

THE UNIVERSITY OF AKRON

RESOLUTION 6-15-19

Pertaining to the Approval of the Fiscal Year 2019-2020 General Fund,
Auxiliary Funds, and Sales Funds Budgets

WHEREAS, The Vice President for Finance and Administration/CFO submitted the Fiscal Year 2019-2020 General Fund, Auxiliary Funds, and Sales Funds Budgets and presented those budgets to the Board of Trustees for its consideration and approval; Now, Therefore,

BE IT RESOLVED, That the Fiscal Year 2019-2020 General Fund, Auxiliary Funds, and Sales Funds Budgets, are approved.



M. Celeste Cook, Secretary
Board of Trustees



**The University of Akron
Akron and Wayne General Fund Combined
FY20 Budget**

	FY20 Proposed Budget
Tuition & General Service Fees	\$178,742,000
Other Fees	21,495,000
Scholarships	<u>(61,764,000)</u>
Net Tuition and Fees	138,473,000
State Share of Instruction	99,139,000
Indirect Cost Recovery	5,247,000
Investment Income	1,410,000
Miscellaneous Revenues	<u>2,571,000</u>
Total Revenues	<u>246,840,000</u>
Payroll	139,719,000
Fringes	<u>43,853,000</u>
Total Compensation	183,572,000
Utilities	10,258,000
Operating	<u>36,515,000</u>
Total Non Personnel	46,773,000
Total Expenditures	<u>230,345,000</u>
Net Before Transfers	<u>16,495,000</u>
Transfers-In	11,584,000
Transfers-In Plant Fund/Other	1,000,000
Advances-In	140,000
Transfer-in Encumbrance	2,600,000
Transfers-Out Plant Fund	(1,000,000)
Transfers-Out Other	<u>(30,819,000)</u>
Net Transfers	<u>(16,495,000)</u>
Difference	<u><u>\$0</u></u>

The University of Akron
Akron and Wayne General Fund Combined
FY 2020 Budget Assumptions

Revenues

Tuition & General Service Fees

- Overall blended enrollment reduction of four percent; and
- Tuition and certain fee increase of one and a half percent for the fall 2019 Tuition Guarantee Cohort.

Other Fees

- Overall blended enrollment reduction of four percent.

Scholarships

- Undergraduate, \$46.2 million including College Credit Plus and Early College;
- Graduate assistant fee remissions, \$11.7 million; and
- Law School, \$3.9 million.

State Share of Instruction

- Based upon information received from the Ohio Department of Higher Education.

Indirect Cost Recovery

- No significant revenue change as compared to FY19; and
- Distributions now limited to the Principal Investigator at 10 percent with remainder to the Center.

Investment Income

- Market fluctuations either way will impact the actual amount.

Miscellaneous Revenues

- Major revenues include \$1 million from The University of Akron Research Foundation, and \$0.5 million from Federal energy tax credit.

Expenditures

Payroll and Vacancies

- Four percent increase pursuant to collective bargaining agreements;
- A raise pool equivalent to two percent for qualifying non-represented employees;
- \$4.3 million of vacancy savings created by employee departures until a replacement employee is hired; and
- \$1 million reallocation of General Fund compensation to grants, leaves without pay, and professional development leaves.

The University of Akron
Akron and Wayne General Fund Combined
FY 2020 Budget Assumptions

Fringes

- Pooled fringe rate reduced from 37 percent for full-time employees to 32 percent and a further percentage reduction;
- Reduced percentage allocated to the self-insurance fund from the General Fund in the amount of \$1.5 million; and
- Voluntary Retirement Incentive Program (VRIP) year two installment in the amount of \$0.9 million.

Utilities

- Electric, natural gas, and water and sewer.

Operating

- The designated fees such as course fees and technology fees, etc., are enrollment driven and are assumed to roughly follow the four percent enrollment decline;
- 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 startups, which may be expended by the units and therefore cause expenditures to exceed the initial allocations;
- The unit allocations reflect adjustments recommended as part of the reduction process, including elimination of revenue share allocations and college and department level IDC distributions while the Center assumes certain research related costs in the amount of \$0.6 million;
- State minimum wage adjustment; and
- Assumes \$2 million underspending of awarded spending authority.

Other

Transfers-In

- Assumes \$11.6 million from general reserves; and
- \$1 million from plant fund reserves.

Advances-In

- Final installments from the National Museum of Psychology; and
- CAST in support of the Musson Industrial Control Systems Test Bed.

Transfers-Out Plant Fund

- Capital projects will be funded by \$1 million.

Transfers-Out Other

- Transfers to Auxiliaries of General Services Fee, \$11.9 million; Other, \$12.7 million (operations and debt service); and Facilities Fee, \$6.3 million.
- The Facilities Fees maintains a reserve, and a portion of that reserve, in the amount of \$1.9 million, will be used to help service the Auxiliaries' debt service for FY20;

The University of Akron
Akron and Wayne General Fund Combined
FY 2020 Budget Assumptions

therefore, a reduction to Transfers-Out Other was applied to the Student Union, Recreation Center, and Athletics, respectively by \$1.9 million.

Debt Service

- The General Fund debt service requirement for FY20 reflects \$5 million temporary relief as a result of the debt deferral initiative, and reserves that reside in the plant and debt reserves will service the remaining \$7 million of FY20 General Fund debt service obligation.

**The University of Akron - Akron and Wayne Combined
Auxilliaries
FY2020 Budget**

	Athletics	Residence Life & Housing	EJ Thomas Performing Arts Hall	Dining (Aramark)	Recreation & Wellness Services	Jean Hower Taber Student Union	Parking & Transportation Services	Wayne Student Union	Total
Revenues	\$9,406,000	\$19,119,000	\$2,640,000	\$3,186,000	\$640,000	\$947,000	\$6,458,000	\$54,000	\$42,450,000
Payroll	8,217,000	845,000	312,000	38,000	558,000	601,000	239,000	0	10,810,000
Fringes	2,657,000	307,000	97,000	250,000	229,000	220,000	84,000	0	3,844,000
Total Compensation	10,874,000	1,152,000	409,000	288,000	787,000	821,000	323,000	0	14,654,000
Operating	10,062,000	7,645,000	2,775,000	1,747,000	1,750,000	1,755,000	2,387,000	10,000	28,131,000
Scholarships	7,004,000	0	0	0	0	0	0	0	7,004,000
Total Non Personnel	17,066,000	7,645,000	2,775,000	1,747,000	1,750,000	1,755,000	2,387,000	10,000	35,135,000
Total Expenditures	27,940,000	8,797,000	3,184,000	2,035,000	2,537,000	2,576,000	2,710,000	10,000	49,789,000
Net Before Transfers	(18,534,000)	10,322,000	(544,000)	1,151,000	(1,897,000)	(1,629,000)	3,748,000	44,000	(7,339,000)
Transfers-In - Facilities Fee	4,254,000	0	0	0	1,443,000	2,482,000	0	0	8,179,000
Transfers-In - General Service Fee	11,858,000	0	0	0	0	0	0	0	11,858,000
Transfers-In - Other-Debt Service	708,000	0	0	0	240,000	413,000	0	0	1,361,000
Transfers-In - Other	6,968,000	0	871,000	0	1,897,000	1,629,000	0	0	11,365,000
Transfers-In - Fund Balance	0	321,000	0	0	0	0	745,000	0	1,066,000
Transfers-Out - Debt Service	(4,962,000)	(10,643,000)	(327,000)	(777,000)	(1,683,000)	(2,895,000)	(4,493,000)	0	(25,780,000)
Net Transfers	18,826,000	(10,322,000)	544,000	(777,000)	1,897,000	1,629,000	(3,748,000)	0	8,049,000
Difference	\$292,000	\$0	\$0	\$374,000	\$0	\$0	\$0	\$44,000	\$710,000

The University of Akron
Auxiliaries
FY 2020 Budget Assumptions

Overall Assumptions

Revenues

- Roughly four percent enrollment decline.

Payroll

- Four percent increase pursuant to collectively bargained employee contracts;
- A raise pool equivalent to two percent for qualifying non-represented employees; and
- State minimum wage adjustment.

Fringes

- Benefits such as 14 percent employer contribution to the respective retirement system, University contribution toward employee group insurance, employee and dependent fee remission, and University portion of employee parking permits; and
- Fringe Rate adjustment from 37 percent to 32 percent.

Transfers-In

- Represents debt service and/or operating support passed through or from the General Fund.

Transfers-Out – Debt Service

- Debt service for Auxiliary facilities.

Unit Assumptions

Athletics

Revenues

- Externally generated revenues from various sources such as the MAC, game guarantees, naming rights, ticket sales, grants-in-aid, IMG, and Coca-Cola.

Payroll

- Contemplates rate increases as reflected in respective individual contracts.

Operating

- Athletic supplies, student assistants, game officials and guarantees, maintenance, team travel & recruiting, and utilities.

Scholarships

- Approximately 220 Athletic financial aid awards; and
- The New Z Fund event will support scholarships for 5th year aid.

The University of Akron
Auxiliaries
FY 2020 Budget Assumptions

Transfers-In

- Facilities Fee totaling \$3.3 million through the General Fund and \$1 million from the Facilities Fee reserve;
- General Service Fee totaling \$11.9 million from the General Fund; and
- Other support totaling \$7.7 million from the General Fund.

Residence Life & Housing

Revenues

- 81 percent average occupancy for fall 2019 and spring 2020; and
- Room rate increase of 1.5 percent for the fall 2019 Tuition Guarantee Cohort.

Operating

- Maintenance, resident assistant meals, student employment, and utilities.

Transfers-In

- \$321,000 from Fund Balance.

EJ Thomas Performing Arts Hall

Revenues

- Externally generated revenues from various sources such as Broadway Series sales, Akron Civic Theater pass-through, hall rental, and endowment gifts.

Operating

- Artist fees, advertising, maintenance, stage & wardrobe, student employment, and utilities.

Transfers-In

- Other totaling \$840,000 from the General Fund; and
- \$31,000 from Endowment.

Dining (Aramark)

Revenues

- Rent and other contractually provided revenues such as utilities, maintenance, and equipment repair; and
- Meal plan increase of three percent for the fall 2019 Tuition Guarantee Cohort.

Compensation

The University of Akron
Auxiliaries
FY 2020 Budget Assumptions

- The CWA employees remain University employees, with the University responsible for the difference between FICA and SERS; and
- All other employees are the fiscal responsibility of Aramark.

Operating

- Card access and point of sale software, equipment, maintenance, and utilities.

Recreation & Wellness Services

Revenues

- Externally generated revenues from various sources such as memberships, pool rental, and locker and facility rentals; and
- \$68,000 in new community membership program and rental income.

Operating

- Group exercise, intramural sports, maintenance, outdoor adventures, student employment, and utilities.

Transfers-In

- Facilities Fee totaling \$1.1 million through the General Fund and \$.3 million from Facilities Fee reserve; and
- Other totaling \$2.1 million from the General Fund.

Jean Hower Taber Student Union

Revenues

- Externally generated revenues from various sources such as bookstore space rent, bank space rent, and room rentals.

Payroll

- A \$45,000 savings from eliminating a full-time position.

Operating

- Maintenance, utilities, and student employment.

Transfers-In

- Facilities Fee totaling \$1.9 million through the General Fund and \$.6 million from Facilities Fee reserve; and

The University of Akron
Auxiliaries
FY 2020 Budget Assumptions

- Other support totaling \$2 million from the General Fund.

Parking & Transportation Services

Revenues

- Parking permits and transportation fee revenues decrease consistent with an overall blended enrollment reduction of four percent.

Operating

- Parking deck and lot maintenance, Roo Express Shuttle, the Metro Dash, and utilities.

Transfers-In

- \$745,000 from Parking Services Fund Balance.

Wayne Student Union

Revenues

- Externally generated revenues from bookstore space rent and room rentals.

Operating

- Artist fees, equipment, and property and fire insurance.

**The University of Akron
 Departmental Sales and Services
 FY20 Budget**

	Self-Insurance Health Care	Workforce Training Solutions	New Student Orientation	English Language Institute	Other	TOTAL
Revenues	\$25,826,000	\$750,000	\$551,000	\$325,000	\$5,332,000	\$32,784,000
Payroll	143,000	218,000	177,000	216,000	1,640,000	2,394,000
Fringes	46,000	56,000	65,000	54,000	476,000	697,000
Total Compensation	189,000	274,000	242,000	270,000	2,116,000	3,091,000
Operating	208,000	377,000	452,000	8,000	2,086,000	3,131,000
Premiums and Claims	28,027,000	0	0	0	0	28,027,000
Capital	0	0	0	0	10,000	10,000
Total Non Personnel	28,235,000	377,000	452,000	8,000	2,096,000	31,168,000
Total Expenditures	28,424,000	651,000	694,000	278,000	4,212,000	34,259,000
Difference	(\$2,598,000)	\$99,000	(\$143,000)	\$47,000	\$1,120,000	(\$1,475,000)

The accompanying assumptions are an integral part of this statement.

Overall Assumptions

Payroll

- Four percent increase for bargaining unit employees;
- A raise pool equivalent to two percent for qualifying non-represented employees; and
- State minimum wage adjustment.

Fringes

- Application of the pooled rate for benefits such as 14 percent employer contribution to the respective retirement system, University contribution toward employee group insurance, employee and dependent fee remission, and University portion of employee permits; and
- Fringe rate adjustment from 37 percent to 32 percent.

Fund Assumptions

Self-Insurance Health Care

Revenues

- University contributions to employee-provided benefits such as medical, prescription drug, dental, long-term disability, and life insurance with fringe rate changed from 37 percent to 32 percent; and
- Employee and retiree contributions to benefit program for coverage that requires an employee cost share or is voluntary (100 percent employee paid) such as medical, prescription drug, short-term and long-term disability, life insurance, vision, and flexible spending accounts.

Operating

- Amounts expected to be paid for administrative and consulting fees; and
- The Self-Insurance Health Care reserves will fund the retiree dependent health care premiums in the amount of \$2.6 million.

Premiums and Claims

- Estimated cost for insurance premiums and self-insured claim payments related to employee benefit program; and
- Medical, prescription drug, dental, stop loss insurance, and other ancillary benefits.

**The University of Akron
Departmental Sales and Services
FY 2020 Budget Assumptions**

Workforce Training Solutions

Revenues

- Open enrollment and contract training fees revenues to support the coordination of noncredit professional development classes open to the public and to provide customized training for local companies.

Operating

- Student assistants, supplies and services, and travel and hospitality; and
- Workforce Training Solutions will manage to ensure expenditures are limited to revenues.

New Student Orientation

Revenues

- Commitment fee revenues to support the activities related to orientation and first-year experience programs.

Operating

- Peer mentoring, New Roo Weekend, supplies and services, and travel and hospitality; and
- New Student Orientation will monitor expenditures; however, the budgeted deficit will be offset by the New Student Orientation carryover from fiscal year ended June 30, 2019.

English Language Institute

Revenues

- Externally generated revenues from non-credit courses to teach English to non-English speaking students who plan to attend a university in the United States.

Operating

- Student assistants, supplies and services, and travel and hospitality; and
- English Language Institute will manage to ensure expenditures are limited to revenues.

Other

Revenues

- Includes about 145 smaller, revenue-generating activities such as internal Printing Services, Hearing Aid Dispensary, and Akron Polymer Technology Services.

The University of Akron
Departmental Sales and Services
FY 2020 Budget Assumptions

Operating

- Student assistants, cost of goods sold (Hearing Aid Dispensary), supplies and services, and travel and hospitality;
- Individual management and the units will manage to ensure expenditures are limited to revenues; and
- In general, the units are anticipated to “break-even” or generate surpluses.

Capital

- Equipment purchase related to Akron Polymer Technology Services.