

University of Connecticut

(Storrs & Regional Campuses)

FY 2006 Budget Review

The following narration and charts provide information on the main drivers of the University Storrs-based operating budget. The amounts presented here are subject to year-end closing and audit adjustments.

- ✚ **Total Revenue** – For the year ended June 30, 2006, total Operating and Research Fund revenues are forecasted to be \$798.0 million and are essentially on budget. The Operating Fund is forecasted to have a positive variance from budget of \$8.9 million. This is primarily due to positive variances in State support of \$2.1 million (additional support for Early Retirement Incentive Plan sick/vacation payouts and accruals associated with the general fund appropriation), Grants and Contracts of \$3.5 million, and Investment Income of \$3.9 million. This is offset by a projected negative variance of \$3.3 million in Auxiliary Enterprise revenue. Research Fund revenues are tracking under budget by \$9.1 million and the final amount will depend on June receipts. Research Fund revenues are forecasted to be \$4.2 million less than FY05.

- ✚ **Tuition Revenue** – For the year ended June 30, 2006, total net tuition revenue is forecasted at \$167.0 million which is on budget. Fall 2005 enrollment for total undergraduate students (degree and non-degree) was up 1.9% compared to Fall 2004. The tuition revenue budgeted was based on a 5.6% rate increase. Undergraduate enrollment generates approximately 86% of actual tuition revenues.

- ✚ **Total Expenditures** – For the year ended June 30, 2006, total Operating and Research Fund expenditures/transfers are forecasted to be \$806.0 million and are essentially on budget. Operating Fund expenditures are forecasted to be over budget by \$8.9 million and this is being offset by Research Fund expenditures which are projected to be under budget by \$9.1 million. Research Fund expenditures are forecasted to be \$2.1 million less than FY05.

- ✚ **Personal Services Expenditures** – Operating Fund Personal Services expenditures for the year ended June 30, 2006 are forecasted at \$341.0 million or \$9.2 million over budget. Primarily as a result of internal reallocations, resources were identified to fund a net increase of 51 full-time faculty. In addition, full-time non-faculty staff increased by 64 positions for a total increase of 115 positions.

- ✚ **Equipment Expenditures** – Operating Fund Equipment expenditures for the year ended June 30, 2006 are forecasted at \$15.3 million or \$0.7 million less than budgeted. However, this excludes approximately \$1.5 million of equipment encumbrances that probably will not be spent until FY07.

- ✚ **Energy** – Energy costs are expected to be over budget by approximately \$4.3 million. This is largely due to increased unit prices for electricity and gas. In addition, this is a transitional year for energy as the cogeneration plant becomes operational. The financial impact of the shift to cogeneration is being analyzed. There is also a cost to operate the cogeneration plant and an annual debt service requirement of \$6.2 million. Monthly debt service payments of \$517,135 commenced in January 2006.

- ✚ **Financial Aid Expenditures** – For the year ended June 30, 2006, Financial Aid expenditures are forecasted at \$67.8 million and are slightly less than budgeted. The Financial Aid budget included \$1.8 million of need-based student labor that is reflected as part of Personal Services.

- ✚ **Net Gain (Loss)** – The net loss is consistent with the revised spending plan for FY06 approved by the Board of Trustees on September 20, 2005. However, the current forecast includes \$4.0 million of transfers that were not originally budgeted. The \$4.0 million will be transferred to Plant Funds to provide partial funding for the corrective action plan to address code violations at some of our student residential facilities.

University of Connecticut (Storrs & Regionals)
Statement of Current Funds Budget Operations¹ and Variance Analysis
FY06 Forecast (Unaudited)
(Dollars in Millions)

Current Funds Revenues:	Budget	Forecast	Variance	% Change
Operating Fund				
State Support	\$281.0	\$283.1	\$2.1	
Tuition	167.0	167.0	0.0	
Fees	68.4	68.2	(0.2)	
Grants & Contracts	51.7	55.2	3.5	
Investment Income	3.3	7.2	3.9	
Sales & Service Education	12.5	14.4	1.9	
Auxiliary Enterprise Revenue	123.8	120.5	(3.3)	
Other Revenue	<u>9.2</u>	<u>10.2</u>	<u>1.0</u>	
Total Operating Fund	716.9	725.8	8.9	
Research Fund	<u>81.3</u>	<u>72.2</u>	<u>(9.1)</u>	
Total Current Funds Revenues	\$798.2	\$798.0	(\$0.2)	0.0%
Current Funds Expenditures / Transfers:				
Operating Fund				
Personal Services	\$331.8	\$341.0	(\$9.2)	
Fringe Benefits	111.8	111.4	0.4	
Other Expenses	138.5	132.8	5.7	
Energy	31.7	36.0	(4.3)	
Equipment	16.0	15.3	0.7	
Student Financial Aid	69.6	67.8	1.8	
Transfers	<u>25.5</u>	<u>29.5</u>	<u>(4.0)</u>	
Total Operating Fund	724.9	733.8	(8.9)	
Research Fund	<u>81.3</u>	<u>72.2</u>	<u>9.1</u>	
Total Current Funds Expenditures / Transfers	\$806.2	\$806.0	\$0.2	0.0%
Net Gain (Loss)	<u>(\$8.0)</u>	<u>(\$8.0)</u>	<u>\$0.0</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 and does not include depreciation and the State debt service commitment for interest.

University of Connecticut (Storrs & Regional Campuses)

	Fall 1995	Fall 1996	Fall 1997	Fall 1998	Fall 1999	Fall 2000	Fall 2001	Fall 2002	Fall 2003	Fall 2004	Fall 2005	1995 to 2005 Growth
Full-Time Staff Headcount*												
Executive/Administrative/Managerial	100	91	83	84	89	93	92	92	91	98	91	-9.0%
Executive/Administrative/Managerial-% of Total	2.6%	2.5%	2.3%	2.2%	2.3%	2.4%	2.3%	2.3%	2.4%	2.4%	2.2%	
Faculty	1,148	1,106	1,040	1,096	1,122	1,121	1,130	1,165	1,107	1,200	1,251	9.0%
Faculty-% of Total	30.1%	30.0%	29.3%	29.2%	28.9%	28.5%	28.3%	28.7%	29.3%	29.9%	30.3%	
Professional & Classified Support	2,562	2,490	2,429	2,576	2,678	2,720	2,776	2,797	2,584	2,717	2,788	8.8%
Professional & Classified Support-% of Total	<u>67.3%</u>	<u>67.5%</u>	<u>68.4%</u>	<u>68.6%</u>	<u>68.9%</u>	<u>69.2%</u>	<u>69.4%</u>	<u>69.0%</u>	<u>68.3%</u>	<u>67.7%</u>	<u>67.5%</u>	
Total	3,810	3,687	3,552	3,756	3,889	3,934	3,998	4,054	3,782	4,015	4,130	8.4%

*Based on IPEDS reporting standards.

3

	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	
State Funding												
State Appropriation	\$135.9	\$134.6	\$147.1	\$151.3	\$170.5	\$177.0	\$186.3	\$192.2	\$190.2	\$197.0	\$205.8	51.4%
Total State Support	\$183.1	\$188.3	\$204.2	\$213.2	\$234.9	\$238.4	\$259.4	\$260.9	\$256.5	\$273.1	\$283.1	54.6%
State Support as % of Revenues	43.1%	43.9%	44.8%	44.1%	43.4%	41.1%	41.0%	39.0%	36.6%	35.8%	35.5%	
Student Costs												
Tuition (In-State)	\$3,900	\$4,036	\$4,158	\$4,158	\$4,158	\$4,282	\$4,448	\$4,730	\$5,260	\$5,772	\$6,096	
Mandatory Fees	<u>\$910</u>	<u>\$938</u>	<u>\$1,084</u>	<u>\$1,172</u>	<u>\$1,246</u>	<u>\$1,314</u>	<u>\$1,376</u>	<u>\$1,424</u>	<u>\$1,552</u>	<u>\$1,718</u>	<u>\$1,816</u>	
Tuition & Mandatory Fees	\$4,810	\$4,974	\$5,242	\$5,330	\$5,404	\$5,596	\$5,824	\$6,154	\$6,812	\$7,490	\$7,912	64.5%
Tuition & Mandatory Fee Increases	2.08%	3.41%	5.39%	1.68%	1.39%	3.55%	4.07%	5.67%	10.69%	9.95%	5.63%	Compounded 5.1%
Student Headcount (Census)												
Undergraduate	14,667	14,454	14,382	14,855	15,741	16,681	17,630	18,662	19,287	20,151	20,525	39.9%
Graduate/Professional	<u>7,804</u>	<u>7,351</u>	<u>6,867</u>	<u>6,543</u>	<u>6,500</u>	<u>6,254</u>	<u>5,950</u>	<u>6,711</u>	<u>6,869</u>	<u>6,943</u>	<u>7,073</u>	-9.4%
Total	22,471	21,805	21,249	21,398	22,241	22,935	23,580	25,373	26,156	27,094	27,598	22.8%
Students Housed On-Campus	6,957	7,089	6,898	7,626	8,248	8,674	8,856	10,284	11,053	11,139	11,524	65.6%
Degrees Awarded												Spring '96-'05
Bachelor's	2,839	2,757	2,638	2,852	2,802	2,837	2,888	3,477	3,673	3,816		34.4%
Total	4,645	4,623	4,454	4,461	4,478	4,572	4,573	5,304	5,386	5,966		28.4%

University of Connecticut Health Center
Statement of Current Funds Budget Operations and Variance Analysis
FY06 Forecast (Unaudited)
(Dollars in Millions)

Current Funds Revenues:	Budget	Forecast	Variance	% Change
State Support	\$102.6	\$100.9	(\$1.7)	
Tuition	8.2	7.9	(0.3)	
Fees	5.1	5.0	(0.1)	
Gifts, Grants & Contracts	102.7	92.0	(10.7)	
Investment Income	1.1	2.1	1.0	
Interns & Residents	30.9	30.0	(0.9)	
Net Patient Care	281.4	281.1	(0.3)	
Correctional Managed Health Care	84.2	86.7	2.5	
Auxiliary Enterprise Education	14.0	14.2	0.2	
Other Revenue	<u>4.3</u>	<u>3.9</u>	<u>(0.4)</u>	
Total Current Funds Revenues	\$634.5	\$623.8	(\$10.7)	-1.7%
Current Funds Expenditures / Transfers:				
Personal Services	\$313.7	\$312.7	\$1.0	
Fringe Benefits	85.0	84.1	0.9	
Drugs/Medical Supplies	66.4	66.5	(0.1)	
Medical Contractual Support	7.9	8.4	(0.5)	
Medical/Dental House Staff	33.6	32.2	1.4	
Outside Agency Per Diem	4.6	4.5	0.1	
Utilities	10.3	11.3	(1.0)	
Outside & Other Purchases	44.0	38.8	5.2	
Insurance	4.8	8.1	(3.3)	
Repairs & Maintenance	10.0	8.7	1.3	
Provision for Bad Debts	9.1	6.3	2.8	
Other Expenses	21.0	21.4	(0.4)	
Depreciation	<u>23.4</u>	<u>22.1</u>	<u>1.3</u>	
Total Current Funds Expenditures / Transfers	\$633.8	\$625.1	\$8.7	-1.4%
Net Gain (Loss)	<u>\$0.7</u>	<u>(\$1.3)</u>	<u>(\$0.6)</u>	