

FCR 7

Office of the President
December 13, 2016

Members, Board of Trustees:

FISCAL YEAR 2016-17 BUDGET REVISIONS

Recommendation: that the Board of Trustees authorize and approve the following revisions to the Fiscal Year 2016-17 budget. The budget revisions outlined below will increase the University of Kentucky's total budget by \$48,888,500 – from \$3,524,640,400 to \$3,573,528,900.

	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Change</u>
A. <u>GENERAL FUND</u>			
1. Income Estimates			
Student Tuition and Fees			
Fees			
Mandatory Registration Fees	\$ 10,285,000	\$ 10,719,000	\$ 434,000
Gifts, Grants, and Contracts			
Gifts and Other Grants and			
Contracts			
Other	1,693,100	1,401,500	(291,600)
Non-Governmental Grants and			
Contracts			
Other	172,847,300	173,687,700	840,400
Sales and Services			
Departmental Sales and Services			
Other	38,923,800	38,961,500	37,700
Appropriated Fund Balances	177,720,500	225,200,000	47,479,500
Net Transfers	23,549,300	23,542,100	<u>(7,200)</u>
			\$ 48,492,800
2. Expenditures			
President			
Institutional Diversity			
Administration	\$ 901,000	\$ 1,101,000	\$ 200,000
Philanthropy			
Administration	9,093,600	8,802,000	(291,600)

	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Change</u>
A. <u>GENERAL FUND (continued)</u>			
2. Expenditures (continued)			
Provost			
College of Fine Arts			
Administration	\$ 3,357,800	\$ 3,350,600	\$ (7,200)
College of Health Sciences			
Administration	2,528,200	3,406,300	878,100
Student Affairs			
Student Activities Leadership and Involvement	210,100	418,100	208,000
Finance and Administration			
Facilities Management			
Shared Services	1,414,900	1,440,900	26,000
University-Wide			
Operating and Capital Projects	122,252,900	169,732,400	<u>47,479,500</u>
			\$ 48,492,800

3. Comments - Student Tuition and Fees budget will increase by \$434,000 as a result of budgeting income from the Diversity, Environmental Stewardship, and Community Outreach mandatory fees. The Diversity mandatory fee increase (\$200,000) will be used to support student diversity innovative programs across the University through individual awards ranging from \$2,500 to \$25,000. The Environmental Stewardship (\$26,000) and the Community Outreach (\$208,000) mandatory fee increases represent the two percent unallocated portion of the mandatory fee increase approved by the Board at its June 2016 meeting. (See FCR 5)

The budget for Gifts, Grants, and Contracts will decrease \$291,600 due to the overestimation of anticipated operating gifts in Alumni Affairs. With additional program information, the reduced budget reflects a more accurate expenditure authority.

The budgets for Non-Governmental Grants and Contracts and Other Departmental Sales and Services will increase \$840,400 and \$37,700, respectively, to support the partnership between the College of Health Sciences and the Child Development Center of the Bluegrass (CDCB) to offer pediatric therapy services. This partnership will provide opportunities for better integration with CDCB and UK's academic and clinical resources as well as additional community engagement opportunities.

A. GENERAL FUND (continued)

3. Comments (continued) - The Fiscal Year 2016-17 Operating Budget approved by the Board at its June 2016 meeting included a projected General Fund fund balance of \$177,720,500. The actual fund balance as of June 30, 2016 was \$225,200,000, or \$47,479,500 more than originally projected. The additional funds to be recognized were a result of earning more revenue than expected including tuition and investment income, restoration of a mid-year cut in state appropriations, and colleges and units not spending as much as forecasted in the last two months of the fiscal year.

The majority of the \$225,200,000 of non-recurring funds were generated or saved over multiple years and have been committed for various program initiatives. Additional expenditure authority is requested to fully recognize these available funds. The majority of the funds will be returned to the colleges and departments in accordance with expenditure plans approved by the President, Provost, and/or Executive Vice President for Finance and Administration.

The Net Transfers budget will decrease \$7,200 to adjust the Singletary Center for the Arts budget to be more in-line with this unit's projected operations.

	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Change</u>
--	----------------------------	---------------------------	---------------

B. AUXILIARY FUND

1. Income Estimates

Student Tuition and Fees

Fees

Mandatory Registration Fees	\$ 22,089,800	\$ 22,505,800	\$ 416,000
-----------------------------	---------------	---------------	------------

Sales and Services

Departmental Sales and Services

Dining Operations	10,606,300	10,763,900	157,600
-------------------	------------	------------	---------

Other	9,267,400	9,135,100	(132,300)
-------	-----------	-----------	-----------

Appropriated Fund Balances	7,216,100	7,338,300	122,200
----------------------------	-----------	-----------	---------

Net Transfers	23,276,500	23,283,700	<u>7,200</u>
---------------	------------	------------	--------------

			\$ 570,700
--	--	--	------------

2. Expenditures

Provost

Agriculture Experiment Station

Agricultural Motor Pool

Security	\$ 20,000	\$ 160,000	\$ 140,000
----------	-----------	------------	------------

	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Change</u>
B. <u>AUXILIARY FUND</u>			
2. Expenditures (continued)			
Provost			
College of Engineering			
Civil Engineering	\$ 0	\$ 26,200	\$ 26,200
Electrical Engineering	0	14,200	14,200
Engineering Electron			
Microscopy	155,000	155,800	800
Transportation Center	0	17,500	17,500
College of Fine Arts			
Singletary Center for the Arts	809,200	816,400	7,200
Center for Cancer Prevention, Education, Research, and Patient Care			
	12,800	0	(12,800)
Student Affairs			
Student Activities Leadership and Involvement	3,608,600	3,660,600	52,000
Student Center	6,797,400	7,109,400	312,000
Student Publication	52,000	104,000	52,000
Finance and Administration			
Auxiliary Services			
Dining Operations	9,822,200	9,979,800	157,600
Campus Services			
University Police	510,000	314,000	<u>(196,000)</u>
			\$ 570,700

3. Comments - The student tuition and fees budget will increase by \$416,000 due to unbudgeted Student Government (\$52,000), Student Center Renovation (\$312,000), and Kernel (\$52,000) mandatory fees. These fee increases represent the two percent unallocated portion of the mandatory fee increase approved by the Board at its June 2016 meeting and will be used to support student government activities, renovation and construction costs for the Student Center, and the student newspaper operating costs. (See FCR 5)

Per the June 2014 agreement with Aramark to operate UK Dining program, UK Dining employees at that time remained UK employees with the same salary and benefits. The Dining Operations budget will increase \$157,600 due to additional reimbursements expected from Aramark for salary and benefits of the 67 UK Dining employees that remain in a UK employee status.

The budgets for Other Departmental Sales and Services will decrease \$132,300 and Appropriated Fund Balances will increase \$122,200 due to properly aligning several service center budgets with their projected operations.

The budget for Net Transfers will increase \$7,200 due to adjusting the Singletary Center for the Arts budget to be more in-line with the unit's projected operations.

	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Change</u>
C. <u>RESTRICTED FUND</u>			
1. Income Estimates			
Appropriated Fund Balances	\$ 88,252,100	\$ 88,077,100	<u>\$ (175,000)</u>
			\$ (175,000)
2. Expenditures			
Provost			
Kentucky Tobacco Research and Development Center	\$ 3,076,200	\$ 2,901,200	<u>\$ (175,000)</u>
			\$ (175,000)
3. <u>Comments</u> - The Kentucky Tobacco Research and Development Center's (KTRDC) revenues were overestimated during the development of the Fiscal Year 2016-17 Operating Budget. With additional program information, the reduced budget reflects a more accurate expenditure authority for KTRDC.			

Action taken: Approved Disapproved Other _____