

University of Connecticut (Storrs & Regional Campuses)

Quarterly Overview of the Operating and Research Funds For the Three Months Ended September 30, 2014

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 three months of Fiscal Year 2015 reflected a number of different factors when compared to budget. Actual revenue totaled \$466.9 million or 39.3% of the budget. At the close of September, the University expenditures totaled \$301.7 million or 25.4% of the budget.

The net gain 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 2015 operations is presented below.

Revenues - Operating Fund

Total **Operating Fund** revenue collections for the first three months of Fiscal Year 2015 were \$437.1 million which represented 40.0% of the annual budget. At this point last fiscal year, Operating Fund revenue collections represented 39.3% of the annual budget. A major source of revenue, **State Support**, was \$104.7 million and represented 22.4% of total receipts for the first three months. Total State Support for Fiscal Year 2015 is projected to be higher than budgeted due to a slightly higher fringe return.

Tuition collections were the largest source of revenue, totaling \$159.1 million, which represented 34.1% of total receipts. Tuition receipts were 50.8% 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 three months Fee collections were \$49.4 million or 44.7% of the amount budgeted.

Auxiliary Enterprise Revenue for the first three months of Fiscal Year 2015 was \$88.0 million which represented 42.1% 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 three months of Fiscal Year 2015, Gifts, Grants and Contracts revenue of \$24.6 million, which included \$1.7 million from the UConn Foundation, was 28.7% of the annual budget.

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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 (\$23,339) does not reflect the actual amount earned for the first quarter. The average interest rate for the first quarter was 0.15%.

Sales and Services of Educational Activities and Other Sources revenue totaled \$11.3 million or 45.2% of budget for the first quarter.

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 \$29.8 million and represented 31.0% of the amount budgeted. In Fiscal Year 2014, Research Fund revenues reported in the first three months totaled \$26.6 million and represented 29.4% of the amount budgeted.

Expenditures - Operating Fund

Total Operating Fund expenditures (excluding transfers) for the first three months of Fiscal Year 2015 were \$273.9 million or 25.1% of the annual budgeted amount. Individual categories of expenditures as a percentage of the annual budget were as follows:

Personal Services	21.4%
Fringe Benefits	21.7%
Other Expenses	21.8%
Equipment	25.8%
Student Aid	47.0%

Personal Services/Fringe Benefits represented 21.5% of the annual budgeted amount of \$717.6 million. As a result of the *Next Generation Connecticut initiative*, the Fiscal Year 2015 budget includes filling an additional 61 new faculty positions. The official number of new hires (based on IPEDS federal reporting standards) will be available in the second quarter. On the staff side, hiring is slightly lower than budgeted due to slower hiring than budgeted.

Other Expenses (including energy costs) were \$46.3 million for the first three months. This category is projected to be more than budgeted due to higher than expected technology costs, contractual and commodities, and faculty start-up expenses.

Equipment expenditures of \$1.8 million were 25.8% 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 \$65.4 million and represented 47.0% of the amount budgeted. This category is projected to be higher than budgeted due to additional University supported financial aid awarded to students.

Net **Debt/Other Transfers** for the first quarter were \$6.3 million or 40.5% of the amount budgeted.

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Expenditures - Research Fund

Finally, **Research Fund** expenditures totaled \$27.8 million and represented 28.7% of the budgeted amount. In Fiscal Year 2014, Research Fund expenditures reported in the first three months totaled \$27.9 million and represented 30.5% 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 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

Based on the approved balanced budget for the fiscal year ended June 30, 2015, the Current Funds Unrestricted Fund Balance of \$78.9 million (unaudited) is unchanged. Although, the Operating Fund balance will increase by \$0.8 million for a total of \$59.8 million and the Research Fund will decrease by \$0.8 million for a total of \$19.1 million. The Current Funds Unrestricted Fund Balance represents 7.6% 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 9/30/14

	Budget			Actual as of 9/30/14					
	Operating	Research	Total	Operating	% of Budget	Research	% of Budget	Total	% of Total
Revenues									
State Appropriation ⁽¹⁾	\$ 230,618,143		\$ 230,618,143	\$ 75,614,875				\$ 75,614,875	
State Fringe Benefits	118,058,104		118,058,104	29,107,344				29,107,344	
Total State Support	348,676,247		348,676,247	104,722,219	30.0%			104,722,219	22.4%
Tuition	313,234,258		313,234,258	159,048,024	50.8%			159,048,024	34.1%
Fees	110,596,906		110,596,906	49,426,866	44.7%			49,426,866	10.6%
Grants & Contracts	68,338,884	95,677,153	164,016,037	22,867,283	33.5%	28,851,131	30.2%	51,718,414	11.1%
Foundation	17,245,735	250,000	17,495,735	1,733,632	10.1%	6,075	2.4%	1,739,707	0.4%
Investment Income	570,400		570,400	23,339	4.1%			23,339	0.0%
Sales and Services of Ed Activities	16,096,413		16,096,413	6,849,400	42.6%	798		6,850,198	1.5%
Auxiliary Enterprise	209,201,629		209,201,629	88,011,523	42.1%			88,011,523	18.9%
All Other Sources	8,825,368	44,728	8,870,096	4,420,903	50.1%	935,904	2092.4%	5,356,807	1.1%
Total Revenues	\$ 1,092,785,840	\$ 95,971,881	\$ 1,188,757,721	\$ 437,103,189	40.0%	\$ 29,793,908	31.0%	\$ 466,897,097	100.0%
Expenses									
Personal Services	\$ 489,450,615	\$ 42,487,748	\$ 531,938,363	\$ 104,578,672	21.4%	\$ 12,512,559	29.4%	\$ 117,091,231	38.8%
Fringe Benefits	228,112,974	12,175,361	240,288,335	49,612,693	21.7%	3,427,871	28.2%	53,040,564	17.6%
Other Expenses	212,594,531	29,914,415	242,508,946	46,257,025	21.8%	8,905,574	29.8%	55,162,599	18.3%
Equipment	6,975,350	3,009,765	9,985,115	1,800,921	25.8%	853,239	28.3%	2,654,160	0.9%
Student Aid	139,220,013	7,128,993	146,349,006	65,371,099	47.0%	1,951,004	27.4%	67,322,103	22.3%
Debt/Other Transfers	15,583,174	2,104,782	17,687,956	6,309,027	40.5%	169,991	8.1%	6,479,018	2.1%
Total Expenses	\$ 1,091,936,657	\$ 96,821,064	\$ 1,188,757,721	\$ 273,929,437	25.1%	\$ 27,820,238	28.7%	\$ 301,749,675	100.0%
Net Gain (Loss)	\$ 849,183	\$ (849,183)	\$ -	\$ 163,173,752		\$ 1,973,670		\$ 165,147,422	

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