

University of Connecticut (Storrs & Regional Campuses)

FY 2011 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 forecasts subject to year-end closeout and audit adjustments.

- ✦ **Total Revenue** – For the year ended June 30, 2011, total Operating and Research Fund revenues are forecasted to be \$1,060.5 million or 2.6% more than budgeted. The Operating and Research Funds are expected to have a positive variance from budget of \$27.0 million. This is primarily due to positive variances in Tuition, Fees, Grants & Contracts and Auxiliary Enterprises.
 - ✦ **Tuition** – Total Tuition revenue is \$245.5 million or 2.2% greater than budget. Tuition revenue collections reflect a 5.66% rate increase coupled with a 1.6% increase in the number of undergraduate degree-seeking students who account for approximately 86.8% of budgeted tuition revenues.
 - ✦ **Fees** – Fee revenue is \$92.7 million or \$1.9 million higher than budget. This is primarily due to higher enrollment than projected and better than expected summer session enrollment.
 - ✦ **Grants & Contracts** – Grants & Contracts are more than the budget of \$78.9 million by \$12.2 million. The University has received additional federal and state financial aid.
 - ✦ **Auxiliary Enterprise Revenue** – This category is \$5.2 million more than budget primarily due to a post season for Athletics.

- ✦ **Total Expenditures** – Total Operating and Research Fund expenditures/transfers are forecasted to be \$1,065.1 million. Operating Fund expenditures are over budget by \$11.6 million and Research Fund expenditures are over by \$6.0 million. Operating Fund savings in Personal Services, Fringe Benefits, Energy expenditures and Transfers will be off-set by additional expenditures in Other Expenses, Financial Aid and Research.

- ✦ **Personal Services** – Operating Fund Personal Services expenditures (including fringe benefits) will be \$561.9 million or \$1.5 million less than budget due to the limited strategic hiring and the amount of time it takes to refill positions, especially faculty.
 - ✦ **Other Expenses** – Other Expenses are more than the budget by \$19.5 million. This is primarily due to the encumbrances at the end of FY10 that became expenditures in the first two quarters of FY11 and the additional cost of hiring a consulting firm to examine operations and recommend savings and revenue-enhancements. Also contributing to this overage is higher than expected expenditures in Athletics due to successful post season participation.
 - ✦ **Energy** – Energy costs are \$1.9 million less than budget due to favorable gas prices.
 - ✦ **Student Financial Aid** – Student Financial Aid expenditures are expected to be \$8.0 million more than budget due to the additional state and federal funding. This increase in expenditure is offset by the additional state and federal revenue.
 - ✦ **Transfers** – This line reflects transfers to Plant Funds for various construction projects and bond and installment loan payments, as well as payments for the capital lease for the Cogeneration plant. Transfers are expected to be under budget by \$12.7 million due to the revised funding plan for the water reclamation project that reallocates some existing plant fund balances as opposed to using current year revenues.
 - ✦ **Research** – Research expenditures are expected to be \$6.0 million greater than budgeted due to additional equipment purchases, federal financial aid and the Research Fund support of the Torrey Life Sciences 1st Floor construction project.

- ✦ **Net Loss** – For the year ended June 30, 2011, a net loss of \$4.6 million is forecasted in the Operating and Research Fund. This loss includes the required transfer of \$15 million to the State General Fund.

University of Connecticut (Storrs & Regionals)
Statement of Current Funds Budget Operations¹ and Variance Analysis
FY11 Forecast (unaudited)
(Dollars in Millions)

	Budget	Forecast	Variance	% Change
Current Funds Revenues:				
Operating Fund				
State Support	\$332.1	\$332.3	\$0.2	
Tuition	240.1	245.5	5.4	
Fees	90.8	92.7	1.9	
Grants & Contracts	78.9	91.1	12.2	
Investment Income	1.2	1.1	(0.1)	
Sales & Service Education	14.9	15.3	0.4	
Auxiliary Enterprise Revenue	170.2	175.4	5.2	
Other Revenue	<u>10.5</u>	<u>11.1</u>	<u>0.6</u>	
Total Operating Fund	938.7	964.5	25.8	2.7%
Research Fund	<u>94.8</u>	<u>96.0</u>	<u>1.2</u>	1.3%
Total Current Funds Revenues	\$1,033.5	\$1,060.5	\$27.0	2.6%
Current Funds Expenditures / Transfers:				
Operating Fund				
Personal Services	\$411.9	\$411.3	(\$0.6)	
Fringe Benefits	151.5	150.6	(0.9)	
Other Expenses	158.9	178.4	19.5	
Energy	29.0	27.1	(1.9)	
Equipment	17.8	18.0	0.2	
Student Financial Aid	110.1	118.1	8.0	
Transfers*	<u>73.5</u>	<u>60.8</u>	<u>(12.7)</u>	
Total Operating Fund	952.7	964.3	11.6	1.2%
Research Fund	<u>94.8</u>	<u>100.8</u>	<u>6.0</u>	6.3%
Total Current Funds Expenditures / Transfers	\$1,047.5	\$1,065.1	\$17.6	1.7%
Net Loss²	<u>(\$14.0)</u>	<u>(\$4.6)</u>	<u>\$9.4</u>	

1 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 or amortization and does not include the State debt service commitment for principal and interest.

2 For the fiscal year ended June 30, 2011, the University is forecasted to have a net loss of \$4.6 million in the Operating and Research Fund. The net loss includes the \$15.0 million transfer from University operating reserves to the State General Fund as required by the 2011 State budget. The actual net gain (loss) will depend on year-end accruals and audit adjustments.

* Includes required transfer of \$15 million to the 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>2009</u>	Fall <u>2010</u>	Fall 95-10 <u>Growth</u>
<u>Full-Time Staff Headcount*</u>										
Executive/Administrative/Managerial	100	83	89	92	91	100	101	100	105	5.0%
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	1,286	1,304	13.6%
Faculty-% of Total	30.1%	29.3%	28.9%	28.3%	29.3%	30.3%	30.2%	30.9%	30.2%	
Professional & Classified Support	2,562	2,429	2,678	2,776	2,584	2,779	2,893	2,779	2,912	13.6%
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>66.7%</u>	<u>67.4%</u>	
Total	3,810	3,552	3,889	3,998	3,782	4,130	4,288	4,165	4,321	13.4%
*Based on IPEDS reporting standards.										
<u>Student Headcount (Census)</u>										
Undergraduate	14,667	14,382	15,741	17,630	19,287	20,525	20,846	21,496	21,881	49.2%
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>7,505</u>	<u>7,623</u>	-2.3%
Total	22,471	21,249	22,241	23,580	26,156	27,598	28,190	29,001	29,504	31.3%
Students Housed On-Campus	6,957	6,898	8,248	8,856	11,053	11,524	11,205	12,315	12,462	79.1%
Degrees Awarded										
Bachelor's	2,941	2,757	2,852	2,837	3,477	3,816	4,354	4,610	4,606	56.6%
Total	4,708	4,623	4,461	4,572	5,304	5,966	6,542	6,862	6,931	47.2%
<u>State Funding</u>	<u>FY 1996</u>	<u>FY 1998</u>	<u>FY 2000</u>	<u>FY 2002</u>	<u>FY 2004</u>	<u>FY 2006</u>	<u>FY 2008</u>	<u>FY 2010</u>	<u>FY 2011</u>	
Total State Support	\$183.1	\$204.2	\$234.9	\$259.4	\$256.5	\$285.7	\$328.2	\$325.4	\$332.3	81.5%
State Support as % of Revenues	43.1%	44.8%	43.4%	41.0%	36.6%	35.4%	35.9%	32.6%	31.3%	
<u>Student Costs</u>										
Tuition (In-State)	\$3,900	\$4,158	\$4,158	\$4,448	\$5,260	\$6,096	\$6,816	\$7,632	\$8,064	
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>2,254</u>	<u>2,352</u>	
Tuition & Mandatory Fees	\$4,810	\$5,242	\$5,404	\$5,824	\$6,812	\$7,912	\$8,852	\$9,886	\$10,416	
Tuition & Mandatory Fee Increases	2.08%	5.39%	1.39%	4.07%	10.69%	5.63%	5.86%	5.87%	5.36%	Compounded 5.29%
Room & Board Rates	\$5,124	\$5,462	\$5,660	\$6,298	\$6,888	\$7,704	\$8,850	\$10,120	\$10,782	
Total Student Costs	\$9,934	\$10,704	\$11,064	\$12,122	\$13,700	\$15,616	\$17,702	\$20,006	\$21,198	
Total Cost Increases	1.53%	4.17%	1.75%	3.98%	7.91%	4.85%	6.46%	6.18%	5.96%	Compounded 5.18%

University of Connecticut Health Center

FY 2011 Budget Review (unaudited)

The following narrative and chart provide information on the main drivers of the University of Connecticut Health Center financial results for Fiscal 2011. The amounts presented here are subject to audit adjustments.

- ✚ **Executive Summary** - The FY11 forecast is impacted positively by lower than expected expenses. Excluding Correctional Managed Healthcare (CMHC), revenues were on budget. Expenses excluding CMHC were \$3.1 million below budget.

The overall profit for FY11 is expected to be \$3.2 million compared to a budget of breakeven. CMHC revenues & expenses were \$5.4 million below budget. UCHC is not at risk for profits or losses of CMHC. Savings in FY11 flow to the Department of Corrections.

- ✚ **Total Revenue** – For the year ended June 30, 2011, Total Revenues including “State Support” are forecasted to be \$780.6 million. Excluding CMHC, forecasted revenues are \$687.4 million compared to budgeted revenues of \$687.4 million.
 - **Research** – Forecasted Research revenues for the year ended June 30, 2011, are unfavorable to budget by \$2.9 million or 3.4%. The variance was caused by lower Non-Federal Research Grants.
 - **Net Patient Revenue** – For the year ended June 30, 2011, Net Patient Revenue is forecasted to be greater than budget by \$700,000, less than .5% variance. The variances by unit are:
 - JDH - \$5.1 million greater than budget. The volume is at budgeted levels but collection rate is much higher than budget.
 - UMG - \$3.1 million below budget. Volume is lower than budget by 3.6% and collection rate as a result of a higher proportion of Medicare and Medicaid is lower.
 - Dental Implant Center - \$1.9 million below budget due to volume.
 - **Endowment/Foundation Income** – The unfavorable variance of \$0.7 million was reflective of the economic environment and lower investment balances.
 - **Total State Support** – The State appropriation budgeted for FY11 totaled \$180.3 million including the Fringe Benefit Differential for JDH of \$13.5 million. The State appropriation budgeted represents 22.9% of UCHC revenues. The forecasted State appropriation is \$183.8 million or 23.5% of forecasted revenues.
- ✚ **Total Expenditures** – For the year ended June 30, 2011, Total Expenditures excluding CMHC are forecasted to be below budgeted amounts by \$3.1 million or 0.5%. The following are variances for categories of expense:
 - **Personal Services** – For the year ended June 30, 2011, Personal Services expenditures are forecasted to be below budget by \$3.0 million or 1.0%. Favorable variances in Personal Services were attained by not filling vacant positions.
 - **Drugs and Medical** – For the year ended June 30, 2011, drugs and medical supplies are forecasted to be below budget by \$3.0 million or 4.4%. Drug expenses were favorable due to the continued benefit of 340B drug pricing available to the John Dempsey Hospital. Medical Supplies were also under budget due to lower than budgeted surgical cases in FY11.
 - **Medical Contractual Support** – For the year ended June 30, 2011, medical contractual support is forecasted to be above budget by \$2.6 million or 19.3%. This was driven by the need to cover vacancies noted above in the personal services section related to the clinical operations of JDH and UMG.
 - **Outside Services** – For the year ended June 30, 2011, outside and other purchases were below budget by \$3.9 million or 8.8%. Expenses related to research activities for the year were under budget by \$2.0 million. This is directly related to the lower than budgeted research revenue noted above. Additionally, the School’s had savings related to other consulting contracts and faculty start-up expenses.
- ✚ **Net Gain** – For the year ended June 30, 2011, the Health Center is forecasting a profit of \$3.2 million.

University of Connecticut Health Center
Statement of Current Funds Budget Operations and Variance Analysis
FY11 Forecast (Unaudited)
(Dollars in Millions)

Current Funds Revenues:	Budget	Forecast	Variance	% Change
State Support	\$180.3	\$183.8	\$3.5	
Tuition & Fees	17.0	17.3	0.3	
Gifts, Grants & Contracts	88.2	85.3	(2.9)	
Interns & Residents	47.8	47.5	(0.3)	
Net Patient Care	335.1	335.8	0.7	
Correctional Managed Health Care	98.6	93.2	(5.4)	
Endowment/Foundation Income	3.2	2.5	(0.7)	
Other Revenue	<u>15.7</u>	<u>15.2</u>	<u>(0.5)</u>	
Total Current Funds Revenues	\$785.9	\$780.6	(\$5.3)	-0.7%
Current Funds Expenditures / Transfers:				
Personal Services	\$314.2	\$311.2	(\$3.0)	
Fringe Benefits	120.2	121.4	1.2	
Drugs/Medical Supplies	67.9	64.9	(3.0)	
Medical Contractual Support	13.5	16.1	2.6	
Medical/Dental House Staff	41.5	42.7	1.2	
Correctional Managed Health Care	98.6	93.2	(5.4)	
Outside Agency Per Diem	1.5	2.0	0.5	
Utilities	14.0	14.1	0.1	
Outside & Other Purchases	44.2	40.3	(3.9)	
Insurance	7.0	6.9	(0.1)	
Repairs & Maintenance	9.5	11.6	2.1	
Other Expenses	23.8	24.0	0.2	
Depreciation	<u>30.0</u>	<u>29.0</u>	<u>(1.0)</u>	
Total Current Funds Expenditures / Transfers	\$785.9	\$777.4	(\$8.5)	-1.1%
Net Gain	<u>\$0.0</u>	<u>\$3.2</u>	<u>\$3.2</u>	