

# FCR 11

Office of the President  
December 17, 2013

Members, Board of Trustees:

## 2013-14 BUDGET REVISIONS

Recommendation: that the Board of Trustees authorize and approve the following revisions to the 2013-14 Operating and Capital Budget. The budget revisions outlined below will increase the University's total budget by \$18,864,100, or .7 percent, from \$2,709,205,300 to \$2,728,069,400.

	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Change</u>
<b>A. <u>GENERAL FUNDS</u></b>			
1. Income Estimates			
Gifts, Grants, and Contracts			
State and Local Grants and Contracts	\$ 35,884,000	\$ 35,889,700	\$ 5,700
Sales and Services			
Departmental Sales and Services	17,326,700	17,322,800	(3,900)
Appropriated Fund Balances	139,593,300	157,598,100	18,004,800
Transfers	8,906,700	9,060,100	<u>153,400</u>
			\$ 18,160,000
2. Expenditures			
Provost			
College of Medicine Kentucky Telecare	\$ 53,000	\$ 58,700	\$ 5,700
College of Pharmacy Administration	3,370,900	3,367,000	(3,900)
Student Affairs Residence Life	3,980,700	4,134,100	153,400
University Wide Operating and Capital Projects	112,785,800	130,790,600	<u>18,004,800</u>
			\$ 18,160,000

3. Comments – The 2013-14 Operating and Capital Budget approved by the Board of Trustees on June 11, 2013 included a projected fund balance of General Funds of \$139,593,300. The actual fund balance as of June 30, 2013 was \$157,598,100, or \$18,004,800 more than estimated. The majority of the fund balance will be returned to the colleges and departments in accordance with previously approved expenditure plans. The plans include program investments, capital projects, reserves and expenses encumbered in the prior year but not yet paid. Additional expenditure authority is requested to fully recognize the available funds. The areas will be requested to submit revised expenditure plans to the President.

Transfers to the General Funds are estimated to increase by \$153,400 from the Auxiliary Funds (Housing Operations) to support Resident Assistants and House Director programs. The revenues associated with apartment rentals, as described below, were not budgeted during the FY 2013-14 budget development process.

State and Local Grants and Contracts are expected to increase \$5,700 as a result of a new contract for the Kentucky Telecare Network program in the College of Medicine. Departmental Sales and Services are expected to decrease by \$3,900 as revenues originally budgeted for the Poster Printer program in the College of Pharmacy will not be realized.

	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Change</u>
<b>B. <u>AUXILIARY FUNDS</u></b>			
1. Income Estimates			
Auxiliary Enterprises			
Housing			
Departmental Sales and Services	\$ 27,158,000	\$ 29,418,600	\$ 2,260,600
Other			
Departmental Sales and Services	8,544,400	8,546,900	2,500
Transfers	13,223,100	13,069,700	<u>(153,400)</u>
			\$ 2,109,700
2. Expenditures			
Finance and Administration			
Facilities Management			
Housing Operations	\$ 17,969,800	\$ 20,077,000	\$ 2,107,200
Provost			
College of Medicine			
Office of Academic Affairs	0	2,500	<u>2,500</u>
			\$ 2,109,700

3. Comments – Departmental Sales and Services from the Housing enterprise are expected to increase a net \$2,260,600 due to unbudgeted rental income (\$3,700,000) from three leased or purchased apartment facilities (University Trails, Lexington Theological Seminary and Royal Lexington) and a reduction of anticipated income (\$1,400,000) due to lower than expected occupancy in the traditional residence halls. An additional \$153,400 will be transferred to General Funds to support Resident Assistants and House Director programs. Other Departmental Sales and Services are expected to increase \$2,500 from the Standardized Patient Care service center.

	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Change</u>
<b>C. <u>RESTRICTED FUNDS</u></b>			
<b>1. Income Estimates</b>			
Endowment and Investment Income	\$ 19,554,900	\$ 19,609,700	\$ 54,800
Federal Appropriations			
Agricultural Cooperative Extension Services	11,178,100	10,454,700	(723,400)
Agricultural Experiment Station	7,137,100	6,602,300	(534,800)
Sales and Services			
Departmental Sales and Services	197,200	187,200	(10,000)
UK Affiliated Corporations			
Mining Engineering Foundation, Inc.	65,900	59,800	(6,100)
Appropriated Fund Balances	72,232,000	72,045,900	<u>(186,100)</u>
			\$ (1,405,600)
<b>2. Expenditures</b>			
Provost			
Agricultural Experiment Station			
Administration	\$ 1,467,600	\$ 968,700	\$ (498,900)
Associate Director	857,200	829,400	(27,800)
Veterinary Science	5,759,300	5,751,200	(8,100)
Kentucky Tobacco Research and Development Center	2,396,100	2,200,000	(196,100)
Agricultural Cooperative Extension Service			
Administration	1,696,200	1,318,200	(378,000)
Advancement	2,200	2,100	(100)

	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Change</u>
2. Expenditures (continued)			
Provost (continued)			
Agricultural Communications and Data Center	\$ 1,638,000	\$ 1,556,100	\$ (81,900)
Agricultural Economics	393,200	385,700	(7,500)
Animal and Food Sciences	394,900	380,000	(14,900)
Associate Director	133,300	132,200	(1,100)
Biosystems and Agricultural Engineering	305,800	290,500	(15,300)
Business Center	117,800	109,700	(8,100)
Community and Economic Development	75,700	71,900	(3,800)
Community and Leadership Development	257,300	245,700	(11,600)
E-Extension Program	33,900	32,200	(1,700)
Entomology	90,200	86,200	(4,000)
Family and Consumer Sciences	1,778,200	1,789,400	11,200
Field Programs	1,910,600	1,793,100	(117,500)
Forestry	207,800	194,600	(13,200)
Horticulture	252,100	239,700	(12,400)
Plant and Soil Sciences	432,600	427,800	(4,800)
Plant Pathology	40,300	38,300	(2,000)
Veterinary Science	51,400	48,800	(2,600)
4-H Youth Development Programs	1,467,600	1,413,500	(54,100)
College of Pharmacy Administration	622,000	676,800	54,800
UK Affiliated Corporations UK Mining Engineering Foundation Inc.	65,900	59,800	(6,100)
			<u>\$ (1,405,600)</u>

3. Comments – As a result of the federal sequester, Federal Appropriations for the Agriculture Cooperative Extension Services and the Agriculture Experiment Station are expected to decline by \$1,300,000. The expenditure budgets for these programs have been reduced accordingly.

The Kentucky Tobacco Research and Development Center’s anticipated fund balance was overstated during the Fiscal Year 2013-14 budget development process and will be reduced by \$186,100. In addition, Departmental Sales and Services revenue budget for the Center will decrease by \$10,000 due to a decline in rental income.

3. Comments (continued) –

The budget for the College of Pharmacy for Endowment and Investment Income will increase by \$54,800 to recognize unbudgeted endowment spending distributions. These funds will support the KMSF Endowed Chair in Pharmacy.

The Mining Engineering Foundation's fund balance and endowment income estimates were overstated in the University's original 2013-14 operating budget. The recommended budget revision includes a \$6,100 decrease in Foundation's budget.

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Action taken:     Approved     Disapproved     Other \_\_\_\_\_