

University of Connecticut (Storrs & Regional Campuses)

Quarterly Overview of the Operating and Research Funds For the Nine Months Ended March 31, 2015

Summary

On June 25, 2014, the Board of Trustees approved a Spending Plan for Fiscal Year 2015 which includes \$1,188.8 million of revenue to cover \$1,188.8 million in expenses.

Financial results for the first nine months of Fiscal Year 2015 reflected a number of different factors when compared to budget. Actual revenue totaled \$1,060.0 million or 89.2% of the budget. At the close of March, the University expenditures totaled \$915.4 million or 77.0% of the budget.

A more detailed review of the first nine months of Fiscal Year 2015 operations is presented below.

Revenues - Operating Fund

Total **Operating Fund** revenue collections for the first nine months of Fiscal Year 2015 were \$987.9 million which represented 90.4% of the annual budget. At this point last fiscal year, Operating Fund revenue collections represented 89.1% of the annual budget. A major source of revenue, **State Support**, was \$289.4 million and represented 29.3% of total operating fund receipts for the first nine months. In addition to the State required appropriation savings of \$0.8M (~\$1.3 million with fringe benefits) which was included in the University Spending Plan, the Governor has exercised his authority to rescind State Support multiple times this fiscal year as follows: November 20, 2014-\$2.3 million (~\$3.6 million with fringe benefits), January 23, 2015-\$2.3 million (~\$3.5 million with fringe benefits), and April 1, 2015-\$2.0 million (~\$3.1 million with fringe benefits). In total, State Support has been reduced by about \$11.5 million including fringe benefits. However, total State Support for Fiscal Year 2015 is projected to be close to budget due to a higher fringe return.

Tuition collections were the largest source of revenue, totaling \$319.8 million, which represented 32.3% of total operating fund receipts. Tuition receipts were 102.1% of the annual amount budgeted (\$313.2 million). Tuition revenue collections reflect a 6.5% rate increase coupled with a 1.7% increase in the number of undergraduate students. As a result of the *Next Generation Connecticut* initiative, undergraduate enrollment has increased 3% since Fiscal Year 2013.

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 nine months Fee collections were \$101.7 million or 91.9% of the amount budgeted.

Auxiliary Enterprise Revenue for the first nine months of Fiscal Year 2015 was \$186.5 million which represented 89.1% of the annual budgeted amount. Auxiliary revenue consisted primarily of Room and Board Fees which reflect rate increases of 3.0%.

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 nine months of Fiscal Year 2015, Gifts, Grants and Contracts revenue of \$68.3 million, which included \$7.8 million from the

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UConn Foundation, was 79.8% of the annual budget. This category is projected to be greater than budgeted due to additional State and Federal financial aid.

Investment Income for the first three quarters of Fiscal Year 2015 was \$0.7 million. Interest rates continue to be low with the rate for March 2015 at 0.16%, the same as it was in March 2014. Investment income for the year is projected to be slightly ahead of budget. Actual results will depend on interest rates and the University's cash balance through the second half of the fiscal year.

Sales and Services of Educational Activities and Other Sources revenue totaled \$21.5 million or 86.3% of budget for the third quarter.

Revenues - Research Fund

With respect to the **Research Fund**, the granting agency or donor restricts most of the revenues. For the first nine months, Research Fund revenues were \$72.1 million and represented 75.2% of the amount budgeted. In Fiscal Year 2014, Research Fund revenues reported in the first nine months totaled \$73.5 million and represented 81.2% of the amount budgeted.

Expenditures - Operating Fund

Total Operating Fund expenditures for the first nine months of Fiscal Year 2015 were \$846.1 million or 77.5% of the annual budgeted amount. Individual categories of expenditures as a percentage of the annual operating budget were as follows:

Personal Services	73.6%
Fringe Benefits	72.7%
Other Expenses	77.0%
Equipment	84.3%
Student Aid	97.1%

Personal Services/Fringe Benefits represented 73.3% of the annual budgeted amount of \$717.6 million. As a result of the *Next Generation Connecticut initiative*, the Fiscal Year 2015 budget included filling an additional 61 new faculty positions. The official net new full-time faculty count is 32 more than the prior year (based on IPEDS federal reporting standards). On the staff side, hiring is lower than budgeted due to careful review of hiring requests and slower hiring than projected.

Other Expenses (including energy costs) were \$163.6 million for the first nine months. This category is projected to be slightly lower than budgeted due to conservative spending as a result of rescissions.

Equipment expenditures of \$5.9 million were 84.3% of the amount budgeted. Utilization of alternate revenue sources will cause this category of expenses to be less than budgeted at year-end.

Student Aid expenditures were \$135.1 million and represented 97.1% of the amount budgeted. This category is projected to be higher than budgeted due to additional University supported financial aid awarded to students and more State and Federal aid as mentioned in the Grants category.

Net Debt/Other Transfers for the first three quarters were \$15.4 million or 98.5% 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 \$69.3 million and represented 71.6% of the budgeted amount. In Fiscal Year 2014, Research Fund expenditures reported in the first nine months totaled \$74.9 million and represented 81.8% 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 2014 (excluding the Health Center) is up 2.1% from fall 2013. Undergraduate enrollment (degree and non-degree) is up 1.7%, Graduate enrollment is up 4.2%, and Professional enrollment is down 2.7%.

Fund Balance

After the first three quarters, the University is projecting a small net gain for the fiscal year ended June 30, 2015. The Current Funds Unrestricted Fund Balance of \$78.9 million would increase by \$1.7 million to \$80.6 million (Operating Fund \$61.5 million and Research Fund \$19.1 million). The projected Current Funds Unrestricted Fund Balance represents 7.7% of the current year's unrestricted expenditure budget (\$1,041.1M) or, alternatively stated, 28 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.

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Statement of Operating Budget Revenues and Expenses for the Period Ended 3/30/15

	Budget			Actual as of 3/30/15					
	Operating	Research	Total	Operating	% of Budget	Research	% of Budget	Total	% of Total
Revenues									
State Appropriation ⁽¹⁾	\$230,618,143		\$ 230,618,143	\$193,023,285				\$ 193,023,285	
State Fringe Benefits	118,058,104		118,058,104	96,400,364				96,400,364	
Total State Support	\$348,676,247		348,676,247	289,423,649	83.0%			289,423,649	27.3%
Tuition	313,234,258		313,234,258	319,844,200	102.1%			319,844,200	30.2%
Fees	110,596,906		110,596,906	101,661,266	91.9%			101,661,266	9.6%
Grants & Contracts	68,338,884	95,677,153	164,016,037	60,507,562	88.5%	70,786,637	74.0%	131,294,199	12.4%
Foundation	17,245,735	250,000	17,495,735	7,774,213	45.1%	231,489	92.6%	8,005,702	0.8%
Investment Income	570,400		570,400	657,338	115.2%			657,338	0.1%
Sales and Services of Ed Activities	16,096,413		16,096,413	14,563,471	90.5%	13,324		14,576,795	1.4%
Auxiliary Enterprise	209,201,629		209,201,629	186,495,601	89.1%			186,495,601	17.6%
All Other Sources	8,825,368	44,728	8,870,096	6,913,621	78.3%	1,113,882	2490.3%	8,027,503	0.8%
Total Revenues	\$1,092,785,840	\$ 95,971,881	\$ 1,188,757,721	\$ 987,840,922	90.4%	\$ 72,145,332	75.2%	\$ 1,059,986,254	100.0%
Expenses									
Personal Services	\$ 489,450,615	\$ 42,487,748	\$ 531,938,363	\$ 360,223,112	73.6%	\$ 30,114,448	70.9%	\$ 390,337,560	42.6%
Fringe Benefits	228,112,974	12,175,361	240,288,335	165,892,611	72.7%	8,987,533	73.8%	174,880,144	19.1%
Other Expenses	212,594,531	29,914,415	242,508,946	163,598,280	77.0%	21,514,748	71.9%	185,113,028	20.2%
Equipment	6,975,350	3,009,765	9,985,115	5,877,377	84.3%	2,387,540	79.3%	8,264,917	0.9%
Student Aid	139,220,013	7,128,993	146,349,006	135,128,917	97.1%	5,733,346	80.4%	140,862,263	15.4%
Debt/Other Transfers	15,583,174	2,104,782	17,687,956	15,341,852	98.5%	567,491	27.0%	15,909,343	1.7%
Total Expenses	\$ 1,091,936,657	\$ 96,821,064	\$ 1,188,757,721	\$ 846,062,149	77.5%	\$ 69,305,106	71.6%	\$ 915,367,255	100.0%
Net Gain (Loss)	\$ 849,183	\$ (849,183)	\$ -	\$ 141,778,773		\$ 2,840,226		\$ 144,618,999	

⁽¹⁾ State Appropriation \$228,323,861
Accrual 2,294,282
Adjusted Appropriation \$230,618,143