

University of Connecticut (Storrs & Regional Campuses)

Quarterly Overview of the Operating and Research Funds For the Six Months Ended December 31, 2015

Summary

On June 24, 2015, the Board of Trustees approved a Spending Plan for Fiscal Year 2016 which includes \$1,294.5 million of revenue to cover \$1,292.4 million in expenses.

Financial results for the first six months of Fiscal Year 2016 reflected a number of different factors when compared to budget. Actual revenue totaled \$683.0 million or 52.8% of the budget. At the close of December, the University expenditures totaled \$628.0 million or 48.6% of the budget.

A more detailed review of the activity through the second quarter of Fiscal Year 2016 operations is presented below.

Revenues - Operating Fund

Total **Operating Fund** revenue collections through the second quarter of Fiscal Year 2016 were \$630.5 million which represented 52.9% of the annual budget. At this point last fiscal year, Operating Fund revenue collections represented 53.6% of the annual budget. A major source of revenue, **State Support**, was \$215.7 million and represented 34.2% of total operating fund receipts for the first six months. On July 1, 2015 a lapse of \$1.0 million (\$1.7 million with fringe benefits) was reduced from the University's overall State Support. Per the State's December deficit mitigation plan, the University was given an \$8.5 million cut which will be posted in the next quarter.

Tuition collections were the second largest source of revenue, totaling \$182.0 million, which represented 28.9% of total operating fund receipts. Tuition receipts were 52.5% of the annual amount budgeted (\$346.7 million). Tuition revenue collections reflect a 6.75% rate increase coupled with a 1.9% increase in the number of undergraduate students. We expect to end the year slightly higher than budget.

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 of Fee collections were \$59.8 million or 51.0% of the amount budgeted.

Auxiliary Enterprise Revenue through the second quarter of Fiscal Year 2016 was \$109.6 million which represented 50.8% of the annual budgeted amount. Auxiliary revenue consists primarily of Room and Board Fees, which totaled \$84.3M through the second quarter, and reflects rate increases of 3.0%. Athletics revenue, which includes ticket sales, conference revenue and media rights, was \$19.0M through the 2nd quarter.

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 2016, Gifts, Grants and Contracts revenue of \$44.5 million, which included \$4.7 million from the UConn Foundation, was 51.4% of the annual budget.

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Investment Income through the second quarter of Fiscal Year 2016 was \$0.5 million. Investment income for the year is projected to be slightly over budget. Actual results will depend on interest rates and the University's cash balance through the remainder of the fiscal year.

Sales and Services of Educational Activities and Other Sources revenue totaled \$18.4 million or 63.2% of budget through 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 \$52.5 million and represented 51.6% of the amount budgeted. In Fiscal Year 2015, Research Fund revenues reported in the first six months totaled \$51.4 million and represented 53.5% of the amount budgeted. Due to the variability of research revenue, quarterly comparisons are not necessarily indicative of annual results.

Expenditures - Operating Fund

Total Operating Fund expenditures through the second quarter of Fiscal Year 2016 were \$579.9 million or 48.8% of the annual budgeted amount. Individual categories of expenditures as a percentage of the annual operating budget were as follows:

Personal Services	48.8%
Fringe Benefits	45.8%
Other Expenses	50.3%
Student Aid	50.3%

Personal Services/Fringe Benefits expenditures totaled \$366.6 million and represented 47.8% of the annual budgeted amount of \$767.1 million. These categories represent 63.2% of the total Operating Fund expenditures through six months. Due to careful review of hiring, we anticipate ending the year under budget. The University continues to closely watch spending in these categories considering the State funding uncertainty that exists.

Other Expenses (including energy costs) were \$117.0 million for the first six months. This represents 50.3% of the amount budgeted. The biggest components of this category are utilities, food service staff and supplies, lab supplies, and janitorial costs.

Equipment expenditures of \$6.7 million were 171.0% of the amount budgeted. It was anticipated that prior to year-end, some of these expenditures would be moved to alternate non-operating funding sources, however due to funding pressure we now expect to keep these expenditures here and this category will end over budget.

Student Aid expenditures were \$73.7 million and represented 50.3% of the amount budgeted. This is right on target as the first semester concluded in December.

Net Debt/Other Transfers for the first six months were \$15.9 million or 41.9% 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.

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Expenditures - Research Fund

Finally, **Research Fund** expenditures totaled \$48.1 million and represented 46.2% of the budgeted amount. In Fiscal Year 2015, Research Fund expenditures reported through the second quarter totaled \$47.0 million and represented 48.5% 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 2015 (excluding UConn Health) is up 1.6% from fall 2014. Undergraduate enrollment (degree and non-degree) is up 1.9%, Graduate enrollment is up 1.7%, and Professional enrollment is down 7.0%.

Fund Balance

Based on the approved budget for the fiscal year ending June 30, 2016, the University is projecting that the Current Funds Unrestricted Fund Balance of \$76.2 million would increase by \$0.8 million to \$77.0 million (Operating Fund \$56.5 million and Research Fund \$20.5 million). The projected Current Funds Unrestricted Fund Balance represents 7% of the current year's unrestricted expenditure budget (\$1,131 million) or, alternatively stated, 25 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.

Overall the University is closely monitoring spending and being judicious in hiring decisions, while State funding uncertainty exists. Maintaining quality and high standards and encouraging efficiency and cost reduction, through the face of funding shortfalls, is the main financial goal of the University.

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Statement of Operating Budget Revenues and Expenses
For the Month Ending
12/31/2015

	Budget			Actual as of 12/31/2015						
	Operating	Research	Total	Operating	% of Budget	Research	% of Budget	Total	% of Budget	% of Total
Revenues										
State Appropriation	\$243,143,113		\$ 243,143,113	\$138,300,208		\$30,419		\$ 138,330,627	56.9%	
State Fringe Benefits	153,525,561		153,525,561	77,359,704				77,359,704	50.4%	
Total State Support	\$396,668,674		396,668,674	215,659,912	54.4%	30,419		215,690,331	54.4%	31.6%
Tuition	346,689,970		346,689,970	182,013,621	52.5%			182,013,621	52.5%	26.6%
Fees	117,391,563		117,391,563	59,823,331	51.0%			59,823,331	51.0%	8.8%
Grants & Contracts	68,837,750	100,564,290	169,402,040	39,717,823	57.7%	52,152,602	51.9%	91,870,425	54.2%	13.5%
Foundation	17,705,062	285,039	17,990,101	4,742,910	26.8%	104,909	36.8%	4,847,819	26.9%	0.7%
Investment Income	657,337		657,337	494,645	75.2%			494,645	75.2%	0.1%
Sales and Services of Ed Activities	18,399,357		18,399,357	8,604,603	46.8%	42,539		8,647,142	47.0%	1.3%
Auxiliary Enterprise	215,672,926		215,672,926	109,588,360	50.8%			109,588,360	50.8%	16.0%
All Other Sources	10,661,699	970,039	11,631,738	9,816,974	92.1%	203,541	21.0%	10,020,515	86.1%	1.5%
Total Revenues	\$1,192,684,338	\$ 101,819,368	\$ 1,294,503,706	\$ 630,462,179	52.9%	\$ 52,534,010	51.6%	\$ 682,996,189	52.8%	100.0%
Expenses										
Personal Services	\$ 507,792,120	\$ 46,195,759	\$ 553,987,879	\$ 247,842,528	48.8%	\$ 21,796,076	47.2%	\$ 269,638,604	48.7%	42.9%
Fringe Benefits	259,279,810	12,887,762	272,167,572	118,721,598	45.8%	7,098,420	55.1%	125,820,018	46.2%	20.0%
Other Expenses	232,659,272	31,580,418	264,239,690	117,031,722	50.3%	14,008,085	44.4%	131,039,807	49.6%	20.9%
Equipment	3,904,859	3,763,979	7,668,838	6,677,605	171.0%	2,052,359	54.5%	8,729,964	113.8%	1.4%
Student Aid	146,546,310	7,707,352	154,253,662	73,733,608	50.3%	3,318,195	43.1%	77,051,803	50.0%	12.3%
Debt/Other Transfers	38,039,003	2,054,387	40,093,390	15,925,092	41.9%	(177,349)	-8.6%	15,747,743	39.3%	2.5%
Total Expenses	\$ 1,188,221,374	\$ 104,189,657	\$ 1,292,411,031	\$ 579,932,153	48.8%	\$ 48,095,786	46.2%	\$ 628,027,939	48.6%	100.0%
Net Gain (Loss)	\$ 4,462,964	\$ (2,370,289)	\$ 2,092,675	\$ 50,530,026		\$ 4,438,224		\$ 54,968,250		