GENERAL FUND

For the Eleven Months Ended May 31, 2020
### FY20 Budget and Actual Results for Eleven Months Ended May 31, 2020 with FY19 Comparisons and Revised Projections Reflecting COVID-19 Implications

<table>
<thead>
<tr>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>YTD</td>
</tr>
<tr>
<td></td>
<td>June 30</td>
</tr>
<tr>
<td>Tuition &amp; General Service Fees</td>
<td>$186,251,268</td>
</tr>
<tr>
<td>Other Fees</td>
<td>21,732,648</td>
</tr>
<tr>
<td>Scholarships</td>
<td>(52,787,389)</td>
</tr>
<tr>
<td>Net Tuition and Fees</td>
<td>155,196,527</td>
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<tr>
<td>State Share of Instruction</td>
<td>101,851,513</td>
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<tr>
<td>Indirect Cost Recovery</td>
<td>5,188,151</td>
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<tr>
<td>Investment Income</td>
<td>1,087,866</td>
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<tr>
<td>Miscellaneous Revenues</td>
<td>1,959,430</td>
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<tr>
<td>Total Revenues</td>
<td>265,283,487</td>
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<td>Payroll</td>
<td>140,283,371</td>
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<td>Fringes</td>
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<td>Total Compensation</td>
<td>190,926,882</td>
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<td>Utilities</td>
<td>10,692,070</td>
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<td>Operating</td>
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<td>Total Non Personnel</td>
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<td>Total Expenditures</td>
<td>235,465,710</td>
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<tr>
<td>Net Before Transfers</td>
<td>29,817,777</td>
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<tr>
<td>Transfers-In (Draw on Operating Reserves)</td>
<td>3,795,965</td>
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<tr>
<td>Transfers-In Plant Fund and Other</td>
<td>2,569,633</td>
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<tr>
<td>Advance-In</td>
<td>596,797</td>
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<tr>
<td>Transfers-In Encumbrance</td>
<td>3,832,133</td>
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<tr>
<td>Transfers-Out Plant Fund</td>
<td>(2,822,400)</td>
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<tr>
<td>Transfers-Out Other</td>
<td>(34,369,392)</td>
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<tr>
<td>Advance-Out</td>
<td>(77,000)</td>
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<td>Transfers-Out - Encumbrance</td>
<td>(3,343,688)</td>
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<tr>
<td>Total Transfers</td>
<td>(29,817,776)</td>
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<td>Difference</td>
<td>$0</td>
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The University of Akron
Akron and Wayne General Fund Combined
FY 2020 Budget Assumptions with Revisions Reflecting COVID-19 Implications

Revenues

Tuition & General Service Fees
- The original assumption estimated a blended enrollment reduction exceeding four percent while indications as the fall 2019 semester approached were the decline might approach six percent. The revised revenue projection now contemplates an overall seven percent enrollment decline which assumes summer 2020 enrollment down about eight percent.
- The original assumption remains in place; tuition and certain fees increased one and a half percent for just the fall 2019 Tuition Guarantee Cohort.

Other Fees
- The original assumption estimated a blended enrollment reduction exceeding four percent while indications as the fall 2019 semester approached were the decline might approach six percent. The revised revenue projection now contemplates an overall seven percent enrollment decline which assumes summer 2020 enrollment down about eight percent.
- A portion of the Facilities Fees, $1.3 million, was credited to students and $1 million in CARES Act funds were received to partially offset this outlay of revenues.

Scholarships
- The original assumptions and revised projections for undergraduate scholarships, graduate assistant waivers, and law school scholarships are as follows:
  o The original undergraduate assumption was $46.2 million including both College Credit Plus and Early College while the revised projection is $40.9 million.
  o The original graduate assistant waiver assumption was $11.7 million while the revised projection is $8.4 million.
  o The original law school scholarship assumption was $3.9 million while the revised projection is $3.4 million.

State Share of Instruction
- The revised projection contemplates a $3.9 million reduction, down to $95.2 million, largely due to the impact of COVID-19 state finances.

Indirect Cost Recovery
- The original allocation assumption largely continues with a $.6 million projected shortfall. Distributions limited to the Principal Investigator at 10 percent with remainder to the Center.

Investment Income
- The original assumption estimated $1.4 million while the revised projection is closer to $744,000.
The University of Akron  
Akron and Wayne General Fund Combined  
FY 2020 Budget Assumptions with Revisions Reflecting COVID-19 Implications

Miscellaneous Revenues

- The original assumptions estimated the significant revenues to include $1 million from The University of Akron Research Foundation and $0.5 million from the Federal energy tax credit, and the revised projections reflect the assumptions will continue.

Expenditures

Compensation (Payroll and Fringes)

- The original assumption estimated compensation at $183.5 million net of (1) a four percent increase pursuant to collective bargaining agreements; (2) a raise pool equivalent to two percent for qualifying non-represented employees; (3) $4.3 million of vacancy savings created by employee departures until a replacement employee is hired; (4) $1 million reallocated to grants, for leaves without pay, and for professional development leaves; (5) reductions to the fringe rate; and (6) year two installment in the amount of $0.9 million for the Voluntary Retirement Incentive Program (VRIP) while compensation is projected to be $180 million.

Utilities

- The original assumptions included electric, natural gas, and water and sewer costs, and those assumptions continue to hold albeit at reduced consumption for the last three months of the fiscal year.

Operating

- The original assumptions contemplated that designated fees such as course fees and technology fees, etc., would realize a decline approximating four percent while the revised projection contemplates seven percent.
- The original assumptions presumed that designated fees and start-up spending would be limited to current fiscal year allocations with little expenditure of carry over and that projection continues to date. In fact, the projection contemplates that start-up spending will be $1.8 million less than the fiscal year allocation.
- The original assumptions contemplated the recommended campus reductions and changes were implemented, including the elimination of revenue share allocations and college and department level IDC distributions, and the Center would allocate $0.6 million to help offset the IDC change and those assumptions continue.
- The original assumption presumed State minimum wage adjustments were implemented and that assumption materialized.
- The original assumption presumed $2 million underspending of awarded spending authority and that assumption continues.
Other

Transfers-In (Draw on Operating Reserves)
- The original assumption contemplated an operating reserve draw approximating $11.6 million while the revised projection currently contemplates $2.6 million. The reserve draw will be adjusted should campus spending patterns change, auxiliaries’ or other units’ fiscal performance change from projection, or should summer 2020 enrollment vary materially from an eight percent decline in enrollment.

Transfers-In Plant Fund and Other
- The original assumption contemplated $1 million from plant fund reserves and that has increased to $1.1 million.

Advances-In
- The original assumption contemplated repayment of the National Museum of Psychology, CAST Musson Industrial Control Systems Test Bed, and Men’s Soccer loan. The projection is the National Museum of Psychology and CAST Musson Industrial Control Systems Test Bed loans will be fully settled while $125,000 of the Men’s Soccer loan will be changed from a loan to a transfer.

Transfers-Out Plant Fund
- The original assumption contemplated capital projects funding from plant fund reserves in the amount of $1 million and that has increased to $1.3 million.

Transfers-Out Other
- The original assumption contemplated operating and debt service support for certain auxiliary units aggregating $30.8 million while based upon the enrollment variance and the fiscal performance within certain auxiliaries, the transfers are projected to be $32.2 million. The transfers’ projection will be updated should summer 2020 begin to vary positively or adversely from an eight percent enrollment decline or should auxiliaries’ or other units’ fiscal performance begin to vary much from projections. The details of the original assumptions to projections follow:

<table>
<thead>
<tr>
<th></th>
<th>Original General Service Fees</th>
<th>Projected General Service Fees</th>
<th>Original Facilities Fees</th>
<th>Projected Facilities Fees</th>
<th>Original Other Support</th>
<th>Projected Other Support</th>
<th>Original Totals</th>
<th>Projected Totals</th>
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<tbody>
<tr>
<td>Athletics</td>
<td>$11,858,000</td>
<td>$11,631,000</td>
<td>$3,259,000</td>
<td>$2,958,000</td>
<td>$7,677,000</td>
<td>$9,623,000</td>
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<td>$24,212,000</td>
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<tr>
<td>E.J. Thomas PAH</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>840,000</td>
<td>840,000</td>
<td>840,000</td>
<td>840,000</td>
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<tr>
<td>Recreation &amp; Wellness Services</td>
<td>-</td>
<td>-</td>
<td>1,106,000</td>
<td>1,004,000</td>
<td>2,136,000</td>
<td>2,238,000</td>
<td>3,242,000</td>
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<tr>
<td>Jean Hower Taber Student Union</td>
<td>-</td>
<td>-</td>
<td>1,902,000</td>
<td>1,726,000</td>
<td>2,042,000</td>
<td>2,218,000</td>
<td>3,944,000</td>
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<tr>
<td>Total</td>
<td>$11,858,000</td>
<td>$11,631,000</td>
<td>$6,267,000</td>
<td>$5,688,000</td>
<td>$12,695,000</td>
<td>$14,919,000</td>
<td>$30,820,000</td>
<td>$32,238,000</td>
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</tbody>
</table>
The University of Akron
Akron and Wayne General Fund Combined
FY 2020 Budget Assumptions with Revisions Reflecting COVID-19 Implications

- The projected transfers to Athletics reflect net additional support in the amount of $1.4 million. The net additional support contemplates the variation of the enrollment decline from budget on the Facilities and General Service fees; $125,000 settling of the men’s soccer loan; settling of the $292,000 deficit carried over from the prior fiscal year, and biennial football ticket purchase in the amount of nearly $600,000 representing a General Fund expenditure and Athletic revenue; and

- The transfers do not include the Facilities Fees reserve in the amount of $1.9 million used to help service the Student Union, Student Recreation and Wellness Center, and Athletics debt service. Instead, the reserves were brought directly into the respective auxiliary unit.

Advances-Out
- The original assumption contemplated loans to the National Museum of Psychology, CAST Musson Industrial Control Systems Test Bed, and Men’s Soccer, and those loans were effectuated.

Debt Service
- The original assumption presumed the General Fund had no debt service requirement as a debt deferral refinancing initiative in the amount of $5 million and plant fund and debt reserves in the amount of $7 million would fully satisfy the General Fund debt service obligation, and that assumption continues.
Revenues

Tuition & General Service Fees: Tuition & General Service Fees revenues total $169.2 million or approximately 95 percent of the annual budget of $178.7 million. These revenues reflect the second half of summer 2019, the fall 2019 and spring 2020 semesters. Tuition and General Service Fees have been tracking less than budget for much of the fiscal year. Based on preliminary 2020 summer enrollment, the Tuition and General Service Fees are projected to be $175.6 million, or $3.1 million less than budget.

Other Fees: Other Fees revenues total $18.9 million or approximately 88 percent of the annual budget of $21.5 million. These revenues reflect the second half of summer 2019, the fall 2019 and spring 2020 semesters. Spring fees are net of the $1.2 million refund of Facilities Fees for the portion of the term the campus was closed due to COVID-19 and reflect the CARES Act funds of $924,000 and a $276,000 reduction in scholarships awarded.

Other Fees include various student fees such as the Technology Fee (27 percent), Facilities Fee (28 percent), unit and course/content, Administrative, Career Advantage and other fees (54 percent). The University recently began to more routinely implement electronic content fees. Those fees are charged to a student’s account, the proceeds of which then pass along to Barnes & Noble. This pass-through is expected to approximate $1.5 million for the fiscal year.

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.

Current expectations are that Other Fees will approximate $21.3 million, or $.2 million less than budget. The projection reflects net impact of the COVID-19 inspired partial spring Facilities Fee credits and CARES Act funds.

Scholarships: Scholarships total $52.9 million or approximately 86 percent of the $61.8 million annual budget. Year-to-date Scholarships include undergraduate ($41.1 million), graduate tuition remission ($8.3 million), and law ($3.5 million) as compared to budgets of $46.2 million, $11.7 million, and $3.9 million, respectively.

The $41.1 million undergraduate scholarships include College Credit Plus ($6 million), Early College ($2 million), and $300,000 for the Making a Difference Moving Forward (MDMF) campaign.
Follow the various fee credits to student accounts, scholarships are projected to be $52.7 million or $9.1 million less than budget as follows: undergraduate ($5.3 million), graduate ($3.3 million), and law ($0.5 million). The projected scholarships reflect COVID-19 adjustments of $550,000 as well as summer scholarships.

State Share of Instruction: State Share of Instruction (SSI) revenues total $88.9 million or 90 percent of the annual budget of $99.1 million.

The Ohio Department of Higher Education announced a reduction of $3.9 million, or 20 percent of the outstanding SSI distributions for the fourth quarter of the fiscal year, to reflect the expected impact of COVID-19 shutdowns on state revenues.

Indirect Cost Recovery: IDC revenues total $4.1 million or approximately 77 percent of the annual budget of $5.2 million.

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

Prior to the COVID-19 pandemic, revenues were expected to fall short of budget by roughly $300,000. The impact of COVID-19 will most likely be a further reduction in IDC revenues; however, the revised projection is $0.6 million.

Investment Income: Investment Income revenues total $723,000, or 51 percent of the annual budget of $1.4 million.

Investment Income is based upon the size of the operating funds investment portfolio and interest rates. Historically, certain realized gains from operating funds that were immediately reinvested were considered investment income. During FY2019, that methodology was changed so that only earnings on the cash and cash equivalent operating funds were recognized for budgetary purposes, and the FY2019 YTD investment income reflects that methodology change.

Prior to COVID-19, the investment income was expected to fall short of budget by approximately $400,000. With the impact of COVID-19 on the federal funds rates, the investment income is estimated to be $744,000 or $656,000 less.

Miscellaneous Revenues: Miscellaneous Revenues total $2.4 million, or 93 percent of the annual budget of $2.6 million. These revenues include $1 million from The University of Akron Research Foundation, $264,000 federal tax credit from the Energy Bond, and $1.1 million from various other sources.

Current expectations are that Miscellaneous Revenues will exceed budget by roughly $70,000.

CARES Act – 50%: The federal government passed the CARES Act to support various government agencies in the wake of COVID-19. The University of Akron was appropriated $14.2 million, 50 percent
of which was direct aid to students. The remaining 50 percent, or $7.1 million, with the vast majority used as direct reimbursement of incremental expenditures resulting from COVID-19 in accordance with Federal requirements.

The student portion does not represent operating resources and therefore is not recorded with the General Fund. The usage stipulation for the remaining 50 percent was treated as a federal grant. As of May 31, $5.9 million was expended.

**Compensation:** Payroll expenditures total $129.9 million or approximately 93 percent of the annual budget of $139.7 million.

Largely due to 9-month employee contracts, compensation is not incurred ratably throughout the year. By September 30; however, all employees became part of the payroll cycle and compensation becomes more ratable for the remainder of the fiscal year.

Current expectations are that Payroll and Fringe benefit expenditures will approximate $180.2 million, or $3.4 million less than budget.

**Utilities:** The Utilities charges approximated $6.6 million net of a credit on a water bill that reduced the expenditures by $400,000. Following the March partial campus shut down, the utility usage for the final quarter is much reduced. Projected expenditures of $7.5 million reflect a prior period adjustment of $1 million and are $2.8 million less than the annual budget of $10.3 million.

**Operating:** Operating expenditures total $31 million including encumbrances in the amount of $3.8 million approximating 85 percent of the $36.5 million annual budget.

The expenditures are incurred within the operating units primarily for software licenses, supplies and services, transcribing, advertising, travel expenses, biennial football tickets, and occasionally smaller dollar capital items such as personal computers and equipment.

Current expectations are that Operating expenditures will be approximately $6.5 million less than the $36.5 million annual budget a spending has been minimal and restricted to necessities during the final quarter.
Transfers, Advances and Loan

**Transfers-In (Draw on Operating Reserves):** The annual budget assumes a draw on reserves totaling $11.6 million. Current projections indicate a draw on reserves of $2.6 million.

Transfers-In Plant Fund and Other: The annual budget reflects $1 million from reserves for plant fund projects to be transferred in as needed. The year-to-date transfer-in largely represents a remaining FY2019 balance within Student Recreation and Wellness Services, which was returned to the General Fund.

Transfers-Out Plant Fund: The following activities relate to plant fund transfers:
- $450,000 Kolbe roof replacement;
- $240,000 Energy Center chiller rebuild project;
- $225,000 James A. Rhodees arena air conditioner;
- $200,000 Auburn Science and Engineering Center (ASEC) insulation;
- $138,000 Lakewood renovations for distance learning;
- $85,000 Jackson Field track renovation;
- $75,000 Polsky building waterproofing;
- $50,000 to relocate the International Programs Office;
- ($20,600) returned to General Fund upon completion of energy center boiler project;
- ($24,000) returned to the Art Department upon completion of a Folk Hall renovation project;
- ($30,900) returned to General Fund upon completion of sand filtering system;
- ($33,500) returned to General Fund upon completion of E.J. Thomas lighting project; and
- ($65,000) returned to General Fund upon completion of Akron Engineering Research Center (AERC) air chiller replacement.

Transfers-Out Other: Transfers-Out Other represents operating and debt service support for auxiliary units in the form of Facilities Fees, General Service Fees, and Other Support. To date, transfers totaling $22.5 million were provided ratably each month. Based upon the enrollment difference to budget and the fiscal performance within certain auxiliaries including the clearing of a previous Athletic deficit and the reclassification of a portion of the men’s soccer loan to a transfer, both the mix and magnitude of the transfers changed and increased, respectively.

The biennial football ticket purchase approximating $600,000 is not reflected within transfers, but it is recorded as an operating expenditure within the General Fund and as a revenue within Athletics.

Prior to the COVID-19 concerns, the Transfers-Out Other were projected to increase by $1 million to $31.8 million. Projections indicate the expected impact of COVID-19 will require supplemental General Fund support of $1.4 million to address a projected shortfall in Athletics.
Advances In/Out:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Balance July 1, 2019</th>
<th>Loan Advance-Out</th>
<th>Repayments Advances-In</th>
<th>Balance May 31, 2020</th>
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<tbody>
<tr>
<td>Musson Industrial Control System Test Bed</td>
<td>$ 93,028</td>
<td>$ 70,000</td>
<td>$ 93,028</td>
<td>$ 70,000</td>
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<tr>
<td>Cummings Center</td>
<td>10,000</td>
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<td>60,000</td>
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<td>Men's Soccer</td>
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<td>170,000</td>
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<td>Jackson Field Track Renovation</td>
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<td><strong>Total</strong></td>
<td><strong>$ 103,028</strong></td>
<td><strong>$ 440,000</strong></td>
<td><strong>$ 93,028</strong></td>
<td><strong>$ 450,000</strong></td>
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Fundraising efforts to cover the $170,000 advanced for Men’s Soccer salary increases have fallen short of goal and only $45,000 is expected to be raised by fiscal year end. The unsettled amount, currently estimated to be $125,000, has been reclassified from an advance to a transfer for projection purposes.

**Loan:** 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. Initially, $700,000 was accessed while $400,000 was repaid as of March 31, 2020; therefore, $300,000 remains outstanding. The loan may be further accessed for remaining project phases as other pledge commitments are secured.