29.3%	28.9%	28.3%	29.3%	30.3%	30.2%	30.3%	30.9%	
Professional & Classified Support	2,562	2,429	2,678	2,776	2,584	2,779	2,893	2,943	2,779	8.5%
Professional & Classified Support-% of Total	<u>67.3%</u>	<u>68.4%</u>	<u>68.9%</u>	<u>69.4%</u>	<u>68.3%</u>	<u>67.3%</u>	<u>67.5%</u>	<u>67.3%</u>	<u>66.7%</u>	
Total	3,810	3,552	3,889	3,998	3,782	4,130	4,288	4,373	4,165	9.3%
*Based on IPEDS reporting standards.										
<b><u>Student Headcount (Census)</u></b>										
Undergraduate	14,667	14,382	15,741	17,630	19,287	20,525	20,846	21,372	21,496	46.6%
Graduate/Professional	<u>7,804</u>	<u>6,867</u>	<u>6,500</u>	<u>5,950</u>	<u>6,869</u>	<u>7,073</u>	<u>7,344</u>	<u>7,508</u>	<u>7,505</u>	-3.8%
Total	22,471	21,249	22,241	23,580	26,156	27,598	28,190	28,880	29,001	29.1%
<b>Students Housed On-Campus</b>	6,957	6,898	8,248	8,856	11,053	11,524	11,205	11,890	12,315	77.0%
<b><u>Degrees Awarded</u></b>										
Bachelor's	2,941	2,757	2,852	2,837	3,477	3,816	4,354	4,591	4,610	<u>Spring 95-09</u> 56.7%
Total	4,708	4,623	4,461	4,572	5,304	5,966	6,542	6,756	6,862	45.8%
<b><u>State Funding</u></b>										
Total State Support	<u>\$183.1</u>	<u>\$204.2</u>	<u>\$234.9</u>	<u>\$259.4</u>	<u>\$256.5</u>	<u>\$285.7</u>	<u>\$328.2</u>	<u>\$327.8</u>	<u>\$326.8</u>	78.5%
<b>State Support as % of Revenues</b>	43.1%	44.8%	43.4%	41.0%	36.6%	35.4%	35.9%	34.2%	32.8%	
<b><u>Student Costs</u></b>										
Tuition (In-State)	\$3,900	\$4,158	\$4,158	\$4,448	\$5,260	\$6,096	\$6,816	\$7,200	\$7,632	
Mandatory Fees	<u>910</u>	<u>1,084</u>	<u>1,246</u>	<u>1,376</u>	<u>1,552</u>	<u>1,816</u>	<u>2,036</u>	<u>2,138</u>	<u>2,254</u>	
Tuition & Mandatory Fees	\$4,810	\$5,242	\$5,404	\$5,824	\$6,812	\$7,912	\$8,852	\$9,338	\$9,886	105.5%
Tuition & Mandatory Fee Increases	2.08%	5.39%	1.39%	4.07%	10.69%	5.63%	5.86%	5.49%	5.87%	Compounded 5.28%
Room & Board Rates	\$5,124	\$5,462	\$5,660	\$6,298	\$6,888	\$7,704	\$8,850	\$9,504	\$10,120	97.5%
Total Student Costs	\$9,934	\$10,704	\$11,064	\$12,122	\$13,700	\$15,616	\$17,702	\$18,842	\$20,006	101.4%
Total Cost Increases	1.53%	4.17%	1.75%	3.98%	7.91%	4.85%	6.46%	6.44%	6.18%	Compounded 5.13%


# University of Connecticut Health Center

## *FY 2010 Budget Review (unaudited)*


The following narrative and chart provide information on the main drivers of the University of Connecticut Health Center projected financial results for Fiscal 2010. The amounts presented here are subject to audit adjustments.

 **Executive Summary** – The FY10 forecast is impacted negatively by lower than expected patient revenue volume, lower than expected revenue for federal grants, higher medical supplies, outside agency and consulting expenses. On the positive side, expense savings for salaries, repairs and maintenance, utilities and pharmacy are forecasted to be achieved.


The overall profit for FY10 is forecasted to be \$1.9 million. The following explanations exclude any impact of Correctional Managed Health Care (CMHC). Any savings achieved by CMHC flow to the Department of Corrections and have no impact on UCHC.

 **Total Revenue** – For the year ended June 30, 2010, Total Revenues including total “State Support” are forecasted to be \$753.0 million. Total Revenue, excluding CMHC, is forecasted to be below budget projections by about \$19.6 million or 2.9%. Negative results in Net Patient Care Revenues and Research Revenues are the primary drivers for the overall difference.

- **Research** – Forecasted Research revenues for the year ended June 30, 2010, are unfavorable to budget by \$3.2 million or 3.6%. The unfavorable variance to budget is caused by lower Federal grants which impact the amount of Facilities and Administration Recovery. Research revenue for FY10 is \$1.9 million less than FY09.
- **Net Patient Revenue** – For the year ended June 30, 2010, Net Patient Revenue is forecasted to be below budget by \$10.0 million or 3.1%. The variances by unit are as follows:
  - JDH - \$2.3 million below budget due to lower volume.
  - UMG - \$7.3 million below budget, which is attributable to lower volume and the result of a higher proportion of Medicare and Medicaid (mix change) to total visits.
  - Dental Implant Center - \$0.4 million below budget due to volume.
- **Investment Income** – The unfavorable variance of almost \$0.7 million is reflective of the economic environment. The budgeted revenue is \$1.0 million.
- **Total State Support** – The State appropriation budgeted for FY10 totaled \$176.7 million including the Fringe Benefit Differential of \$13.5 million. The State appropriation budgeted represents 22.6% of UCHC revenues. Projected State appropriation is \$175.4 million and 23.3% of forecasted revenues.

 **Total Expenditures** – For the year ended June 30, 2010, Total Expenditures, excluding CMHC, are forecasted to be below budgeted amounts by \$21.6 million or 3.2%. The following are variances by categories of expense:

- **Personal Services** – For the year ended June 30, 2010, Personal Services expenditures are forecasted to be below budget by \$9.0 million, or 2.9%. Personal Service expense savings were achieved through vacant positions and RIP savings.
- **Fringe Benefits** – For the year ended June 30, 2010, Fringe Benefit expenditures are forecasted to be below budget by \$3.8 million or 3.3%. The decrease is attributable to the personal services savings noted above.
- **Drugs and Medical** – For the year ended June 30, 2010, drugs are forecasted to be below budget by \$1.3 million or 1.9%. The major driver for this is the availability of 340B drug pricing at John Dempsey Hospital. Medical supplies are forecasted to be over budget due to surgical volume. Supply expense for surgical discharges is higher than medical discharges.
- **Utilities** – For the year ended June 30, 2010, energy expenditures are forecasted to be below budget by about \$3.1 million or 18.6%. Lower gas prices in FY10 contributed to this savings.
- **Outside Services** – For the year ended June 30, 2010, outside and other purchases are forecasted to be over budget by \$2.3 or 5.4%. The increase is attributable to consulting expenses and an increase in marketing efforts.

 **Net Gain** – For the year ended June 30, 2010, the Health Center is forecasting a profit of \$1.9 million.

University of Connecticut Health Center  
Statement of Current Funds Budget Operations and Variance Analysis  
FY10 Forecast (Unaudited)  
(Dollars in Millions)

<b>Current Funds Revenues:</b>	<b>Budget</b>	<b>Forecast</b>	<b>Variance</b>	<b>% Change</b>
State Support	\$176.7	\$175.4	(\$1.3)	
Tuition	11.4	10.7	(0.7)	
Fees	6.2	6.1	(0.1)	
Gifts, Grants & Contracts	88.8	85.6	(3.2)	
Investment Income	1.0	0.3	(0.7)	
Interns & Residents	43.7	43.6	(0.1)	
Net Patient Care	331.2	321.2	(10.0)	
Correctional Managed Health Care	100.1	92.0	(8.1)	
Auxiliary Enterprise	14.6	13.1	(1.5)	
Other Revenue	<u>7.0</u>	<u>5.0</u>	<u>(2.0)</u>	
<b>Total Current Funds Revenues</b>	<b>\$780.7</b>	<b>\$753.0</b>	<b>(\$27.7)</b>	<b>-3.5%</b>
<b>Current Funds Expenditures:</b>				
Personal Services	\$306.8	\$297.8	(\$9.0)	
Fringe Benefits	116.6	112.8	(\$3.8)	
Drugs/Medical Supplies	67.2	65.9	(\$1.3)	
Medical Contractual Support	15.7	13.0	(\$2.7)	
Medical/Dental House Staff	39.5	40.1	\$0.6	
Correctional Managed Health Care	100.1	92.1	(8.0)	
Outside Agency Per Diem	0.7	2.0	\$1.3	
Utilities	16.7	13.6	(\$3.1)	
Outside & Other Purchased Services	42.5	44.8	\$2.3	
Insurance	7.2	7.0	(\$0.2)	
Repairs & Maintenance	11.8	8.8	(\$3.0)	
Other Expenses	23.1	22.6	(\$0.5)	
Depreciation	<u>32.8</u>	<u>30.6</u>	<u>(\$2.2)</u>	
<b>Total Current Funds Expenditures</b>	<b>\$780.7</b>	<b>\$751.1</b>	<b>(\$29.6)</b>	<b>-3.8%</b>
<b>Net Gain</b>	<b><u>\$0.0</u></b>	<b><u>\$1.9</u></b>	<b><u>\$1.9</u></b>	