

University of Connecticut (Storrs & Regional Campuses)

FY 2011 Budget Review

The following narrative and schedule provide information on the main drivers of the University of Connecticut Storrs-based operating budget. The amounts presented here are subject to audit adjustments.

- ✚ **Total Revenue** – For the year ended June 30, 2011, total Operating and Research Fund revenues were \$1,058.2 million or 2.4% more than budgeted. The Operating and Research Funds positive variance from budget of \$24.7 million was primarily due to positive variances in Tuition, Fees, Grants & Contracts and Auxiliary Enterprises.
- ✚ **Tuition** – Total Tuition revenue was \$246.1 million or 2.5% greater than budget. Tuition revenue collections reflect a 5.66% rate increase coupled with a 1.6% increase in the number of undergraduate degree-seeking students who account for approximately 86.3% of tuition revenues.
- ✚ **Fees** – Fee revenue was \$92.3 million or \$1.5 million higher than budget. This was primarily due to higher enrollment than projected and better than expected summer session enrollment.
- ✚ **Grants & Contracts and Foundation** – Grants & Contracts and Foundation revenues were more than the budget of \$78.9 million by \$9.6 million. The University has received additional federal and state financial aid.
- ✚ **Auxiliary Enterprise Revenue** – This category was \$6.2 million more than budgeted primarily due to post season revenue for Athletics.
- ✚ **Total Expenditures** – Total Operating and Research Fund expenditures/transfers were \$1,056.5 million. Operating Fund expenditures were over budget by \$4.3 million and Research Fund expenditures were over by \$4.7 million. Operating Fund savings in Fringe Benefits, Energy expenditures and Transfers were off-set by additional expenditures in Other Expenses, Financial Aid and Research.
- ✚ **Personal Services** – Operating Fund Personal Services expenditures (including fringe benefits) were \$561.3 million or \$2.1 million less than budget due to less fringe benefit expenditures than budgeted.
- ✚ **Other Expenses** – Other Expenses were more than the budget by \$11.5 million. This was primarily due to the encumbrances at the end of FY10 that became expenditures in the first two quarters of FY11 and the additional cost of hiring a consulting firm to examine operations and recommend savings and revenue-enhancements. Also contributing to this overage was higher than expected expenditures in Athletics due to successful post season participation.
- ✚ **Energy** – Energy costs were \$2.5 million less than budget due to favorable gas prices.
- ✚ **Student Financial Aid** – Student Financial Aid expenditures were \$8.3 million more than budget primarily due to the additional state and federal funding. This increase in expenditure was offset by the additional state and federal revenue and University resources of \$1.6 million.
- ✚ **Transfers** – This line reflects transfers to Plant Funds for various construction projects and bond and installment loan payments, as well as payments for the capital lease for the Cogeneration plant. Transfers were under budget by \$10.5 million due to the revised funding plan for the water reclamation project that reallocated some existing plant fund balances as opposed to using current year revenues.
- ✚ **Research** – Research expenditures were \$4.7 million greater than budgeted due to additional equipment purchases and Research Fund support for the Torrey Life Sciences 1st Floor construction project.
- ✚ **Net Gain** – For the year ended June 30, 2011, the University had a net gain of \$1.7 million. The net gain included the \$1.0 million reserve repayment for the November 2001 drawdown of \$11.5 million for the Towers Dining Center and Student Union and is net of the \$15.0 million transfer from University operating reserves to the State General Fund required by the 2011 State budget.

University of Connecticut (Storrs & Regionals)
Statement of Current Funds Budget Operations¹ and Variance Analysis
FY11 Actual (unaudited)
(Dollars in Millions)

	Budget	Actual	Variance	% Change
Current Funds Revenues:				
Operating Fund				
State Support	\$332.1	\$329.0	(\$3.1)	
Tuition	240.1	246.1	6.0	
Fees	90.8	92.3	1.5	
Grants & Contracts	60.8	70.0	9.2	
Foundation	18.1	18.5	0.4	
Investment Income	1.2	1.0	(0.2)	
Sales & Service Education	14.9	16.1	1.2	
Auxiliary Enterprise Revenue	170.2	176.4	6.2	
Other Revenue	<u>10.5</u>	<u>11.5</u>	<u>1.0</u>	
Total Operating Fund	938.7	960.9	22.2	2.4%
Research Fund	<u>94.8</u>	<u>97.3</u>	<u>2.5</u>	2.6%
Total Current Funds Revenues	\$1,033.5	\$1,058.2	\$24.7	2.4%
Current Funds Expenditures / Transfers:				
Operating Fund				
Personal Services	\$411.9	\$413.0	\$1.1	
Fringe Benefits	151.5	148.3	(3.2)	
Other Expenses	158.9	170.4	11.5	
Energy	29.0	26.5	(2.5)	
Equipment	17.8	17.4	(0.4)	
Student Financial Aid	110.1	118.4	8.3	
Transfers*	<u>73.5</u>	<u>63.0</u>	<u>(10.5)</u>	
Total Operating Fund	952.7	957.0	4.3	0.5%
Research Fund	<u>94.8</u>	<u>99.5</u>	<u>4.7</u>	5.0%
Total Current Funds Expenditures / Transfers	\$1,047.5	\$1,056.5	\$9.0	0.9%
Net Gain (Loss)²	<u>(\$14.0)</u>	<u>\$1.7</u>	<u>\$15.7</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, does not include depreciation or amortization and does not include the State debt service commitment for principal and interest.

2 For the fiscal year ended June 30, 2011, the University had a net gain of \$1.7 million. The net gain included the \$1.0 million reserve repayment for the November 2001 drawdown of \$11.5 million for the Towers Dining Center and Student Union and is net of the \$15.0 million transfer from University operating reserves to the State General Fund required by the 2011 State budget.

* Includes required transfer of \$15 million to the State General Fund.


University of Connecticut (Storrs & Regional Campuses)

	Fall 1995	Fall 1997	Fall 1999	Fall 2001	Fall 2003	Fall 2005	Fall 2007	Fall 2009	Fall 2010	Fall 95-10 Growth
Full-Time Staff Headcount*	100	83	89	92	91	100	101	100	105	5.0%
Executive/Administrative/Managerial	2.6%	2.3%	2.3%	2.3%	2.4%	2.4%	2.4%	2.4%	2.4%	
Executive/Administrative/Managerial-% of Total										
Faculty	1,148	1,040	1,122	1,130	1,107	1,251	1,294	1,286	1,304	13.6%
Faculty-% of Total	30.1%	29.3%	28.9%	28.3%	29.3%	30.3%	30.2%	30.9%	30.2%	
Professional & Classified Support	2,562	2,429	2,678	2,776	2,584	2,779	2,893	2,779	2,912	13.6%
Professional & Classified Support-% of Total	67.3%	68.4%	68.9%	69.4%	68.3%	67.3%	67.5%	66.7%	67.4%	
Total	3,810	3,552	3,889	3,998	3,782	4,130	4,288	4,165	4,321	13.4%
*Based on IPEDS reporting standards.										
Student Headcount (Census)										
Undergraduate	14,667	14,382	15,741	17,630	19,287	20,525	20,846	21,496	21,881	49.2%
Graduate/Professional	7,804	6,867	6,500	5,950	6,869	7,073	7,344	7,505	7,623	-2.3%
Total	22,471	21,249	22,241	23,580	26,156	27,598	28,190	29,001	29,504	31.3%
Students Housed On-Campus	6,957	6,898	8,248	8,856	11,053	11,524	11,205	12,315	12,462	79.1%
Degrees Awarded										
Bachelor's	2,941	2,757	2,852	2,837	3,477	3,816	4,354	4,610	4,606	56.6%
Total	4,708	4,623	4,461	4,572	5,304	5,966	6,542	6,862	6,931	47.2%
State Funding										
Total State Support	\$183.1	\$204.2	\$234.9	\$259.4	\$256.5	\$285.7	\$328.2	\$325.4	\$329.0	79.7%
State Support as % of Revenues	43.1%	44.8%	43.4%	41.0%	36.6%	35.4%	35.9%	32.6%	31.1%	
Student Costs										
Tuition (In-State)	\$3,900	\$4,158	\$4,158	\$4,448	\$5,260	\$6,096	\$6,816	\$7,632	\$8,064	Compounded
Mandatory Fees	910	1,084	1,246	1,376	1,552	1,816	2,036	2,254	2,352	5.29%
Tuition & Mandatory Fees	\$4,810	\$5,242	\$5,404	\$5,824	\$6,812	\$7,912	\$8,852	\$9,886	\$10,416	
Tuition & Mandatory Fee Increases	2.08%	5.39%	1.39%	4.07%	10.69%	5.63%	5.86%	5.87%	5.36%	
Room & Board Rates	\$5,124	\$5,462	\$5,660	\$6,298	\$6,888	\$7,704	\$8,850	\$10,120	\$10,782	
Total Student Costs	\$9,934	\$10,704	\$11,064	\$12,122	\$13,700	\$15,616	\$17,702	\$20,006	\$21,198	Compounded
Total Cost Increases	1.53%	4.17%	1.75%	3.98%	7.91%	4.85%	6.46%	6.18%	5.96%	5.18%


University of Connecticut Health Center

FY 2011 Budget Review (unaudited)


The following narrative and chart provide information on the main drivers of the University of Connecticut Health Center financial results for Fiscal 2011. The amounts presented here are subject to audit adjustments.

 **Executive Summary** - The Fiscal Year 2011 is impacted positively by lower than expected expenses. Excluding Correctional Managed Healthcare (CMHC), revenues were on budget. Expenses excluding CMHC were \$4.1 million below budget.

The overall profit for Fiscal Year 2011 is \$4.0 million compared to a breakeven budget. CMHC revenues & expenses were \$7.6 million below budget. UCHC is not at risk for the profits or losses of CMHC as any savings flow to the Department of Corrections.

 **Total Revenue** – For the year ended June 30, 2011, Total Revenues including “State Support” is \$780.4 million. Excluding CMHC, revenues are \$689.4 million compared to budgeted revenues of \$689.5 million.

- **Research** –Research revenues for the year ended June 30, 2011, are unfavorable to budget by \$3.5 million or 4.0%. The variance was caused by lower Non-Federal Research Grants.
- **Net Patient Revenue** – For the year ended June 30, 2011, Net Patient Revenue is less than budget by \$100,000, less than .5% variance. The variances by unit are:
 - JDH - \$6.7 million greater than budget. The volume is at budgeted levels but collection rate is much higher than budget.
 - UMG - \$5.5 million below budget. Volume is lower than budget by 3.6% and collection rate as a result of a higher proportion of Medicare and Medicaid is lower.
 - Dental Implant Center - \$.8 million below budget due to volume.
- **Endowment/Foundation Income** – The unfavorable variance of \$0.2 million was reflective of the economic environment and lower investment balances.
- **Total State Support** –The State appropriation budgeted for FY11 totaled \$182.4 million including the fringe benefit differential for JDH of \$13.5 million. The FY11 budgeted State appropriation represents 23.1% of UCHC revenues and the actual State appropriation is \$186.8 million or 23.9% of actual revenues.

 **Total Expenditures** – For the year ended June 30, 2011, Total Expenditures excluding CMHC are below budgeted amounts by \$4.1 million or 0.6%. The following are variances for categories of expense:

- **Personal Services** – For the year ended June 30, 2011, Personal Services expenditures are below budget by \$1.1 million or .4%. Favorable variances in Personal Services were attained by not filling vacant positions.

- **Drugs and Medical** – For the year ended June 30, 2011, drugs and medical supplies are below budget by \$2.8 million or 4.2%. Drug expenses were favorable due to the continued benefit of 340B drug pricing available to the John Dempsey Hospital. Medical Supplies were also under budget due to lower than budgeted surgical cases in FY 2011.
- **Medical Contractual Support** – For the year ended June 30, 2011, medical contractual support is above budget by \$1.5 million or 10.0%. This was driven by the need to cover vacancies noted above in the personal services section related to the clinical operations of JDH and UMG.
- **Outside Services** – For the year ended June 30, 2011, outside and other purchases were below budget by \$5.4 million or 11.7%. Expenses related to research activities for the year were under budget by \$2.0 million. This is directly related to the lower than budgeted research revenue noted above. Additionally, the School's had savings related to other consulting contracts and faculty start-up expenses.



Net Gain – For the year ended June 30, 2011, the Health Center has a net gain of \$4.0 million.

University of Connecticut Health Center
Statement of Current Funds Budget Operations and Variance Analysis
FY11 Actual (Unaudited)
(Dollars in Millions)

Current Funds Revenues:	Budget	Actual	Variance	% Change
State Support	\$182.4	\$186.8	\$4.4	
Tuition & Fees	16.9	17.3	0.4	
Gifts, Grants & Contracts	88.3	84.8	(3.5)	
Interns & Residents	47.8	47.6	(0.2)	
Net Patient Care	334.9	334.8	(0.1)	
Correctional Managed Health Care	98.6	91.0	(7.6)	
Endowment/Foundation Income	2.7	2.5	(0.2)	
Other Revenue	<u>16.5</u>	<u>15.6</u>	<u>(0.9)</u>	
Total Current Funds Revenues	\$788.1	\$780.4	(\$7.7)	-1.0%
Current Funds Expenditures / Transfers:				
Personal Services	\$312.6	\$311.5	(\$1.1)	
Fringe Benefits	120.0	122.4	\$2.4	
Drugs/Medical Supplies	67.0	64.2	(\$2.8)	
Medical Contractual Support	15.0	16.5	\$1.5	
Medical/Dental House Staff	42.1	42.3	\$0.2	
Correctional Managed Health Care	99.2	91.6	(7.6)	
Outside Agency Per Diem	2.1	2.2	\$0.1	
Utilities	14.0	14.5	\$0.5	
Outside & Other Purchases	46.2	40.8	(\$5.4)	
Insurance	6.5	6.9	\$0.4	
Repairs & Maintenance	9.6	10.3	\$0.7	
Other Expenses	23.8	23.4	(\$0.4)	
Depreciation	<u>30.0</u>	<u>29.8</u>	<u>(\$0.2)</u>	
Total Current Funds Expenditures / Transfers	\$788.1	\$776.4	(\$11.7)	-1.5%
Net Gain	<u>\$0.0</u>	<u>\$4.0</u>	<u>\$4.0</u>	