

University of Connecticut (Storrs & Regional Campuses)

Quarterly Overview of the Operating and Research Funds For the Nine Months Ended March 31, 2017

On June 29, 2016, the Board of Trustees approved an Operating Budget for Fiscal Year 2017 which included \$1,319.8 million of revenue to cover \$1,319.4 million in expenses.

Financial results for the first nine months of Fiscal Year 2017 reflected a number of different factors when compared to budget. Actual revenue totaled \$1,156.7 million and actual expenditures totaled \$992.2 million resulting in a \$164.5 million variance at this point in the fiscal year. UConn has been able to maintain a balanced budget due to strong revenues, steady state funding, careful management of expenses, operational efficiencies and generation of new external revenues. At this point, the University is projecting a small net gain of \$2.5 million.

A more detailed review of the activity through the end of the third quarter is presented below.

Revenues

Operating Fund

Total **Operating Fund** revenue collections through the third quarter of Fiscal Year 2017 were \$1,080.6 million which represented 88.9% of the annual budget. Revenues at this point last year totaled \$1,065.2 million. Overall revenues are expected to end the year slightly ahead of budget.

A major source of revenue, **State Support**, was \$291.8 million and represented 27.0% of the total operating fund revenue received for the first nine months. On June 8, 2016, a lapse of \$6.9 million (\$11.4 million with fringe benefits) was reduced from the University's overall State Support. State Support continues to be an important piece of the overall budget and UConn appreciates the ongoing support.

Tuition collections totaled \$378.1 million, which represented 35.0% of total operating fund receipts. Tuition revenue collections reflected a \$700 rate increase for in-state students and a \$950 rate increase for out-of-state students, coupled with a 1.0% increase in the number of undergraduate students. As of the 10th day fall census, total undergraduate enrollment was 23,630, which includes 174 more first time in-state freshman than last year. Total graduate and professional program enrollment at UConn is 7,810 (excluding UConn Health). Total University enrollment for fall 2016 (excluding UConn Health) was up 1.2% from fall 2015. Undergraduate enrollment (degree and non-degree) was up 1.0%, Graduate enrollment was up 2.8%, and Professional enrollment was down 5.2%. Enrollment and rate increases have caused tuition to be higher than budgeted.

Fee revenue is comprised of course fees from summer school, part-time, and non-degree students as well as self-supporting programs (EMBA, CEIN, etc.). Also included in this category are the mandatory fees such as the General University Fee, which primarily supports four Auxiliary Enterprise programs. Various other fees such as the Infrastructure Maintenance Fee, Application Fees and Late Payment Fees are included here as well. The nine months of fee collections totaled \$116.3 million or 93.4% of the amount budgeted. This category is projected to be \$3.1 million higher than budgeted due to a larger undergrad population and strong course fee performance.

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Auxiliary Enterprise Revenue through the third quarter of Fiscal Year 2017 was \$198.3 million which represented 94.1% of the annual budgeted amount. The largest portion of Auxiliary Enterprise revenue consists of Room and Board Fees, which totaled \$148.4 million through the first nine months. The majority of this revenue is collected at the beginning of the Fall and Spring semesters. Auxiliary revenue will end the year slightly ahead of budget.

Grants and Contracts revenue consists of non-research restricted revenues from a granting agency (e.g. Pell Grants, state grants, etc.). For the first nine months of Fiscal Year 2017, Grants and Contracts revenue was \$62.5 million or 78.8% of the amount budgeted. Revenues at this point last year were \$72.3 million. The decrease in FY 2017 is due in part to the reduction of the Roberta Willis State Scholarship funding and reduced Pell Grant awards. Overall, this category will end approximately \$1.0 million below budget.

Foundation/Investment revenue consists of gift funds transferred from the UConn Foundation and investment income on endowments. Through the third quarter of Fiscal Year 2017, the total amount received was \$9.3 million or 46.6% of the amount budgeted. The low total is not reflective of year end results as a large portion of this revenue is received in the last quarter of the year. This category is expected to end the year on budget.

Sales and Services of Educational Activities and Other Sources revenue totaled \$24.3 million or 63.9% of budget through the third quarter. This category includes revenues from the sales of goods or services that are incidental to the conduct of instruction, research, or public service. This category is expected to come in slightly under budget by year end.

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 \$76.2 million and represented 72.8% of the amount budgeted and are on target to end the year on budget.

Expenditures

Operating Fund

Total **Operating Fund** expenditures through the third quarter of Fiscal Year 2017 were \$904.9 million or 74.6% of the annual budgeted amount. Operating expenditures at this point last year were \$894.8 million. Strategic cuts, careful hiring, and cost avoidance have been applied in order to reduce overall spending while still maintaining academic excellence.

Personal Services/Fringe Benefit expenditures totaled \$544.5 million and represented 71.6% of the budgeted amount of \$760.6 million or 60.2% of the total Operating Fund expenditures. The University continues to closely watch spending in these categories considering the current fiscal environment and is making judicious hiring decisions. It is forecasted that these categories will come in under budget due to strong position management.

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Other Expenses (including energy costs) were \$169.6 million for the first nine months. This represents 67.3% of the amount budgeted. The biggest components of this category are utilities, food service, lab supplies, and janitorial costs. Other Expenses are coming in lower due to operational efficiency gains achieved throughout the year and more careful spending, and will end the year under budget.

Equipment expenditures of \$11.2 million were 80.2% of the amount budgeted. This category is expected to end slightly over budget due to increased academic equipment needs. This increase is offset by the "Other Expenses" budget balance.

Student Aid expenditures were \$153.6 million and represented 95.0% of the amount budgeted. In spite of the decrease of \$3.7 million to the Roberta Willis State Scholarship, UConn is committed to providing financial aid to students based on both need and merit, and has found a way to provide one-time funding to replace this loss. However, despite best efforts, spending will still fall just below the budgeted amount due to this cut.

Net Debt/Other Transfers for the first nine months were \$26.1 million or 104.6% of the amount budgeted.

Research Fund

Finally, **Research Fund** expenditures totaled \$87.3 million and represented 82.1% of the budgeted amount. Due to the variability of research expenditures, quarterly comparisons are not necessarily indicative of annual results.

Summary

Overview

The large net gain through the first nine months is not representative of expected year end results. The timing between various revenues and associated expenditures fluctuates month to month. The University expects to end Fiscal Year 2017 slightly better than budget at \$2.5 million, just 0.1% of the total expenditures. The University continues to monitor spending, make judicious hiring decisions, and create operational efficiencies wherever possible. As always, maintaining quality and high standards, while encouraging efficiency and cost reduction, continues to be the financial goal of the University.

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Statement of Operating Budget Revenues and Expenses
For the Month Ending
3/31/2017

	Budget			Actual as of 3/31/2017			% of Budget	% of Total
	Operating	Research	Total	Operating	Research	Total		
Revenues								
State Appropriation ⁽¹⁾	\$223,020,377		\$ 223,020,377	\$182,169,457		\$ 182,169,457	81.7%	
State Fringe Benefits	146,911,945		146,911,945	109,589,079	\$0	109,589,079	74.6%	
Total State Support	\$369,932,322		369,932,322	291,758,536	\$0	291,758,536	78.9%	25.2%
Tuition	372,685,757		372,685,757	378,078,731		378,078,731	101.4%	32.7%
Fees	124,498,396		124,498,396	116,286,551		116,286,551	93.4%	10.1%
Grants & Contracts	79,294,938	102,746,343	182,041,281	62,493,596	75,677,172	138,170,768	75.9%	11.9%
Foundation	20,005,062	287,277	20,292,339	9,313,354	-	9,313,354	45.9%	0.8%
Sales and Services of Ed Activities	19,828,516		19,828,516	12,777,936	11,961	12,789,897	64.5%	1.1%
Auxiliary Enterprise	210,687,140		210,687,140	198,292,661		198,292,661	94.1%	17.1%
All Other Sources	18,282,867	1,553,538	19,836,405	11,558,585	488,336	12,046,921	60.7%	1.0%
Total Revenues	\$1,215,214,998	\$ 104,587,158	\$ 1,319,802,156	\$ 1,080,559,950	\$ 76,177,469	\$ 1,156,737,419	87.6%	100.0%
Expenses								
Personal Services	\$ 502,222,509	\$ 48,040,959	\$ 550,263,468	\$ 379,617,367	\$ 32,238,242	\$ 411,855,609	74.8%	41.5%
Fringe Benefits	258,337,473	15,180,513	273,517,986	164,835,265	27,024,877	191,860,142	70.1%	19.3%
Other Expenses	252,054,047	30,940,027	282,994,074	169,597,004	19,900,652	189,497,656	67.0%	19.1%
Equipment	13,916,612	3,563,109	17,479,721	11,167,344	2,252,226	13,419,570	76.8%	1.4%
Student Aid	161,624,095	8,536,216	170,160,311	153,593,986	5,650,763	159,244,749	93.6%	16.0%
Debt/Other Transfers	24,988,809	-	24,988,809	26,139,031	205,710	26,344,741	105.4%	2.7%
Total Expenses	\$ 1,213,143,545	\$ 106,260,824	\$ 1,319,404,369	\$ 904,949,997	\$ 87,272,470	\$ 992,222,467	75.2%	100.0%
Net Gain (Loss)	\$ 2,071,453	\$ (1,673,666)	\$ 397,787	\$ 175,609,953	\$ (11,095,001)	\$ 164,514,952		