



University Current Funds
Budget Plan
FY 2012–2013





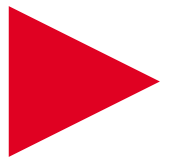
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CURRENT FUNDS BUDGET PLAN Fiscal Year 2012-2013



Prepared by the Office of the VP for Finance | June 26, 2012



THE BUDGET BOOK

The University of Cincinnati continues the transformation of its budget process to an all-university, all-funds methodology. The university utilizes fund accounting to budget and monitor the use of funds in accordance with the principles of the Governmental Accounting Standards Board (GASB). Budgeting by fund enables the university to track the sources and uses for each fund as is often required to ensure compliance with internal and external restrictions. Fund accounting also allows for monitoring and tracking of different financial objectives and allows for budgeting based on current funds (Uptown and branch campuses), auxiliary operations, designated funds and restricted funds. Detailed schedules of these funds' total budgets are presented in subsequent sections of this publication. Following Board of Trustees approval, the budget is modified throughout the year as changes in circumstances occur. On March 31st of each year the permanent budget is frozen and after this date no changes can be made. Therefore, the column labeled "FY 2012 Budget as of 3/31/12" represents the final permanent budget for Fiscal Year 2012 (FY 2012.)

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INTRODUCTION

The FY 2012-13 University of Cincinnati budget is presented to the Board of Trustees at a dynamic time for the university and its commitment to invest in excellence. This budget was built in response to numerous successes and challenges as well as with a strong emphasis on the aspirations envisioned in UC2019► Accelerating Our Transformation and the Academic Master Plan.

KEY PERSONNEL

Ryan Hays, PhD., was named Vice Provost for Faculty Development and Deputy to the Provost on July 1, 2011. Dr. Hays has most recently served as assistant dean of the faculty at Princeton University. Prior to Princeton, he was on staff with the Board of Trustees at Emory University. His work there focused on strategic planning, trustee recruitment, and board development. He also taught in the Graduate Institute of the Liberal Arts at Emory. In addition, Dr. Hays served as special assistant to the dean of the Tucker Foundation at Dartmouth College.



Gary Hunt was appointed to the position of Treasurer at the University of Cincinnati on August 29, 2011. Previously, Gary was Treasurer at Boise State University, the largest research university in Idaho where his responsibilities included treasury policy development, banking relationship management, credit card transaction activities, cash management, and improving liquidity. He also has industry treasury experience.

Effective September 1, 2011, Peter Landgren became Dean of the College-Conservatory of Music (CCM). Dean Landgren came to CCM from Baldwin-Wallace College, where he served as conservatory director and professor of music for four years, guiding a major renovation and expansion project, a redesign of music curriculum, and the creation of an innovative performing-arts health and research center. Prior to that appointment, he served for 26 years as a member of the artist faculty at the Peabody Conservatory of The Johns Hopkins University and for 29 years played horn in the Baltimore Symphony Orchestra. Dean Landgren is also a former CCM student.

Karl Scheer was appointed the university's Chief Investment Officer effective September 19, 2011. Most recently, Karl was co-head of investments for Summer Hill Capital Partners in Cincinnati, co-managing a \$1.1 billion diversified portfolio. Prior to Summer Hill Capital Partners, he worked for Pantheon, Russell Investments' private equity arm. While at Pantheon, Karl worked with a team to develop quantitative and qualitative metrics for evaluating private equity managers as well as gaining considerable experience constructing portfolios.

Whit Babcock joined the University of Cincinnati as Director of Athletics on November 2, 2011. Whit came to UC Athletics from the University of Missouri where he served as the Executive Associate Director. While at Missouri, he achieved all-time highs in donor participation, fundraising, season ticket sales, and department-wide revenue generation. Before joining Missouri, Whit was Assistant Athletics Director and Executive Director of Development for West Virginia University. He also worked at Auburn University as Assistant Athletic Director for Development.

On November 21, 2011, Michael Cureton joined the University of Cincinnati as Director of Public Safety and Chief of Police. With more than 30 years of experience with the Cincinnati Police Department (CPD), Chief Cureton is very familiar with the community in which the university operates. He rose through the ranks from patrol officer to Assistant Police Chief with CPD. A graduate of the FBI National Academy, he is also currently a UC student. He expects to earn a master's degree in criminal justice in the near future.

Greer Glazer, PhD., was appointed Dean of the College of Nursing effective January 1, 2012. Dr. Glazer was previously dean and professor of nursing at the University of Massachusetts Boston, College of Nursing and Health Sciences since 2004. Dean Glazer has extensive clinical, teaching, and research experience, conducting studies on domestic violence education, alcohol use during pregnancy, and barriers to prenatal health care among African-American women, as well as administrative responsibilities that have included service or chairmanship on a number of university committees.

UC2019 ► ACCELERATING OUR TRANSFORMATION

As we approach 2019, UC's 200th anniversary, UC2019 ► is about UC's readiness to take its place among the elite institutions of this nation and the world. The goals of UC2019 ► offer a map of how UC will move from a period of definition into a period of focus and achievement. It defines how we will measure our success as well as prioritize and target our resources on those areas in which we excel. The aim is to achieve most of our aspirational goals within 5 years while monitoring our progress through an annual report card as well as a continually updated institutional dashboard.

More about UC2019 ► can be viewed: http://www.uc.edu/president/strategic_plan.html.

An important component of UC2019 ► is the Academic Master Plan – the guidelines, expectations, goals and activities that will guide the academic endeavors within UC2019 ►.

The Academic Master Plan Action Steps can be viewed at: http://www.uc.edu/content/dam/uc/provost/docs/uc2019/academic_master_plan/AcademicMasterPlan-Phase2-ActionSteps.pdf

In achieving its strategic goals through UC2019 ►, the University of Cincinnati will be guided by the following nine operational principles:

Learning. The transformative goal is to provide an innovative curriculum for the 21st century that will develop students as active, critical-minded participants in the workforce and in civic life. The action steps are structured so as to:

- optimize enrollment targets to enhance quality, diversity, and access;
- transform learning with real-world experiences;
- determine the right mix of online, hybrid and face-to-face offerings by each college;
- ensure excellent teaching throughout the university;
- develop innovative pedagogical techniques;
- provide students with 21st century learning tools;
- achieve greater integration of university curricula;
- improve the way we measure student learning; and
- improve support services for student athletes.

Discovery. This principle seeks to produce new ways of understanding and transforming the world through our research and scholarship. The goal and supporting actions steps intend to:

- enhance resources and support for faculty research;
- build more robust platforms for research;

- reward innovation in teaching, research and service;
- support and promote research in the arts, humanities and social sciences;
- hire strategically to support developing areas of excellence, interdisciplinary research projects, inquiry-based learning, and other areas of critical need;
- develop strategies for retaining the highest quality faculty and staff;
- further enhance and expand the graduate and professional student experience;
- increase emphasis on undergraduate student research; and
- partner with the community to solve real-world problems.

Community. UC is committed to leveraging our urban setting in ways that strengthen the vibrancy of our campus and advance our commitment to the broader community. In order to do this, action steps will:

- build on our urban location and resources toward greater connection to and involvement in Cincinnati as well as national and international communities;
- make UC's campus a destination for the broader community;
- eliminate internal barriers that inhibit cross-college conversations and internal collaborations;
- fully integrate regional campuses into UC culture and practices; and
- develop a strategy and structure to address compliance and risk management issues.

Economy. UC must strengthen fiscal stewardship, achieve financial stability, create opportunity for sustainable growth, and build real value for the city and state. Action steps will:

- enhance support from alumni, faculty, and staff;
- educate key constituents about the economic value and impact of UC; and
- establish UC as an economic driver through intellectual activity.

Sustainability. The transformative goal is to create a deliberate and responsible approach to our environment, resources, and operations. The action steps are structured so as to:

- aim for a zero waste campus;
- integrate sustainability into educational programs, research, reporting and community outreach; and
- promote and expand existing efforts and strengths around sustainability.

Global Engagement. UC will strive to ensure students and faculty have the skills and knowledge to succeed within and influence the ever-evolving modern world. In order to do this, action steps will:

- expand international partnerships, student opportunities and faculty engagement;
- increase the number of international students;
- increase the number of students studying abroad;
- encourage more foreign-language skills; and
- increase the number of students enrolled in globally engaged courses.

Diversity. UC is committed to creating and maintaining a community that is broadly diverse and inclusive in all aspects of its operations. Action steps include:

- attract, retain and graduate academically prepared students who reflect a wide range of diversity;
- all colleges and departments at UC will attract, retain, and promote an increased number of historically underrepresented and other diverse faculty in tenure and clinical track positions, including faculty at advanced ranks;
- create and support learning and work environment that reflects the university's mission which includes a commitment to excellence and diversity; and

- develop and implement a comprehensive, integrated, university-wide system of accountability and assessment that will evaluate and quantify institutional performance in relation to these diversity goals at all levels.

Mission-Based Health Care. UC will ensure that our region has access to the highest quality health care via biomedical research, prevention initiatives, and patient-care advances. Action steps will:

- launch campus-wide global health themes;
- charge the academic health center with building the university's brand for its health care mission;
- embed multi-/interdisciplinary programs and clinical activities within the academic health center;
- promote scholarship in key health areas and engage students in research; and
- promote and incentivize wellness within the UC community.

Collaboration. This principle seeks to enhance and expand collaborative engagement with our urban environment and throughout our global community to advance the common good. The goal and supporting action steps are intended to:

- establish a campus-wide culture of collaboration based on an expanded definition of collaboration; and
- create opportunities for collaborative work with industry and non-industry research.

OTHER HIGHLIGHTS

Some recent key successes at UC include:

- UC continues to break enrollment records with 42,421 students on all campuses in fall quarter 2011.
- Fall 2011 freshman class on the Uptown campus continues academic preparedness with an average ACT score of 25 as well as including 45 incoming National Merit scholars.
- Number of UC students applying for commencement in June 2011 surpasses June 2010 levels with 4,843 degrees awarded.
- FY 2011 total research funding including affiliates exceeds more than \$418 million with increases in invention disclosures and patent applications over FY 2010.
- The Times Higher Education magazine in London ranks UC among the top 200 "World Universities."
- Reaching the \$903 million mark in the \$1 billion Proudly Cincinnati Campaign as of May 29, 2012.
- UC and UC Health more closely align missions thus forming the only academic health system in the region and continuing the transition of UC Health with the goal of becoming the region's health care system of choice.
- UC's long-term bond rating increases from the A category to the AA category by two major credit rating agencies. The new ratings are Aa3 from Moody's Investors Services and AA- from Standard and Poor's Rating Services.
- UC ranks 143rd, a jump of 13 spots from the previous year, among institutions identified as "National Universities" and 73rd among public universities by U.S. News and World Report.

- Progress continues toward conversion from quarters to semesters on August 27, 2012 with undergraduate students and their advisors completing, reviewing, and approving their Individual Advising Plans.
- UC increases to six Centers of Excellence as named by the University System of Ohio, the largest number of programs to be recognized at a single Ohio university to date.
- U.S. News and World Report ranks UC among the top 40 schools on several lists for online degree programs.
- Princeton Review recognizes UC among the nation's top "green" universities for the 3rd consecutive year.
- College of Medicine implements a new medical curriculum for first-year students providing the opportunity to immediately engage in various clinical activities such as first responder training.

POLICIES AND PRINCIPLES GUIDING THE BUDGETING PROCESS

As part of the university's strategic plan, UC continues to update policies designed to improve financial stability and business practices across the university. The Operating Cash Policy and the Structural Deficit Policy as well as Performance Based Budgeting continue to have the most pronounced impacts on improving the university's financial strength even as state support for higher education declines. This contributes positively to the decision by Standard & Poor's and Moody's to upgrade the institution's long-term bond rating from the A category to the AA category. In addition, the Ohio Board of Regents' Financial Health Composite Score for UC for FY 2011 increased to 3.6 compared to the FY 2010 score of 3.3.

OPERATING CASH POLICY

The Operating Cash Policy, approved by the Board of Trustees in November 2006, continues to increase UC's liquidity. The goal is to attain an average daily cash balance of no less than 25% of annual operating budget expenditures and transfers, as well as a minimum daily cash balance of no less than 17% of annual operating budget expenditures and transfers. Operating cash has continued to grow to a balance of \$423M as of March 2012 including spring tuition payments. Cash balances now regularly exceed the minimum daily target of \$179M. In accordance with policy, the cash position is monitored by the Cash Committee on a periodic basis to ensure that the required levels are achieved. In addition, the cash status is reported to the Board of Trustees quarterly and annually in the audited Financial Report.

STRUCTURAL DEFICIT POLICY

In November 2008, the Board of Trustees approved a policy aimed at eliminating all over-drafted cash balances. This policy identified specific measures to restore cash balances including:

- Utilizing a proactive budgeting process;
- Requiring any new deficit funds be approved in advance by the Vice President for Finance in consultation with the appropriate Vice President;
- Obtaining payback plans for funds that are currently in a deficit position;
- Reducing the scope, postponement or cancellation of capital projects;
- Focusing on receivables management.

Compliance with this policy is monitored on a regular basis and is responsible for the continued reduction in over-drafted cash balances.

FINANCIAL POLICIES

The Financial Policy Development Committee continues to develop and implement institutional financial policies in response to audits as well as strive to contain costs and institute better business practices. Draft policies are fully vetted through the university's decision-making and governance structure to gain valuable feedback and heighten awareness of fiscal stewardship and accountability. The results have included continually improved internal controls in addition to cost containment over a wide array of university activities.

Effective July 1, 2011, BNY Mellon became UC's new Tier 1 master custodian. A master custodian's chief responsibilities are the safekeeping and related servicing of its client's portfolio of assets. BNY Mellon is assisting UC in a number of portfolio management areas such as improved reporting timeliness, valuation pricing, and performance reporting, in addition to compliance and risk monitoring.

PERFORMANCE BASED BUDGETING

The university adopted a Performance Based Budgeting model in FY 2010, replacing the historical allocation of resources for the undesignated general fund. The model is resource and enrollment driven with incentives for both growth and efficiencies. Each college or administrative unit is assigned a mandatory budget threshold that is to be met through growth, cost saving measures, or some combination of these two factors. The model allows for college units to share in the growth resulting from exceeding their established thresholds and building their enrollments. More detail on the Performance Based Budgeting template is included in Section 3.

REVENUE SUMMARY

STATE SUPPORT

After significant reductions in state of Ohio support to higher education in FY 2012, state appropriations are expected to remain stable in FY 2013. It is projected that State Share of Instruction (SSI) for the Uptown campus will increase by approximately \$1.3M over the amount budgeted for FY 2012 which can be attributed mainly to continued strong enrollment growth and retention. State appropriations are anticipated to be 16% of the university's total budget.

TUITION

Based on the approved biennial budget of the state of Ohio which included resident undergraduate tuition caps of 3.5% per year for FY 2012 and FY 2013, UC presented a tuition and fees increase request to its Board of Trustees at their March 27, 2012 meeting. After seeking input from students, faculty, deans, and administrators through all-university committee participation, the following recommendation was approved by the Board of Trustees effective autumn semester 2012:

- 3.5% increase to resident undergraduate tuition and fees amounting to a \$365 annual increase for a full-time resident undergraduate student on the Uptown campus.
- 3.5% increase to resident undergraduate tuition and fees on the branch campuses amounting to a \$176 annual increase for a full-time resident undergraduate student on the UC Clermont College campus and a \$199 annual increase for a full time resident undergraduate student on the UC Blue Ash campus.
- The undergraduate non-resident surcharge on all UC campuses will increase by 3.5%. On the Uptown Campus, non-resident full-time tuition and fees will increase \$874 annually. At the UC Clermont campus, full-time non-resident tuition and fees will

increase \$416 annually, whereas at the UC Blue Ash campus the full-time non-resident increase will be \$491 annually.

- 3.5% increase to all graduate tuition and fees amounting to a \$481 annual increase for a full-time resident graduate student and an \$871 annual increase for a full time non-resident graduate student.
- 3.5% increase to Medicine MD tuition and fees amounting to a \$974 annual increase for a resident student and a \$1,574 annual increase for a non-resident student.
- 9.5% increase to Pharmacy PharmD tuition and fees amounting to a \$1,365 annual increase for a resident student and a 6.8% increase amounting to a \$1,773 annual increase for a non-resident student.
- 6% increase to Law tuition and fees amounting to a \$1,332 annual increase for a resident student and a \$2,324 annual increase for a non-resident student.

The approved tuition increase will result in gross tuition inflation of approximately \$12.7 million on the Uptown campus and assumes flat enrollment.

GOVERNMENT AND PRIVATE GRANTS AND CONTRACTS

Ranking 25th among public institutions for federal research expenditures by the National Science Foundation, UC and its affiliates received over \$418 million in research funding in FY 2011, a decrease of about \$25 million over the total in FY 2010. Excluding its research affiliates, UC received \$251.2 million in sponsored program awards.

A significant part of UC's research funding comes from the National Institutes of Health (NIH), the major supporter of biomedical research. UC's College of Medicine brought in \$133 million in research funding in FY 2011. While the College of Medicine still represents more than half of UC's research dollar total, several colleges—including Arts & Sciences, Business, DAAP, CECH, CEAS, and Nursing—saw gains in research awards in 2011 over the previous year.

Industry has become an increasingly important research partner. In FY 2011, UC was awarded \$18.9 million from industry collaborators, a 24% increase over FY 2010.

ENDOWMENT INCOME

The university uses its endowment to support current operations in a way that generates a predictable stream of support, while maintaining the purchasing power of the endowment funds adjusted for inflation. Therefore, the university spending policy provides for annual distributions of 5% of the 12-quarter moving average market value of assets in the investment pool. Down approximately 12.2% in FY 2012, the spending policy payout will decrease an additional 6.2% in FY 2013.

As of June 30, 2011, the market value of the UC endowment ranked 75th out of 839 higher education institutions surveyed by the NACUBO-Commonfund Study of Endowments. The UC endowment ranked 26th among public universities. The university's endowment market value was \$1.004 billion as of June 30, 2011. As of March 31, 2012, the market value of the UC endowment was \$1.002 billion, reflecting the recent volatility of the global equity markets.

FUNDRAISING CAMPAIGN

Proudly Cincinnati: Tower of Strength, Rock of Truth is the University of Cincinnati's most ambitious campaign in its history, supporting the goal of UC becoming the finest urban

research institution in the nation. The target of Proudly Cincinnati is to raise \$1 billion by 2013 to fund the university's key initiatives including:

- Learning and scholarships;
- Training tomorrow's healthcare professionals;
- Science and technology research;
- Faculty and staff retention and endowments;
- Creative expression;
- Partnerships between UC and its surrounding communities;
- Enhanced student life experiences including co-op opportunities.

Proudly Cincinnati is about the transformative power of higher education and the foundation it lays for the future of our students, community, state, nation and world. The campaign has successfully raised more than 90% of its \$1 billion goal as of May 29, 2012.

AUXILIARY ENTERPRISES

The university's main auxiliary enterprises include Campus Services and Athletics. Campus Services manages the university activities related to Parking, Housing & Food Services, the Campus Recreation Center, Retail Services, MainStreet Operations, Kingsgate Conference Center, and Conference & Event Services. Campus Services continues to exhibit sound financial management despite a variety of challenges which directly impact their bottom line. Campus Services auxiliaries have been able to benefit from increased enrollments while containing expenses through continuing implementation of cost-saving measures. Operations are expected to generate a profit in FY 2012 which will be used to address capital improvements. This strategy of revenue growth combined with cost containment is expected to continue into FY 2013 when Campus Services again expects operations to result in a net profit.

Athletics experienced another successful year in FY 2012 both on and off the playing field. UC Football, both Men's and Women's Basketball, Women's Volleyball, and Women's Track and Field all had especially notable winning seasons. Academically, over 160 student-athletes were named to the Dean's List while 13 of 18 teams had GPAs over 3.0. In addition, many student-athletes devoted time to community service as well. While the fiscal results of college athletics continue to be challenging, under the leadership of new Athletics director Whit Babcock, UC Athletics continues to explore opportunities for revenue growth as well as cost containment as they seek to be competitive in NCAA sports.

2. TOTAL CURRENT FUNDS BUDGET SUMMARY

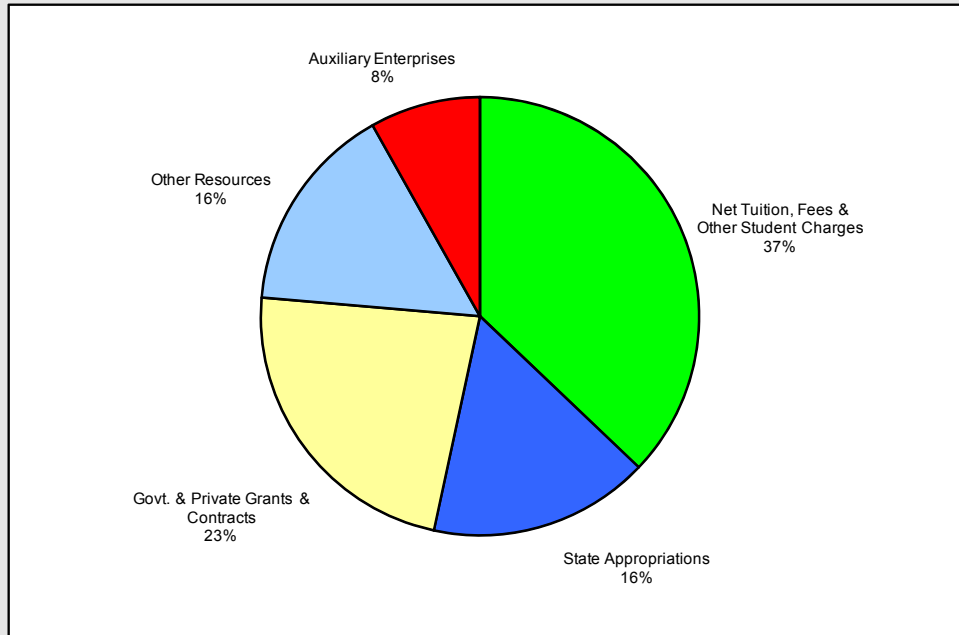
**FISCAL YEAR 2012-2013
CURRENT FUNDS BUDGET SUMMARY
(IN THOUSANDS)**

	Undesignated General Funds Uptown Campus	Undesignated General Funds Branches	Auxiliary Enterprises	Designated General Funds	Restricted Funds	Total Current Funds
RESOURCES						
Gross Tuition, Fee and Other Student Charges	395,964	44,733	14,769	26,984	-	482,450
Less Scholarships and Fellowships	(67,905)	(907)	-	-	-	(68,812)
Net Tuition, Fee and Other Student Charges	328,059	43,826	14,769	26,984	-	413,638
State Appropriations (State Share of Instruction)	155,950	17,786	-	-	7,644	181,380
Govt. and Private Grants and Contracts	19,859	29	-	19,768	216,623	256,279
Private Gifts	319	-	5,451	130	36,355	42,256
Endowment Income	1,396	-	-	997	55,610	58,002
Sales and Service	10	24	-	63,105	-	63,139
Temporary Investments	2,770	-	-	-	-	2,770
Other Sources	1,061	159	-	2,974	2,264	6,459
Auxiliary Enterprises	-	-	90,849	-	-	90,849
Total Resources	509,424	61,824	111,070	113,959	318,496	1,114,773
EXPENDITURES						
Educational and General						
Instructional and General	214,186	33,801	-	5,527	47,015	300,529
Separately Budgeted Research	10,045	-	-	15,403	170,397	195,845
Public Service	904	68	-	51,260	2,809	55,041
Academic Support	76,459	5,408	-	16,951	12,480	111,298
Student Services	21,338	5,004	-	17,066	4,144	47,551
Institutional Support	46,388	9,453	-	31,357	5,350	92,549
Operation and Maintenance of Plant	49,203	5,143	-	(3,399)	30	50,977
Scholarships and Fellowships	-	-	-	2,102	62,856	64,958
Budget Cut Reserve	(16,585)	-	-	-	-	(16,585)
Semester Conversion Reserve	1,000	-	-	-	-	1,000
Future Yrs Reallocation Reserve	9,964	-	-	-	-	9,964
Total Educational and General	412,901	58,878	-	136,265	305,081	913,125
Auxiliary Enterprises	-	-	75,751	-	-	75,751
Mandatory Transfers						
Loan Fund Matching	-	-	-	-	-	-
Debt Service	26,376	-	37,921	22,315	1,145	87,757
Nonmandatory Transfers						
Subsidies to Non-Instructional Units	18,525	259	(19,033)	250	-	-
Plant Funds	2,725	4	2,826	-	-	5,555
Designated	45,642	-	133	(45,775)	-	-
Other	(1,844)	2,684	11,369	(2,363)	11,534	21,380
Claims on Operations Repayment	5,100	-	-	(5,100)	-	-
Total Expenditures and Transfers	509,424	61,824	108,967	105,593	317,760	1,103,568
Net Increase (Decrease) In Fund Balance	-	-	2,103	8,366	736	11,205

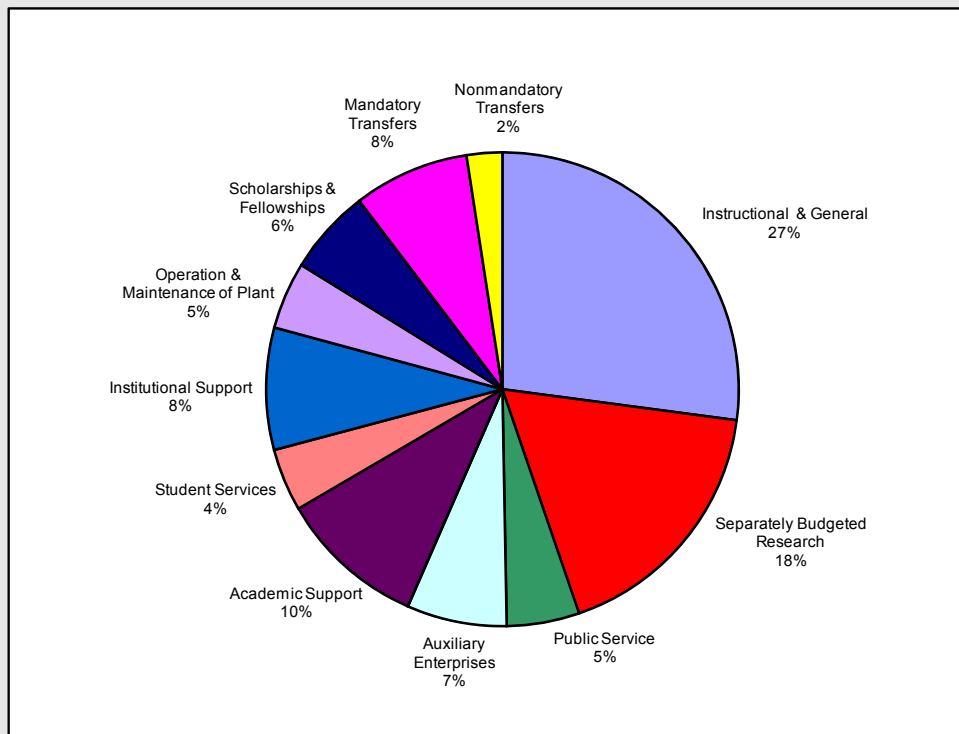
SUMMARY OF BUDGETED RESOURCES AND EXPENDITURES TOTAL UNIVERSITY (IN THOUSANDS)				
	FY 2012 Budget As Of 3/31/12	FY 2013 Budget	Variance	Percent Change
RESOURCES				
Gross Tuition, Fee and Other Student Charges	464,629	482,450	17,821	3.84%
Less Scholarships and Fellowships	(68,659)	(68,812)	(153)	0.22%
Net Tuition, Fee and Other Student Charges	395,970	413,638	17,669	4.46%
State Appropriations (State Share of Instruction)	181,103	181,380	277	0.15%
Govt. and Private Grants and Contracts	282,543	256,279	(26,264)	-9.30%
Private Gifts	34,545	42,256	7,711	22.32%
Endowment Income	59,576	58,002	(1,573)	-2.64%
Sales and Service	62,979	63,139	160	0.25%
Temporary Investments	3,770	2,770	(1,000)	-26.53%
Other Sources	7,129	6,459	(670)	-9.40%
Auxiliary Enterprises	83,050	90,849	7,800	9.39%
Total Resources	1,110,662	1,114,773	4,109	0.37%
EXPENDITURES				
Educational and General				
Instructional and General	294,806	300,529	5,722	1.94%
Separately Budgeted Research	213,792	195,845	(17,947)	-8.39%
Public Service	55,534	55,041	(494)	-0.89%
Academic Support	107,286	111,298	4,012	3.74%
Student Services	44,648	47,551	2,903	6.50%
Institutional Support	87,604	92,549	4,945	5.64%
Operation and Maintenance of Plant	50,341	50,977	636	1.26%
Scholarships and Fellowships	65,708	64,958	(749)	-1.14%
Budget Cut Reserve	-	(16,585)	(16,585)	-100.00%
Semester Conversion Reserve	1,000	1,000	-	0.00%
Future Yrs Reallocation Reserve	7,819	9,964	2,145	27.43%
Total Educational and General	928,540	913,125	(15,414)	-1.66%
Auxiliary Enterprises	69,818	75,751	5,933	8.50%
Mandatory Transfers				
Loan Fund Matching	-	-	-	
Debt Service	84,940	87,757	2,817	3.32%
Nonmandatory Transfers				
Subsidies to Non-Instructional Units	-	-	-	
Plant Funds	3,969	5,555	1,586	39.97%
Designated	-	-	-	
Other	10,729	21,380	10,651	99.28%
Claims on Operations Repayment	-	-	-	
Total Expenditures and Transfers	1,097,996	1,103,568	5,572	0.51%
Net Increase (Decrease) In Fund Balance	12,666	11,205		

SUMMARY OF BUDGETED RESOURCES AND EXPENDITURES TOTAL UNIVERSITY

RESOURCES BY SOURCE



EXPENDITURES BY FUNCTION



3. PERFORMANCE BASED BUDGETING

PERFORMANCE BASED BUDGETING

Fiscal Year 2013 will begin the fourth year of Performance Based Budgeting (PBB). Another year of record enrollments allowed budgetary relief to most colleges in FY 2012 based on the resulting revenue growth. A broader and deeper understanding among the university community of how the university operates in total has been instrumental in modeling and matching income and expenses, both direct to the colleges as well as indirect expenses critical to all operations.

Work on PBB is ongoing through fiscal year-end. It is estimated that final FY 2012 results include approximately \$14M in tuition growth to fund academic thresholds (budget cuts) as well as approximately \$8M in tuition growth which will fund splits to colleges, the Provost, and central administrative units yet to be analyzed, finalized and distributed.

KEY PBB DEFINITIONS

1. **Revenue Producers:** those units that generate revenue (typically colleges).
2. **Revenue Supporters:** those units that support the revenue producers (Provost Office, Registrar, Finance, etc).
3. **Revenue:** all dollars generated (tuition, fees, SSI, other) distributed by home College (Majors).
4. **Negative Revenue:** scholarships and other adjustments against revenue.
5. **Adjustments:** adjustments for students taking classes in another college. These rows are included in the template in order to account for instruction provided between colleges.
 - a. **Adjustment Out:** adjustment for home college students taking courses in other colleges.
 - b. **Adjustment In:** adjustment for students from other colleges taking courses in a home college.
6. **Total Net Revenue:** the summation of revenue and negative revenue.
7. **Direct Expenditures:** all expenditures and net transfers directly tied to the revenue producers.
8. **Base Net Revenue:** the current amount of net revenue being generated minus direct expenditures of the revenue producers. (Total Net Revenue – Total Direct Expenditures)
9. **Base Net Revenue Target:** this is the amount of base net revenue that must be generated by the revenue producers in order to maintain a balanced university budget. (Base Net Revenue + the positive value of the Direct Threshold Share)
10. **Indirect Expenditures:** all expenditures and net transfers directly tied to the revenue supporters.
11. **Total Expenditures:** summation of the direct and indirect expenditures.
12. **Total University Threshold:** although this figure does not appear on the individual college versions of the Online Revenue & Cost Template, it is the difference between the anticipated total net revenue and the anticipated total expenditures for the entire general fund for the fiscal year. This is the figure that forms the basis for the direct and indirect threshold shares.

13. **Threshold Share (Direct & Indirect):** the amount of the threshold that is assigned to each unit (revenue producer and supporter) that they must add to their base net revenue for the academic year.
14. **Threshold Plan:** the plan the unit submits to meet its threshold share.
15. **Incentive:** the agreed upon percentage of the amount of split-able revenue that exceeds the threshold share.
16. **Split-able Revenue:** all revenue except University Scholarships & Fellowships (GR & UG), General Fees, Other Revenue and Sponsored Revenue. General fees and Sponsored Revenue are not split-able because they have been earmarked.
17. **Shortfall:** the amount a unit returns for failing to meet its threshold share.

PBB STRUCTURE

1. Flat growth is assumed.
2. The amount of revenue needed to run the university is determined.
3. The university threshold is established (difference between the total net revenue and the total expenditures needed to run the university).
4. Threshold shares are assigned to colleges and other units.
5. Revenue is assigned to home college and any other unit that generates revenue.
6. Revenue is adjusted for any reductions to revenue (total net revenue).
7. Revenue is adjusted for home college students taking courses in other colleges and vice-versa.
8. Direct expenditures of the college are subtracted from the total net revenue to determine the base net revenue.
9. The assigned threshold share for the college is then added to the base net revenue to determine the new base net revenue.
10. All threshold shares are mandatory.
11. Units that exceed threshold shares receive an incentive of an agreed upon percentage of the split-able revenue over their threshold share.

The following page is the initial total FY 2013 Uptown Campus General Funds PBB summary.

FY 2013 PBB Summary

University of Cincinnati
Revenue and Cost Template - General Funds Only - Permanent Budget
Fiscal Year 2013

DRAFT

		<u>FY 2012</u>	<u>FY 2013 Estimate</u>	<u>Estimated Change</u>
REVENUE				
Undergraduate	Tuition (Generated by Home College)	\$ 212,502,881	\$ 219,770,490	\$ 7,267,609
	Adjustment for Majors Instructed by Another College	\$ (39,893,850)	\$ (41,039,597)	\$ (1,145,747)
	Adjustment for Other Majors Instructed	\$ 39,893,850	\$ 41,039,597	\$ 1,145,747
	Subtotal : Tuition Attributed to College	\$ 212,502,881	\$ 219,770,490	\$ 7,267,609
	General Fees (Generated by Home College)	\$ 14,923,651	\$ 15,252,797	\$ 329,146
	State Share of Instruction (Generated by Home College)	\$ 69,195,745	\$ 69,761,128	\$ 565,382
	Unit Scholarships & Fellowships	\$ (2,563,000)	\$ (2,563,000)	\$ -
	University Scholarships & Fellowships	\$ (19,156,622)	\$ (19,156,622)	\$ -
Net Attributable Revenue		\$ 274,902,656	\$ 283,064,793	\$ 8,162,137
Graduate / Professional	Tuition (Generated by Home College)	\$ 141,358,888	\$ 146,244,288	\$ 4,885,400
	Adjustment for Majors Instructed by Another College	\$ (1,529,006)	\$ (1,599,238)	\$ (70,232)
	Adjustment for Other Majors Instructed	\$ 1,529,006	\$ 1,599,238	\$ 70,232
	Subtotal : Tuition Attributed to College	\$ 141,358,888	\$ 146,244,288	\$ 4,885,400
	General Fees (Generated by Home College)	\$ 5,109,730	\$ 5,222,427	\$ 112,697
	State Share of Instruction (Generated by Home College)	\$ 85,490,358	\$ 86,188,880	\$ 698,522
	Unit Scholarships & Fellowships	\$ (44,452,734)	\$ (44,452,734)	\$ -
	University Scholarships & Fellowships	\$ (1,429,333)	\$ (1,429,333)	\$ -
Net Attributable Revenue		\$ 186,076,908	\$ 191,773,526	\$ 5,696,618
Adult & Continuing Ed. (Tuition Only)		\$ 3,490,069	\$ 3,612,221	\$ 122,152
Adult & Continuing Ed. (Scholarships Only)		\$ (272,722)	\$ (272,722)	\$ -
Adult & Continuing Ed. (Gen. Fees Only)		\$ 369,891	\$ 378,049	\$ 8,158
Sponsored Revenue		\$ 19,859,347	\$ 19,859,347	\$ -
Other Revenue		\$ 12,461,251	\$ 12,961,251	\$ 500,000
Total Net Revenue		\$ 496,887,400	\$ 511,376,466	\$ 14,489,066
DIRECT EXPENDITURES				
Academic Support		\$ 52,870,131	\$ 53,605,461	\$ 735,330
Institutional Support		\$ 18,651	\$ 18,651	\$ -
Instruction		\$ 191,142,028	\$ 195,703,666	\$ 4,561,638
Public Service		\$ 16,979	\$ 16,979	\$ -
Research		\$ 6,315,084	\$ 6,424,465	\$ 109,381
Student Services		\$ 2,286,525	\$ 2,332,449	\$ 45,924
Unassigned		\$ -	\$ -	\$ -
Total Direct Expenditures		\$ 252,649,398	\$ 258,101,670	\$ 5,452,272
Base Net Revenue		\$ 244,238,002	\$ 253,274,796	\$ 9,036,793
Direct Threshold Share		\$ -	\$ (11,928,209)	\$ (11,928,209)
Base Net Revenue Target		\$ 244,238,002	\$ 265,203,005	\$ 20,965,002
INDIRECT EXPENDITURES				
Academic Support		\$ 22,053,253	\$ 22,270,903	\$ 217,650
Institutional Support		\$ 43,217,638	\$ 49,164,335	\$ 5,946,697
Instruction		\$ 17,244,487	\$ 20,844,346	\$ 3,599,859
Operations Maintenance		\$ 47,604,878	\$ 49,116,974	\$ 1,512,096
Public Service		\$ 848,514	\$ 853,426	\$ 4,912
Research		\$ 1,438,024	\$ 1,440,158	\$ 2,134
Student Services		\$ 16,909,087	\$ 17,607,781	\$ 698,694
Unassigned		\$ 94,922,121	\$ 108,562,299	\$ 13,640,178
Total Indirect Expenditures		\$ 244,238,002	\$ 269,860,222	\$ 25,622,220
Indirect Threshold Share		\$ -	\$ (4,657,217)	\$ (11,928,209)
Indirect Expenditures Target		\$ 244,238,002	\$ 265,203,005	\$ (11,928,209)
Total Expenditures		\$ 496,887,400	\$ 527,961,892	\$ 31,074,492
Total University Threshold		\$ -	\$ (16,585,426)	\$ (16,585,426)
Net Profit/(Loss) Target		\$ 0	\$ 0	\$ 0

4. UNDESIGNATED GENERAL FUNDS—UPTOWN CAMPUS

UNIVERSITY OF CINCINNATI

UNDESIGNATED GENERAL FUNDS

UPTOWN CAMPUS OVERVIEW

This section describes income and expense changes to UC's Uptown Campus. The main source of funding for the Uptown Campus is also referred to as the general fund and/or the undesignated fund. Nearly every unit on campus has a general fund expense budget in some amount. Income streams to the general fund are expected to total approximately \$509 million in FY 2013 with the largest revenue sources coming from student tuition and fees and support from the state of Ohio through the Ohio Board of Regents (OBR).

UPTOWN CAMPUS BUDGET

The Uptown campus budget for FY 2013 is presented in the table on page 28. It includes the following assumptions about tuition, subsidies and expenses.

TUITION

The current state budget law caps resident undergraduate tuition and fee increases at 3.5%. Therefore, at the March 2012 Board of Trustees meeting, a 3.5% increase to resident undergraduate tuition and fees was approved effective autumn semester 2012. The nonresident undergraduate surcharge was also increased 3.5%. This is the first increase to the nonresident undergraduate surcharge since FY 2006-07. At the graduate level, tuition and fees increase 3.5% for both resident and non-resident students. For professional students in the Medicine MD program, tuition and fee increases of 3.5% will be implemented, while Law will increase 6% and PharmD will increase 9.5% for resident students and 6.8% for non-resident students. (See fees schedules in Appendix 1.) These increases are expected to generate approximately \$12.7M in additional tuition revenue on the Uptown campus in FY 2013 and assumes flat enrollment. This allows enrollment growth to be tracked in Performance Based Budgeting and be split as agreed to help offset budget cuts/thresholds. In FY 2013, the budget cut/threshold for the entire Uptown campus is \$16.585 million or 7% of the budget cut/threshold base.

SUBSIDY—State Share of Instruction (SSI)

Funding from the Ohio Board of Regents is closely tied to student population and mix as well as success factors. Allocations of funding are based on performance metrics such as course completions instead of headcount enrollment alone. Degree completions are also an important metric in the determination of funding. There are also incentives for course completions in science, technology, engineering, mathematics and medicine (STEMM) fields. No SSI funding is received for out-of-state undergraduate students or out-of-state distance learning students.

FY 2013 SSI for the Uptown Campus is projected to be \$155.95M, an increase of approximately \$1.3M over the FY 2012 budgeted allocation. State of Ohio finances seem to have stabilized and therefore, there are no additional cuts to SSI anticipated at this time.

EXPENSE—Salary/Benefits

Salary and benefit inflation is listed below. There is no budgeted salary increase for SEIU, Security Officers, Police Officers, Emergency Dispatchers, IUOE or AFSCME.

	In Thousands
AFSCME	\$ --
AAUP	2,734
AAUP Promotions, Tenure, & Article 15 Adjustments	800
SEIU	--
IUOE	--
Unrepresented	2,189
Police	--
Security Officers	--
Emergency Dispatchers	--
University Graduate Assistants	280
Other Students	33
Total Salaries/Benefits	\$ 6,036

EXPENSE—Operating

Increases for operating expenses are shown below and are aligned with the goals of UC2019►. In fact, \$3.5M is specifically budgeted for UC2019► priorities. This, combined with \$2.5M permanently budgeted in FY 2012 makes \$6M available for UC2019► priorities in FY 2013. Additional descriptions of each new expense budget supplement are contained in Appendix 5 in the back of this publication.

	In Thousands
MSB Phase 2-5	\$ 1,500
Roof Replacements	250
Facilities Maintenance	500
Maintenance Contracts	100
Chemical Inventory Operations/Disposal	240
Preventative Maintenance	250
SAP Maintenance Fee	245
U Square Lease	500
Capital Investment Fund: Renovations	2,000
Athletics Subsidy	1,500
Core Systems Funding	1,000
Academic Teaching Lab Renovations	500
SACUB General Fee Increase	450
Utilities Inflation	608
Institutional Initiatives	4,000
UC2019 Strategic Initiatives	3,500
Academic Restructuring	750
Structural Deficit Payback – Internal Borrowing	1,000
Research Deficit Funding	2,000
VP – Communications	500
Subtotal Other	\$21,393
TOTAL Salaries/Benefits and Other	\$27,430

SUMMARY TOTAL BUDGET/REDUCTION

	In Thousands
Revenue	
Tuition Increase	\$ 12,725
Increase in State Share of Instruction	1,264
Temporary Investment Pool (TIP) Reduction	(1,000)
Expenses	(27,430)
SUBTOTAL	(14,440)
Reserve for Future Years Budget Reallocations	(2,145)
TOTAL BUDGET	(16,585)
7% Budget Cut to Balance ¹	\$ 16,585

¹The 7% budget cut will be distributed to colleges and units.

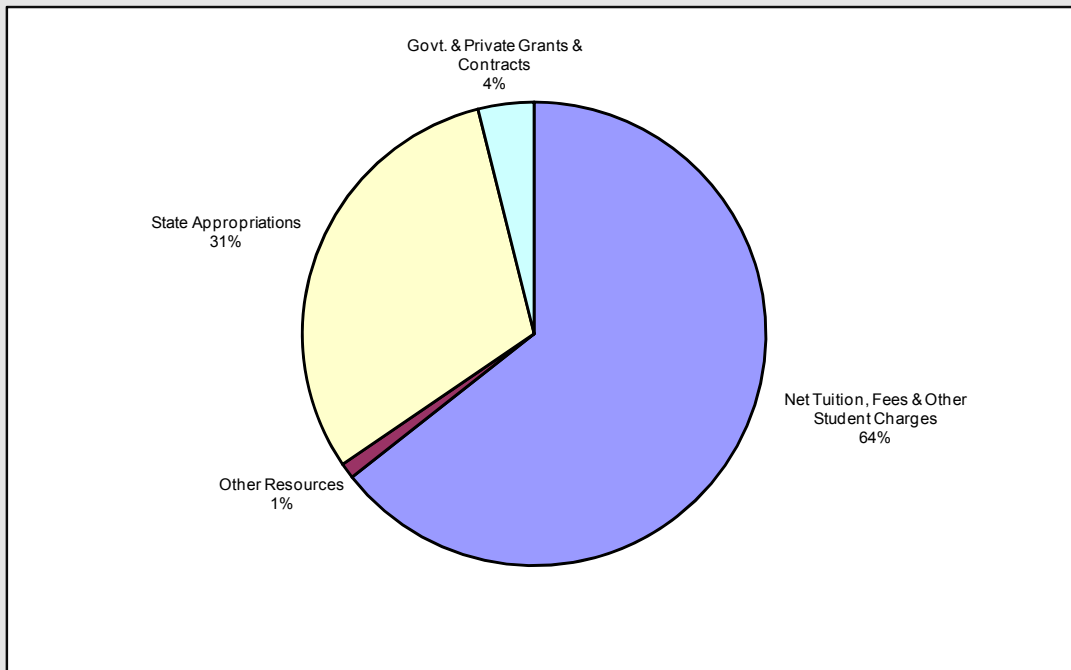
As the university enters into FY 2013, UC will continue to face funding challenges linked to economic and political pressures outside of the university's control such as college readiness, reduced state support, and changes in financial aid eligibility and funding. In addition, there are the admirable goals and transformation of UC2019► to be achieved. UC will meet these goals and challenges with a continued emphasis on greater efficiency while maintaining a strong campus commitment to excellence.



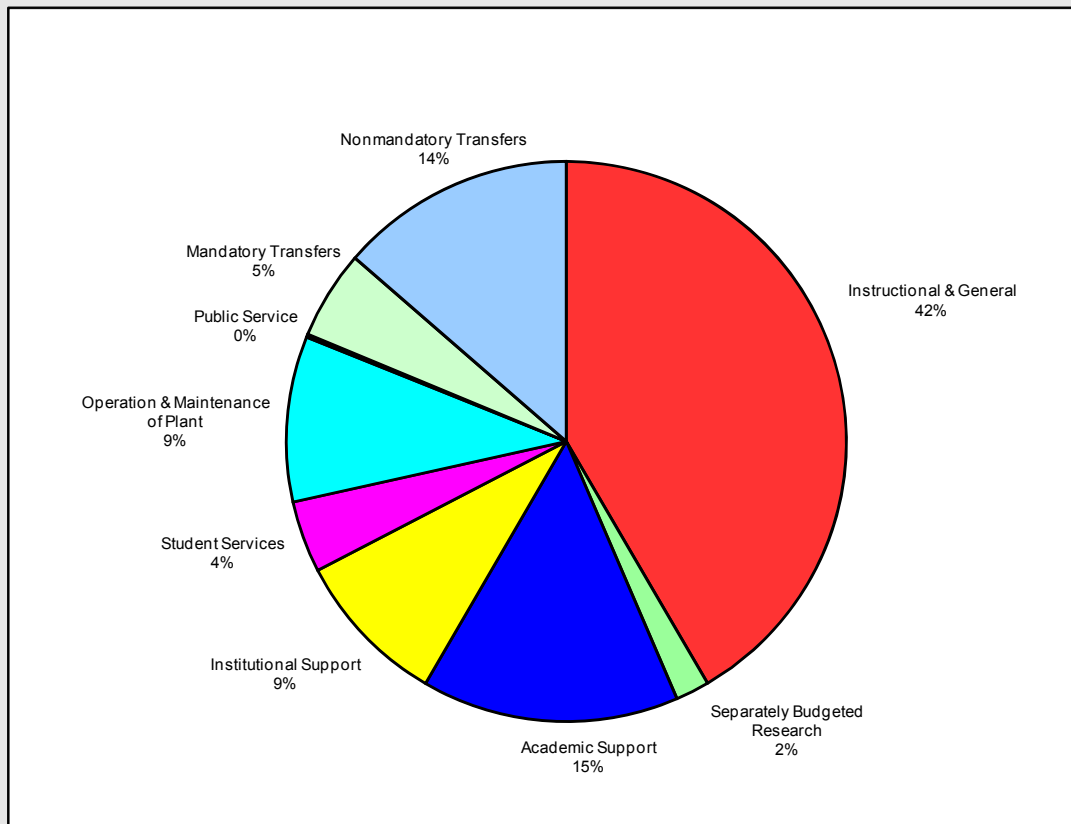
UNDESIGNATED GENERAL FUNDS UPTOWN CAMPUS (IN THOUSANDS)				
	FY 2012 Budget as of 3/31/12	FY 2013 Budget	Variance	Percent Change
RESOURCES				
Gross Tuition, Fee and Other Student Charges	383,239	395,964	12,725	3.32%
Less Scholarships and Fellowships	(67,874)	(67,905)	(31)	0.05%
Net Tuition, Fee and Other Student Charges	315,365	328,059	12,694	4.03%
State Appropriations (State Share)	154,686	155,950	1,264	0.82%
Govt and Private Grants and Contracts	19,859	19,859	-	0.00%
Private Gifts	319	319	-	0.00%
Endowment Income	1,396	1,396	-	0.00%
Sales and Service	10	10	-	0.00%
Temporary Investments	3,770	2,770	(1,000)	-26.53%
Other Sources	1,061	1,061	-	0.00%
Total Resources	496,467	509,424	12,957	2.61%
EXPENDITURES				
Educational and General				
Instructional and General	208,881	214,186	5,305	2.54%
Separately Budgeted Research	7,753	10,045	2,292	29.57%
Public Services	865	904	38	4.40%
Academic Support	74,923	76,459	1,536	2.05%
Student Services	19,196	21,338	2,142	11.16%
Institutional Support	42,745	46,388	3,643	8.52%
Operation and Maintenance of Plant	47,605	49,203	1,598	3.36%
Budget Cut Reserve	-	(16,585)	(16,585)	-100.00%
Semester Conversion Reserve	1,000	1,000	-	0.00%
Future Yrs Reallocation Reserve	7,819	9,964	2,145	27.43%
Total Educational and General	410,788	412,901	2,113	0.51%
Mandatory Transfers				
Loan Fund Matching				
Debt Service	25,482	26,376	894	3.51%
Nonmandatory Transfers				
Subsidies to Non-Instructional Units	15,545	18,525	2,980	19.17%
Plant Funds	869	2,725	1,857	213.78%
Designated	39,999	45,642	5,643	14.11%
Other	(316)	(1,844)	(1,528)	-483.35%
Claims On Operations Repayment	4,100	5,100	1,000	24.39%
Total Expenditures and Transfers	496,467	509,424	12,957	2.61%
Net Increase (Decrease) In Fund Balance	-	-		

**SUMMARY OF BUDGETED RESOURCES AND EXPENDITURES
UPTOWN CAMPUS GENERAL FUNDS**

RESOURCES BY SOURCE



EXPENDITURES BY FUNCTION





5. UNDESIGNATED GENERAL FUNDS—BRANCH CAMPUSES

UNIVERSITY OF CINCINNATI UNDESIGNATED GENERAL FUNDS— BRANCH CAMPUSES OVERVIEW

UC BLUE ASH

University of Cincinnati Blue Ash (formerly Raymond Walters College) has established numerous strategies for deliberate improvement, including:

- Improve student services and experience
- Become more effective/efficient as a college organization
- Grow enrollments to meet student demands
- Increase and improve the physical facility
- Build and strengthen relationships within UC and community

Improved Student Services and Experience

As the university moves to semesters, the college's First Year Experience program will begin and will improve students' experiences by highlighting the range of educational, experiential opportunities available. In addition, UC Blue Ash (UCBA) is increasing its commitment to experiential learning such as study abroad, increasing international student populations, service learning (local to international), undergraduate research, honors programming and more. Funding for study abroad opportunities for faculty and students has increased to include a trip to Sri Lanka and the Caribbean Islands. For a regional college student, study abroad is an ideal learning experience and opportunity.

In addition, the college is in the process of changing how it handles pending programs (long waiting lists that create situations where students run out of financial aid and then leave without earning a degree) by restructuring health programs into a pre-major followed by competitive admissions. These changes will honor the open access mission while removing barriers to the students' educational paths and provide guidance for timely, successful completion of studies. Over the next two years, the college programs with pending lists—including Nursing, Allied Health, Dental Hygiene, Radiation Technology, and Veterinary Technology—will begin selected admissions.

Become More Effective/Efficient as a College Organization

UCBA has encouraged and participated in two separate college audits and is making adjustments to more closely follow UC policies. In addition, three different consultancies have analyzed selected units resulting in an effort to address shortcomings, weaknesses and issues in those units. Network Resources, UCBA's IT unit, is particularly in need of departmental improvements, evolution and new leadership. Reorganization of the unit will take place as the college builds the relationship and interaction with UCIT. Network Resources' funding has increased in order to improve the IT infrastructure of the college. College Relations is another unit in need of a major assessment and reorganization to meet the needs of the college. Funding to this unit has also been increased in order to better communicate internally and externally to various stakeholders. The unit will be reorganized and a new leader hired with our redefined goals and efficiencies in mind. The Professional Development Institute has already

been audited, improved, rebuilt and reorganized and will need to hire additional staff to build greater capacity—for specific contracts and to help to grow on-site staff likely in sales and content development. There are other units on campus that will be assessed and improved as opportunities allow. The goal is to reach a point where the college is in complete compliance with internal policies and all levels of regulations, embracing diversity and inclusion, operating with best practices as the standard and setting the example for an effective, efficient, excellent organization and employer of choice. UC Blue Ash is working to transition from an organization of oral narrative to an organization with written, known processes, policies and procedures.

Grow Enrollments to Meet Student Demands

In FY 2012, the college's student population has continued to show positive growth increasing approximately 2 percent. For FY 2013, UCBA is anticipating a flat rate of growth, largely due to the changes in the pending programs and minor adjustments in the semester programs. Even with the predicted flat growth rate, the college is planning to expand in several high-demand areas such as Math, Physics, English, Business, Medical Assisting, Psychology, Criminal Justice, Education and more. Not all vacated/retired positions will be filled but only those in areas of need, growth and new programs. All programs are being analyzed qualitatively and quantitatively in the coming year to best understand resource needs and programmatic trends.

In order to manage future enrollment growth and address space issues, the college is working to increase online pedagogy support structures and personnel. Funding is being put into instructional design, online pedagogy training and new technology/software/support. Online programming is being built slowly and properly in order to meet Higher Learning Commission expectations.

An enrollment management process has been created with the intention of placing resources in marketing and recruiting to adult/nontraditional students given the population trends and UCBA's historic strength in attracting nontraditional learners. A campaign and position that reaches the target audience is needed, along with special programs (accelerated, online, etc.) that will naturally appeal to the student with heightened time constraints and adult responsibilities.

Increase and Improve the Physical Facility

The physical facilities will change to meet the technology requirements and service needs of the student population. New and upgraded electronic classrooms are being installed to reach a more uniform, higher standard while also reaching 100% secure wireless (indoors and out) across the campus.

The renovation of the Library, Food Services and Administration suite will begin in October with completion set for Fall of 2013. Major capital plans include roof replacement on Muntz Hall and continuation of the Muntz Hall remodeling. The Flory Center is also being remodeled to create more classrooms to accommodate enrollments. All of these renovations involve costs in relocating and accommodating employees in new spaces.

Build and Strengthen Relationships Within UC and Community

The college is in the second and final year of a name change. Raymond Walters College is now the University of Cincinnati Blue Ash College (UCBA). The name change, shuttle bus and other efforts have intertwined the Blue Ash and Uptown campuses in important ways demonstrating that the Blue Ash College is an integral part of the university. The expanded professional advising staff has worked closely with their Uptown counterparts on the seamless

transition of university students from UCBA to the Uptown colleges. In 2012-13, the shuttle bus service between the UCBA and Uptown campuses will be expanded to include a second bus during the morning and early afternoon runs, shortening wait times for riders.

UC CLERMONT

Overview

Despite a three percent decline in fall 2011 enrollment, Clermont College is committed to growing academic programs (e.g. associate, baccalaureate and certificates) over the next 3-5 years as part of its overall strategic plan. While the competitive landscape will become more challenging in the years ahead, Clermont continues to benefit from a geographical location which has fewer higher education competitors and relatively stable residential communities. Challenges continue to include: lack of public transportation, a need for more instructional space, and a small industrial base. In the fall of 2012, Clermont is expanding facility space at UC East to provide more science labs and a more robust Computer Aided Design program with a focus on Advanced Manufacturing.

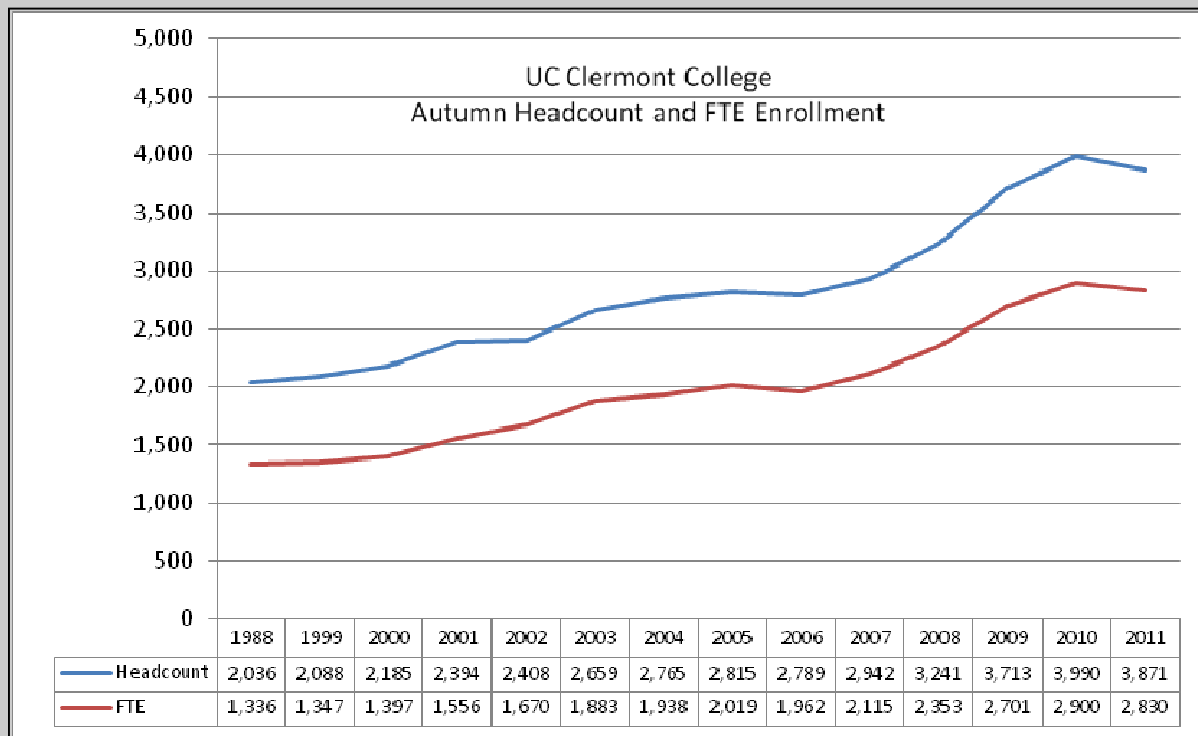
Enrollment

Enrollment for fall 2012 is projected to grow at a very moderate rate of 1-2% from the Fall 2011 enrollment level recouping a portion of the FY 2012 decline as the university transitions from a quarter to a semester system. The college's first baccalaureate program (BTAS) also continues to show solid growth. Distance learning and assisting veterans in gaining employment in the civilian workforce continue to be top priorities. For the students enrolled here, Clermont will continue to support its Supplemental Instruction initiative to boost retention and success in course completions.

Budget/Financial

The State Share of Instruction (SSI) to UC Clermont is projected to decline slightly (1%) in FY 2013 due to a slight decline in enrollment in the fall of 2011 and the weak state economy. However, Clermont is increasing branch tuition rates by 3.5% and the college's first baccalaureate program (BTAS) should provide more incremental revenue during its second year of expansion.

Any surpluses that result at year end will be utilized to strengthen the contingency fund and to assist in master planning for the college (e.g. renovations, UC East expansion). Clermont is currently debt free, but will make allowances for debt service in the future as needed.



UNDESIGNATED GENERAL FUNDS BRANCH CAMPUSES SUMMARY (IN THOUSANDS)				
	FY 2012 Budget as of 3/31/12	FY 2013 Budget	Variance	Percent Change
RESOURCES				
Gross Tuition, Fee and Other Student Charges	44,631	44,733	102	0.23%
Less Scholarships and Fellowships	(785)	(907)	(122)	15.59%
Net Tuition, Fee and Other Student Charges	43,846	43,826	(20)	-0.05%
State Appropriations (State Share)	17,555	17,786	231	1.32%
Govt and Private Grants and Contracts	27	29	2	8.98%
Private Gifts	-	-	-	
Endowment Income	-	-	-	
Sales and Service	19	24	5	26.32%
Temporary Investments	-	-	-	
Other Sources	73	159	86	119.09%
Total Resources	61,519	61,824	305	0.50%
EXPENDITURES				
Educational and General				
Instructional and General	34,299	33,801	(498)	-1.45%
Separately Budgeted Research	-	-	-	
Public Services	206	68	(138)	-66.88%
Academic Support	5,121	5,408	286	5.58%
Student Services	5,205	5,004	(201)	-3.86%
Institutional Support	8,857	9,453	596	6.73%
Operation and Maintenance of Plant	5,672	5,143	(529)	-9.33%
Total Educational and General	59,362	58,878	(484)	-0.81%
Mandatory Transfers				
Loan Fund Matching	-	-	-	
Debt Service	-	-	-	
Nonmandatory Transfers				
Subsidies to Non-Instructional Units	259	259	-	0.00%
Plant Funds	165	4	(161)	-97.56%
Other	1,733	2,684	951	54.90%
Total Expenditures and Transfers	61,519	61,824	305	0.50%
Net Increase (Decrease) In Fund Balance	-	-		

**UNDESIGNATED GENERAL FUNDS
BRANCH CAMPUSES
UC BLUE ASH COLLEGE
(IN THOUSANDS)**

	FY 2012 Budget as of 3/31/12	FY 2013 Budget	Variance	Percent Change
RESOURCES				
Gross Tuition, Fee and Other Student Charges	25,873	26,865	992	3.84%
Less Scholarships and Fellowships	(336)	(331)	5	-1.49%
Net Tuition, Fee and Other Student Charges	25,537	26,534	997	3.91%
State Appropriations (State Share)	9,864	10,090	226	2.30%
Govt and Private Grants and Contracts	-	-	-	
Private Gifts	-	-	-	
Endowment Income	-	-	-	
Sales and Service	19	24	5	26.32%
Temporary Investments	-	-	-	
Other Sources	50	105	55	109.02%
Total Resources	35,470	36,753	1,283	3.62%
EXPENDITURES				
Educational and General				
Instructional and General	20,647	20,729	82	0.40%
Separately Budgeted Research	-	-	-	
Public Services	141	-	(141)	-100.00%
Academic Support	3,137	3,405	268	8.54%
Student Services	2,566	2,382	(184)	-7.19%
Institutional Support	3,863	4,725	862	22.31%
Operation and Maintenance of Plant	3,563	3,050	(513)	-14.40%
Total Educational and General	33,917	34,291	374	1.10%
Mandatory Transfers				
Loan Fund Matching	-	-	-	
Debt Service	-	-	-	
Nonmandatory Transfers				
Subsidies to Non-Instructional Units	174	174	-	0.00%
Plant Funds	162	4	(158)	-97.52%
Other	1,216	2,284	1,068	87.82%
Total Expenditures and Transfers	35,470	36,753	1,283	3.62%
Net Increase (Decrease) In Fund Balance	-	-		

**UNDESIGNATED GENERAL FUNDS
BRANCH CAMPUSES
UC CLERMONT COLLEGE
(IN THOUSANDS)**

	FY 2012 Budget as of 3/31/12	FY 2013 Budget	Variance	Percent Change
RESOURCES				
Gross Tuition, Fee and Other Student Charges	18,758	17,868	(890)	-4.75%
Less Scholarships and Fellowships	(449)	(576)	(127)	28.36%
Net Tuition, Fee and Other Student Charges	18,309	17,292	(1,017)	-5.55%
State Appropriations (State Share)	7,691	7,696	5	0.07%
Govt and Private Grants and Contracts	27	29	2	8.98%
Private Gifts	-	-	-	
Endowment Income	-	-	-	
Sales and Service	-	-	-	
Temporary Investments	-	-	-	
Other Sources	23	54	31	139.24%
Total Resources	26,049	25,071	(978)	-3.75%
EXPENDITURES				
Educational and General				
Instructional and General	13,652	13,072	(580)	-4.25%
Separately Budgeted Research	-	-	-	
Public Services	65	68	3	4.40%
Academic Support	1,984	2,003	18	0.93%
Student Services	2,639	2,622	(17)	-0.66%
Institutional Support	4,994	4,728	(266)	-5.33%
Operation and Maintenance of Plant	2,109	2,093	(16)	-0.74%
Total Educational and General	25,445	24,587	(858)	-3.37%
Mandatory Transfers				
Loan Fund Matching	-	-	-	
Debt Service	-	-	-	
Nonmandatory Transfers				
Subsidies to Non-Instructional Units	85	85	-	0.00%
Plant Funds	3	-	(3)	-100.00%
Other	516	400	(116)	-22.54%
Total Expenditures and Transfers	26,049	25,071	(978)	-3.75%
Net Increase (Decrease) In Fund Balance	-	-		

6. AUXILIARY OPERATIONS

UNIVERSITY OF CINCINNATI AUXILIARY ENTERPRISES— OVERVIEW

CAMPUS SERVICES AUXILIARY

Campus Services, a single umbrella auxiliary organization consisting of eight departments, provides a coordinated effort to meet the needs of the campus community:

- Retail Services
- Housing & Food Services
- MainStreet Operations
- Bearcat Campus Card
- Kingsgate Conference Center
- Conference and Event Services
- Campus Recreation
- Parking Services

Campus Services projects a net surplus of \$5.9 for FY 2012; \$3.7M over the original budget of \$2.2M. After addressing the structural deficit, Campus Services will use funds to address ongoing capital requirements. The improvement is due to increased enrollment that has translated into higher housing occupancy levels, additional meal plan sales, and increased revenue from the Campus Life fee and Parking Services. At the same time, Campus Services has been able to maintain expenses at budgeted levels which has resulted in driving the increase in revenue directly to the bottom line. The FY 2013 budget reflects a net surplus of \$2M, after a non-mandatory transfer to renewal and replacement funds.

Retail Services consists of six bookstores, two convenience stores, Central Stores, and Vending Services. In FY 2013, the successful rental program, Rent-A-Text, will enter the third year, offering a wide selection of books and saving students an average of 50% off the price of a new book. In FY 2012, rental sales increased 69% and students rented about 20% of the total textbooks distributed by UC bookstores. Central Stores will enter its second year of the Office Supplies agreement with Guy Brown Express, an Ohio Minority Business Enterprise (MBE) that is also certified in Ohio's Encouraging Diversity, Growth & Equity (EDGE) program. Guy Brown's wholesale partner in this joint venture is OfficeMax. Vending Services will continue to be operated by Campus Services, earning a rebate of \$100K through the Pepsi rebate contract.

Housing & Food Services (H&FS) is projecting an occupancy rate of 95%, with a 4% rate increase for all housing facilities and a 4% increase in meal plans for FY 2013. Initiatives in student retention and facilities management are projected to assist with revenue growth. Renovations to Morgens Hall will continue in FY 2013 with an anticipated opening of fall 2013. MarketPointe and CenterCourt are national award-winning residential dining



centers. Late-night services will continue to be provided at CenterCourt dining center and a “to go” option will continue to be provided at Stadium View Café. The Food Services contract with ARAMARK Corporation will enter the third year of the 10-year term and continue to provide cost containment and continuous improvement in quality of food and presentation.

MainStreet Operations oversees the facilities and programs in Tangeman University Center (TUC), Steger Student Life Center, and MainStreet open spaces. Students enjoy a variety of services and venues along MainStreet including Catskeller, a popular student hangout which realized an increase in revenue in FY 2012. Also in FY 2012, the operations of MainStreet and Campus Recreation merged under one director, to save nearly \$100,000 annually. Two new national concepts, Taco Bell and Papa John’s, opened in the TUC Food Court in FY 2012. MainStreet Operations sponsors many of the 8,000-plus events that take place on MainStreet including Worldfest, a film series at the Cinema, Friday Night Live weekly programs, MainStreet Stride which received a first-place national award from the Association of College Unions International (ACUI), the fireworks at the Sigma Sigma Carnival, and Relay for Life.



The Bearcat Campus Card expands the use of the UC ID as a debit card program affiliated with PNC Bank, providing convenient payment options to students, faculty, and staff at nearly 450 locations including restaurants, vending machines, laundry, and retail locations on- and off-campus. Bearcat Card sales are projected to be \$5.5M in FY 2012 while the banking services program with PNC showed a 69% increase in financial return to the university. In FY 2013, the 5-year contract with PNC linking the campus debit card to the bank account will enter its third year and will continue to provide guaranteed total revenue of \$150K and services such as Virtual Wallet, free online/mobile banking, unlimited ATM transactions, and educational programs to the UC community.

Kingsgate Conference Center continues to earn a high level of satisfaction from guests with respect to facilities, lodging, and restaurants and achieved the top score in the brand for internet service in FY 2012. The conference center is operated under a contract with Marriott Hotel Services Inc. Kingsgate has continued to meet its debt service and other financial obligations and has ranked at the top of its competitive group in numerous operational categories. A renovation of the Conference Center’s rooms to sustain these standards will be continued in FY 2013. A slight continued decline in revenue is expected due to decreased occupancy during room renovations, competition from Hampton Inn located in the university neighborhood, and an overall decline in transient market travel in Cincinnati.

Conference & Event Services (CES) provides conference management services to almost 40 university, community, state, and national organizations each year, serving more than 10,000 participants. The large number of repeat conferences, clients, and referrals is indicative of the high level of customer satisfaction achieved. In FY 2013, CES will continue to focus on fulfilling the one-stop model to increase revenue and service to UC departments and external clients and will also implement USI, a new event management system.

Campus Recreation operates two comprehensive fitness facilities: the Campus Recreation Center and the Fitness Center at CARE/Crawley. The Campus Recreation Center continues to receive local and national recognition, including a first-place marketing award from the National Intramural Recreation Sports Association (NIRSA), and provides many programs and services including group fitness, personal training, massage therapy, fitness and wellness workshops, specialty instruction classes, swimming lessons, summer camps, climbing wall, and birthday parties. Campus Recreation will continue to develop partnerships with local hospitals and businesses to increase membership. Campus Recreation has made strides over the past four years with a steady increase in revenue sources including rentals and programming fees; however, the department continues to face growing competition for membership.

Parking Services operates 12 garages and eight parking lots with more than 14,000 annual decal sales for 11,954 parking spaces. Parking rates for FY 2013 will increase 4% for monthly faculty/staff parkers for the first time in six years. All garages and lots continue to provide state-of-the-art, pay-in-lane technology. The online parking management system continues to effectively streamline services and in-office processes by managing citations, permits, decals, asset management, appeals, and finances and online decal sales continue to increase. Upcoming renovation projects include an energy-saving project in the Kingsgate Garage and continued camera installation in several garages to improve visual communication with customers using the pay-in-lane system.

INTERCOLLEGIATE ATHLETICS

The 2011-12 academic year was another exciting and successful year for UC Athletics, as the department accomplished many significant achievements paced by three teams that had stellar performances capped by post-season tournament appearances, and the hiring of a new Athletic Director.

A new era in UC Athletics has begun with the hiring of Whit Babcock. Whit arrived at UC from the University of Missouri, where he was the Executive Associate Athletic Director. There has been a sense of enthusiasm within the Department of Athletics, and the new AD's energy, personality, and engaging demeanor have translated into excitement about the future course. The Department of Athletics looks forward to many more successful years with Whit Babcock at the helm.

The UC Football team finished the 2011 season as BIG EAST Conference Champions for the third time in four years. The team also participated in the 53rd AutoZone Liberty Bowl defeating Vanderbilt University 31-24. Coach Butch Jones was named 2011 BIG EAST Coach of the Year and several players received post-season honors, including J.K. Schaeffer (*BIG EAST Football Scholar Athlete of the Year*), Isaiah Pead (*BIG EAST Offensive Player of the Year*) and 23 other Football team members selected to the *BIG EAST All-Academic Team*.

The UC Women's Volleyball finished the 2011 season 27-10, winning its first BIG EAST Tournament title in school history. The Women's Volleyball team participated in a fourth consecutive NCAA Tournament Championship. Missy Harpeneau was named to the All-BIG EAST First-Team and was also named the Greater Cincinnati/Northern Kentucky Women's Sports Association College Sportswoman of the Year.

The UC Women's Track and Field team had the best season ever for the program, finishing 2nd at the BIG EAST Indoor Track and Field Championship and 4th at the BIG EAST Outdoor Track and Field Championship. Jasmine Cotton (pentathlon), Kathy Klump (500m & 800m) and Sarah Rasnick (pole vault) were all BIG EAST Indoor Champions in their events, and Jasmine

Cotton (heptathlon) and Michelle Eby (pole vault) were BIG EAST Outdoor Champions. Head Women's Track Coach Susan Seaton was named Great Lakes Region Coach of the Year.

On the basketball court, the UC Women's Basketball team produced 16 wins this season – the most since the 2005-06 season. The Women's Team also won its first post season game in 10 years – an overtime victory vs. Duquesne in the first round of the Women's NIT.

The UC Men's Basketball team advanced to the Sweet 16 round of the 2011-12 NCAA Men's Basketball Championship. The Bearcats' 26 wins this season ties last year's record, and marks the second time they have reached the 20-win plateau since the 2005-06 season. With 26 wins this season, the UC Men's Basketball team is the only team from the six major conferences to win or tie their victory total compared to the previous year in each of the last six seasons.

Academically, UC Athletics had 6 teams post perfect APR single year scores. When the next APR figures are released, Women's Cross Country, Men's Cross Country, Women's Tennis, Women's Soccer, Women's Golf and the Women's Swimming teams will have perfect scores of 1,000. During the fall and winter quarters of 2011, 13 of UC's 18 teams had GPAs greater than 3.0, while over 160 student-athletes were named to the Dean's List. In the community, UC student-athletes and staff have logged more than 21,000 community service hours assisting in over 200 community events since the 2006-07 academic year.

On the external side, UC Athletics worked hard to capitalize on the momentum gained from success in football and men's basketball. Despite best efforts, Athletics saw a decrease in revenues associated with the football program, posting revenues of approximately \$4.9 million for the 2011 season. Total attendance for football games decreased 20% from 2010 to 193,757. This was largely based on a seventh home football game which was played at Paul Brown Stadium in 2010.

The 2011-12 fiscal year has been a tumultuous one for the Department of Athletics. It has been difficult to pinpoint one variable that has contributed to sub-par revenues, which have a significant impact on operations. In reviewing improvement opportunities and implementing a plan to address the findings, there is hope that these issues can be mitigated in order to maximize revenues, while providing a quality experience for student-athletes and supporters. Moving forward, UC Athletics will continue to remain hopeful that the situation will improve. With future revenue anticipated from the BIG EAST Conference in the form of a new television-rights contract, the department is on course with a plan for the future that leads to increased transparency, sound fiscal management and strategic spending.



**SUMMARY OF AUXILIARY OPERATIONS
UPTOWN CAMPUS
(IN THOUSANDS)**

FISCAL YEAR 2012

	RESOURCES			EXPENDITURES and TRANSFERS				Net Income
	Auxiliary	Restricted	Total Budget	Expenses	Debt Service	Other Transfers	Total Budget	
Campus Services Auxiliary*	76,142	-	76,142	35,733	27,469	10,690	73,892	2,250
Intercollegiate Athletics	20,355	4,841	25,196	34,085	6,486	(13,736)	26,835	(1,639)
GRAND TOTAL	96,497	4,841	101,338	69,818	33,955	(3,046)	100,727	611

FISCAL YEAR 2013

	RESOURCES			EXPENDITURES and TRANSFERS				Net Income
	Auxiliary	Restricted	Total Budget	Expenses	Debt Service	Other Transfers	Total Budget	
Campus Services Auxiliary*	83,560	-	83,560	37,186	32,119	12,152	81,457	2,103
Intercollegiate Athletics	22,059	5,451	27,510	38,565	5,802	(16,857)	27,510	-
GRAND TOTAL	105,619	5,451	111,070	75,751	37,921	(4,705)	108,967	2,103

*Campus Services Auxiliary includes Retail, Food Services, Housing, Faculty Club, Kingsgate, Conferencing, Campus Recreation Center, Tangeman University Center/Steger Student Life Center, Campus Life Fee, Fitness Center at CARE/Crawley, Stratford Heights, Parking Lots and Garages, Bellevue Gardens

**SUMMARY OF CAMPUS SERVICES AUXILIARY
(IN THOUSANDS)**

FISCAL YEAR 2012

	RESOURCES	EXPENDITURES and TRANSFERS				Net Income
	Total Budget	Expenses	Debt Service	Other Transfers	Total Budget	
Retail	2,866	978	-	1,713	2,691	175
Food	13,750	9,308	262	1,374	10,944	2,806
Housing	20,223	11,457	6,495	1,131	19,083	1,140
Faculty Club	-	124	370	(410)	84	(84)
Kingsgate	1,465	-	1,175	277	1,452	13
TUC/Steger Student Life Ctr.	1,079	3,401	-	(1,105)	2,296	(1,217)
Campus Life Fee	13,448	-	9,157	800	9,957	3,491
Campus Recreation Center	1,496	2,766	-	1,973	4,739	(3,243)
Fitness Center at CARE/Crawley	-	110	-	(110)	-	-
Stratford Heights	4,837	2,120	-	3,675	5,795	(958)
Parking Lots and Garages	16,290	4,997	9,777	1,461	16,235	55
Bellevue Gardens	437	95	234	15	344	93
Conferencing	251	376	-	(105)	271	(20)
GRAND TOTAL	76,142	35,733	27,469	10,690	73,892	2,250

FISCAL YEAR 2013

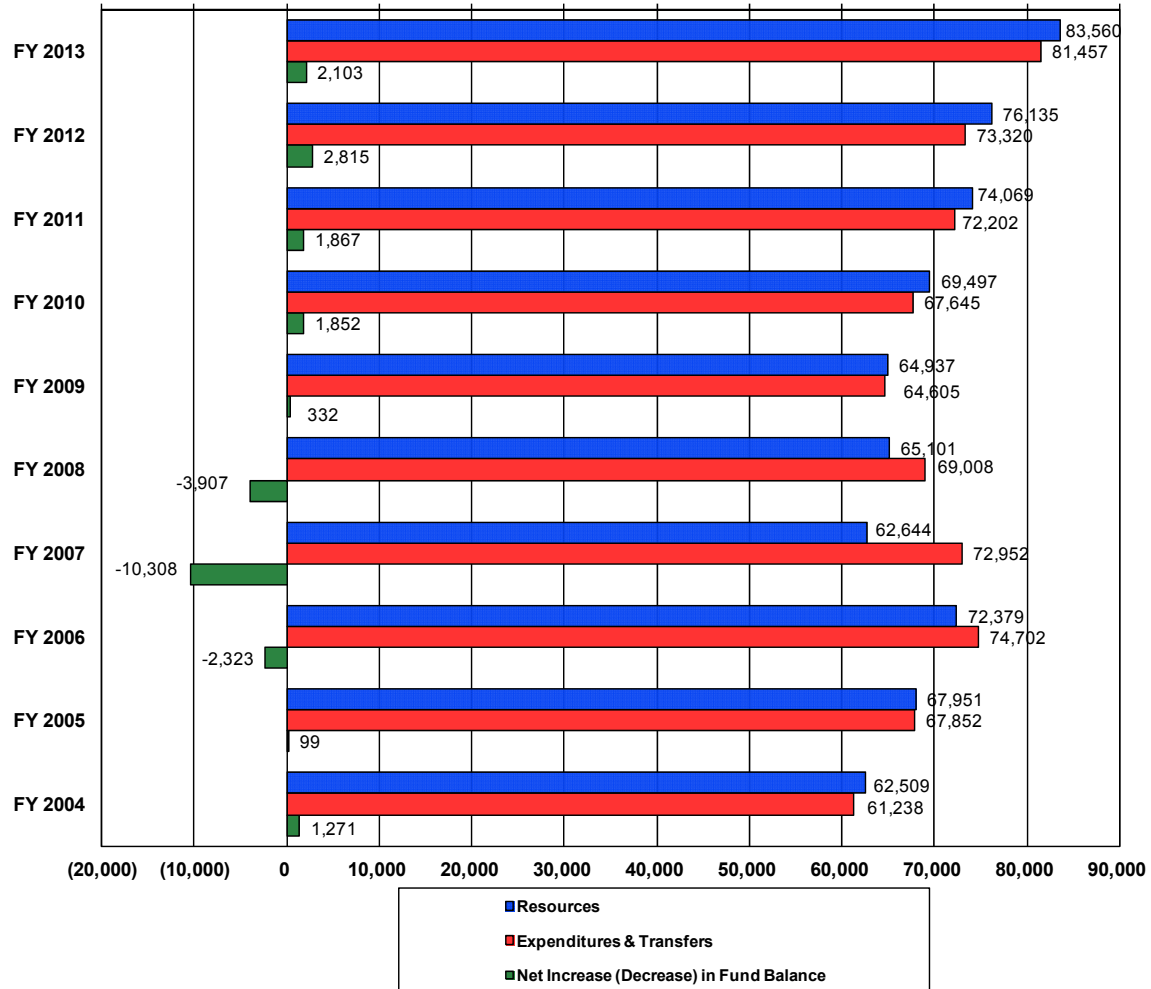
	RESOURCES	EXPENDITURES and TRANSFERS				Net Income
	Total Budget	Expenses	Debt Service	Other Transfers	Total Budget	
Retail	2,750	839	601	397	1,837	913
Food	14,978	10,250	497	4,217	14,964	14
Housing	22,242	12,339	7,754	1,165	21,258	984
Faculty Club	21	30	-	(30)	-	21
Kingsgate	1,513	-	1,339	56	1,395	118
TUC/Steger Student Life Ctr.	1,238	3,263	-	(1,368)	1,895	(657)
Campus Life Fee	14,769	73	11,898	800	12,771	1,998
Campus Recreation Center	1,610	2,831	-	217	3,048	(1,438)
Fitness Center at CARE/Crawley	-	110	-	(110)	-	-
Stratford Heights	5,151	1,628	-	3,691	5,319	(168)
Parking Lots and Garages	18,575	5,400	9,800	3,102	18,302	273
Bellevue Gardens	471	107	231	15	353	118
Conferencing	243	315	-	-	315	(72)
GRAND TOTAL	83,560	37,186	32,119	12,152	81,457	2,103

CAMPUS SERVICES AUXILIARY SUMMARY
Comparison of FY 2012 to FY 2013 Budget
(IN THOUSANDS)

	FY2012 Budget As Of 3/31/12	FY2013 Budget	Variance	Percent Change
RESOURCES				
Sales	17,159	19,850	2,691	15.68%
Student Meals	12,624	13,792	1,168	9.25%
Housing	24,058	26,292	2,234	9.28%
Rentals	84	125	41	48.88%
Contracts	3,904	3,920	16	0.41%
Other	4,865	4,811	(54)	-1.11%
Miscellaneous Student Fees	13,448	14,769	1,321	9.82%
Total Resources	76,142	83,560	7,418	9.74%
EXPENDITURES				
Cost of Sales	8,378	9,104	726	8.67%
Salaries	6,220	6,366	146	2.35%
Benefits	2,435	2,734	299	12.28%
DOE	15,030	15,465	435	2.89%
University Overhead	2,210	1,952	(258)	-11.69%
Programming	1,460	1,564	104	7.15%
Total Expenditures	35,733	37,186	1,453	4.07%
Mandatory Transfers				
Debt Service	27,469	32,119	4,650	16.93%
Non-Mandatory Transfers				
Reserve for Repairs and Renovations	2,935	2,826	(109)	-3.73%
Reserve - Other	139	133	(6)	-4.37%
Subsidies to Non-Instructional Activities	(1,452)	(1,122)	330	-22.73%
Internal Campus Services Overhead	8,377	5,115	(3,262)	-38.95%
Other	692	5,201	4,509	652.02%
Total Expenditures and Transfers	73,892	81,457	7,565	10.24%
Net Increase (Decrease) in Fund Balance	2,250	2,103		

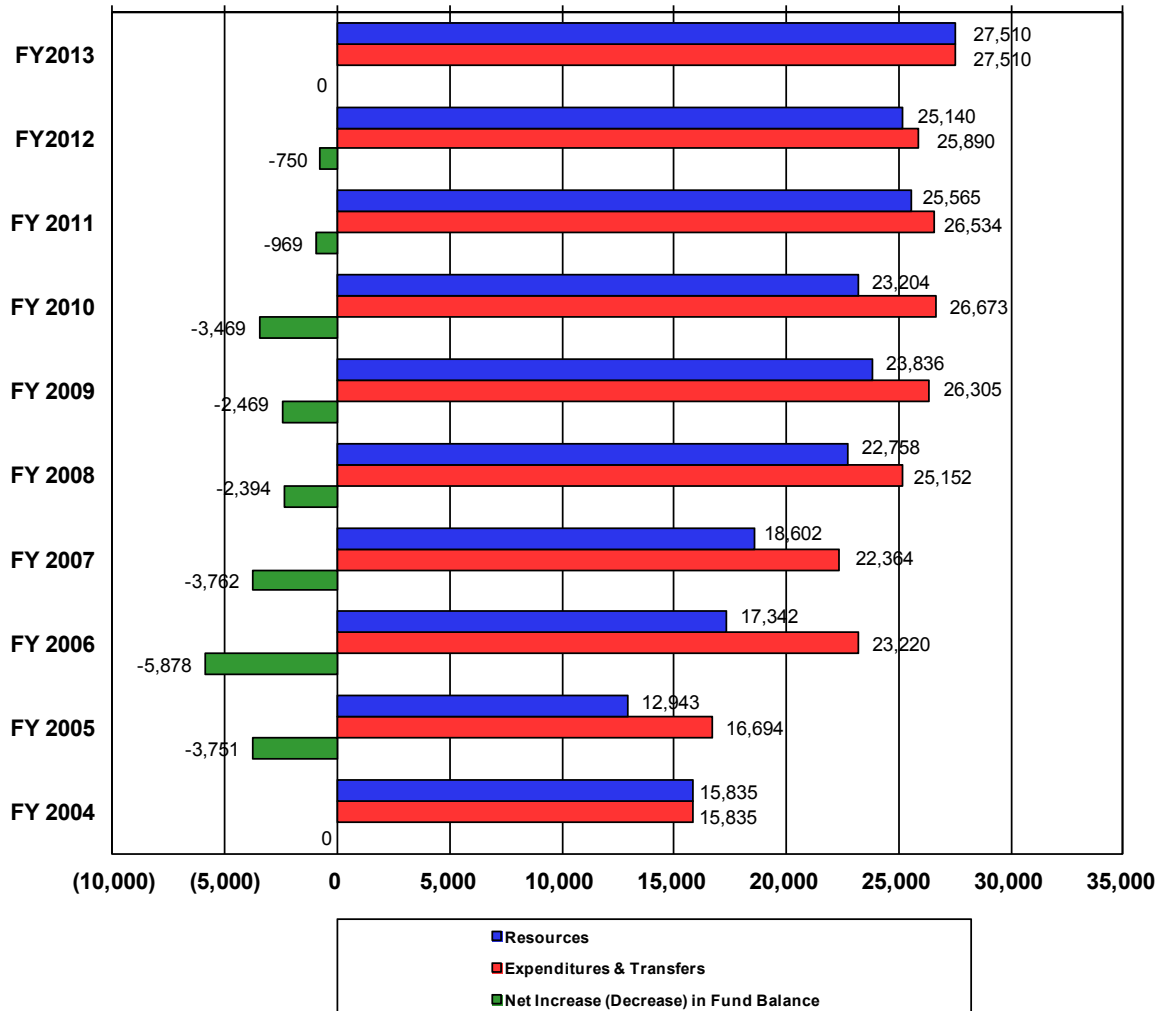
*Campus Services Auxiliary includes Retail, Food Services, Housing, Faculty Club, Kingsgate, Conferencing, Campus Recreation Center, Tangeman University Center/Steger Student Life Center, Campus Life Fee, Fitness Center at CARE/Crawley, Stratford Heights, Parking Lots and Garages, Bellevue Gardens

**Original BOT Approved
Budget History - Campus Services
(In Thousands)**



INTERCOLLEGIATE ATHLETICS (INCLUDING FIFTH THIRD ARENA) (IN THOUSANDS)				
	FY 2012 Budget as of 3/31/12	FY 2013 Budget	Variance	Percent Change
RESOURCES				
Sports				
Men's Basketball	4,331	4,955	624	14.40%
Football	10,337	10,247	(90)	-0.87%
Gifts	4,841	5,451	610	12.61%
Other	5,687	6,857	1,170	20.57%
Total Resources	25,196	27,510	2,314	9.19%
EXPENDITURES & TRANSFERS				
Sports				
Men's Basketball	4,232	3,881	(351)	-8.31%
Football	10,389	12,067	1,678	16.16%
Women's Sports	6,424	6,446	22	0.33%
Other Mens Sports	2,045	2,002	(43)	-2.10%
Total Sports	23,090	24,396	1,306	5.65%
Administrative & General	8,074	11,712	3,638	45.06%
Operations & Maintenance	2,921	2,456	(465)	-15.90%
Total Expenditures	34,085	38,565	4,480	13.14%
Mandatory Transfers				
Debt Service	6,486	5,802	(684)	-10.55%
Non-Mandatory Transfers				
Subsidies for Non-Instructional Activities	(14,908)	(17,912)	(3,004)	-20.09%
Other	1,172	1,055	(117)	-9.98%
Total Expenditures & Transfers	26,835	27,510	675	2.52%
Net Increase (Decrease) in Fund Balance	(1,639)	-		

**Original BOT Approved
Budget History - Athletics
(In Thousands)**





7. DESIGNATED GENERAL FUNDS

UNIVERSITY OF CINCINNATI DESIGNATED GENERAL FUNDS— OVERVIEW

Designated General Funds are funds that are internally restricted for certain purposes or activities by the Board of Trustees. Some examples include service centers such as utilities and UCIT. Other examples include Information Technology and Instructional Equipment (IT&IE) fees from students, as well as research incentive departmental funds. Several funds that are a part of the structural deficit are also included in designated funds, such as central fringe benefits, claims on operations, and the research deficits.

All such funds are required to be fully budgeted in income and expense each year through the annual budget formulation process at the detailed level. Fund balances are checked for potential concerns during this process as outlined in the university cash policy. All areas have submitted written payback plans to eliminate existing overdrafts and the Office of Budget Management prevents transfers on already existing over-drafted funds.

Designated funds represent an important opportunity for leveraging undesignated general funds in supporting the overall mission of the institution and providing enhancements. Incentive programs for sponsored projects and continuing education activities provide departments with discretionary funds that are used for instructional programs.

HOXWORTH BLOOD CENTER

Under the leadership of Ronald A. Sacher, MD, Hoxworth continued to achieve its strategic goals as the community's only blood center, providing blood, blood components and blood-related services for the patients in the 31 tri-state hospitals served. Achievements for Hoxworth over the past year included the following:

- In FY 2011, Hoxworth Blood Center collected 93,483 red cell units from community blood donors. We are on target to collect 97,500 red cell units in FY 2012 and our goal for FY 2013 is 99,000 red cell units.
- Hoxworth is seeking to enhance market stability by providing high level value-added services to hospital customers. One such value-add is the Appropriate Inventory Management (AIM) system. Customers will be able to track key blood management metrics and access national transfusion data as well as blood product utilization data to evaluate transfusions by gender, age, etc. It can also help reduce unnecessary transfusions by providing utilization reports with local, regional, and national benchmarking to reveal evidence-based best practice. St. Elizabeth Edgewood is the beta site for this project.
- A second value-added service is the May 2012 implementation of a web-based donor antibody registry which hospitals can access to ensure the latest antibody information for patients served in the Greater Cincinnati Area. This system provides a quantum leap in patient safety for patients who require additional work to provide safe and effective transfusion as they move from hospital to hospital. Before this launch, there had been no central antibody information repository in place.
- There has been much interest in the age of blood and a study showing that blood older than 14 days is much less suitable for transfusion use than fresh blood. Hoxworth has

patents regarding novel storage solutions that enhance the vitality and function of red cells over longer storage periods. Current study involvement shows that these patented solutions address many of the concerns involving older unit transfusion usage. Once these studies are completed and FDA-approved, the solutions may go to market.

- Hoxworth launched DRM Touch, a web-based donor recruitment software system in January 2012. This software allows utilization of computer technology to aid in telerecruitment and scheduling of donors, development and implementation of marketing strategies using social media, email and texting and rewards for donors providing donation information, limited test result access, and in the near future, a “donor store” to incentivize and retain donors.
- Hoxworth continues to develop high profile relationships with local sports teams and universities to encourage donor participation. The 10th annual Bengals blood drive was held on October 19th at Paul Brown Stadium with all donors at the stadium receiving a free tiger blood t-shirt. This drive resulted in the collection of 691 products, an one-day drive record. This year’s Reds drive, to be held June 21, 2012 is projected to eclipse last year’s total of 549 donors. Additional drives involving the Cincinnati Cyclones, UC/Xavier Crosstown Shootout and individual universities were all successful resulting in increased collections.
- Hoxworth launched new collection technology in April in the form of computerized blood mixers. These mixers automatically record donation start and stop times as well as collection volume. Wireless capability will allow these devices to automatically transmit data to the donor record, reducing the need for and errors associated with manual entry of this information.
- Hoxworth continues to develop and create novel recruitment promotions such as last August’s Shark Week—a joint promotion with the Discovery Channel. This promotion tied into the launch of a new public service announcement (PSA) conceived and created by Hoxworth personnel entitled “Reasons” addressing the top three reasons people don’t donate and giving a response from the patient’s perspective. On April 25, 2012, this PSA was awarded the 2012 Daniel Eberts Radio, TV and Film Award presented by the Association of Donor Recruitment Professionals.
- The annual Hero2Hero blood drive was held on November 10-12. Holiday greeting cards were available for donors to sign for troops serving in the Middle East. Following the drive, care packages were sent to the troops. The three-day promotion collected 764 red blood cell units and 76 platelet units.
- Strategic Planning meetings have focused on improving non-traditional revenue sources such as Clinical Services, Transplantation Immunology and Cell Therapy. Hoxworth will look at opportunities to expand and grow these areas while maintaining concentration on blood donations.
- A new division—Clinical Service, led by Medical Director Patricia Carey, MD—was created within the blood center aligning medical care and laboratories.
- Following a national search, Gregg Boothe was named the new COO, Associate Director of the blood center.
- Hoxworth is working to raise \$225,000 to purchase a new bloodmobile. A \$50,000 matching grant from the H.B., E.W. and F.R. Luther Foundation will assist with this purchase.

SERVICE CENTER OVERVIEW

The final two tables in this section represent the budgets for the two largest university service centers, UCIT and Consolidated Utilities. A service center is an institutional entity that provides a service or product to university users for a fee. The rates charged by the center are calculated so that the center recovers its costs. The university has two types of service centers.

University Service Center – A facility that provides a service or product on a continuous basis to the university community (including the public) and charges the user a predetermined rate calculated to recover the total (where the allocation of facilities and administrative costs are material) cost of operations over a period of time.

Department Service Center – A facility that provides a specific type of service or product to a limited segment of the university community; applies a rate to recover the direct costs of providing the service and is not deemed a university service center.

These two university service centers, UCIT and Consolidated Utilities, cannot be summed with the other Designated Fund schedules to determine a total for designated funds, because their income is accounted for as an offset to expenditures. While they function as self-supporting entities over time, they are presented here due to their relative size when compared to other funds and departments.

UCIT

INITIATIVES

Provide 100% wireless coverage to the UC campus - UCIT continued its three-year plan to bring the campus to 100% wireless coverage. The dormitories were completed last summer and since then all buildings in nodes CCM and ERC were completed. The campus will be 100% covered by December 2012 completing one of the university's UC2019► goals.

Increase UC's bandwidth - The CERF ring was upgraded to dual 10 Gbps links using optical technology, which is highly scalable for future upgrades. This upcoming year, UC will be connecting CERF to the 100 Gbps superhighway proposed by Governor Kasich to prepare UC for future research needs requiring high-speed transfer of large data sets.

Expand UCIT's course management hosting project - UCIT continues to provide shared services to Ohio schools and generate revenue through its Blackboard hosting services. UCIT also added Moodle—an open-source e-learning tool—to its services and will be marketing that service during the upcoming academic year.

Increase UCIT's inventory of electronic classrooms - UCIT is continuing to add to the list of centrally scheduled electronic classrooms through renovation of existing, non-electronic classrooms using money drawn from ITIE funds. This will be the fourth year of a five-year project period, at the end of which all centrally scheduled classrooms will be electronic completing a second goal of the UC2019► plan.

Semester Conversion and Curriculum Transformation - UCIT continues to lead the conversion of the technical systems and applications to support the state-mandated conversion to a semester academic calendar for fall 2012. More than 35,000 person hours have been applied to modify systems and develop tools to facilitate the transition. A new enterprise application, eCurriculum, has been designed and implemented allowing course data to be entered and easily analyzed before being approved for use in a semester calendar and is

instrumental in tracking the implementation of many of the Academic Master Plan principles. A new Individual Advising Plan system was developed and implemented to support the advising of transitional students and development of contract to degree completion.

Disaster Recovery and Pandemic Planning - The DR/PP project delivered disaster recovery plans for the 9 critical systems identified in the university Business Impact Analysis. This included estimated costs to meet the BIA time requirements and current recovery times with existing infrastructure and capabilities.

Student lab access anywhere on campus, with any computer - UCIT has implemented a successful pilot for secure cloud computing for UC students allowing them access to lab software from their own computers in any location (as long as they are on the UC network, or using the VPN client). The pilot will be extended this year and the success of this project will be increasingly important as the distance learning cohort grows.

Increased central data storage and backup for the university - UCIT invested in new data storage and backup capabilities that will protect university data for the foreseeable future. Enterprise backup storage was increased by 32 terabytes, and the new system enabled all enterprise core system backups to be rotated and vaulted off site for protection.

Support the Treasurer's Office in making UC servers PCI compliant - During the past fiscal year, UCIT created a unique infrastructure for all central servers that handled credit card transactions, as dictated by the payment card industry (PCI) to meet PCI compliance. UCIT is managing the Treasurer's office project to identify and bring all non-central credit card systems into PCI compliance.

eRPT (Electronic Reappointment, Promotion and Tenure system) - The eRPT (reappointment, promotion and tenure) system used by the College of Medicine has been reengineered and expanded for use by all colleges under the leadership of the Provost's Office.

Mobile access to all wireless carriers - UCIT, in conjunction with UC Health, is investigating and possibly executing a revenue-based agreement to install a Distributed Antenna System that will help to improve cellular 3G/4G coverage on campus for the major cellular operators. The carrier hotel will be located within the UC data center to serve both entities. An RFP has been distributed to the community and a vendor will be selected by the beginning of FY 2013.

UC mobile website - UCIT, in conjunction with the Office of University Communications and the Electronic Communications Planning Committee, developed and implemented an updated university mobile website.

Academic and Event Scheduling System - The university calendaring software was evaluated and reworked during the past year. A suite of software, multi-system interfaces and custom Web-forms has been evaluated and is being revised to meet broad institutional requirements. These feed the university events calendar and the Division of Public Safety.

Exchange upgrade - In preparation for the next academic year, the university's faculty and staff email system will be upgraded to Exchange 2010, offering a larger inbox (10 Gigabytes versus the current 2 GB) and data redundancy.

Federated Identity Management Partnership - UCIT has partnered with the InCommon Federation as part of the National Internet2 Community and implemented new systems to

leverage federated identity management. This partnership allows education, nonprofit and government agencies to share online resources seamlessly, without creating individual accounts, usernames, passwords, etc. Access is controlled by the institution to which the user is affiliated, i.e. the University of Cincinnati, eliminating unnecessary storage of identification information on disparate non-UC systems across the nation. As a part of this service, UCIT is providing InCommon Server Certificates for units that request them.

Support of the Academic IT Blue Ribbon Committee action items - UCIT was an active participant in the 3 action teams established by the Academic Blue Ribbon Committee draft report, co-chairing two of the three committees and participating in all three committees (Distance Learning, IT Governance and IT Managers).

Protection of university data - More than 250 UC personnel were trained on UC's data protection policy which led to the redesign of workflow processes and increased protection of UC restricted data. More than 500 systems were scanned for hacking vulnerabilities. When holes were found in the system, UCIT worked with the owners of the systems to remediate them. 125 cyber incidents were investigated this past year, including hacks of websites, criminal cases involving university data, internal investigations, e-discovery, and litigation holds. 276 copyright (RIAA) cases were resolved this year, in partnership with Student Judicial Affairs. UCIT also collaborated with various departments in the Academic Health Center to assist with protection of HIPAA data.

SUCSESSES

- Utilized the data protection policy to implement the screening of outgoing emails for the presence of restricted data. Individuals who violate the policy are trained on the proper use of handling sensitive data.
- Increased enterprise storage 50% to keep up with the growing needs of the university community.
- Implemented an FTE model of bundled services for FY12, which provides a uniform set of services to all members of the university community with reduced administrative management. The implementation of this model allowed UCIT to fund the expansion of wireless on campus, the movement to an upgraded email system and an expansion of the bandwidth in the Cincinnati Education and Research Fiber loop (CERF ring).
- Expanded use of the university course evaluation system (CourseEval) in just its third year of use university-wide, thereby standardizing Course Evaluation procedures for many courses.
- Podcast Producer, which was installed in many classrooms last year, is now actively recording over 700 classes during each quarter, and the use of this technology will expand in the upcoming year.
- Instructional Services offered 31 technology workshops attended by 250 instructors.
- The FTRC created a tablet-lending program for faculty members to experiment with using tablet computers in the classroom. Due to the popularity of this program, there are many more applicants than devices. UCIT has also worked with various instructors to utilize the iPad to control content delivery in the classroom, a service that will be expanded in the upcoming year.
- The UCIT Help Desk, often the front line for IT-related communications, answered 91% of calls offered within a minute and the average call loss was 6%. The Help Desk has been

averaging 10,000 calls per month. The Help Desk also answers, on average, 1,500 questions per month via electronic communication.

- Increased from 4,000 wireless devices up to 10,000 wireless devices now accessing UC's infrastructure on a daily basis.
- Played an active role in the pre-implementation phase of replacing the student information system (SIS). An RFP for a pre-implementation partner and evaluation criteria tool was developed. The RFP process has been executed, and a pre-implementation partner has been selected to conduct an analysis of the university requirements, a gap analysis of leading solutions and the university's readiness to proceed with changing the SIS.

Consolidated Utilities

Consolidated Utilities strives to reduce greenhouse gases and the consumption of energy, while at the same time keeping rates charged to customers (i.e. – the university) level or slightly lower than the prior years. Since the price for electricity has increased and the price for natural gas has decreased, Consolidated Utilities has made concerted efforts to produce more power with our combustion and steam turbines and purchase less electricity from outside vendors. Furthermore, electricity purchased from outside vendors adds to the university's overall carbon footprint. By producing more electricity with cleaner burning natural gas, the university is able to help reduce this carbon footprint. It should be noted that Consolidated Utilities still must purchase electricity from an outside vendor for part of the university's electricity needs. For electricity that must be purchased, Consolidated Utilities leveraged a contract with a certified retail electric supplier (CRES) to purchase electricity at a rate considerably lower than previously offered. Further, Consolidated Utilities began purchasing abandoned coal mine methane through displacement, which resulted in the reduction of greenhouse gases. Finally, Consolidated Utilities installed newer technologies to comply with new EPA regulations which will also help reduce dependence on coal resulting in further reductions in the carbon footprint of the university.

Over the past three years (FY 2010 – projected FY 2012), the overall expenses for Consolidated Utilities decreased. These decreases have resulted in a steady utility budget for the general funds of the university. Overall for FY 2012, weather conditions were warmer compared to a normal year. The price of commodities has fallen approximately 4%. In FY 2012, Consolidated Utilities continued to coordinate energy reduction projects for the university to reduce energy consumption, thereby lowering costs as well. Thus, Consolidated Utilities projects to end FY 2012 with a reduction of expenses of approximately 2% from the prior year end. Additionally in FY 2012, \$1.5 million was paid toward an internal deficit with the university. As of the end of the third quarter, this deficit has been reduced to approximately \$8.3 million from a beginning balance (July 2007) of \$15.5 million.

For FY 2013, Consolidated Utilities hedged natural gas needs thus locking in lower prices. By performing these locks, the department expects to keep expenses and rates constant for this fiscal year. While natural gas prices are low, Consolidated Utilities will also produce more steam with natural gas. By using natural gas instead of coal, a reduction in greenhouse gases will also be realized for the university as a whole. Though coal will not be eliminated, the use will be dramatically reduced in comparison to previous years. Also in FY 2013, Consolidated Utilities expects to make an additional \$3 million payment beyond the scheduled \$1 million payment towards the internal deficit. Even with such payments, Consolidated Utilities projects the overall budget for expenses to remain constant.

Though the future looks bright, there are some challenges that remain. With new technologies, the cost of funding these projects will have an effect on future rates. While natural gas prices remain at all time lows, Consolidated Utilities is constantly looking to capitalize on low rates for future budgets. The department strives to keep budgets constant over the foreseeable future by being diligent on technological and economical changes occurring in the operating environment. Though the future of weather cannot be predicted, Consolidated Utilities tries to maintain the costs which can be controlled.



**DESIGNATED GENERAL FUNDS
INCLUDING HOXWORTH BLOOD CENTER
(IN THOUSANDS)**

	FY 2012 Budget as of 3/31/12	FY 2013 Budget	Variance	Percent Change
RESOURCES				
Gross Tuition, Fee and Other Student Charges	23,311	26,984	3,674	15.76%
Less Scholarships and Fellowships	-	-	-	
Net Tuition, Fee and Other Student Charges	23,311	26,984	3,674	15.76%
Govt and Private Grants and Contracts	21,965	19,768	(2,197)	-10.00%
Private Gifts	70	130	60	86.19%
Endowment Income	1,021	997	(24)	-2.40%
Sales and Service	62,950	63,105	155	0.25%
Other Sources	3,718	2,974	(744)	-20.01%
Total Resources	113,034	113,959	925	0.82%
EXPENDITURES				
Educational and General				
Instructional and General	5,253	5,527	274	5.22%
Separately Budgeted Research	17,255	15,403	(1,852)	-10.73%
Public Services	50,750	51,260	510	1.00%
Academic Support	16,100	16,951	851	5.29%
Student Services	16,207	17,066	859	5.30%
Institutional Support	31,271	31,357	86	0.28%
Operation and Maintenance of Plant	(2,960)	(3,399)	(439)	-14.85%
Scholarships and Fellowships	1,933	2,102	169	8.73%
Total Educational and General	135,808	136,265	457	0.34%
Auxiliary Enterprises				
Mandatory Transfers				
Debt Service	24,515	22,315	(2,200)	-8.97%
Nonmandatory Transfers				
Subsidies to Non-Instructional Units	557	250	(307)	-55.08%
Undesignated General Funds	(40,137)	(45,775)	(5,638)	-14.11%
Other	(13,063)	(2,363)	10,700	81.71%
Claims On Operations	(4,100)	(5,100)	(1,000)	-24.39%
Total Expenditures and Transfers	103,579	105,593	2,014	1.94%
Net Increase (Decrease) In Fund Balance	9,455	8,366		

**DESIGNATED GENERAL FUNDS
HOXWORTH BLOOD CENTER
(IN THOUSANDS)**

	FY 2012 Budget as of 3/31/12	FY 2013 Budget	Variance	Percent Change
RESOURCES				
Services Provided	43,621	44,219	598	1.37%
Interest Income	313	301	(12)	-3.73%
Total Resources	43,934	44,520	586	1.33%
EXPENDITURES				
Compensation	18,338	19,245	907	4.94%
Other	22,663	22,657	(6)	-0.03%
Total Educational and General	41,001	41,902	901	2.20%
Mandatory Transfers				
Debt Service				
Non-Mandatory Transfers				
Plant Funds	1,200	1,200	-	0.00%
Other	117	86	(31)	-26.51%
Total Expenditures and Transfers	42,318	43,188	870	2.06%
Net Increase (Decrease) in Fund Balance	1,616	1,332		

DESIGNATED GENERAL FUNDS

UCit
(IN THOUSANDS)

	FY 2012 Budget as of 3/31/12	FY 2013 Budget	Variance	Percent Change
RESOURCES				
Recovery - General Fund	-	-	-	
Recovery - Other	15,617	14,785	(832)	-5.32%
Total Resources	15,617	14,785	(832)	-5.32%
EXPENDITURES				
Compensation	14,665	15,104	439	2.99%
Other	10,702	11,003	301	2.81%
Total Educational and General	25,367	26,107	740	2.92%
Mandatory Transfers				
Debt Service	-	-	-	
Nonmandatory Transfers				
Plant Funds	872	2,685	1,813	207.78%
Undesignated	(11,688)	(12,268)	(580)	4.96%
Other	1,046	(2,156)	(3,202)	-306.12%
Total Expenditures and Transfers	15,597	14,368	(1,228)	-7.88%
Net Increase (Decrease) In Fund Balance	20	417		

This budget reflects resources and expenditures for a University Service Center. A University Service Center is an entity which provides a service or product on a continuing basis to the University Community (sometimes including the public) and charges the user a predetermined rate which is calculated to recover the total cost of operation over a specified period of time.

**DESIGNATED GENERAL FUNDS
CONSOLIDATED UTILITIES
(IN THOUSANDS)**

	FY 2012 Budget as of 3/31/12	FY 2013 Budget	Variance	Percent Change
RESOURCES				
Recovery - Steam	22,430	23,052	622	2.77%
Recovery - Chilled Water	15,134	14,679	(455)	-3.01%
Recovery - Electric	28,348	28,361	13	0.05%
Recovery - Water and Sewage	2,604	2,661	57	2.19%
Total Resources	68,516	68,753	237	0.35%
EXPENDITURES				
Compensation	4,856	4,983	127	2.62%
All Other	49,150	48,723	(427)	-0.87%
Total Expenditures	54,006	53,706	(300)	-0.56%
Mandatory Transfers				
Debt Service	10,102	10,230	128	1.26%
Non-Mandatory Transfers				
Plant Fund	2,027	1,159	(868)	-42.83%
Undesignated Central	-	-	-	
Designated	8,059	8,995	936	11.61%
Other	(6,059)	(4,895)	1,164	19.20%
Total Expenditures and Transfers	68,135	69,195	1,060	1.56%
Net Increase (Decrease) in Fund Balance	381	(442)		

This budget reflects resources and expenditures for a University Service Center. A University Service Center is an entity which provides a service or product on a continuing basis to the University Community (sometimes including the public) and charges the user a predetermined rate which is calculated to recover the total cost of operation over a specified period of time.

8. RESTRICTED FUNDS—

UNIVERSITY OF CINCINNATI— RESTRICTED FUNDS— OVERVIEW

Restricted funds are those funds that the university receives that have been designated by an external agency or individual and are limited to the support of a specific purpose and/or unit. Included in this group are gift funds, the earnings on endowments, and both private and governmental grants and contracts. Restricted funds are under the local control of colleges and vice presidential areas within the external restrictions imposed. Actual income must have been received, or guaranteed from these sources before expenditure budgets are approved. These funds are reviewed centrally based on the Operating Cash Policy and are an important addition to the university budget, in terms of their leveraging effects to the undesignated general fund.

Restricted funds revenue sources have been aggressively pursued and the results of those efforts are being realized in the current fiscal year. Revenues in excess of expenses for FY 2013 of approximately \$736K are anticipated.

State appropriations are primarily funds retained by the College of Medicine for Clinical Teaching Subsidy. A variety of programs are supported at the college with this important source of funds.

RESEARCH

The University of Cincinnati is classified as a Research Extensive University by the Carnegie Commission. It is ranked in the top 25 of all public institutions by the National Science Foundation for federal research and development expenditures. UC is an institution with a rich history in discovery and innovation. It is credited with many firsts, from the oral, live-virus polio vaccine, the first observations by the National Weather Service, the first antihistamine, the first electronic organ and the first safe, anti-knock gasoline. UC researchers are literally transforming the way we live and work. It is this history that has established UC as a leading research institution, and that great tradition of excellence continues today.

GOALS

Building a world-class faculty, creating and sustaining interdisciplinary research programs and promoting entrepreneurial efforts through partnerships are all part of the goals of the Office of Research. Priority is given to providing seed funding and teaching grant writing skills to researchers so that they can be successful in obtaining extramural grants. The Research Strategic Plan (a part of the UC2019►Academic Master Plan) provides more specific action items on how to promote interdisciplinary research efforts, recruit world-class faculty, translate discoveries into the public domain and improve partnerships within the region, state and nation.

As a result of extensive collaborations with industry, state agencies, and locally supported technology-oriented business incubators, many of the research programs supported by funds from the Office of Research are directly related to economic development in the region and across the state.

INITIATIVES AND SUCCESSES

Entrepreneurial Activity and Technology Commercialization - As the only Research Intensive University in the region, the University of Cincinnati is an important economic engine for the region and is recognized as one of the richest sources of new technologies. There are growing expectations on several levels that these technologies be transitioned into commercial opportunities that can benefit society through improved quality of life and contribute to the regional economy through start-up company opportunities. This expectation is also reflected in the UC2019► Academic Master Plan. Funds from the Office of Research are used to support the infrastructure required for commercializing its new inventions. This includes essential costs for filing and maintaining patents, due diligence work to assess the technologies and participation in economic development activities in the region.

Recruitment and Retention of World-Class Faculty - The recruitment of outstanding new faculty to the University of Cincinnati is critical for the success of our research programs. Significant start-up funding is required to successfully recruit junior and senior investigators with either the potential to run internationally recognized research programs or who have already achieved this level of success. The Office of Research works with the deans and department chairs to support appropriate funding for new researchers at UC.

Faculty Development Programs - The Office of Research supports grant writing workshops open to all faculty, postdoctoral fellows and graduate students at the University of Cincinnati. Each year about 250 people participate in these programs, which have proven to contribute to the success in obtaining new grants. A Research Orientation program is available to introduce faculty to issues and programs to assist them in successfully conducting research. The videos, handouts and PowerPoint presentations from this program are available on the Office of Research intranet site available to all researchers called Researcher's Gateway.

Interdisciplinary Research Institutes/Centers - Funds from the Office of Research are used to provide an incentive for developing programs that address emerging interdisciplinary problems, which span traditional departments and colleges. The goal is to stimulate formation of centers and institutes that have the potential for national visibility, significant research income and outstanding scholarship. The University Research Council grant program provides support for interdisciplinary research initiatives.

Undergraduate, Graduate and Post-doctoral Research Programs - A commitment to providing research experiences for students hopefully will excite this generation of students to become the next generation of scholars and researchers. Support from the Office of Research is critical for the success of these programs. Funding from the Office of Research supports summer undergraduate research programs.

Office of Research funds are used to support graduate student research through a competitive program where students apply for summer research funding. This past year over 200 applications were received with about 30% funded. Graduate students attend the various grant writing workshops that have been discussed above.

CHALLENGES

Federal and state budget cuts have a direct effect on the research efforts at UC and the budget for the Office of Research. Decreases in funding to major federal science agencies including the National Institutes of Health and the National Science Foundation mean that they will be awarding fewer grants to UC faculty. Because of this, it will be harder to maintain

cutting edge research programs. The Office of Research must stay vigilant and lobby for increased funding for science.

At the same time as major federal funding cuts to science, the state has reduced budgets to institutions of higher education. For the Office of Research, this means a reduction of both its Research Incentive allocation from the Ohio Board of Regents and the Third Frontier and its general funds allocation from the university. These funds go to support the initiatives indicated above, as well as support research infrastructure in the research-intensive colleges.

FACILITIES & ADMINISTRATIVE RATES

The federal government reimburses the university for Facilities and Administrative (F&A) costs (also called indirect costs) associated with sponsored research as well as technical assistance agreements. F&A costs are those costs associated with providing and maintaining the infrastructure that supports the research enterprise (buildings and their maintenance, libraries, etc.) and which cannot easily be identified with a specific project. The campus distribution of the funding received is as follows:

General funds	52%
Research Support	21%
Provost	1.5%
Deans	3.5%
Departments	22%

Recently, the Department of Health and Human Services has issued a determination for new federal Facilities & Administrative (F&A) rates effective FY 2013 through FY 2016. The approved rates were determined, as required by A-21 and the Office of Management and Budget (OMB), following a rigorous process which included a comprehensive space survey in conjunction with analysis of the research expenditure base. The determination was favorable and substantiates UC's strong research ranking.

The full listing of F&A rates for the FY 2013-2016 period can be found on the Government Cost Compliance website www.uc.edu/af/budgetfinsvcs/gcc.html.

ENDOWMENT

The endowment provides a permanent base of support to current operations of the university. The university spending policy for the endowment investment pool specifies an annual distribution of 5% of the pool's 12-quarter moving average market value. The university's Investment Office is responsible for investment management of the endowment. With oversight by the Investment Committee of the Board of Trustees, the Investment Office balances expected investment returns and risks to create a diversified portfolio using external investment managers. The primary objective is to sustain spending by earning returns that maintain the real, inflation-adjusted value of the endowment.

As of March 31, 2012, the market value of the endowment was \$1.002 billion, which is down 0.2% or \$1.8 million since June 30, 2011. This nine-month period experienced bouts of high volatility primarily as a result of fluctuating fear levels among investors as to the prospects for Europe to avoid another financial system meltdown related to excessive sovereign debt in peripheral countries. The investment office expects volatility to remain high in the next three years as the global economy continues to recover from the secular increase in leverage that led to the 2008 financial crisis.

The investment pool is the principal endowment fund, with holdings of \$726 million. Excluding \$62 million in neighborhood development corporations loans, it consists of approximately 41% developed markets public equities, 20% developed markets public fixed income, 9% emerging

markets public equities and fixed income, 10% absolute return funds, and 20% other investments, including private equity and real estate. Based on market values at the end of FY 2011, the UC endowment is the 75th largest of 839 endowments of U.S. and Canadian public and private institutions of higher education.

Reflecting the effect of financial markets' 2007 – 2009 declines on the moving average value of the endowment, the spending policy distribution decreased by approximately 10% for each of FYs 2011 and 2012.

INITIATIVES

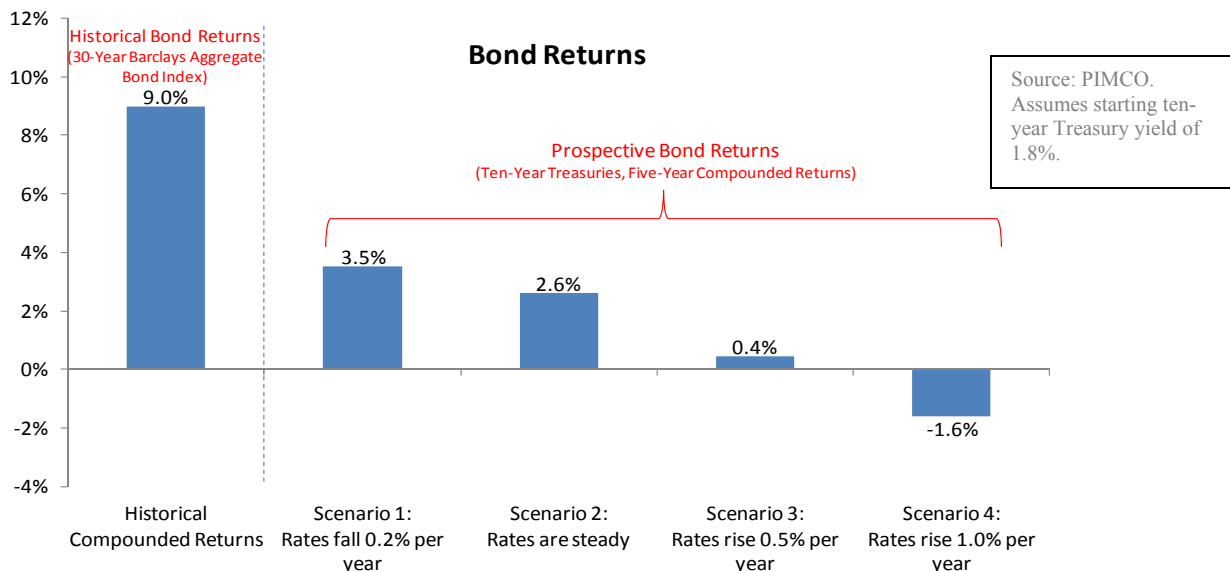
The Investment Office is focused on maximizing the odds that the endowment will achieve its Primary Objective while remaining within the university's risk tolerance. The Investment Team believes the Primary Objective, which will likely exceed +8% or more per year, will be a difficult hurdle to clear in the current investment climate, given our outlook for poor stock and bond returns. The Investment Team's market outlook is driven by the following three major themes.

1. Historically Low Interest Rates – Interest rates in the U.S. are nearing the natural limit of a 30-year secular decline from over 16% in the early 1980s to less than 2% today.



When interest rates fall, bond prices rise, driving capital appreciation. High interest rates provide high current coupon payments to bond owners further boosting their returns. As such, falling interest rates in the past three decades were substantial tailwinds for fixed income returns; consequently, U.S. bond markets generated +9% annualized gains during this three-decade period. Looking forward with interest rates near 2%, the capacity for capital appreciation from falling rates is dramatically reduced and the current coupon payments are small. As such, it is expected that Treasury bonds will generate returns in the range of +0.5% to +2.5% per year on an annualized basis for the next five years with a meaningful probability of negative returns. The Investment Office is reducing the Investment Portfolio's allocation to fixed income by half from 30% to 15% gradually over the course of FY 2012 and reallocating

this capital to investments that offer diversification benefits but have the potential to generate high returns that can help Fund A meet the Primary Objective.



2. Dual Speed World – For most of the twentieth century, the early leaders of the industrial revolution (the “Developed Market” countries), including the U.S., Western Europe, and Japan, have been the drivers of economic growth in the global economy while many of the largest and most populous countries in the world, including China, India, and Brazil, experienced crippling political turmoil that severely hindered growth (the “Emerging Market” countries). Today, Developed Market countries face poor growth prospects due to aging demographics, high and growing debt loads, and challenging political dynamics. Meanwhile, Emerging Market countries have experienced dramatic turnarounds in their political situations that have enabled them to generate persistently strong economic growth that appears durable due to the depressed level of economic output from which they are starting, attractive demographics, low debt loads, and other factors.

This reversal in the fortunes of the world’s largest economies presents the Investment Office with challenges and opportunities. Equity return potential from Developed Markets appears to echo the poor economic growth prospects of these countries while Emerging Market equities appear to offer compelling returns. Other assets, including Emerging Market bonds, Emerging Market currencies, and energy and other natural resources, also appear poised to offer compelling returns driven by the changing dynamics of the global economy. Many of these investments are likely to carry higher volatility, but it is expected that their risk-adjusted returns will nevertheless be superior to Developed Market equities over the next five years. The Investment Office is reducing the Investment Portfolio’s allocation to Developed Market equities and increasing the allocation to Emerging Market equities, debt, currencies, and natural resources investments.

3. Orphaned Assets and Investment Strategies – During the financial market meltdown of 2008, investment banks, highly leveraged hedge funds, and other highly leveraged investment entities were forced to deleverage, causing many to cease investing. When these entities exited the market, the pool of buyers for a number of assets and investment strategies shrank dramatically. In financial markets, when capital is scarce relative to opportunities, the investment returns available from those opportunities tend to rise.

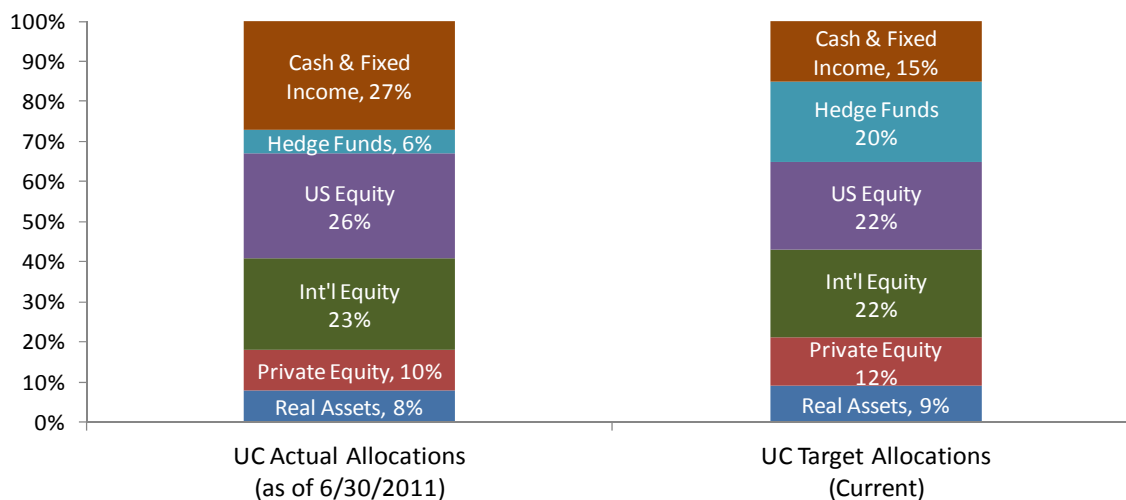
The assets that were orphaned in 2008 include a wide range of securities and hard assets of companies in the bankruptcy process, complex financial assets including structured products, and many others. Similarly, a wide range of strategies were orphaned including direct lending strategies, event-driven strategies that seek to benefit from merger and other corporate actions, and value-driven strategies that make hedged investments in out of favor assets.

Fund A is able to access these assets and strategies via Absolute Return managers, a small group of highly talented managers who have years or decades of experience investing in these assets and strategies, have the ability to shift their portfolios to reflect the most compelling investments in the marketplace, can hold large cash positions when they deem their opportunity set as unattractive, and utilize little if any leverage. The Investment Office has worked with a number of these fund managers in the past and possesses deep knowledge of their organizations, strategies, and skills.

Absolute Return managers, in seeking to exploit market inefficiencies in a wide range of markets, generate returns largely independent of broad equity and bond market moves. An equal-weighted portfolio of the Absolute Return managers in which Fund A currently invests would have produced a compound annualized return of +10.4% over the past ten years¹ (versus +4.1% for U.S. equities) with moderate (0.58) correlation to U.S. equities. Hence Absolute Return managers have offered solid diversification benefits and we expect them to continue to. Unlike the traditional diversifying assets (cash and fixed income), Absolute Return managers are positioned to simultaneously offer high returns that may help Fund A reach its Primary Objective. The Investment Office is increasing the allocation to Absolute Return investments from 6% to 20% over the course of FY 2013. ¹As of March 31, 2012

Portfolio Positioning

The Investment Portfolio strategic asset allocations reflect the market outlook above. Due to today's low interest rates and the compelling dynamics of orphaned asset and strategies, the allocation to fixed income is being reduced and the allocation to Absolute Return investments is being increased (within the Hedge Funds category below). Due to the implications of today's dual-speed world, the allocation to Developed Market equities is being reduced and the allocation to Emerging Market equity, debt, and currencies is being increased.



SUCSESSES

The Investment Office has been focused in FY 2012 on transitioning the investment portfolio to reflect the themes outlined above. The transition is approximately two-thirds complete; emerging markets exposure has been increased from 5% to 9% and diversified to include debt and currencies, absolute return funds have been increased from 5% to 10%, two private funds that focus on orphaned strategies and assets have been added, two private funds focused on energy are poised to be added, and developed market fixed income has been reduced from 26% to 19%.

Operationally, the Investment Office continues to work with the Treasury Office on refining compliance oversight, performance calculation and reporting, and investment administration in conjunction with outstanding new personnel in Treasury and UC's new custodian trustee and master record keeper. Both the strategy transition and operational refinements are ongoing processes as the Investment Office seeks to continually improve the endowment's risk and return profile in the marketplace and protect the university from unnecessary losses.

RESTRICTED FUNDS
(IN THOUSANDS)

	FY 2012 Budget As Of 3/31/12	FY 2013 Budget	Variance	Percent Change
RESOURCES				
State Appropriations	8,862	7,644	(1,218)	-13.74%
Govt. and Private Grants and Contracts	240,692	216,623	(24,069)	-10.00%
Private Gifts	29,314	36,355	7,041	24.02%
Endowment Income	57,159	55,610	(1,551)	-2.71%
Temporary Investments				
Other	2,277	2,264	(13)	-0.56%
Total Resources	338,304	318,496	(19,808)	-5.86%
EXPENDITURES & TRANSFERS				
Educational and General				
Instruction and Department Research	46,373	47,015	642	1.38%
Separately Budgeted Research	188,784	170,397	(18,387)	-9.74%
Public Service	3,713	2,809	(904)	-24.34%
Academic Support	11,143	12,480	1,337	12.00%
Student Services	4,041	4,144	103	2.54%
Institutional Support	4,731	5,350	619	13.09%
Operation & Maintenance of Plant	24	30	6	24.53%
Scholarship and Fellowship	63,775	62,856	(919)	-1.44%
Total Expenditures	322,582	305,081	(17,501)	-5.43%
Mandatory Transfers				
Debt Service	988	1,145	157	15.91%
Nonmandatory Transfers				
Other	12,134	11,534	(600)	-4.94%
Total Expenditures & Transfers	335,704	317,760	(17,944)	-5.35%
Net Increase (Decrease) in Fund Balance	2,600	736		



APPENDIX 1

Student Fees and Historical Data

**UNIVERSITY OF CINCINNATI
APPROVED SEMESTER STUDENT FEES
EFFECTIVE AUTUMN SEMESTER 2012**

FULL TIME RATES

Undergraduate Programs:

Uptown Campus
UC Clermont College
UC Blue Ash College¹

Professional Programs:

Law
Medicine (MD)
Pharmacy (PharmD)

Graduate Programs⁴

CAMPUS LIFE FEE ¹		
Autumn FY 12 Approved Quarter	Autumn FY 12 Approved Semester	Autumn FY 13 Approved Semester
162	243	252
0	0	0
0	0	0
	243	252
162	243	252
162	243	252
162	243	252

GENERAL FEE		
Autumn FY 12 Approved Quarter	Autumn FY 12 Approved Semester	Autumn FY 13 Approved Semester
260	390	398
152	228	228
152	228	228
	390	398
260	390	398
260	390	398
260	390	398

IT&IE FEE ²		
Autumn FY 12 Approved Quarter	Autumn FY 12 Approved Semester	Autumn FY 13 Approved Semester
116	174	180
88	132	132
88	132	132
	174	180
0	0	0
116	174	180
116	174	180

FULL TIME RATES

Undergraduate Programs:

Uptown Campus
UC Clermont College
UC Blue Ash College

Professional Programs:

Law
Medicine (MD)
Pharmacy (PharmD)

Graduate Programs⁴

INSTRUCTIONAL FEE AND NONRESIDENT SURCHARGE					
Ohio			Out-of-State ⁵		
Autumn FY 12 Approved Quarter	Autumn FY 12 Approved Semester	Autumn FY 13 Approved Semester	Autumn FY 12 Approved Quarter	Autumn FY 12 Approved Semester	Autumn FY 13 Approved Semester
2,935	4,403	4,562	7,776	11,664	12,078
1,438	2,157	2,245	3,722	5,583	5,791
1,657	2,486	2,585	4,435	6,653	6,898
	10,295	10,938		18,553	19,692
10,223	13,290	13,760	15,933	21,855	22,625
4,249	6,374	7,033	8,137	12,206	13,069
4,029	6,044	6,261	7,737	11,606	12,018

PART-TIME RATES

Undergraduate Programs:

Uptown Campus
UC Clermont College
UC Blue Ash College

Professional Programs:

Law
Medicine (MD)
Pharmacy (PharmD)

Graduate Programs⁴

PART TIME PER CREDIT HOUR FEES (INSTRUCTIONAL, GENERAL, IT&IE, CAMPUS LIFE AND NONRESIDENT SURCHARGE)					
Ohio			Out-of-State		
Autumn FY 12 Approved Quarter	Autumn FY 12 Approved Semester	Autumn FY 13 Approved Semester	Autumn FY 12 Approved Quarter	Autumn FY 12 Approved Semester	Autumn FY 13 Approved Semester
290	435	450	693	1,040	1,076
140	210	218	331	497	513
159	239	246	390	585	605
	926	981		1,614	1,711
888	1,332	1,201	1,363	2,045	1,940
479	719	787	868	1,302	1,390
457	686	710	828	1,242	1,285

- (1) Campus Life Fee approved at the May 23, 2000 Board of Trustees meeting.
- (2) The IT&IE Fee assists in funding information technology, instructional equipment and improved student access to computer resources and other instructional materials.
- (3) Includes parking fee of \$68 in FY 13.
- (4) Medicine Graduate Programs do not charge the IT&IE Fee.
- (5) Includes the Ohio instructional fee and the non-resident surcharge.

**APPROVED SUMMARY OF SEMESTER STUDENT FEES
ALL CAMPUSES EFFECTIVE AUTUMN SEMESTER 2012**

	Quarterly Fees	FULL-TIME RESIDENT TUITION & FEES Semester				Quarterly Fees	FULL-TIME NON-RESIDENT TUITION & FEES Semester			
	Autumn FY 12 Tuition & Fees	Autumn FY 12 Tuition & Fees	Autumn FY 13 Tuition & Fees	Dollar Change	Percentage Change	Autumn FY 12 Tuition & Fees	Autumn FY 12 Tuition & Fees	Autumn FY 13 Tuition & Fees	Dollar Change	Percentage Change
Undergraduate										
Uptown Campus	3,473	5,210	5,392	182	3.5%	8,314	12,471	12,908	437	3.5%
UC Clermont College ¹	1,678	2,517	2,605	88	3.5%	3,962	5,943	6,151	208	3.5%
UC Blue Ash College ¹	1,897	2,846	2,945	99	3.5%	4,675	7,013	7,258	245	3.5%
Professional Programs										
Law		11,102	11,768	666	6.0%		19,360	20,522	1,162	6.0%
Medicine (MD) ²	10,645	13,923	14,410	487	3.5%	16,355	22,488	23,275	787	3.5%
Pharmacy (PharmD)	4,787	7,181	7,863	682	9.5%	8,675	13,013	13,899	886	6.8%
Graduate Programs ³	4,567	6,851	7,091	240	3.5%	8,275	12,413	12,848	435	3.5%

**APPROVED SUMMARY OF ANNUAL STUDENT FEES
ALL CAMPUSES EFFECTIVE AUTUMN SEMESTER 2012**

	Quarterly Fees	FULL-TIME RESIDENT TUITION & FEES Semester				Quarterly Fees	FULL-TIME NON-RESIDENT TUITION & FEES Semester			
	Quarterly Basis Autumn FY 12 Tuition & Fees	Semester Basis Autumn FY 12 Tuition & Fees	Semester Basis Autumn FY 13 Tuition & Fees	Dollar Change	Percentage Change	Quarterly Basis Autumn FY 12 Tuition & Fees	Semester Basis Autumn FY 12 Tuition & Fees	Semester Basis Autumn FY 13 Tuition & Fees	Dollar Change	Percentage Change
Undergraduate										
Uptown Campus	10,419	10,419	10,784	365	3.5%	24,942	24,942	25,816	874	3.5%
UC Clermont College ¹	5,034	5,034	5,210	176	3.5%	11,886	11,886	12,302	416	3.5%
UC Blue Ash College ¹	5,691	5,691	5,890	199	3.5%	14,025	14,025	14,516	491	3.5%
Professional Programs										
Law		22,204	23,536	1,332	6.0%		38,720	41,044	2,324	6.0%
Medicine (MD) ²	31,935	27,846	28,820	974	3.5%	49,065	44,976	46,550	1,574	3.5%
Pharmacy (PharmD)	14,361	14,361	15,726	1,365	9.5%	26,025	26,025	27,798	1,773	6.8%
Graduate Programs ³	13,701	13,701	14,182	481	3.5%	24,825	24,825	25,696	871	3.5%

(1) A parking fee of \$68 per semester in FY 13 is assessed by the branch campuses (included in the above amounts).

(2) Conversion based on charges for 13 quarters versus 10 semesters.

(3) Medicine Graduate Programs do not charge the IT&IE Fee.

**STATE SHARE OF INSTRUCTION AND STUDENT FEES
TEN YEAR & FIVE YEAR TRENDS
UPTOWN CAMPUS
(IN THOUSANDS)**

	State Share of Instruction (1)			Student Fees (2)		
	State Share of Instruction	Dollar Change	Percent Change	Fees	Dollar Change	Percent Change
FY 2004 Actual	144,188	(32)	0.0%	218,477	23,351	12.0%
FY 2005 Actual	140,384	(3,804)	-2.6%	247,747	29,270	13.4%
FY 2006 Actual	140,076	(308)	-0.2%	271,034	23,287	9.4%
FY 2007 Actual	145,115	5,039	3.6%	298,557	27,523	10.2%
FY 2008 Actual	152,367	7,252	5.0%	316,455	17,898	6.0%
FY 2009 Actual	167,319	14,952	9.8%	319,730	3,275	1.0%
FY 2010 Actual	(3) (4) 178,781	11,462	6.9%	338,870	19,140	6.0%
FY 2011 Actual	(5) 179,437	656	0.4%	374,193	35,323	10.4%
FY 2012 Projected	(6) 153,805	(24,976)	-14.3%	409,787	70,917	9.5%
FY 2013 Budget	155,950	2,145	1.4%	423,681	13,894	3.4%
Ten Year Average Increase			1.0%			8.1%
Five Year Average Increase			0.8%			6.1%

- (1) These figures represent the FTE driven State Share of Instruction. Other challenge items such as Access, Success, Jobs, Research and Priorities in Higher Education are not reflected in this table through FY 09.
- (2) Student Fees include Instructional, General, IT&IE, Campus Life, Non-Resident Fees, Program Fees and Co-Op Fees. Includes Inflation and Enrollment Growth
- (3) In FY 10 Access and Success Challenges were absorbed into State Share of Instruction.
- (4) SSI includes \$27.9 million in Federal Stimulus funding
- (5) SSI includes \$25.8 million in Federal Stimulus funding
- (6) Federal Stimulus discontinued at the end of FY11

**ANNUAL FEE HISTORY
OHIO RESIDENT FEES - UPTOWN CAMPUS**

Year	Under-graduate	Center for Access and Transition**	Graduate	Law	Medicine
2003-04	7,623	5,988	8,985	12,236	19,662
2004-05	8,379	6,579	9,975	14,084	21,831
2005-06 Autumn	8,877	6,975	10,773	16,210	23,580
2006-07	9,399	7,392	11,661	18,032	25,965
2007-08	9,399	7,392	12,111	18,982	26,910
2008-09	9,399	7,392	12,354	19,362	27,987
2009-10	9,399	7,392	12,723	19,942	29,385
2010-11	10,065	7,917	13,236	20,946	30,855
2011-12	10,419	0	13,701	22,204	31,935
2012-13 Semesters	10,784	0	14,182	23,536	28,820
Ten Year Average Annual Increase	\$385	N/A	\$609	\$1,252	\$1,111
Five Year Average Annual Increase	\$277	N/A	\$414	\$911	\$382
Ten Year Average Annual Increase	4.6%	N/A	5.8%	8.0%	5.2%
Five Year Average Annual Increase	2.8%	N/A	3.2%	4.4%	1.5%

**Formerly University College, CAT has been discontinued in FY12

FULL TIME EQUIVALENT (FTE) ENROLLMENTS
ALL-TERMS SUBSIDY ELIGIBLE REPORTING, FY 2001-2013

Year	Uptown Campus			UC Blue Ash Branch	UC Clermont Branch	Grand Total
	Undergrad	Professional	Total			
2000-01	15,103	5,031	20,134	2,244	1,469	23,847
2001-02	15,200	5,265	20,465	2,458	1,656	24,579
2002-03	14,867	5,406	20,273	2,650	1,778	24,701
2003-04	15,026	5,461	20,487	2,847	2,017	25,351
2004-05	15,111	5,662	20,773	2,969	2,088	25,830
2005-06	15,270	5,332	20,602	2,991	2,170	25,763
2006-07	15,423	5,487	20,910	3,029	2,229	26,168
2007-08	16,006	5,577	21,583	3,025	2,439	27,047
2008-09	16,536	5,444	21,980	3,056	2,649	27,685
2009-10	17,358	5,670	23,028	3,435	3,016	29,479
2010-11	17,853	5,709	23,562	3,600	3,075	30,237
Est. 2011-12	18,465	5,827	24,292	3,663	3,009	30,964
Est. 2012-13	18,465	5,827	24,292	3,663	2,924	30,879

**SUMMARY OF RESIDENT STUDENT FEES
OHIO BOARD OF REGENTS' INSTITUTIONS**

	UNDERGRADUATE FEES		
	Autumn FY 2011 Fees	Autumn FY 2012 Fees	Percent Change
Miami University	12,654	13,081	3.4%
University of Cincinnati	10,065	10,419	3.5%
Bowling Green State University	9,704	10,044	3.5%
Ohio University	9,603	9,936	3.5%
Ohio State University	9,420	9,735	3.3%
University of Akron	9,247	9,545	3.2%
Kent State University	9,030	9,346	3.5%
Cleveland State University	8,516	9,002	5.7%
University of Toledo	8,629	8,926	3.4%
Wright State University (D)	7,797	8,070	3.5%
Wright State University (C)	7,521	7,785	3.5%
Wright State University (B)	7,236	7,488	3.5%
Youngstown State University	7,199	7,451	3.5%
Shawnee State University	6,546	6,762	3.3%
Central State University	5,480	5,672	3.5%
Average	8,576	8,884	3.6%

	GRADUATE FEES		
	Autumn FY 2011 Fees	Autumn FY 2012 Fees	Percent Change
University of Cincinnati	13,236	13,701	3.5%
University of Toledo	12,905	13,647	5.7%
Cleveland State University	12,251	12,881	5.1%
Miami University	12,012	12,419	3.4%
Wright State University (D)	11,316	11,826	4.5%
Ohio State University	11,298	11,823	4.6%
Bowling Green State University	11,550	11,598	0.4%
Wright State University (C)	10,914	11,406	4.5%
Wright State University (B)	10,611	11,088	4.5%
Kent State University	9,606	9,942	3.5%
Youngstown State University	9,575	9,909	3.5%
Ohio University	9,498	9,510	0.1%
Shawnee State University	8,148	8,508	4.4%
University of Akron	8,066	8,312	3.0%
Central State University	5,202	5,400	3.8%
Average	10,413	10,798	3.7%

Source: "FALL SURVEY OF STUDENT CHARGES - For Academic Year 2011 - 2012" by The Ohio Board of Regents

University of Cincinnati amounts shown include the Instructional, General/Facilities, IT&IE & Campus Life Fees.

(B): Denotes fees charged to continuing students enrolled prior to summer term 2003.

(C): Denotes fees charged to new students entering summer term 2003, if different than fees charged to continuing students.

(D): Denotes fees charged to new students entering fall term 2004, if different than fees charged to continuing students.

**ROOM AND BOARD RATES
FISCAL YEAR 2012-13**

		2011-12 Actual			2012-13 Actual		
		QUARTER	SEMESTER	ANNUAL	SEMESTER	ANNUAL	
I. <u>SCHEDULE OF BASIC ROOM RATES</u> ¹							
A.	Calhoun, Daniels, Dabney, Siddall (Multiple Occupancy)	\$1,933	\$2,900	\$5,799	\$3,015	\$6,030	
B.	Stratford Heights (Multiple Occupancy)	2,223	3,335	6,669	3,468	6,936	
C.	Calhoun, Daniels, Siddall (Designed Singles)	2,231	3,347	6,693	3,480	6,960	
D.	Stratford Heights (Designed Single)	2,406	3,609	7,218	3,753	7,506	
E.	Turner Hall ² (Double Suites)	2,357	3,536	7,071	3,677	7,354	
F.	Campus Recreation Center (CRC), Turner, Schneider ² (Single Suites)	2,499	3,749	7,497	3,898	7,796	
II. <u>SCHEDULE OF BASIC BOARD RATES</u>							
	295 Premium Plan/Semester (19 Meals/Week Plan)	1,327	1,991	3,981	2,070	4,140	
	217 Prime Plan/Semester (14 Meals/Week Plan)	1,262	1,893	3,786	1,968	3,936	
	186 Plus Plan/Semester (12 Plus Meals/Week Plan)	1,327	1,991	3,981	2,070	4,140	
II. <u>SCHEDULE OF ROOM AND BOARD RATES</u>							
	295 Premium Plan/Semester (19 Meals/Week Plan)	3,260	4,890	9,780	5,085	10,170	
	217 Prime Plan/Semester (14 Meals/Week Plan)	3,195	4,793	9,585	4,983	9,966	
	186 Plus Plan/Semester (12 Plus Meals/Week Plan)	3,260	4,890	9,780	5,085	10,170	
V. <u>OFF CAMPUS MEAL TICKET RATES</u>							
	45 Meals/Quarter	65 Meals/Semester Plus BC\$	434	651	1,302	655	1,310
	33 Meals/Quarter	48 Meals/Semester Plus BC\$	296	444	888	450	900
	25 Meals/Quarter	36 Meals/Semester Plus BC\$	230	345	690	345	690

1) The option of a semester residence hall contract is available to upperclassmen for an additional surcharge of \$500

2) The option of signing a twelve month lease is available to Turner Hall and Schneider Hall residents only.

This option adds \$986 to the annual rate.

APPENDIX 2

Definitions Used Throughout

Academic Support – Activities carried out primarily to provide support services that are an integral part of the operations of one of the three primary missions – instruction, research and public service. This category includes Academic Affairs Administration, Libraries, Museums & Galleries and the Deans' offices.

Auxiliary Enterprises – Entities that exist to furnish a service to students, faculty or staff and charge a fee directly related to, but not necessarily equal to, the cost of the service. These entities manage as essentially self-supporting. The state of Ohio specifically identified the following: Residence & Dining Halls, Intercollegiate Athletics, Student Unions, Bookstores, Parking Lots & Garages, Kingsgate Conference Center, the Campus Recreation Center, Faculty Club and the Fifth Third Arena at the Myrl H. Shoemaker Center.

Campus Life Fee – Fee charged to all undergraduate, graduate and professional students (except UC Blue Ash and Clermont College), covering various recreational and entertainment facilities and programming that can be utilized by all students to enhance the campus environment and increase student engagement. This fee was voted on and approved by the student body.

Current Fund – A fund used to expend resources earned for operating purposes during the current fiscal year. This fund group is divided into two fund subgroups: unrestricted and restricted. **NOTE:** Non-Current Funds have been excluded from this report. These funds include Plant Funds, Loan Funds and Endowment Principal.

Departmental Operating Expenses (DOE) – Expenses related to the operation of a department excluding salaries and benefits.

Designated General Fund (also called a Designated Fund) – A subgroup of Current Unrestricted Funds, these funds are designated, or set aside, by the Board of Trustees for specific purposes, programs or activities.

Endowment Income – Revenue generated from Endowment principal. The donor specifies that the principal (or corpus) is to be held in perpetuity. This principal is unexpendable, but is invested to produce earnings that are generally available, in whole or in part, for current use.

Full-time equivalent student (FTE) – An enrollment unit determined by dividing total student credit hours of course instruction by 45 for the fiscal year if on a quarter calendar (30 if on semesters.) This definition excludes the MD program.

Grants and Contracts – All amounts earned on grants, contracts, or cooperative agreements from federal, state or local government agencies. These amounts could also include funds that result from contracting or furnishing of goods and services of an instructional, research or public service nature from a nongovernmental organization.

Gross Tuition, Fee and Other Student Charges – General revenue received from regular session, summer school, continuing education and other fees. These other fees include IT&IE Fee, Campus Life Fee and Nonresident Surcharge fee. See definition of each fee within.

Information Technology and Instructional Equipment (IT&IE) Fee – Fee charged to all undergraduate, graduate and professional students (except medical programs) for the purpose of improving access to and assistance with information technology as well as funding other types of instructional equipment.

Institutional Support – Activities for operations that provide support services for central, executive-level activities concerned with management and long-range planning for the entire university. This category includes Executive Management, Finance, Human Resources, Administrative Services, Public Affairs and Development.

Instruction and General – All activities allocated directly and applicably as part of the university's instructional program. This category includes departmental research and public service that can not be separately budgeted.

Internal Campus Service Overhead – An internally charged fee within the Campus Services Auxiliary from one Campus Service Department to another and not to other funds for shared expenses.

Mandatory Transfer – Transfer made from one fund to another in order to comply with legally enforceable agreements, such as bond indentures and debt agreements.

Non-Mandatory Transfer – Transfer made from one fund to another at the discretion of the governing board to serve whatever purpose the board agrees is desirable.

Nonresident Surcharge – Fee charged for the full cost of instruction for non-Ohio residents. The Ohio Board of Regents subsidy policy does not provide support for out-of-state undergraduate students.

Operation and Maintenance of Plant – Current year activities that provide support for the administration, supervision, operation, maintenance, preservation and protection of university buildings, net of amounts charged to auxiliary operations and the University Hospital. This category includes utilities, repair and renovations, custodial services, grounds maintenance, space rental and property insurance.

Private Gifts – Contributions received from an outside organization or individual. Funds raised are allocated according to restrictions established by donors. If gifts are made without donor restrictions, allocation is determined by the university.

Public Service – Activities established primarily to provide noncredit designated course offerings and services beneficial to individuals and groups external to the university. This category includes Continuing Education and Cooperative Extension Services.

Recovery of Expenses – Expenditure made for or on behalf of the university that subsequently is recovered (reimbursed) in cash or internal transfer.

Restricted Funds (also called “Current Restricted Fund”) – A subgroup of Current Funds that is expendable only for those purposes, programs or activities specified by the donors and organizations providing the funds through gifts, grants or contracts. Externally imposed restrictions are different from internally created designations established by the Board of Trustees on unrestricted funds (which would be called a Designated Fund) because restrictions cannot be removed without the external parties’ consent.

Sales and Services Income – There are two different types of sales and services income. The first type falls under the educational activities category. These revenues are related incidentally to the conduct of instruction, research and public service and exist to provide instructional and laboratory experience for students that incidentally create goods and services that may be sold to students, faculty, staff and the general public. The second type of sales and service income falls under the auxiliary enterprises. These revenues exist to furnish goods or services, rather than training or instruction.

Scholarships and Fellowships – Outright grants and trainee stipends to individuals enrolled in formal course work. These waivers are charged against Tuition and Fees for a net amount recorded in sources of income. Remissions, scholarships and fellowships are recorded as expenditures.

Separately Budgeted Research – Activities specifically organized to produce research outcomes, whether commissioned by an external agency to the university (restricted funds) or by the university (unrestricted funds) and includes matching funds applicable to the conditions set forth by a grant or contract.

State Appropriations (State Share of Instruction or SSI) – Formula-driven state funding recommended and approved by the Governor and the State Legislature. **NOTE:** The methodology of this formula was changed beginning in FY 2010.

Student Services – Activities for which the primary purpose is to contribute to student’s emotional and physical well being, as well as his/her cultural and social development outside the context of the formal instructional program. This category includes Admissions and Registration, Counseling and Student Financial Aid.

Temporary Investment Income – Interest received on the investment of cash or equivalents into short-term instruments, which are invested for diversification of risk and yield. Such securities are limited to those issued by the U.S. government and federal agencies, government sponsored enterprises and government sponsored private corporations, plus prime commercial paper, certificates of deposit and other money market securities.

Undesignated General Fund (also called “Current Unrestricted Undesignated Fund”) – A subgroup of Current Unrestricted Funds whereas current resources are available for allocation in support of core instruction, instructional support and related general administrative and physical plant expenditures. The university maintains a separate undesignated general fund for the Uptown Campus and one for each of the branches. This type of fund is free of internal designation by the Board of Trustees to specific purposes, programs or activities.

University Overhead – An internally set rate charged by the undesignated General Fund to other funds for administrative charges paid by the fund (including but not limited to utilities, basic maintenance of buildings.) This fee nets to zero effect on the current funds budgeted financial statements, but affects the budgeted sources of the undesignated General Fund and the budgeted expenditures of restricted, designated and auxiliary funds.

APPENDIX 3

Relationship to Financial Statements

The university's Current Funds Budget Plan and the university's Audited Financial Report are compared in the following table. The audited annual financial report includes all actual data for the fiscal year on a full accrual basis along with discussion of any relevant subsequent events.

	Budget Plan	Financial Report
Document Approvers/Users		
Adopted by Board - Internal Performance Monitoring	X	
Auditor, State of Ohio		X
Federal Clearinghouse		X
Rating Agencies/Investors		X
US Dept of Education		X
Accounting Method/Standards		
Fund	X	
Governmental Accounting Standards Board (GASB)		X
Accounting Basis		
Accrual - Modified	X	
Accrual - Full		X
Accounting Data		
Budget Projections - Current Fiscal Year Budget as of 3/31/12 Compared to Next Audited Financial Results - Compare prior two (2) fiscal years	X	X
Funds Included in the Report		
Current Funds	X	X
• General Funds		
• Auxiliary Funds		
• Designated Funds		
• Restricted Funds		
o Expendable Endowment		
o Gifts		
o Grants/Contracts		
Non-Current Funds		X
• Loan Funds		
• Plant Funds		
• Endowment Principal Funds		
Financial Reports		
Statement of Net Assets (SNA)		X
Current Funds - Net Increase/(Decrease) in Fund Balance	X	
Statement of Revenues, Expenses and Changes in Net Assets (SRECNA)		X
• State Operating Appropriations		
o Reflected as Operating Revenue	X	
o Reflected as Non-Operating Revenue		X
• Grants & Contracts		
o Cash Basis	X	
o Accrual Basis		X
• Debt Service		
o Principal & Interest Reflected in Mandatory Transfer	X	
o Principal Payment is Reflected as One Component of the Change in Long-term Debt - Current and Noncurrent (SNA).		X
o Interest on Capital Asset Related Debt - Nonoperating (SRECNA)		X
• Depreciation Expense		X
• Investment Income (Endowment and Operating)		X
• Increase in Fair Value of Investments (Endowment, UC Health & Operating)		X
• Gains/Loss on Disposal of Assets		X
• Non-Capitalized Expenditures Reflected as Operating Expense	X	X
Statements of Cash Flows		X

APPENDIX 4

Key Policies and Links

Financial Policies—<http://www.uc.edu/af/policies/>
Operating Cash Policy
Structural Deficit Policy

Office of Budget Management—<http://www.uc.edu/af/budgetfinsvcs/budgetmgt.html>
Contains links to UC Budget Plans for FY 2006 — FY 2013

Controller's Office—<http://www.uc.edu/af/budgetfinsvcs/controller.html>

Government Cost Compliance (F&A Rates) – www.uc.edu/af/budgetfinsvcs/gcc.html

University Decision-Making Process—<http://www.uc.edu/president/decisionmaking.html>

UC2019 Accelerating Our Transformation—
http://www.uc.edu/president/strategic_plan.html

Academic Master Plan Action Steps – http://www.uc.edu/content/dam/uc/provost/docs/uc2019/academic_master_plan/AcademicMasterPlan-Phase2-ActionSteps.pdf

APPENDIX 5

Uptown General Fund Operating Expense Increase Detail/Definitions

MSB Phase 2-5—\$1,500,000

Builds permanent budget for debt service related to this project first due in FY 2015. Five years at \$1.5M per year plus \$1M in FY 2016.

Roof Replacements—\$250,000

Debt service for roof replacements. Funding of \$500,000 in FY 2009, then \$250,000 each year in FY 2010 through FY 2027.

Facilities Maintenance—\$500,000

Funding to support the maintenance of new facilities.

Maintenance Contracts—\$100,000

To fund increased costs of maintenance contracts such as elevators, recycling, and trash disposal.

Chemical Inventory Operations/Disposal—\$240,000

To cover the costs including salaries of managing the chemical inventory system.

Preventative Maintenance (previously RMI)—\$250,000

Additional funds to assist in controlling deferred maintenance costs. \$250,000 per year for FY 2011 – FY 2013.

SAP Maintenance Fee—\$245,235

To cover increase in SAP maintenance fee costs.

U Square Lease—\$500,000

Budget for U Square lease payments of \$500,000 in FY 2013 and an additional \$500,000 in FY 2014.

Capital Investment Fund: Renovations—\$2,000,000

Funding for capital renovations plans of \$2M in FY 2013, \$2.3M in FY 2014, and \$1M in FY 2015.

Athletics Subsidy—\$1,500,000

To fund increased general funds support to Athletics.

Core Systems Funding—\$1,000,000

Build-up of funding to pay debt service on new student information system (UNIVERSIS replacement). \$1M per year FY 2011 – FY 2015 plus \$900,000 in FY 2016.

Academic Teaching Lab Renovations—\$500,000

Debt service for lab renovations. Six years @ \$500,000 each year FY 2009 – FY 2014.

Student Advisory Council on University Budget (SACUB) General Fee—\$450,000

Amount of funding based on general fees increase to support student organizations and priorities.

Utilities Inflation—\$607,912

Utilities inflationary increase.

Institutional Initiatives—\$4,000,000

Upfront funding for revenue supporters in Performance Based Budgeting.

UC2019► Strategic Initiatives—\$3,500,000

Funding for university-wide UC2019► priorities and initiatives of \$2.5M in FY 2012 and \$3.5M in FY 2013.

Academic Restructuring—\$750,000

Multi-year funding for the restructuring of the College of Applied Sciences and the College of Engineering into the College of Engineering and Applied Sciences (CEAS).

Structural Deficit Payback – Internal Borrowing—\$1,000,000

Funding increase required to pay down internal borrowing deficits.

Research Deficit Funding—\$2,000,000

Funding required to pay expenses associated with MSB/Care/UC Reading debt service, utilities, and facilities.

VP - Communications—\$500,000

Support for the salary and operations for the new VP - Communications.

APPENDIX 6

Budget Building Process

Fiscal Year 2013 (FY 2013) budget is the product of a transparent and participatory decision-making process, structured around key committees with multiple constituencies. Among these committees are the Academic Coordinating Committee (ACC), which focuses on strategic academic priorities; and the Fiscal Coordinating Committee (FCC), which facilitates integrated decisions around fiscal planning and priorities, including tuition and discounts. Both of these groups, as well as the Faculty Senate, make recommendations to the Academic Operations Committee (AOC), which together with the President's Budget Advisory Committee (PBAC), sends recommendations to the Executive Committee, the President's Cabinet, the President and finally on to the Board of Trustees for approval.

University Decision-Making Process—<http://www.uc.edu/president/decisionmaking.html>

