

FCR 9

Office of the President
December 11, 2012

Members, Board of Trustees:

2012-13 BUDGET REVISIONS

Recommendation: that the Board of Trustees authorize and approve the following revisions to the 2012-13 budget. The budget revisions outlined below will increase the University of Kentucky's total budget by \$20,091,300 – from \$2,618,377,700 to \$2,638,469,000.

	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Change</u>
A. <u>GENERAL FUND</u>			
1. Income Estimates			
Student Tuition and Fees			
Fees			
Non Credit	\$ 6,421,200	\$ 6,472,300	\$ 51,100
Sales and Services			
Agricultural Farm Sales	1,784,300	1,700,300	(84,000)
Departmental Sales and Services	16,748,300	18,269,700	1,521,400
UK Affiliated Corporations			
The Fund for Advancement of Education and Research in the University of Kentucky Medical Center	19,580,500	19,701,500	121,000
Appropriated Fund Balances – University	118,596,500	140,557,400	<u>21,960,900</u> \$ 23,570,400
2. Expenditures			
Provost			
Agricultural Experiment Station			
Farm and Facilities Operations	\$ 4,131,300	\$ 4,047,300	\$ (84,000)
College of Nursing			
Instruction	7,250,800	7,347,600	96,800

A. GENERAL FUND (continued)

2. Expenditures (continued)
 Provost (continued)

	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Change</u>
Undergraduate Education			
Humanities Program	\$ 209,300	\$ 210,100	\$ 800
UK HealthCare			
Continuing Education	-	1,571,700	1,571,700
University Wide			
Operating and Capital Expenses	110,246,200	132,207,100	21,960,900
UK Affiliated Corporations			
The Fund for Advancement of Education and Research in the University of Kentucky Medical Center	7,895,200	7,919,400	<u>24,200</u>
			\$ 23,570,400

3. Comments: During the FY 2012-13 budget development process, all the revenues and expenses of the Continuing Education (CE) program were incorrectly budgeted as Auxiliary Funds. In accordance with Cost Accounting Standards, the University must distinguish funds received from external sources and funds associated with centers that provide services to internal departments and grants. The part of the CE budget representing revenues from external sources will be moved from Auxiliary Funds to General Funds. The CE budget that is related to the Service Center will remain in the Auxiliary Funds. As a result, the General Funds budget for Noncredit Student Fees will be increased by \$51,100 and the budget for Departmental Sales and Services will be increased by \$1,520,600. Departmental Sales and Services will also increase by \$800 due to rental income received by the Gaines Center. All these funds will be used to support operating expenses in the respective programs.

Agricultural Farm Sales are expected to decrease by \$84,000 due to suspended operations at the Eden Shale Farm. The increase of \$121,000 in The Fund for Advancement of Education and Research in the University of Kentucky Medical Center (The Fund) is due to additional professional fee revenue (\$44,800) from two contracts and higher than originally projected prior year fund balances (\$76,200). These funds will support faculty practice and college initiatives in the College of Nursing and the Fund.

The 2012-13 Operating Capital Budget approved by the Board of Trustees at the June 2012 meeting included a projected General Fund remaining fund balance of \$118,596,500. These non-recurring funds were generated or saved over multiple years and are available for expenditure. The funds have been committed for various expenses and capital projects including expenses encumbered in the prior year but not yet paid. The actual fund balance as of June 30, 2012 was higher than expected. An additional expenditure authority of \$21,960,900 is requested to fully recognize the available funds. The additional funds will be used to pay

expenses already encumbered by the colleges and the departments and support various capital and operating projects as approved by the President and Interim Provost. The majority of the funds will be returned to the colleges and departments in accordance with previously approved expenditure plans, which span multiple years. The remaining funds will continue to be designated for university-wide reserves such as general liability deductibles, health benefits, and miscellaneous fringe benefits as well as capital project priorities as determined by the President and the Interim Provost.

	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Change</u>
B. <u>AUXILIARY FUND</u>			
1. Income Estimates			
Auxiliary Enterprises - Other			
Departmental Sales and			
Services	\$ 11,663,100	\$ 9,516,000	\$ (2,147,100)
Non Credit Fees	72,100	-	(72,100)
Appropriated Fund Balances –			
University	6,410,900	6,868,000	457,100
Transfers	11,319,100	11,106,000	<u>(213,100)</u>
			\$ (1,975,200)
2. Expenditures			
Finance and Administration			
Facilities Management			
Physical Plant	\$ 481,400	\$ 931,700	\$ 450,300
Provost			
Office of International Affairs			
International Study Abroad			
and Exchange Programs	-	6,800	6,800
UK HealthCare			
Continuing Education	2,432,300	-	<u>(2,432,300)</u>
			\$ (1,975,200)
3. <u>Comments</u> : Departmental sales and services, noncredit fees and transfers will decrease a total of \$2,432,300 due to the movement of part of the Continuing Education program budget to the General fund. The auxiliary fund appropriated fund balance approved by the Board of Trustees at the June 2012 meeting reflected a projected balance of \$6,410,900. Additional expenditure authority of \$457,100 is requested to fully recognize the available funds. These additional funds will be used to support service center operations in the Office of International Affairs and the Physical Plant Division.			

	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Change</u>
C. <u>RESTRICTED FUND</u>			
1. Income Estimates			
Gifts, Grants and Contracts			
State and Local Grants and Contracts	\$ 5,284,100	\$ 4,984,100	\$ (300,000)
Sales and Services			
Department Sales and Services	207,800	211,000	3,200
Appropriated Fund Balances – University	67,698,900	66,491,800	<u>(1,207,100)</u>
			\$ (1,503,900)
2. Expenditures			
Provost			
Kentucky Tobacco Research and Development Center	\$ 3,900,000	\$ 2,396,100	<u>(1,503,900)</u>
			\$ (1,503,900)
3. <u>Comments</u> : Gifts, grants and contracts, sales and services and appropriated fund balances are expected to decrease by \$1,503,900 mainly due to a reduction in state cigarette tax revenues and a decrease in expected fund balances from the Kentucky Tobacco Research and Development Center. Expenses in this program will be reduced accordingly.			

Action taken: Approved Disapproved Other _____