

FCR 5

Office of the President
December 11, 2018

Members, Board of Trustees:

2018-19 BUDGET REVISIONS

Recommendation: that the Board of Trustees authorize and approve the following revisions to the 2018-19 budget. The budget revisions outlined below will increase the University of Kentucky's total budget by \$42,180,500 – from \$3,888,607,100 to \$3,930,787,600.

	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Change</u>
A. <u>GENERAL FUND</u>			
1. Income Estimates			
Appropriated Fund Balances	\$ 205,957,000	\$ 238,823,800	<u>\$ 32,866,800</u> \$ 32,866,800
2. Expenditures			
Provost			
College of Pharmacy			
Administration	\$ 4,182,600	\$ 4,314,600	\$ 132,000
Pharmacy Practice and Science	5,129,500	5,132,100	2,600
University Wide			
Operating and Capital Projects	127,067,500	159,799,700	<u>32,732,200</u> \$ 32,866,800

3. Comments – The Fiscal Year 2018-19 Operating Budget, approved by the Board of Trustees on June 22, 2018, included a projected General Fund fund balance of \$205,957,000. The actual June 30, 2018 fund balance was \$238,823,800, or \$32,866,800 more than originally projected. The additional funds to be recognized were a result of earning more revenue than expected and colleges and units not spending as much as forecasted in the last three months of the fiscal year.

The majority of the fund balances were generated or saved over multiple years and have been committed for capital projects and various strategic initiatives such as activities related to student success and recruitment, and research. Additional expenditure authority is requested to fully recognize the 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, or Executive Vice President for Finance and Administration.

	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Change</u>
B. <u>AUXILIARY FUND</u>			
1. Income Estimates			
Sales and Services			
Departmental Sales and Services			
Dining Operations	\$ 9,754,200	\$ 10,420,900	\$ 666,700
Housing Operations	14,683,200	16,661,200	1,978,000
Other	8,803,100	8,790,100	(13,000)
Appropriated Fund Balances	11,125,100	12,696,200	1,571,100
Net Transfers	31,211,600	31,248,300	<u>36,700</u>
			\$ 4,239,500

2. Expenditures			
Finance and Administration			
Auxiliary Services			
Dining Operations	\$ 8,462,600	\$ 9,166,000	\$ 703,400
Housing Operations	10,687,200	12,665,200	1,978,000
Campus Services			
Environmental Health and Safety			
	0	160,200	160,200
University Police	265,000	485,500	220,500
Facilities Management			
Capital Construction			
	0	230,000	230,000
Physical Plant	1,135,800	1,298,600	162,800
Human Resource Services	617,000	927,000	310,000
Information Technology Services			
Communications and Network Systems			
	0	261,300	261,300
Risk Management and Administrative Services			
	269,000	482,300	<u>213,300</u>
			\$ 4,239,500

2. Comments – Departmental Sales and Services will increase a net \$2,631,700 due to:

1. \$666,700 increase from the dining partner's service concession agreement with the University. These funds will be used for construction, renovations, and equipment for the dining facilities and were not budgeted during the FY 2018-19 budget development process.
2. \$1,978,000 increase in revenue for Housing Operations to renovate the Delta, Delta, Delta sorority house.
3. \$13,000 decrease in the Wildcard ID Service Center revenue estimate for operations.

B. AUXILIARY FUND (continued)

3. Comments (continued)

Appropriated fund balances will increase \$1,571,100 to reflect the actual balances remaining on June 30, 2018, as several service centers under-estimated the amount of carry forward during the FY 2018-19 budget development process.

Net Transfers will increase \$36,700 from transferring funds from the renewal and replacement fund group to current operations to assist with construction, renovations, and equipment for dining facilities.

	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Change</u>
C. <u>RESTRICTED FUND</u>			
1. Income Estimates			
Endowment and Investment			
Income			
UK Gluck Equine Research			
Foundation, Inc.	\$ 305,200	\$ 303,700	\$ (1,500)
UK Humanities Foundation,			
Inc.	48,800	47,500	(1,300)
Gifts, Grants and Contracts			
Gifts and Other Grants			
And Contracts			
UK Humanities Foundation,			
Inc.	2,000	0	(2,000)
Student Center	0	4,500,000	4,500,000
Other	20,386,500	21,086,500	700,000
Appropriated Fund Balances	75,833,400	75,712,400	<u>(121,000)</u>
			\$ 5,074,200
2. Expenditures			
President			
Office of the President			
Administration	\$ 1,084,200	\$ 1,334,200	\$ 250,000
Philanthropy			
Administration	1,241,700	1,691,700	450,000

C. RESTRICTED FUND (continued)

2. Expenditures (continued)

Provost			
College of Medicine			
Obstetrics and Gynecology	\$ 668,300	\$ 661,700	\$ (6,600)
Finance and Administration			
Gatton Student Center			
Operations	4,200	4,604,200	4,600,000
UK Affiliated Corporations			
UK Gluck Equine Research			
Foundation, Inc.	194,500	10,000	(184,500)
UK Humanities Foundation,			
Inc.	153,700	119,000	<u>(34,700)</u>
			\$ 5,074,200

3. Comments – The affiliated corporations budgets contained in the University’s original operating budget are, in some instances, tentative, subject to the approval of their respective boards. The minor revisions to the income and gift estimates for the UK Gluck Equine Research Foundation, Inc. and UK Humanities Foundation, Inc. are necessary to reflect the budgets approved by their corporate boards.

Gifts and Other Grants and Contracts – Gatton Student Center will be increased by \$4,500,000 to reflect a gift received to support the funding of the Gatton Student Center renovation and expansion project.

Gifts and Other Grants and Contracts – Other is estimated to increase \$700,000 due to the new Advancement Fee to be charged to non-endowed gifts. The five percent fee is to be implemented January 1, 2019, to support fund raising efforts such as gift processing, alumni engagement, marketing, and public relations in the Office of Philanthropy and various colleges and units.

Finally, appropriated fund balances for the restricted fund will decrease a net \$121,000 to reflect the following:

1. \$183,000 decrease per the budget approved by the Board of the UK Gluck Research Foundation, Inc.
2. \$100,000 increase for the Gatton Student Center to reflect the actual balances remaining on June 30, 2018.
3. \$31,400 decrease per the budget approved by the Board of the UK Humanities Foundation, Inc.
4. \$6,600 decrease to the Obstetrics and Gynecology unit due to an over-estimation of these balances during the FY 2018-19 operating budget development process.

Action taken: Approved Disapproved Other _____