

GENERAL FUND

For the Six Months Ended December 31, 2020

The University of Akron
Akron and Wayne General Fund Combined
FY 2021 Budget and Actual Results for the six months ended December 31, 2020 with FY 2021 Projections and FY 2020 Comparisons

	FY20		FY21						
	YTD	YTD	Approved Budget	YTD Dec. 31	Actual to Budget		Projected June 30	Projection to Budget	
	June 30	Dec. 31			\$	%		\$	%
Tuition & General Service Fees	\$175,612,417	\$92,220,135	\$149,694,000	\$83,866,152	(\$65,827,848)		\$161,563,000	\$11,869,000	
Other Fees	20,352,098	11,105,222	16,717,000	9,585,612	(7,131,388)		18,224,000	1,507,000	
Scholarships	(52,693,281)	(32,386,100)	(48,259,000)	(24,674,605)	23,584,395		(52,683,000)	(4,424,000)	
Net Tuition and Fees	143,271,234	70,939,256	118,152,000	68,777,159	(49,374,841)		127,104,000	8,952,000	108%
State Share of Instruction	95,193,364	50,065,131	90,445,000	45,222,266	(45,222,734)		95,015,462	4,570,462	105%
Indirect Cost Recovery	4,702,402	2,337,797	4,000,000	1,804,936	(2,195,064)		3,631,000	(369,000)	
Investment Income	735,189	484,777	500,000	12,870	(487,130)		500,000	0	
Miscellaneous Revenues	2,610,741	1,705,861	4,121,000	2,957,092	(1,163,908)		4,600,000	479,000	
Total Revenues	246,512,930	125,532,822	217,218,000	118,774,322	(98,443,678)		230,850,462	13,632,462	106%
Payroll	138,668,320	65,243,718	111,722,000	56,673,722	55,048,278		116,917,000	(5,195,000)	
Fringes	40,363,924	20,237,581	36,829,000	20,048,919	16,780,081		38,383,000	(1,554,000)	
Total Compensation	179,032,244	85,481,300	148,551,000	76,722,641	71,828,359		155,300,000	(6,749,000)	105%
Utilities	7,520,445	3,222,985	8,970,000	3,090,575	5,879,425		8,000,000	970,000	
Operating	29,578,814	20,587,752	28,652,000	14,524,550	14,127,450		25,504,000	3,148,000	
Total Non Personnel	37,099,259	23,810,736	37,622,000	17,615,124	20,006,876		33,504,000	4,118,000	89%
Re-charge of prior-year expenditures	0	0	0	(6,877,585)	6,877,585		(7,971,000)	7,971,000	
Re-charge of current-year expenditures	0	0	0	(2,929,277)	2,929,277		(8,826,000)	8,826,000	
Total Net Expenditures	216,131,502	109,292,036	186,173,000	84,530,903	101,642,097		172,007,000	14,166,000	92%
Net Before Transfers	30,381,428	16,240,787	31,045,000	34,243,419	3,198,419		58,843,462	27,798,462	
Transfers-In (Draw on Operating Reserves)	1,366,567	0	7,833,000	0	(7,833,000)		0	(7,833,000)	
Transfers-In Plant Fund and Other	1,131,571	131,571	0	0	0		0	0	
Advance-In	143,028	93,028	0	0	0		60,000	60,000	
Transfers-In Encumbrance	3,234,688	3,234,688	3,030,000	2,418,485	(611,515)		2,418,000	(612,000)	
Transfers-Out Plant Fund	(1,405,252)	(141,696)	(1,000,000)	(639,138)	360,862		(1,300,000)	(300,000)	
Transfers-Out Facilities Fee	(5,644,493)	(3,105,746)	(4,856,000)	(2,428,000)	2,428,000		(4,856,000)	0	
Transfers-Out General Service Fee	(11,631,000)	(5,929,000)	(9,328,000)	(4,664,000)	4,664,000		(9,328,000)	0	
Transfers-Out Other-Debt Service	(1,939,795)	(680,398)	(4,681,000)	(2,340,500)	2,340,500		(8,442,000)	(3,761,000)	
Transfers-Out Other	(13,098,257)	(5,694,506)	(22,043,000)	(11,021,500)	11,021,500		(15,333,000)	6,710,000	
Advance-Out	(120,000)	(290,000)	0	0	0		0	0	
Transfers-Out - Encumbrance	(2,418,485)	0	0	0	0		(2,500,000)	(2,500,000)	
Net Transfers	(30,381,428)	(12,382,059)	(31,045,000)	(18,674,653)	12,370,347		(39,281,000)	(8,236,000)	
Difference	\$0	\$3,858,728	\$0	\$15,568,766	\$15,568,766		\$19,562,462	\$19,562,462	

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Overall: The COVID-19 pandemic has complicated the instructional process; however, all efforts will be made to provide quality instruction to our valued students while providing a level of protection to students and our campus community.

- The University will provide face-to-face instruction in the fall while complying with appropriate physical distancing;
- The budget reflects potential instructional disruption as indicated by switching to remote instruction from the middle of the fall term through the middle of the spring term. This would result in partial refunds of room and board and certain other fees, as well as lost revenues from event cancellations causing net shortfalls in auxiliaries and reflected in additional transfers-out of \$8.3 million to support the impacted auxiliaries; and
- In reality, the hybrid instruction delivery mode was in effect until November 16, 2020 when all instruction was switched to remote delivery. It is assumed Spring 2021 will be delivered via face-to-face and remote blended learning and the term will be shortened by starting one week of remote instruction followed by face to face and blended instruction then shifting to remote-only after spring break and through final exam week.

Revenues

Tuition & General Service Fees

- The budget reflects overall blended student credit hour reduction of 15 percent; however, combined summer and fall student credit hours actually declined around seven percent; while preliminary spring 2021 blended student credit hours declined around nine percent from spring 2020. Assuming this holds, the projected annual blended credit hour decline is around eight percent;
- Tuition and certain fee increase of 2.1 percent for the fall 2020 baccalaureate Tuition Guarantee Cohort; and
- Initiation of Tuition Guarantee for regional campuses effective fall 2020.

Other Fees

- The budget reflects overall blended student credit hour reduction of 15 percent; however, combined summer and fall student credit hours actually declined around seven percent; while preliminary spring 2021 blended student credit hours declined around nine percent from spring 2020. Assuming this holds, the projected annual blended credit hour decline is around eight percent.

Scholarships

- Undergraduate scholarships are projected to be near \$42.8 million including College Credit Plus and Early college in the total amount of \$7 million as compared to the budgeted \$37.1 million including College Credit Plus and Early College;
- Graduate assistant fee remissions are projected to be \$6 million as compared to the \$7.9 million budget; and

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- Law School scholarships are projected to be \$3.9 million as compared to the \$3.3 million budget.

State Share of Instruction

- Budget assumes State Share of Instruction (SSI) reduction of \$4.7 million from FY 2019-20;
- Ohio Department of Higher Education (ODHE) indicated potential further reductions later in the fiscal year are possible depending on tax revenues collections and the outlook will be closely monitored; however, the Governor recently restored previous SSI reductions. The revised SSI allocation of \$95 million reflects a \$4.6 million increase over budget.

Indirect Cost Recovery

- Reduction to align with FY20 revenues and assumed reduction in research activity due to COVID-19; and
- Distributions limited to the Principal Investigator at 10 percent with remainder to the Center.

Investment Income

- Reduction of 64.5% is expected in anticipation of loss of market value resulting from reduced balances and the impact of COVID-19 on the federal funds rate; and
- Market fluctuations, either way, will impact the actual amount.

Miscellaneous Revenues

- Major revenues include \$2.3 million from the University of Akron Research Foundation (UARF); \$0.5 million from Federal energy tax credit; \$250,000 from phase out of Perkins Loan program; and rental income from leased space; and
- The non-budgeted sale of older generation Internet Protocol (IP) addresses will yield \$1.4 million.

Expenditures

Payroll and Vacancies

- No raise pool is contemplated;
- Abolishment of 178 filled and unfilled positions;
- \$1 million of salary and vacancy savings related to the amount of time funded positions remain vacant;
- \$625,000 in reallocation of General Fund compensation to grants, leaves without pay, and professional development leaves;
- Except for the AAUP, the remainder of campus employees accepted tiered one-time wage reductions totaling \$2.2 million. The wage reductions, if effectuated for the AAUP would increase to \$4.1 million; and

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- Vacation and sick leave payoffs will be at least \$1 million more than in a normal fiscal year.

Fringes

- Pooled fringe rates as follows:
 - 29 percent – full time
 - 15.45 percent – part time
 - 5 percent – graduate assistants and student assistants
- Voluntary Retirement Incentive Program (VRIP) - Final year of the three-year program. HRSA and 403(b) payments totaling \$931,000;
- Voluntary Separation and Retirement Program (VSRP) – Annual salaries of separated employees paid in two installments during FY21, totaling \$3.7 million;
- \$1 million in savings associated with increased employee contributions to healthcare and elimination of the retiree dependent coverage effective December 31, 2020; and
- \$2 million provided for estimated unemployment compensation payments.

Utilities

- Estimated electric, natural gas, and water and sewer expenditures increased from last fiscal year's actual by \$1.5 million.

Operating

- The designated fees such as course fees and technology fees, etc., are enrollment driven and are assumed to follow the 15 percent student credit hour decline; however will be higher as projected blended annual student credit hour production is closer to eight percent;
- The designated fees and start-ups assume that only current-year revenues and/or allocations are expended; however, a certain level of carry over exists within these fees and start-ups, which may be expended by the units and therefore cause expenditures to exceed the initial allocations;
- Assumes departmental operating budgets were reduced \$3.4 million in accord with the target reductions;
- Assumes campus operating budgets will be underspent by \$1.5 million;
- In the absence of departmental and college level IDC distributions, the Center continues to assume certain research related costs in the amount of \$450,000; and
- State minimum wage adjustment.

Other

Re-Charge of Prior-Year Expenditures

- Certain FY2020 expenditures in the amount of \$8.1 million were or will be recharged and covered by various COVID relief grants.

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Re-Charge of Current-Year Expenditures

- Certain FY2021 expenditures in the amount of \$8.7 million were or will be incurred within the General Fund in response to COVID preparedness and related safety. These expenditures were or will be re-charged to various COVID relief grants.

Transfers-In (Draw on Operating Reserves)

- The budget reflects a draw on reserves of \$7.8 million; however, the amount may change based upon a number of factors including whether ODHE reduces SSI, whether enrollment is negatively impacted by the pandemic or the announcement of the reduction in force, whether cost controls continue, and to the extent the COVID relief resources have magnitude and flexibility. The Projection presumes that largely due to the COVID relief funds and better-than-expected enrollment and SSI an operating surplus in the amount of \$19.6 million will occur.

Transfers-Out Plant Fund

- Current expectations are that capital projects will be funded by \$1.3 million as compared to the budgeted \$1 million.

Transfers-Out

- Budgeted transfers to Auxiliaries assume General Service Fee, \$9.3 million; Facilities Fee, \$4.9 million; and Other, \$26.7 million and are based on a 15 percent decline in student credit hours; whereas projections presume an eight percent decline. The mix and blend of transfers will be adjusted after spring census and will be adjusted based on revenue challenges of the auxiliaries; and
- As of the close of December, Projections indicate \$2.9 million less of auxiliary reliance upon General Fund support.

	Budgeted General Service Fees	Projected General Service Fees	Budgeted Facilities Fees	Projected Facilities Fees	Budgeted Other Support and Other Debt Service	Projected Other Support and Other Debt Service	Budgeted Total	Projected Total
Athletics	\$ 9,328,000	\$ 9,328,000	\$ 2,527,000	\$ 2,527,000	\$ 7,957,000	\$ 9,597,000	\$ 19,812,000	\$ 21,452,000
Residence Life & Housing	-	-	-	-	8,101,000	6,662,000	8,101,000	6,662,000
E.J. Thomas PAH	-	-	-	-	630,000	630,000	630,000	630,000
Dining (Aramark)	-	-	-	-	2,914,000	-	2,914,000	-
Recreation & Wellness Services	-	-	856,000	856,000	2,296,000	2,296,000	3,152,000	3,152,000
Jean Hower Taber Student Union	-	-	1,473,000	1,473,000	2,642,000	2,642,000	4,115,000	4,115,000
Parking & Transportation Services	-	-	-	-	2,184,000	1,948,000	2,184,000	1,948,000
Total	\$ 9,328,000	\$ 9,328,000	\$ 4,856,000	\$ 4,856,000	\$ 26,724,000	\$ 23,775,000	\$ 40,908,000	\$ 37,959,000

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- The following table further breaks down the Transfers-Out for Other Support and Other Debt Service:

	Budgeted Other Support	Projected Other Support	Budgeted Other Debt Service	Projected Other Debt Service	Budgeted Other Support and Other Debt Service Total	Projected Other Support and Other Debt Service Total
Athletics	\$ 5,522,000	\$ 7,162,000	\$ 2,435,000	\$ 2,435,000	\$ 7,957,000	\$ 9,597,000
Residence Life & Housing	8,101,000	4,330,000	-	2,332,000	8,101,000	6,662,000
E.J. Thomas PAH	630,000	630,000	-	-	630,000	630,000
Dining (Aramark)	2,914,000	-	-	-	2,914,000	-
Recreation & Wellness Services	1,470,000	1,470,000	826,000	826,000	2,296,000	2,296,000
Jean Hower Taber Student Union	1,222,000	1,222,000	1,420,000	1,420,000	2,642,000	2,642,000
Parking & Transportation Services	2,184,000	519,000	-	1,429,000	2,184,000	1,948,000
	<u>\$ 22,043,000</u>	<u>\$ 15,333,000</u>	<u>\$ 4,681,000</u>	<u>\$ 8,442,000</u>	<u>\$ 26,724,000</u>	<u>\$ 23,775,000</u>

Debt Service

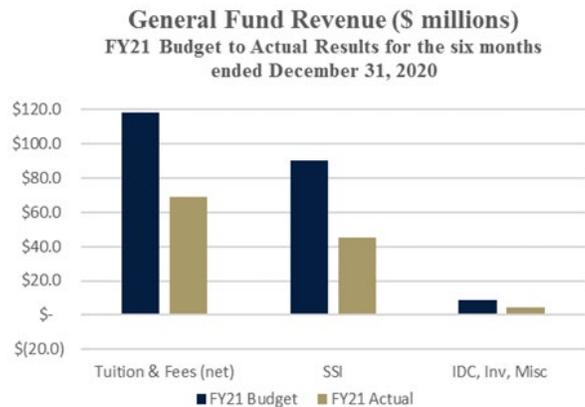
- The General Fund debt service requirement for FY21 reflects \$4.8 million of temporary relief as a result of the debt deferral initiative. Recent refinancing and reserves that reside in the Plant Fund, and debt reserves will service the remaining \$4.7 million FY21 General Fund debt service obligation.

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Revenues

Tuition & General Service Fees: Tuition & General Service Fees revenues total \$83.9 million or approximately 56 percent as compared to the annual budget of \$149.7 million. This amount reflects the summer and fall revenue.

The summer credit hours exceeded the prior year by four percent in undergraduate production but lagged prior year activity by eight percent in graduate and about one percent in law. Fall numbers exceed expectations as the expected 15 percent decline in credit hour production is closer to a decline of about 7.5 percent. Tuition and Fee revenues are expected to exceed the budgeted amount by roughly \$11.9 million by year end assuming spring credit hours lag prior year by roughly nine percent. However, the increase in enrollment also resulted in an increase in projected scholarships approximating \$4.4 million. As a result, net Tuition and Fees revenues are projected to increase to \$127.1 million or by \$9 million.



Other Fees: Other Fees revenues total \$9.6 million or approximately 57 percent as compared to the annual budget of \$16.7 million. Since enrollment is better than expected, the fees are projected to exceed budget by \$1.5 million by year-end.

Other Fees include various student fees such as technology fees (28 percent), facilities fees (23 percent), and unit and course/content, administrative, career advantage and other fees (49 percent). The electronic content fees are charged to a student’s account, the proceeds of which accrue to Barnes & Noble.

Many of the fees remain within the General Fund and are used for operations while the Facilities Fee passes through to Auxiliary units and contributes toward the debt service requirements of the Student Recreation and Wellness Center, Student Union, InfoCision Stadium, and the Fieldhouse.

Scholarships: Scholarships total \$24.7 million or approximately 51 percent of the \$48.3 million annual budget. Year-to-date Scholarships include undergraduate (\$19.2 million), graduate tuition remissions (\$3.5 million), and law (\$1.9 million). The discounts associated with College Credit Plus have not yet been processed but those are estimated to be about \$5.5 million for the fiscal year. Scholarships are projected to total \$52.7 million by the end of the fiscal year.

State Share of Instruction: State Share of Instruction (SSI) revenues total \$45.2 million or 50 percent as compared to the annual budget of \$90.4 million. As a result of the Governor’s recent executive order restoring previous SSI reductions, the projected SSI is expected to total \$95 million which reflects a \$4.6 million increase over budget.

Indirect Cost Recovery: IDC revenues total \$1.8 million or approximately 45 percent as compared to the annual budget of \$4 million. Projected revenue of \$3.6 million is \$.4 million less than budget.

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IDC is proportionately related to externally funded research activities and is allocated with 90 percent used to pay the general expenditures of the University and 10 percent allocated to the principal investigators.

Investment Income: Investment Income revenues total \$12,870. Timing is an issue and these revenues will be updated for the next report. A decline in the cash balances as well as lower interest rates are factors in this unfavorable return. Projected Investment Income of \$500,000 is in line with the budget.

Miscellaneous Revenues: The budgeted revenues total \$4.1 million whereas year-to-date actual revenues and the projected revenues total \$3 million and \$4.6 million, respectively. The projection presumes the budgeted revenues will largely materialize including the support provided by the University of Akron Research Foundation (UARF) in the amount of \$2.3 million and the unplanned proceeds in the amount of \$1.4 million from the sale of the older generation Internet Protocol (IP) addresses are received.

Expenditures

Compensation: Gross payroll expenditures total \$56.7 million or 51 percent of the annual budget of \$111.7 million. Approximately \$5.2 million of prior-year payroll expenditures were also re-charged to COVID relief grants, thereby reducing the gross amount. Year-end payroll is projected to be roughly \$5.2 million greater than budget.

Gross fringe benefits of \$20 million are 54 percent of the budget. Approximately \$1.7 million of prior-year and \$1 million of current-year fringe benefit expenditures were re-charged to COVID relief grants. Fringes are projected to end the year \$1.6 million greater than budgeted.

Utilities: The Utilities charges approximated \$3.1 million of the annual \$9 million budget. Usage is down from prior years as activity on campus is significantly reduced. Indications are that by year end, total utility spend will be approximately \$1 million less than budget.

Functional Category	Actual YTD
Instruction and Departmental Research	\$ 42,450,000
Separately Budgeted Research	2,121,000
Public Service	76,000
Academic Support	12,878,000
Student Services	5,589,000
Institutional Support	22,919,000
Operation and Maintenance of Plant	7,894,000
Scholarships and Fellowships	25,085,000
Gross Expenditures	\$119,012,000
Current-year re-charge	(3,020,491)
Net current-year expenditures	\$115,991,509

Note: The expenditures are summarized by functional classification.

Employee Type	Actual YTD
Faculty	\$29,743,000
Staff	12,273,000
Contract Professionals	12,247,000
Graduate Assistants	2,411,000
Gross Payroll	56,674,000
Current-year re-charge	(1,569,000)
Net Current-year Payroll	\$55,105,000

Note 1: Includes all General Fund payroll-related activities (e.g. full time, part time, overload, etc.).

Note 2: Excludes fringe benefits.

Operating: Gross operating expenditures total \$14.5 million or approximately 51 percent of the \$28.7 million budget. These expenditures trend higher in the first half of the year as annual contracts and blanket purchase orders are encumbered. The six-month results include \$4.2 million in encumbered funds.

The expenditures are incurred within the operating units primarily for software license, supplies and services, transcribing, advertising, travel and

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occasionally smaller dollar capital items such as computers and equipment.

Preliminary projected expenditures of \$25.5 million will be further analyzed for future reports.

Transfers, Advances, and Loan

Transfers-In (Draw on Operating Reserves): The annual budget assumes the draw on operating reserves will total \$7.8 million, whereas the projection contemplates an operating draw will no longer occur due to better than expected enrollment, increased State Share of Instruction, reduced costs and the re-charge of expenditures to COVID-related grants.

Transfers-Out Plant Fund: To date, the following transfers have been made for capital projects or underspent funds returned from completed projects:

- \$400,000 EJ Thomas concrete repair;
- \$125,000 JAR air conditioning;
- \$120,000 Wonder Bread site improvement;
- \$50,000 Kolbe Hall roof chiller;
- \$30,000 Polsky building waterproofing; and
- (\$86,000) Auburn Science and Engineering Center (ASEC) project.

Transfers-Out Facilities Fee: The anticipated annual Facilities Fee revenues are transferred ratably throughout the fiscal year to support the debt service of the Stadium, Fieldhouse, Student Union, and Student Recreation and Wellness Center. At 50 percent of budget, these transfers are in line with the budget. To the extent the facilities fee revenues differ from the budget, this transfer will be adjusted, and the Transfers-Out Other – Debt Service (see immediately below) will be increased or decreased accordingly.

Transfers-Out Other – Debt Service: The Facilities Fees support the debt service of the Stadium, Fieldhouse, Student Union, and Student Recreation and Wellness Center. The Facilities Fees have declined over the years and no longer fully service the affiliated debt service of those buildings so these transfers provide the remaining debt service funding. The transfers are provided ratably throughout the year and \$2.3 million or 50 percent of the budget was transferred to date.

To the extent the facilities fee revenues differ from the budget, this transfer will be adjusted and increased or decreased accordingly.

Transfers-Out General Service Fee: The majority of the General Service Fee revenues, 94 percent, is transferred to Intercollegiate Athletics in support of operations. The annual budget amount is transferred evenly throughout the fiscal year and will be adjusted as needed to reflect actual revenues. To date, \$4.7 million has been transferred which represents 50 percent of the annual budget.

Transfers-Out – Other: The Assumptions reflect \$22 million is budgeted to provided supplemental support to various auxiliaries. This amount is transferred evenly each month and to date, \$11 million, or 50 percent has been transferred. This number will be revisited as a significant portion assumed lost

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revenues due to mid-fall shift to remote learning requiring significant room and board refunds. The projections assume no refunds in either fall or spring.

Advances:

	Balance July 1, 2020	Loans Advances-Out	Repayments Advances-In	Balance Dec. 31, 2020
Musson Industrial Control System Test Bed	\$ 70,000	\$ -	\$ -	\$ 70,000
Cummings Center	10,000	-	-	10,000
Total	<u>\$ 80,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,000</u>

Loan: During FY20 the University of Akron Foundation provided a loan to the University in the form of a line of credit of up to \$1 million to help fund the baseball field project until donations materialize. The outstanding balance on July 1, 2020 was \$300,000. As of December 31, additional draws totaling \$540,000 and gifts of \$400,000 leave an outstanding balance of \$440,000. The construction project is concluding so future draws are unlikely.