GENERAL FUND

For the Fiscal Year Ended June 30, 2021
## The University of Akron
### Akron and Wayne General Fund Combined
### FY 2021 Revised Budget and Actual Results with Projections for the Fiscal Year Ended June 30, 2021 with FY 2020 Comparisons

### Differences

The FY 2021 Revised Budget Assumptions and Narratives of the Revised Budget to Actual Results are integral to this statement.
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. Spring 2021 instruction is being delivered via face-to-face and remote blended learning and the term will be adjusted by starting two weeks 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 original budget reflects overall blended student credit hour reduction of 15 percent; however, the revised budget reflects actual enrollment and reflects an overall decline of 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 original budget reflects overall blended student credit hour reduction of 15 percent; however, the revised budget reflects actual enrollment and reflects an overall decline of eight percent.

Scholarships
- The revised budget for Undergraduate scholarships is $42.8 million including College Credit Plus and Early college in the total amount of $8.3 million as compared to the original budget of $37.1 million, which includes College Credit Plus and Early College;
- The revised budget for Graduate assistant tuition and fee remissions is $6 million as compared to the $7.9 million original budget; and
- The revised Law School scholarship is $3.9 million as compared to the $3.3 million original budget.
The University of Akron  
Akron and Wayne General Fund Combined  
FY 2021 Revised Budget Assumptions

State Share of Instruction
- 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; and
- The revised budget assumes State Share of Instruction (SSI) of $95 million as compared to the original budget of $90.4 million.

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
- The original budget reflected a reduction of 64.5% in anticipation of loss of market value resulting from reduced balances and the impact of COVID-19 on the federal funds rate;
- The revised budget reflects the significant impact of unfavorable interest rates combined with lower short term balances; 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 revised budget considers the sale of older generation Internet Protocol (IP) addresses for $1.4 million. Roughly half will be recognized in FY21 and the remainder in future fiscal years.

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;
• After approval of the revised budget, the Board approved the elimination of the temporary salary reductions effective January 1, 2021; and
• Vacation and sick leave payoffs will be at least $1 million more than in a normal fiscal year.

Fringes
• Pooled fringe rates as follows:
  o 29 percent – full time
  o 15.45 percent – part time
  o 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
• Original budget of $9 million assumed electric, natural gas, and water and sewer expenditures increasing from prior year’s actual by $1.5 million. However, the revised budget reflects a reduction of $970,000.

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.
The University of Akron  
Akron and Wayne General Fund Combined  
FY 2021 Revised Budget Assumptions  

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.

Re-Charge of Current-Year Expenditures

• Certain FY2021 expenditures in the amount of $8.6 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 original budget reflected a draw on reserves of $7.8 million; however, the revised budget does not reflect a draw on reserves. The revised budget 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

• The revised budget presumes that capital projects will be funded by $1.3 million as compared to the original budget of $1 million.

Transfers-Out

• Original budgeted transfers to Auxiliaries assumed General Service Fee, $9.3 million; Facilities Fee, $4.9 million; and Other, $26.7 million and were based on a 15 percent decline in student credit hours; whereas the revised budgets 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
• The revised budgets indicate $2.9 million less of auxiliary reliance upon General Fund support.

<table>
<thead>
<tr>
<th>Original Budget</th>
<th>Revised Budget</th>
<th>Original Budget</th>
<th>Revised Budget</th>
<th>Original Budget</th>
<th>Revised Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Athletics</td>
<td>$9,328,000</td>
<td>$9,328,000</td>
<td>$ 2,527,000</td>
<td>$ 2,527,000</td>
<td>$7,957,000</td>
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<td>Residence Life &amp; Housing</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>8,101,000</td>
</tr>
<tr>
<td>E.J. Thomas PAH</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>630,000</td>
</tr>
<tr>
<td>Dining (Aramark)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,914,000</td>
</tr>
<tr>
<td>Recreation &amp; Wellness Services</td>
<td>-</td>
<td>-</td>
<td>856,000</td>
<td>856,000</td>
<td>2,296,000</td>
</tr>
<tr>
<td>Jean Hower Taber Student Union</td>
<td>-</td>
<td>-</td>
<td>1,473,000</td>
<td>1,473,000</td>
<td>2,642,000</td>
</tr>
<tr>
<td>Parking &amp; Transportation Services</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,184,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$9,328,000</strong></td>
<td><strong>$9,328,000</strong></td>
<td><strong>$4,856,000</strong></td>
<td><strong>$4,856,000</strong></td>
<td><strong>$26,724,000</strong></td>
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<tr>
<td><strong>Original Budget Total</strong></td>
<td><strong>$9,328,000</strong></td>
<td><strong>$9,328,000</strong></td>
<td><strong>$19,812,000</strong></td>
<td><strong>$23,775,000</strong></td>
<td><strong>$40,908,000</strong></td>
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<tr>
<td><strong>Revised Budget Total</strong></td>
<td><strong>$21,452,000</strong></td>
<td><strong>$21,452,000</strong></td>
<td><strong>$40,908,000</strong></td>
<td><strong>$40,908,000</strong></td>
<td><strong>$37,959,000</strong></td>
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</tbody>
</table>
The University of Akron  
Akron and Wayne General Fund Combined  
FY 2021 Revised Budget Assumptions

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

<table>
<thead>
<tr>
<th></th>
<th>Original Budget</th>
<th>Revised Budget</th>
<th>Original Budget</th>
<th>Revised Budget</th>
<th>Original Budget</th>
<th>Revised Budget</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Other Support</td>
<td>Other Support</td>
<td>Other Debt Service</td>
<td>Other Debt Service</td>
<td>Other Support &amp; Other Debt Service</td>
<td>Other Support &amp; Other Debt Service</td>
</tr>
<tr>
<td>Athletics</td>
<td>$5,522,000</td>
<td>$7,162,000</td>
<td>$2,435,000</td>
<td>$2,435,000</td>
<td>$7,957,000</td>
<td>$9,597,000</td>
</tr>
<tr>
<td>Residence Life &amp; Housing</td>
<td>8,101,000</td>
<td>4,330,000</td>
<td>-</td>
<td>2,332,000</td>
<td>8,101,000</td>
<td>6,662,000</td>
</tr>
<tr>
<td>E.J. Thomas PAH</td>
<td>630,000</td>
<td>630,000</td>
<td>-</td>
<td>-</td>
<td>630,000</td>
<td>630,000</td>
</tr>
<tr>
<td>Dining (Aramark)</td>
<td>2,914,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,914,000</td>
<td>-</td>
</tr>
<tr>
<td>Recreation &amp; Wellness Services</td>
<td>1,470,000</td>
<td>1,470,000</td>
<td>826,000</td>
<td>826,000</td>
<td>2,296,000</td>
<td>2,296,000</td>
</tr>
<tr>
<td>Jean Hower Taber Student Union</td>
<td>1,222,000</td>
<td>1,222,000</td>
<td>1,420,000</td>
<td>1,420,000</td>
<td>2,642,000</td>
<td>2,642,000</td>
</tr>
<tr>
<td>Parking &amp; Transportation Services</td>
<td>2,184,000</td>
<td>519,000</td>
<td>-</td>
<td>1,429,000</td>
<td>2,184,000</td>
<td>1,948,000</td>
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<tr>
<td><strong>Total</strong></td>
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<td><strong>$15,333,000</strong></td>
<td><strong>$4,681,000</strong></td>
<td><strong>$8,442,000</strong></td>
<td><strong>$26,724,000</strong></td>
<td><strong>$23,775,000</strong></td>
</tr>
</tbody>
</table>

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.
The University of Akron  
Akron and Wayne General Fund Combined  
Narrative of FY 2021 Revised Budget and Actual Results for the Fiscal Year Ended June 30, 2021

Revenues

Tuition & General Service Fees: Tuition & General Service Fees revenues total $158.5 million or approximately 98 percent as compared to the annual revised budget of $161.6 million. This amount reflects the entire fiscal year, including the first portion of summer 2021.

The total credit hours reflect a decline from prior year of 8.6 percent in undergraduate, 12 percent in graduate and 4.1 percent in law. This overall change in credit hours aligns with the revised budget assumption of an eight percent decline.

Other Fees: Other Fees revenues total $18.2 million or approximately 100 percent as compared to the annual revised budget of $18.2 million.

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 $55.3 million or approximately 105 percent of the $52.7 million revised budget. Year-end Scholarships include undergraduate ($45.6 million), graduate tuition remissions ($5.9 million), and law ($3.8 million). The discounts associated with College Credit Plus and Early College are expected to be around $10.7 million for the fiscal year, including prior year adjustments of $.8 million.

State Share of Instruction: State Share of Instruction (SSI) revenues total $95 million or 100 percent as compared to the annual revised budget of $95 million. As a result of the Governor’s recent executive order restoring previous SSI reductions, the projected SSI of $95 million reflects a $4.6 million increase over the original budget.

Indirect Cost Recovery: IDC revenues total $3.6 million or approximately 100 percent as compared to the revised budget of $3.6 million.

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.

| General Fund Revenue ($ millions) FY21 Revised Budget to Actual Results for the Fiscal Year ended June 30, 2021 |
|--------------------------------------------------|--------------------------------------------------|
| Tuition & Fees (net) | SSI | IDC, Inv, Misc | COVID Rev Recovery |
| FY21 Revised Budget | FY21 Actual | FY21 Revised Budget | FY21 Actual |
| $- | $100.0 | $50.0 | $0.0 |

Table: General Fund Revenue ($ millions) FY21 Revised Budget to Actual Results for the Fiscal Year ended June 30, 2021

Graph: General Fund Revenue ($ millions) FY21 Revised Budget to Actual Results for the Fiscal Year ended June 30, 2021
The University of Akron  
Akron and Wayne General Fund Combined  
Narrative of FY 2021 Revised Budget and Actual Results for the Fiscal Year Ended June 30, 2021

**Investment Income:** Investment Income revenues total about $17,000. Lower interest rates are a key factor in this unfavorable return. The year-end Investment Income results are significantly less than the revised budget of $500,000.

**Miscellaneous Revenues:** The year-end Miscellaneous Revenues reflect $2.3 million of support provided by the University of Akron Research Foundation (UARF) and proceeds in the amount of $.7 million from the sale of the older generation Internet Protocol (IP) addresses. Also reflected in the year-end results are $530,000 in tax credits, $288,000 in lease revenue and $677,000 from various sources.

**COVID Revenue Recovery:** Revenue Recovery from HEERF funds of $27.1 million reflect estimated lost revenue in FY20 and FY21 due to COVID.

**Expenditures**

**Compensation:** Gross payroll expenditures total $118.3 million or 101 percent of the annual revised budget of $116.9 million. Approximately $7.4 million of current and prior-year payroll expenditures were re-charged to COVID relief grants, thereby reducing the gross amount.

Gross fringe benefits of $38.5 million are 100 percent of the revised budget of $38.4 million. Approximately $1.7 million of prior-year and $1.1 million of current-year fringe benefit expenditures were re-charged to COVID relief grants.

**Utilities:** The gross Utilities charges approximated $8.4 million or 105 percent of the $8 million revised budget. Approximately $154,000 of prior-year and $196,000 of current-year utility expenditures were re-charged to COVID relief grants.

<table>
<thead>
<tr>
<th>Employee Type</th>
<th>Actual YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faculty</td>
<td>$60,820,000</td>
</tr>
<tr>
<td>Staff</td>
<td>22,422,000</td>
</tr>
<tr>
<td>Contract Professionals</td>
<td>23,145,000</td>
</tr>
<tr>
<td>Graduate Assistants</td>
<td>4,581,000</td>
</tr>
<tr>
<td><strong>Net Payroll</strong></td>
<td>110,968,000</td>
</tr>
<tr>
<td><strong>COVID Re-charge</strong></td>
<td>7,373,000</td>
</tr>
<tr>
<td><strong>Gross Current Year Payroll</strong></td>
<td>$118,341,000</td>
</tr>
</tbody>
</table>

*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 $24.2 million or approximately 95 percent of the $25.5 million revised budget. Budgeted unspent operating dollars were met and overall spending was less than expected.

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

Year-end gross operating expenditures are $3.3 million less than the revised budget.

### Transfers, Advances, and Loan

**Transfers-In (Draw on Operating Reserves):** The original budget assumed the draw on operating reserves of $7.8 million, whereas the revised budget contemplates an operating draw will no longer occur due to better than expected enrollment, increased State Share of Instruction, reduced costs and the recharge of expenditures to COVID-related grants. The year-end results reflect an addition of $39.4 million to operating reserves.

**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;
- $230,000 Campus camera initiative;
- $200,000 Vivarium condensate;
- $125,000 JAR air conditioning;
- $120,000 Wonder Bread site improvement;
- $120,000 University signage;
- $50,000 Kolbe Hall roof chiller;
- $30,000 Polsky building waterproofing;
- $24,000 Stadium railings;
- ($86,000) Auburn Science and Engineering Center (ASEC) project; and
- ($73,000) Medina campus wet lab.

**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 year-end the Transfers-Out Facilities Fee of $4.2 million is $.7 million less than the revised budget. The Transfers-Out Other-Debt Service is increased by $.5 million to account for this loss.
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 year-end amount of $10.8 million is $1.4 million greater than the revised budget and the Transfer-Out Other to Athletics is reduced 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 debt service for certain auxiliaries is covered completely with the Facilities Fee and this transfer. Where Facilities Fees revenues were less than budgeted, the support of debt service was increased to offset the shortfall of $$.5 million.

Transfers-Out – Other: The revised budget reflects $15.3 million to provide supplemental support to various auxiliaries. The final transfers out totaled $10 million as other revenues were better than expected and spending controls were effective in managing the bottom lines.

Advances:

<table>
<thead>
<tr>
<th>Description</th>
<th>Balance July 1, 2020</th>
<th>Loans Advances-Out</th>
<th>Repayments Advances-In</th>
<th>Balance June 30, 2021</th>
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</thead>
<tbody>
<tr>
<td>Musson Industrial Control System Test Bed</td>
<td>$ 70,000</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 70,000</td>
</tr>
<tr>
<td>Cummings Center</td>
<td>10,000</td>
<td>-</td>
<td>-</td>
<td>10,000</td>
</tr>
<tr>
<td>Total</td>
<td>$ 80,000</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 80,000</td>
</tr>
</tbody>
</table>

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. As of June 30, the outstanding balance is $230,000. The construction project is concluding so future draws are unlikely.