A photograph of a modern university campus. In the foreground, there is a large, vibrant bed of red flowers. Behind them, a wide set of concrete steps leads up to a modern, multi-story building with a dark, textured facade and large glass windows. Several young trees are planted along the walkway. A tall, black lamppost stands to the right. The sky is clear and blue. The top of the image is partially obscured by a red, curved graphic element.

**University Current Funds
Budget Plan
FY 2007-2008**



**CURRENT FUNDS
BUDGET PLAN
FY 2007-2008**

Prepared By
The Office of the VP for Finance

July 17, 2007



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**FISCAL YEAR 2007-2008
CURRENT FUNDS BUDGET SUMMARY
(IN THOUSANDS)**

	FULL BUDGET AUTHORITY					FUND CONTROLLED AUTHORITY				Total Current Funds
	Undesignated General Funds Uptown Campus	Undesignated General Funds Branches	Designated General Funds Hoxworth Blood Center	Auxiliary Enterprises	Subtotal	Designated General Funds Millennium Research Inst.	Other Designated General Funds	Restricted Funds	Subtotal	
RESOURCES										
Gross Tuition, Fee and Other Student Charges	296,023	27,846		10,060	333,929		19,178		19,178	353,107
Less Scholarships and Fellowships	(69,338)	(368)		-	(69,706)		-		-	(69,706)
Net Tuition, Fee and Other Student Charges	226,685	27,478		10,060	264,223		19,178		19,178	283,401
State Appropriations (State Share of Instruction)	152,349	16,102			168,451			13,388	13,388	181,838
State Appropriations (Challenges)	8,531	2,526			11,057				-	11,057
Govt and Private Grants and Contracts	13,001	43			13,045	4,000	19,232	207,269	230,501	243,546
Private Gifts	1,177			7,000	8,177		225	39,486	39,711	47,888
Endowment Income	1,449				1,449		834	67,530	68,364	69,812
Sales and Service	10	15	34,814		34,839		22,449		22,449	57,289
Temporary Investments	1,670		219		1,889			76	76	1,965
Other Sources	2,510	57			2,567		2,577	981	3,558	6,125
Auxiliary Enterprises				70,800	70,800				-	70,800
Total Resources	407,382	46,221	35,033	87,860	576,496	4,000	64,495	328,730	397,225	973,721
EXPENDITURES										
Educational and General										
Instructional and General	203,224	26,479			229,703		9,541	62,140	71,681	301,383
Separately Budgeted Research	2,611				2,611	7,174	10,762	150,277	168,213	170,824
Public Service	2,084	288	32,717		35,089		12,953	8,381	21,334	56,423
Academic Support	42,108	4,437			46,546		12,283	16,314	28,597	75,143
Student Services	17,453	3,734			21,187		12,459	3,843	16,302	37,489
Institutional Support	43,275	6,402			49,677		12,716	2,963	15,679	65,356
Operation and Maintenance of Plant	49,154	4,451			53,605	4,596	-	-	4,596	58,201
Scholarships and Fellowships	-				-		874	35,436	36,310	36,310
Budget Cut Reserve*	-				-				-	-
Total Educational and General	359,909	45,792	32,717	-	438,418	11,770	71,588	279,354	362,712	801,130
Auxilliary Enterprises				69,450	69,450		-		-	69,450
Mandatory Transfers										
Loan Fund Matching	-				-				-	-
Debt Service	21,771	-	-	38,600	60,371	6,909	6,162	-	13,071	73,442
Nonmandatory Transfers										
Subsidies to Non-Instructional Units	15,978	259		(16,236)	-				-	-
Plant Funds	342	5	1,300	895	2,542	-			-	2,542
Designated	11,204				11,204		(11,204)		(11,204)	-
Other	(3,921)	166		1,403	(2,353)	(12,000)	-	49,283	37,283	34,930
Claims on Operations Repayment	2,100				2,100		(2,100)		(2,100)	-
Total Expenditures and Transfers	407,382	46,221	34,017	94,111	581,731	6,678	64,445	328,637	399,761	981,492
Net Increase (Decrease) In Fund Balance	-	-	1,016	(6,251)	(5,235)	(2,678)	49	93	(2,536)	(7,771)

* No FY 08 budget cut unless there is a negotiated AAUP salary increase

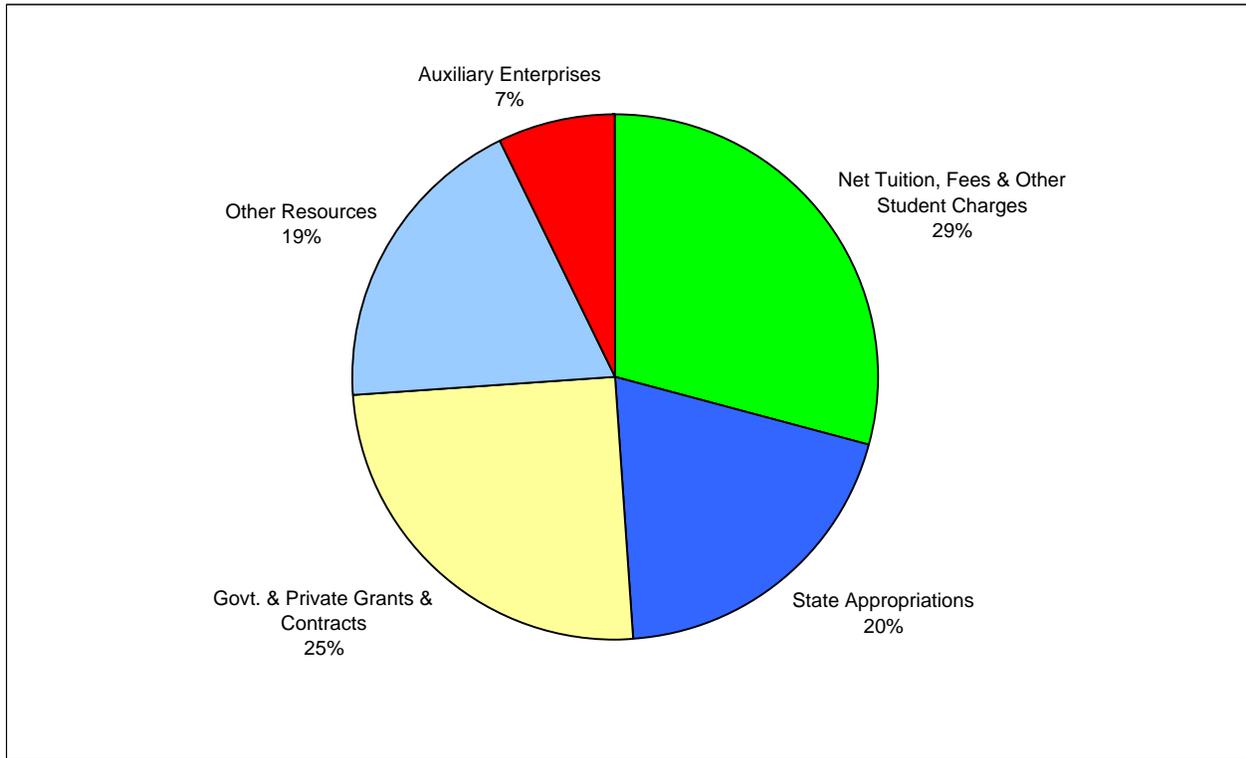
**SUMMARY OF BUDGETED RESOURCES AND EXPENDITURES
TOTAL UNIVERSITY
(IN THOUSANDS)**

	2007 Budget Revised	2008 Budget	Variance	Percent Change
RESOURCES				
Gross Tuition, Fee and Other Student Charges	344,761	353,107	8,346	2.42%
Less Scholarships and Fellowships	(66,165)	(69,706)	(3,540)	5.35%
Net Tuition, Fee and Other Student Charges	278,596	283,401	4,805	1.72%
State Appropriations (State Share of Instruction)	171,329	181,838	10,509	6.13%
State Appropriations (Challenges)	10,765	11,057	292	2.71%
Govt and Private Grants and Contracts	246,482	243,546	(2,936)	-1.19%
Private Gifts	47,856	47,888	32	0.07%
Endowment Income	66,029	69,812	3,784	5.73%
Sales and Service	54,498	57,289	2,791	5.12%
Temporary Investments	2,628	1,965	(663)	-25.22%
Other Sources	4,829	6,125	1,296	26.83%
Auxiliary Enterprises	66,092	70,800	4,708	7.12%
Total Resources	949,103	973,721	24,618	2.59%
EXPENDITURES				
Educational and General				
Instructional and General	297,798	301,383	3,585	1.20%
Separately Budgeted Research	170,460	170,824	365	0.21%
Public Service	54,480	56,423	1,943	3.57%
Academic Support	73,536	75,143	1,607	2.18%
Student Services	36,281	37,489	1,208	3.33%
Institutional Support	63,201	65,356	2,155	3.41%
Operation and Maintenance of Plant	57,347	58,201	854	1.49%
Scholarships and Fellowships	34,644	36,310	1,666	4.81%
Budget Cut Reserve*	-	-	-	-
Total Educational and General	787,747	801,130	13,383	1.70%
Auxiliary Enterprises	69,815	69,450	(365)	-0.52%
Mandatory Transfers				
Loan Fund Matching	-	-	-	-
Debt Service	67,470	73,442	5,972	8.85%
Nonmandatory Transfers				
Subsidies to Non-Instructional Units	-	-	-	-
Plant Funds	2,742	2,542	(201)	-7.31%
Designated	-	-	-	-
Other	46,749	34,930	(11,819)	-25.28%
Claims on Operations Repayment	-	-	-	-
Total Expenditures and Transfers	974,523	981,492	6,969	0.72%
Net Increase (Decrease) In Fund Balance	(25,419)	(7,771)		

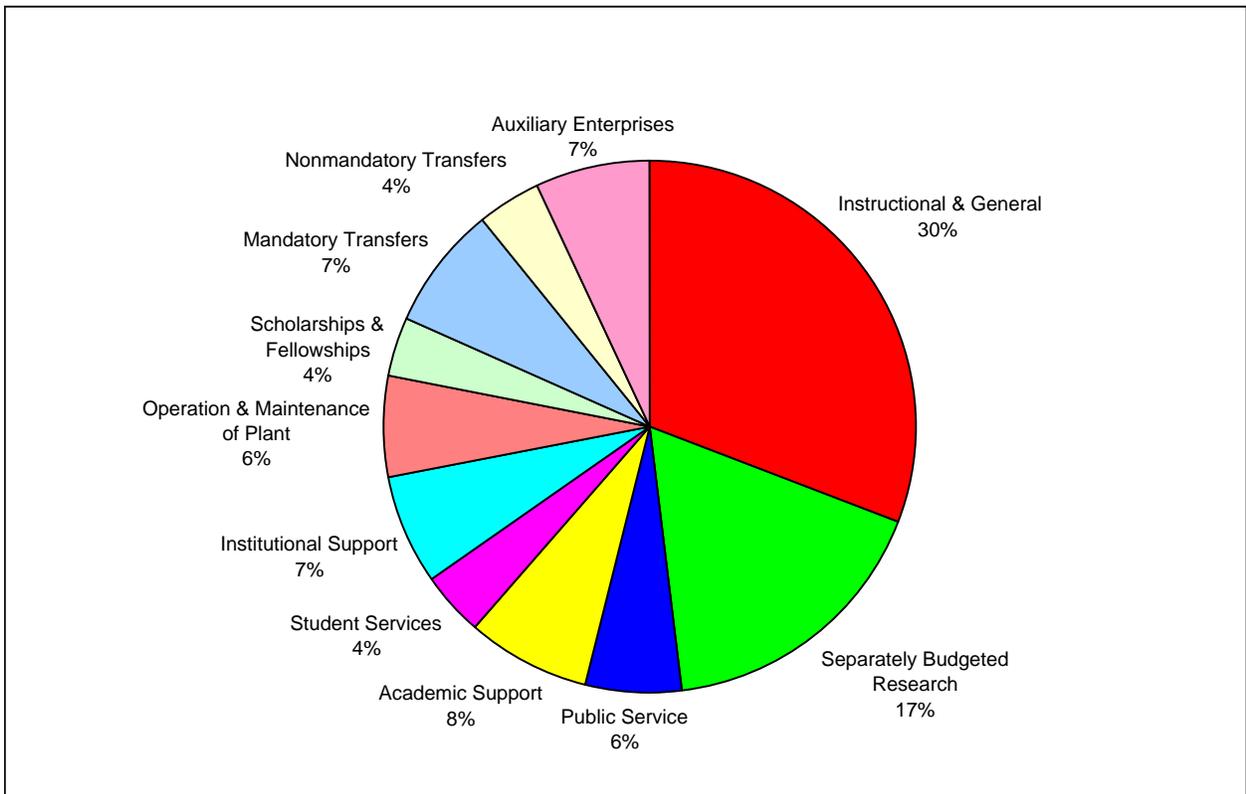
* No FY 08 budget cut unless there is a negotiated AAUP salary increase

**SUMMARY OF BUDGETED RESOURCES AND EXPENDITURES
TOTAL UNIVERSITY**

RESOURCES BY SOURCE



EXPENDITURES BY FUNCTION



SELECTED DEFINITIONS

- ◆ ***Current Funds*** are those funds that are earned and expended in the current fiscal year. They include the General Funds and Restricted Funds. Excluded entirely from this report are Non-Current Funds such as Plant Funds, Loan Funds and Endowment Principal.
- ◆ ***Undesignated General Funds*** are unrestricted resources 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.
- ◆ ***Designated General Funds*** are those funds which are internally restricted by Board of Trustee approval for specific activities.
- ◆ ***Restricted Funds*** are funds for which the use has been designated by an external agency or individual and limited to support a specific purpose and/or unit.
- ◆ ***Instructional and Departmental Research*** includes all direct and applicable allocated expenditures for all activities that are part of the University's instructional program. It includes expenditures for departmental research and public service that are not separately budgeted.
- ◆ ***Academic Support*** includes all funds expended for 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. Included in this category are Academic Affairs Administration, Libraries, Museums & Galleries and the Deans' offices.
- ◆ ***Student Services*** includes funds expended for those activities for which the primary purpose is to contribute to the student's emotional and physical well being, as well as his/her cultural and social development outside the context of the formal instructional program. Included in this category are Admissions and Registration, Counseling, and Student Financial Aid.
- ◆ ***Institutional Support*** contains expenditures for operations that provide support services to the total University. Included in this category are Executive Management, Finance, Human Resources, Administrative Services, Public Affairs and Development.
- ◆ ***Plant Operations and Maintenance*** includes all expenditures of current funds for the operation and maintenance of the physical plant, net of amounts charged to auxiliary operations and the hospital. Included in this category are utilities, repair and renovations, custodial services, grounds maintenance, space rental and property insurance.

- ◆ ***Separately Budgeted Research*** includes all expenditures for activities specifically organized to produce research outcomes, whether commissioned by an external agency to the University (restricted) or the University (unrestricted) and includes matching funds applicable to the conditions set forth by the grant or contract.
- ◆ ***Public Service*** includes all funds expended for activities that are established primarily to provide noncredit designated course offerings and services beneficial to individuals and groups external to the University. Included in this category are Continuing Education and Cooperative Extension Services.
- ◆ ***Scholarships and Fellowships*** include expenditures in the form of outright grants and trainee stipends to individuals enrolled in formal course work.
- ◆ ***Auxiliaries*** are specifically identified by the State as the following earnings operations: 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.
- ◆ ***IT&IE Fee*** is the Information Technology and Instructional Equipment fee charged to all undergraduate, graduate and professional students (except Medicine programs) for the purpose of improving access to and assistance with information technology and to fund other types of instructional equipment.
- ◆ ***Nonresident Surcharge*** equates to 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.
- ◆ ***Campus Life Fee*** is the fee charged to all undergraduate, graduate and professional students (except Raymond Walters College and Clermont College) for the purpose of developing a new Student Union and state-of-the-art recreation facility.
- ◆ ***SSI*** – Historically, the State Share of Instruction has been the formula driven state funding as recommended and approved by the Governor and the State Legislature. This methodology is being reviewed for modification.
- ◆ ***Access Challenge*** – These funds are meant to reduce or freeze the tuition levels for students obtaining a two-year degree at public institutions in Ohio. While most of these funds go to two-year campuses, including our branches, the Uptown campus receives funds for the students at the Center for Access and Transition. These funds have been used as previously mentioned.
- ◆ ***Jobs Challenge*** – This program allocates funds in proportion to the amount of income generated by worker training programs at each campus. It is a small amount (under \$100,000) on the Uptown campus, as well as for the two branch campuses. These funds are currently viewed as restricted in nature.

- ◆ ***Success Challenge*** – This program is aimed at increasing the success of four-year students and shortening the length of time to degree completion. As a major source of funding, it is providing the opportunity to target new services and programs at students having difficulty making normal academic progress. Part of these funds assist in keeping our past fee increases **below** the past State fee cap and the State average. The funds are allocated in proportion to the number of “at risk or under-prepared” students enrolled and how they perform.
- ◆ ***Research Challenge*** – This program, which matches State funding for research to the level of research grant holdings, has been around for many years. This funding is being included with the other Challenge programs in our unrestricted income. Thus, it can apply to new allocations or help support existing allocations.
- ◆ ***Priorities in Graduate Education*** – This is a focused program to improve key graduate programs that will drive Ohio’s economy in the next century.
- ◆ ***FTE*** – Full Time Equivalent student, based on a 15 credit hour load per quarter.

**I. UNDESIGNATED GENERAL FUNDS
UPTOWN CAMPUS**

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**UNIVERSITY OF CINCINNATI
UNDESIGNATED GENERAL FUNDS
UPTOWN CAMPUS
OVERVIEW**

The Uptown Campus budget is the “core” university budget, comprising about 42% of the total. Given its size and impact, the Uptown budget sets the basic direction for the entire all-funds budget. For example, the Uptown Campus budget determines the tuition policy for the vast majority of students, as well as the compensation policy for staff. The primary income sources for the Uptown budget are tuition income and State Share of Instruction (SSI) from the State of Ohio, which is based on our student complement.

To address our fiscal condition, the university adopted a three-pronged, short-term budget strategy that brought increased financial stability during FY 2007. First, we changed our business practices to promote fiscal discipline and responsible planning. We made key personnel changes and consolidated two major administrative divisions into the Division of Administration and Finance. In addition, we realized significant cost savings by offering an early retirement incentive plan, abolishing over 100 positions, freezing salaries for administrative staff, reducing our energy consumption, restructuring employee benefits, and halting major building projects.

Second, we established a budget process based on realistic revenue and expense assumptions – especially on tuition assumptions. For the first time in many years, FY 2007 tuition projections came remarkably close to our target, which made current year adjustments unnecessary. The same held true on the expense side. For example, the FY 2007 utilities budget included the proper level of inflation, so expenditures stayed within budget. The result is that the FY 2007 Uptown budget will close with a small amount available for budget reserves. Furthermore, the budget corrections made in FY 2007 will have positive effects in FY 2008 and beyond.

The final prong of the short-term strategy was the implementation of our cash policy, approved by the Board of Trustees in November 2006. The policy requires UC to build its operating cash to a level appropriate for an institution of our size and complexity according to industry standards. We are now creating internal business practices and policies that will prohibit overspending of approved budgets and will help us contain costs and enhance efficiencies, while complying with all government regulations. In addition, we have developed payback plans to address negative funds balances. As an immediate measure to improve our cash position, a temporary transfer of administrative quasi endowment funds was completed in spring quarter.

In addition to these short-term strategies, the university has developed a toolbox of practices that will help us achieve increases in revenue going forward. An essential tool in the toolbox is UC’s transparent and participatory decision-making process, which is structured around key committees with multiple constituencies. These committees have been active in developing and approving the FY 2008 budget. Among these committees

include the Academic Coordinating Committee (ACC), which focuses on strategic enrollment management, compliance and intellectual property issues; and the Fiscal Operating Committee (FCC), which facilitates integrated decisions around fiscal planning and priorities, including tuition and discounts. Both of these groups make recommendations to the Academic Operations Committee, which together with the President's Budget Advisory Committee (PBAC), sends approved policies to the Executive Committee, President's Cabinet, President and finally on to the Board of Trustees.

Also in the toolbox is UC's Columbus strategy and the new leadership at the Inter-University Council of Ohio (IUC). Thanks to these state-level efforts higher education has begun to get the much deserved attention from both the Governor and Legislature. The new state budget demonstrates a clear consensus among state leaders that strategic investment in higher education is key to expanding Ohio's economic opportunity and development. As encouraged as we are by legislators making higher education a clear budget priority, it's important to understand that this is the first step in what must be a sustained, significant investment in our colleges and universities. UC has pledged to do its part by reviewing its programs to continue to improve efficiency and productivity, while still continuing to invest in the quality programs and services our students demand and deserve. The FY 2008 budget showcases that the real winners in this year's budget process are Ohio students and their families for whom a college education, with its attendant benefits and opportunities, will become more affordable and accessible.

The following Uptown Campus budget for FY 2008 is balanced and requires no budget reductions at this time. Highlights on the revenue side include a projection of 449 new undergraduate FTE and a zero percent increase in undergraduate tuition and fees.

We begin the new academic year with capped enrollments, a first in many years. Furthermore, undergraduate students will not experience an increase in their tuition and fees for FY 2008. However, there is a \$450 per year tuition increase for all graduate and professional students. There is also a \$500 per year additional increase for the College of Law professional students and an additional 2% increase for College of Medicine (COM) MD professional students. These additional increases for Law and COM MD professional students go directly to these colleges for program support. Due to the zero increase in undergraduate tuition income, the budget does not include an increase in departmental scholarships, which were previously offset by tuition increases. State Share of Instruction (SSI) income has increased \$8.6M. Of that, \$1.4M was awarded in FY 07 but not budgeted permanently due to cautious SSI projections on our part. The remaining amount - \$7.2M- of the SSI increase will partially offset the zero tuition increase.

Also built into the FY 2008 budget are numerous new and expanded academic entrepreneurial revenue neutral programs that have the potential of producing \$4M in additional revenues that will offset related expenditures. These programs range from Uptown on campus offerings to distance learning to RCC (Resident Credit Center) offerings at our branch campuses.

On the expense side of the FY 2008 budget, \$3.3M is included for salary and benefits increases for represented and unrepresented employees. Unrepresented inflation is included at a 2% factor. Excluded from these plan/figures are any increases to staff benefits for strict inflation to correct the general fund level, and any increase amount for AAUP, as negotiations are currently underway. Each 1% increase allocated towards an AAUP increase will require an additional \$1.8M to fund salary, benefits and promotions and may require a budget reduction across the Uptown campus to fund such an increase.

Other expenditures increases in the FY 08 Budget Plan include \$1.7M to increase debt service for UCFlex, primarily for the HR portion of the new system implementation. Also of importance is \$1.4M added to the central utility budget to complete the proper funding level instituted in the FY 07 plan. Other transfers have been added for MainStreet, Olympic Sports, Varsity Village, and Title IV funding for approximately \$1.8M. Approximately \$1M is also added for debt service related to Medical Sciences Building (MSB) construction. Finally, an addition of \$400K for an increase to the amount of graduate student health insurance funded by the University is included.

In summary, while this budget cycle and preparation have been challenging, the process provided an opportunity for enhanced fiscal management and planning that was closely aligned with UC|21 and academic priorities and was undertaken in a transparent and participatory manner.

Going forward, we remain committed to academic and fiscal effectiveness and efficiencies, taking advantage of tools already in place and developing new ones to help us achieve sustainable growth. Therefore, the new fiscal year will bring the implementation of policies on the use of purchase cards, travel expenditures, conflict of interest and others. We will also set the stage for moving from a quarter to semester system and explore areas of service duplication where we can increase efficiencies. However, beyond good stewardship of our revenues, we must also find new ways to grow our revenue base. To that end, we will explore enrollment, innovation and economic development opportunities. We have already started to examine the viability of turning some of our fixed assets into assets that can work for UC now and in the future. These kinds of measures and strategies, explored and pursued with discipline and energy, will help us achieve our academic ambitions.

**UNDESIGNATED GENERAL FUNDS
UPTOWN CAMPUS
(IN THOUSANDS)**

	2007 Budget Revised	2008 Budget	Variance	Percent Change
RESOURCES				
Gross Tuition, Fee and Other Student Charges	286,873	296,023	9,150	3.19%
Less Scholarships and Fellowships	(65,802)	(69,338)	(3,535)	5.37%
Net Tuition, Fee and Other Student Charges	221,071	226,685	5,614	2.54%
State Appropriations (State Share)	143,746	152,349	8,603	5.98%
State Appropriations (Challenges)	8,531	8,531	-	0.00%
Govt and Private Grants and Contracts	13,001	13,001	-	0.00%
Private Gifts	1,177	1,177	-	0.00%
Endowment Income	1,449	1,449	-	0.00%
Sales and Service	10	10	-	0.00%
Temporary Investments	2,270	1,670	(600)	-26.43%
Other Sources	2,510	2,510	-	0.00%
Total Resources	393,765	407,382	13,617	3.46%
EXPENDITURES				
Educational and General				
Instructional and General	200,588	203,224	2,636	1.31%
Separately Budgeted Research	2,099	2,611	513	24.43%
Public Services	1,425	2,084	659	46.20%
Academic Support	41,527	42,108	581	1.40%
Student Services	17,076	17,453	377	2.21%
Institutional Support	42,849	43,275	426	0.99%
Operation and Maintenance of Plant	48,447	49,154	706	1.46%
Budget Cut Reserve*	-	-	-	-
Total Educational and General	354,011	359,909	5,898	1.67%
Mandatory Transfers				
Loan Fund Matching				
Debt Service	15,904	21,771	5,867	36.89%
Nonmandatory Transfers				
Subsidies to Non-Instructional Units	14,100	15,978	1,878	13.32%
Plant Funds	342	342	-	0.00%
Designated	11,229	11,204	(25)	-0.22%
Other	(3,921)	(3,921)	-	0.00%
Claims on Operations Repayment	2,100	2,100	-	0.00%
Total Expenditures and Transfers	393,765	407,382	13,617	3.46%
Net Increase (Decrease) In Fund Balance	-	-		

* No FY 08 budget cut unless there is a negotiated AAUP salary increase

**I. UNDESIGNATED GENERAL FUNDS
BRANCH CAMPUSES**

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**UNIVERSITY OF CINCINNATI
UNDESIGNATED GENERAL FUNDS
BRANCH CAMPUSES
OVERVIEW**

In FY 2008, due to higher than average enrollment increases at the branch campuses in recent years and new State funding, State Share of Instruction is projected to increase at the branches. Tuition and fees will remain unchanged due to the related provisions in the State of Ohio budget.

RAYMOND WALTERS COLLEGE

Raymond Walters College is being proactive in planning for enrollment and income changes. Raymond Walters College is realigning the budget to meet expected changes in enrollment. Should we realize additional income, this income will focus on several of the criteria outlined in UC|21 with Student-Centered and Technology initiatives taking priority.

We will be using capital funds to upgrade several classrooms in Muntz Hall to enhance the learning and teaching process.

CLERMONT COLLEGE

FY08 will be a dynamic year for Clermont College in several ways. We are undertaking some organizational restructuring in academics and student services. Our students are excited to see we will be adding Baseball as a sport and expanding our south parking lot.

The College is projecting level enrollment and revenue. Tuition and fees will remain unchanged based on the state budget adopted. There will be growth in the State Share of Instruction subsidy, based on higher state allocations and increased enrollment experienced during the last biennial period. The increase in revenue is being directed to fund the increased expenses of new faculty positions, academic reorganization, internal overhead recharges, and program development needs.

**UNDESIGNATED GENERAL FUNDS
BRANCH CAMPUSES
(IN THOUSANDS)**

	2007 Budget Revised	2008 Budget	Variance	Percent Change
RESOURCES				
Gross Tuition, Fee and Other Student Charges	28,922	27,846	(1,076)	-3.72%
Less Scholarships and Fellowships	(363)	(368)	(5)	1.38%
Net Tuition, Fee and Other Student Charges	28,559	27,478	(1,081)	-3.78%
State Appropriations (State Share)	15,054	16,102	1,048	6.96%
State Appropriations (Challenges)	2,234	2,526	292	13.07%
Govt and Private Grants and Contracts	43	43	-	0.00%
Private Gifts	-	-	-	-
Endowment Income	-	-	-	-
Sales and Service	15	15	-	0.00%
Temporary Investments	-	-	-	-
Other Sources	60	57	(3)	-4.67%
Total Resources	45,964	46,221	257	0.56%
EXPENDITURES				
Educational and General				
Instructional and General	26,656	26,479	(177)	-0.66%
Separately Budgeted Research	-	-	-	-
Public Services	262	288	26	9.96%
Academic Support	4,782	4,437	(344)	-7.20%
Student Services	3,849	3,734	(115)	-2.99%
Institutional Support	5,779	6,402	623	10.78%
Operation and Maintenance of Plant	4,339	4,451	113	2.60%
Total Educational and General	45,666	45,792	126	0.28%
Mandatory Transfers				
Loan Fund Matching	-	-	-	-
Debt Service	125	-	(125)	-100.00%
Nonmandatory Transfers				
Subsidies to Non-Instructional Units	259	259	-	0.00%
Plant Funds	11	5	(6)	-54.55%
Other	(96)	166	262	-271.85%
Total Expenditures and Transfers	45,964	46,221	257	0.56%
Net Increase (Decrease) In Fund Balance	-	-		

**UNDESIGNATED GENERAL FUNDS
BRANCH CAMPUSES
RAYMOND WALTERS COLLEGE
(IN THOUSANDS)**

	2007 Budget Revised	2008 Budget	Variance	Percent Change
RESOURCES				
Gross Tuition, Fee and Other Student Charges	18,074	17,287	(787)	-4.35%
Less Scholarships and Fellowships	(63)	(68)	(5)	7.94%
Net Tuition, Fee and Other Student Charges	18,011	17,219	(792)	-4.40%
State Appropriations (State Share)	9,626	9,690	64	0.66%
State Appropriations (Challenges)	1,391	1,640	249	17.93%
Govt and Private Grants and Contracts	14	14	-	0.00%
Private Gifts	-	-	-	-
Endowment Income	-	-	-	-
Sales and Service	15	15	-	0.00%
Temporary Investments	-	-	-	-
Other Sources	42	40	(2)	-4.76%
Total Resources	29,098	28,617	(481)	-1.65%
EXPENDITURES				
Educational and General				
Instructional and General	17,460	17,126	(335)	-1.92%
Separately Budgeted Research	-	-	-	-
Public Services	211	240	28	13.40%
Academic Support	3,271	2,821	(450)	-13.77%
Student Services	1,918	1,832	(86)	-4.46%
Institutional Support	3,017	3,424	407	13.49%
Operation and Maintenance of Plant	2,857	2,795	(62)	-2.17%
Total Educational and General	28,735	28,238	(497)	-1.73%
Mandatory Transfers				
Loan Fund Matching	-	-	-	-
Debt Service	-	-	-	-
Nonmandatory Transfers				
Subsidies to Non-Instructional Units	174	174	-	0.00%
Plant Funds	11	5	(6)	-54.55%
Other	178	200	22	12.54%
Total Expenditures and Transfers	29,098	28,617	(481)	-1.65%
Net Increase (Decrease) In Fund Balance	-	-		

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

	2007 Budget Revised	2008 Budget	Variance	Percent Change
RESOURCES				
Gross Tuition, Fee and Other Student Charges	10,848	10,559	(289)	-2.66%
Less Scholarships and Fellowships	(300)	(300)	-	0.00%
Net Tuition, Fee and Other Student Charges	10,548	10,259	(289)	-2.74%
State Appropriations (State Share)	5,428	6,412	985	18.14%
State Appropriations (Challenges)	844	886	43	5.06%
Govt and Private Grants and Contracts	29	29	-	0.00%
Private Gifts				
Endowment Income				
Sales and Service				
Temporary Investments				
Other Sources	18	17	(1)	-3.05%
Total Resources	16,866	17,604	738	4.38%
EXPENDITURES				
Educational and General				
Instructional and General	9,196	9,354	158	1.71%
Separately Budgeted Research				
Public Services	50	48	(2)	-4.50%
Academic Support	1,510	1,617	106	7.03%
Student Services	1,931	1,902	(29)	-1.53%
Institutional Support	2,762	2,978	216	7.82%
Operation and Maintenance of Plant	1,481	1,656	175	11.82%
Total Educational and General	16,931	17,554	623	3.68%
Mandatory Transfers				
Loan Fund Matching				
Debt Service	125	-	(125)	-100.00%
Nonmandatory Transfers				
Subsidies to Non-Instructional Units	85	85	-	0.00%
Plant Funds				
Other	(274)	(34)	240	-87.53%
Total Expenditures and Transfers	16,866	17,604	738	4.38%
Net Increase (Decrease) In Fund Balance	-	-		

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**UNIVERSITY OF CINCINNATI
PROPOSED QUARTERLY STUDENT FEES
EFFECTIVE AUTUMN QUARTER 2007**

	CAMPUS LIFE FEE¹		GENERAL FEE		IT&IE FEE²	
FULL TIME RATES	FY07 Actual	FY08 Proposed	FY07 Actual	FY08 Proposed	FY07 Actual	FY08 Proposed
Undergraduate Programs:						
Uptown Campus	147	147	249	249	105	105
Center for Access & Transition	147	147	249	249	105	105
Clermont College	0	0	142	142	85	85
Raymond Walters College	0	0	142	142	85	85
Professional Programs:						
Law ⁴	221	221	374	374	158	158
Medicine	147	147	249	249	0	0
Graduate Programs ⁵	147	147	249	249	105	105

	INSTRUCTIONAL FEE AND NONRESIDENT SURCHARGE			
FULL TIME RATES	Ohio		Out-of-State ⁶	
	FY07 Actual	FY08 Proposed	FY07 Actual	FY08 Proposed
Undergraduate Programs:				
Uptown Campus	2,632	2,632	7,473	7,473
Center for Access & Transition	1,963	1,963	7,473	7,473
Clermont College	1,287	1,287	3,571	3,571
Raymond Walters College	1,517	1,517	4,295	4,295
Professional Programs:				
Law ⁴	8,263	8,738	15,323	15,798
Medicine	8,259	8,574	14,648	14,963
Graduate Programs ⁵	3,386	3,536	6,664	6,814

	PART TIME PER CREDIT HOUR FEES (INSTRUCTIONAL, GENERAL, IT&IE, CAMPUS LIFE AND NONRESIDENT SURCHARGE)			
PART-TIME RATES	Ohio		Out-of-State	
	FY07 Actual	FY08 Proposed	FY07 Actual	FY08 Proposed
Undergraduate Programs:				
Uptown Campus	262	262	665	665
Center for Access & Transition	206	206	665	665
Clermont College	127	127	317	317
Raymond Walters College	146	146	377	377
Professional Programs:				
Law ⁴	752	791	1,340	1,380
Medicine	722	748	1,254	1,280
Graduate Programs ⁵	389	404	717	732

(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 \$33.
(4) College of Law tuition calculated on the semester basis. Supplemental fee increase approved at the May 21, 2003 Board of Trustees meeting.
(5) Medicine Graduate Programs do not charge the IT&IE Fee.
(6) Includes the Ohio instructional fee and the non-resident surcharge.

**PROPOSED SUMMARY OF QUARTERLY STUDENT FEES
ALL CAMPUSES EFFECTIVE AUTUMN QUARTER 2007**

	FULL-TIME RESIDENT TUITION & FEES			FULL-TIME NON-RESIDENT TUITION & FEES		
	FY07 Tuition & Fees	FY08 Tuition & Fees	Percent Change	FY07 Tuition & Fees	FY08 Tuition & Fees	Percent Change
Undergraduate						
Uptown Campus	3,133	3,133	0.0%	7,974	7,974	0.0%
Center for Access and Transition	2,464	2,464	0.0%	7,974	7,974	0.0%
Clermont College ¹	1,514	1,514	0.0%	3,798	3,798	0.0%
Raymond Walters College ¹	1,744	1,744	0.0%	4,522	4,522	0.0%
Professional Programs						
Law ²	9,016	9,491	5.3%	16,076	16,551	3.0%
Medicine	8,655	8,970	3.6%	15,044	15,359	2.1%
Graduate Programs ³	3,887	4,037	3.9%	7,165	7,315	2.1%

**PROPOSED SUMMARY OF ANNUAL STUDENT FEES
ALL CAMPUSES EFFECTIVE AUTUMN QUARTER 2007**

	FULL-TIME RESIDENT TUITION & FEES			FULL-TIME NON-RESIDENT TUITION & FEES		
	FY07 Tuition & Fees	FY08 Tuition & Fees	Percent Change	FY07 Tuition & Fees	FY08 Tuition & Fees	Percent Change
Undergraduate						
Uptown Campus	9,399	9,399	0.0%	23,922	23,922	0.0%
Center for Access and Transition	7,392	7,392	0.0%	23,922	23,922	0.0%
Clermont College ¹	4,542	4,542	0.0%	11,394	11,394	0.0%
Raymond Walters College ¹	5,232	5,232	0.0%	13,566	13,566	0.0%
Professional Programs						
Law ²	18,032	18,982	5.3%	32,152	33,102	3.0%
Medicine	25,965	26,910	3.6%	45,132	46,077	2.1%
Graduate Programs ³	11,661	12,111	3.9%	21,495	21,945	2.1%

<p>(1) A parking fee of \$33 per quarter is assessed by the branch campuses (included in the above amounts).</p> <p>(2) College of Law tuition calculated on the semester basis. Supplemental fee increase approved at the May 21, 2003 Board of Trustees meeting.</p> <p>(3) Medicine Graduate Programs do not charge the IT&IE Fee.</p>

**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 1999 Actual	155,198	507	0.3%	139,211	3,490	2.6%
FY 2000 Actual	159,351	4,153	2.7%	145,227	6,016	4.3%
FY 2001 Actual	(3) 159,282	(69)	0.0%	150,719	5,492	3.8%
FY 2002 Actual	(4) 149,894	(9,388)	-5.9%	170,582	19,863	13.2%
FY 2003 Actual	(5) 144,220	(5,674)	-3.8%	195,126	24,544	14.4%
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 Projected	145,115	5,039	3.6%	298,723	27,689	10.2%
FY 2008 Budget	152,349	7,234	5.0%	313,720	14,997	5.0%
Ten Year Average Increase			-0.1%			8.8%
Five Year Average Increase			1.1%			10.0%

- (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.
- (2) Student Fees include Instructional, General, IT&IE, Campus Life and Non-Resident Fees.
- (3) Reduced by a 1% Statewide Budget Cut.
- (4) Reduced by a 6% Statewide Budget Cut.
- (5) Reduced by a 2.5% Statewide Budget Cut.

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

Year	Under-graduate	Center for Access and Transition**	Graduate	Law	Medicine
1997-98	4,509	4,443	5,568	7,395	12,051
1998-99	4,746	4,590	5,586	7,706	12,537
1999-00	4,998	4,569	5,880	8,104	13,173
2000-01	5,337	4,401	6,264	8,600	13,902
2001-02 Autumn	5,823	4,686	6,822	9,348	15,090
2002-03	6,936	5,448	8,094	11,020	17,709
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
Ten Year Average Annual Increase	\$489	\$295	\$654	\$1,159	\$1,486
Five Year Average Annual Increase	\$493	\$389	\$803	\$1,592	\$1,840
Ten Year Average Annual Increase	7.7%	5.4%	8.2%	10.0%	8.4%
Five Year Average Annual Increase	6.3%	6.4%	8.4%	11.5%	8.8%

**Formerly University College

**FULL TIME EQUIVALENT (FTE) ENROLLMENTS
ALL-TERMS SUBSIDY ELIGIBLE REPORTING, FY 1999-2008**

Year	Uptown Campus			Raymond Walters Branch	Clermont Branch	Grand Total
	Undergrad	Graduate & Professional	Total			
1998-99	15,739	4,899	20,638	2,096	1,355	24,089
1999-00	15,588	4,902	20,490	2,174	1,363	24,027
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
Est. 2006-07	15,247	5,777	21,024	3,038	2,266	26,328
Est. 2007-08	15,562	5,846	21,408	2,917	2,207	26,532

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

	UNDERGRADUATE FEES		
	Autumn FY 2006 Fees	Autumn FY 2007 Fees	Percent Change
Miami University ¹	9,542	10,042	5.2%
University of Cincinnati	8,877	9,399	5.9%
Bowling Green State University (B)	8,560	9,060	5.8%
Ohio University (B)	8,235	8,847	7.4%
Bowling Green State University (A)	8,248	8,746	6.0%
Ohio State University (C)	8,082	8,667	7.2%
Ohio State University (B)	7,980	8,559	7.3%
Ohio University (A)	7,848	8,436	7.5%
Kent State University	7,954	8,430	6.0%
University of Akron (B)	7,958	8,383	5.3%
University of Akron (A)	7,573	7,976	5.3%
University of Toledo	7,478	7,927	6.0%
Cleveland State University (B)	7,394	7,920	7.1%
Ohio State University (A)	7,323	7,860	7.3%
Cleveland State University (A)	7,022	7,524	7.1%
Wright State University (C)	6,864	7,278	6.0%
Wright State University (B)	6,621	7,020	6.0%
Wright State University (A)	6,372	6,756	6.0%
Youngstown State University	6,333	6,697	5.7%
Shawnee State University (B)	5,508	5,832	5.9%
Shawnee State University (A)	5,130	5,436	6.0%
Central State University	4,994	5,294	6.0%
Average	7,359	7,822	6.3%

	GRADUATE FEES		
	Autumn FY 2006 Fees	Autumn FY 2007 Fees	Percent Change
University of Cincinnati	10,773	11,661	8.2%
Bowling Green State University	10,808	11,450	5.9%
Miami University	10,104	10,630	5.2%
Cleveland State University	10,073	10,602	5.3%
University of Toledo	9,880	10,472	6.0%
Wright State University (C)	9,171	9,720	6.0%
Ohio State University	8,832	9,438	6.9%
Wright State University (B)	8,844	9,375	6.0%
Medical University of Ohio at Toledo (Ph.D.)	8,574	9,332	8.8%
Ohio University	8,931	9,318	4.3%
Wright State University (A)	8,598	9,114	6.0%
Kent State University	8,460	8,968	6.0%
Central State University	7,890	8,370	6.1%
Youngstown State University	7,765	7,982	2.8%
University of Akron	6,609	6,971	5.5%
Shawnee State University ²	-	6,606	100.0%
Average	8,457	9,376	10.9%

Source: "FALL SURVEY OF STUDENT CHARGES - For Academic Year 2006 - 2007" by The Ohio Board of Regents

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

¹ Miami University is \$22,523 less scholarships for an average of \$10,042 per year.

² Effective Fall Quarter 2006, Shawnee State is offering masters level programs based on a semester calendar.

(A): Denotes fees charged to continuing students who enrolled before the 2002 summer term.

(B): Denotes fees charged to continuing students who enrolled after the 2002 summer term.

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

**IV. DESIGNATED GENERAL FUNDS
HOXWORTH BLOOD CENTER**

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Hoxworth Blood Center27

UNIVERSITY OF CINCINNATI DESIGNATED GENERAL FUNDS HOXWORTH BLOOD CENTER OVERVIEW

Under the leadership of Ronald A. Sacher, MD, Hoxworth continued to achieve its strategic goals as our community's only blood center, providing blood, blood components and blood-related services for the patients in the 28 tri-state hospitals we serve. Achievements for Hoxworth over the past year included the following:

- In fiscal year 2006, Hoxworth Blood Center collected 94,027 red cell units and 9,434 single-donor platelet products from community blood donors. This represents a 6% increase for red cells and a 12% increase in single-donor platelet products when compared to the previous fiscal year.
- Over 8,500 donors were recognized with gallon awards for red cell and platelet donations. These awards ranged from one-gallon recognitions to one outstanding 70-gallon recognition.
- Hoxworth Blood Center opened its ninth Neighborhood Donor Center in Mason, in the Governor's Pointe Shopping Center on Mason-Montgomery Road.
- More minorities are rolling up their sleeves to donate blood in Cincinnati and give the 'gift of life.' Over 4,000 minority donors came to a Hoxworth Neighborhood Donor Center or community/business blood drive between April 2005 and March 2006, a 14 percent increase over the same time period in 2004-05. This increase is attributed to the result of a Minority Donor Recruitment Campaign that Hoxworth launched in April 2005.
- The Cincinnati Bengals have been named as recipients of a Special Recognition Award by America's Blood Centers, an organization based in Washington, D.C. The team earned the award for its work with the annual Bengals Community Blood Drive. Teaming with Hoxworth Blood Center, the Bengals have sponsored the drive at Paul Brown Stadium for the last five years. The drive has grown exponentially since its inception, as the 483 total blood units donated last October 4 represent a total of more than seven times the inaugural total of 63 in 2002. The drive is the largest of its kind in Greater Cincinnati. The final donor tally was a record-breaking 528 for the fifth annual Bengals/Hoxworth Community Blood Drive.
- Our Triple Double Program, intended to encourage donors to use our automated technology and donate two red cells instead of one, continued to be a success. 665 donors participated, an 11% increase over the previous fiscal year. Each donor received a special recognition shirt for their achievement.
- Hoxworth provided a new pool and store random platelet product for our hospital customers this year. This new product allows random platelets to be pooled and stored for up to five days, much longer than the 4-hour outdate previously available.
- Our Components Lab started manufacturing low volume red blood cells to assist red blood cell inventory levels.

- Phase I of our strategic plan has been completed and we are in the process of mapping out a plan for Phase II. Phase II will be focused on our donor recruitment efforts.
- Hoxworth faculty and staff published 14 articles in peer-reviewed literature and presented over 31 abstracts and presentations at various national meetings and conferences.
- Our current Six Sigma project to improve Mobile Collection projections is in the measurement phase. We are identifying key process input variables that have the greatest impact on overall projection accuracy. This phase of the project will present the biggest challenge to the Six Sigma Team.

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

	2007 Budget Revised	2008 Budget	Variance	Percent Change
RESOURCES				
Services Provided	34,780	34,814	34	0.10%
Interest Income	280	219	(61)	-21.95%
Total Resources	35,060	35,033	(27)	-0.08%
EXPENDITURES				
Compensation	15,720	15,714	(6)	-0.04%
Other	16,518	17,003	485	2.94%
Total Educational and General	32,238	32,717	479	1.49%
Mandatory Transfers				
Debt Service	905	-	(905)	-100.00%
Non-Mandatory Transfers				
Plant Funds	1,100	1,300	200	18.18%
Total Expenditures and Transfers	34,243	34,017	(226)	-0.66%
Net Increase (Decrease) in Fund Balance	817	1,016		

VII. AUXILIARY OPERATIONS

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UNIVERSITY OF CINCINNATI AUXILIARY ENTERPRISES OVERVIEW

An auxiliary enterprise provides a service to students, faculty or staff and charges fees related to, but not necessarily equal to, the cost of the services. The distinguishing characteristic of most auxiliary enterprises is that they should be managed essentially as self-supporting activities whose services are provided primarily to individuals in the institutional community rather than to departments of the institution. Accordingly, any budget overruns or negative fund balances must be managed by the auxiliary functions.

The Campus Services auxiliary enterprise was created in Fiscal Year 2000 to support the new Campus Life and MainStreet planning initiatives. The following are the highlights of each unit's FY 2008 budget plan.

CAMPUS SERVICES AUXILIARY - Overview

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

- Bearcat Campus Card
- Campus Recreation Center
- Housing & Food Services
- Kingsgate Conference Hotel
- MainStreet Operations
- Retail Services
- University Conferencing

Campus Services is addressing its budget challenges in a focused and direct manner as it continues to improve the collective efficiency of its units. The budget is heavily influenced by the full debt load for the MainStreet project and new housing (CRC/Turner/Schneider) resulting in an operating deficit that requires a comprehensive plan for improvement. The financial results for FY07 have shown significant savings - approximately \$5,000,000 - compared to the original budget. This achievement was the result of identifying savings across individual units in areas like housekeeping and maintenance. Other efforts focused on utility savings through better building management – such as the complete shutdown of MarketPointe dining facility during the summer months and break weeks. Payroll savings were realized through a variety of manners including staff reorganization and a redistribution of duties. Campus Services plans to build on this momentum as it projects additional savings over the next two fiscal years. This will allow the auxiliaries to speed their financial recovery and eliminate annual operating deficits.

Retail Services consists of seven bookstore locations, Central Stores, and vending. In FY06, the management of the bookstore operations was outsourced to the Follett Higher Education Group. This 10-year contract provides a minimum guaranteed income to Campus services of \$1,600,000 to \$1,700,000 per year. Improvements to store layouts and on-line services occurred in FY07 as part of this contract. In FY08, “Book Now”, an online textbook reservation service, is expected to increase market share for UC Bookstores textbook sales. Central Stores operates in coordination with a contract with

Office Depot. Vending Services is operated partially in-house and partially by a contract with the Rehabilitation Services Commission of Ohio.

Housing & Food Services serves approximately 3,400 students in both residence halls and apartments. In FY07, the demolition of Sawyer Hall reduced the number of available beds by approximately 600. Debt service expenses reflect the full debt service for CRC Housing, Turner/Schneider halls, and the Sawyer Hall demolition. As a partial response to budget challenges, room rates increase by 6.17% and board rates increase by 5% for the 2007-08 academic year. Occupancy is projected to average 92% for the academic year.

Food Services operates MarketPointe and CenterCourt, both national-award-winning residential dining centers. The continuing popularity of CenterCourt, the after-hours acceptance of meal plans at Stadium View Café, and the change from traditional board plans to more flexible “block” plans have resulted in a 12% increase in board plan participation in FY07. The dining centers are operated under a contract with Aramark.

The Faculty Club moved to the new Varsity Athletic Center in July 2007. The Faculty Club receives central funding in addition to the revenue it generates and is operated under a management fee contract with Aramark.

MainStreet Operations consists of business operations, facilities management, and program coordination for Tangeman University Center, Steger Student Life Center, and MainStreet Open spaces. Specific operating venues include the Catskeller Game Room & Sports Lounge, MainStreet Cinema, and a variety of food service operations, including catering, Wendy’s, Starbucks, Pizza Hut, Subway, and Gold Star Chili. MainStreet Operations relies on the revenue it generates and central budget subsidy to meet its financial obligations.

The Bearcat Campus Card is a debit and charge card system that provides convenient payment options to students, faculty, and staff at various retail locations both on and off campus. The program provides nearly 500 restaurant, vending, laundry, and shopping locations on and off campus. This unit relies primarily on the fee it charges to “vendors” who accept the Bearcat Campus Card. FY07 sales on the card will exceed \$4,000,000.

Kingsgate Conference Hotel and University Conferencing continue to earn a high level of satisfaction from guests and attendees with respect to our facilities, lodging, conference management services, and restaurant. Operated under a contract with Marriott, the Kingsgate Marriott continues to meet its debt service and other financial obligations and continues to rank at the top of its competitive group in numerous operational categories.

The Campus Recreation Center (CRC) opened in February 2006 to much local and national acclaim and the CRC met its opening target of 800 members. The CRC currently has over 1,284 non-student members and forecasts to reach a membership of 2,556 in FY08. Revenue sources include the campus life fee (charged to students in their quarterly fee assessment), membership fees to non-student members, rentals, and

program and service fees. The CRC is projected to continue to operate in a deficit mode in FY08. Cost control measures on utilities and plant maintenance have been put in place. The CRC leadership has identified several additional areas for budget savings in FY08 including payroll, housekeeping, plant maintenance, and other operational expenses.

II. OTHER AUXILIARY ENTERPRISES - Overview

Parking Services

Parking Services will continue to align itself with and work to fulfill the goals of UC|21 in FY08 by continuing to strengthen our working relationship and customer service with the University community. Clifton Court Garage will be temporarily closing in the fall for major renovations. It is anticipated that the renovations will take 15 months for completion. The closure will require Parking Services to relocate those that park in this facility into the other garages on the Uptown Campuses.

Parking Services office hours have expanded to Monday through Thursday 7:00 am to 6:00 pm and Friday 7:00 am to 5:00 pm to meet the needs of the parkers. A link to Parking Services has been added to One Stop and Blackboard websites to make parking services more accessible to the students to register for parking or obtain information. The website for Parking Services is a viable location to obtain information as to when registration for parking occurs, print a map, give feedback and explore value-added services.

Parking Services is a self-sustaining operation which means that we rely solely on income derived from decals and cash parking. With maintenance costs for older facilities rising as well as increased garage debt, parking rates will increase by \$2-8 per month depending upon the facility.

Intercollegiate Athletics

During FY 2007 the Department of Athletics reviewed all aspects of its fiscal operations and adopted a new “multi-year” Fiscal Operating Plan. The plan is a three year rolling plan and operating results for FY 2008 reduce the prior year deficit by 50%.

The plan builds on the Revenue generating potential of both football and men’s basketball, as well as the emerging opportunities of private fund raising to UCATS and to various athletic programs and projects. The plan is built upon a close monitoring of costs related to departmental operations, home game expenses and team travel. Also, there is a continued emphasis on expenditure containment and growth in all areas of the department.

The multi-year Fiscal Operating Plan projects further deficit reduction in FY 09 and a break-even operation in FY 10.

Fifth Third Arena at the Myrl H. Shoemaker Center

Operations for FY 08 project a deficit operation, primarily due to the increased costs of utilities and maintenance of an aging facility. Further, opportunities for generating revenues from rental of the facility continue to decline as internal use demands from athletic teams and from the University increase. Debt service charges for this facility will significantly decline in FY 09, and that should restore operations to a break even situation.

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

FISCAL YEAR 2007

	RESOURCES			EXPENDITURES and TRANSFERS				Net Income
	Auxilliary	Restricted	Total Budget	Expenses	Debt Service	Other Transfers	Total Budget	
Campus Services Auxilliary*	34,353		34,353	26,046	8,885	578	35,509	(1,156)
CSA - Mainstreet	11,792		11,792	8,105	13,670	(2,059)	19,716	(7,924)
Parking Lots and Garages	16,499		16,499	7,380	9,578	407	17,365	(866)
Intercollegiate Athletics	12,740	5,292	18,031	26,883	4,091	(9,180)	21,793	(3,762)
Fifth Third Arena	571		571	1,393	603	(1,426)	571	-
GRAND TOTAL	75,955	5,292	81,247	69,808	36,828	(11,680)	94,955	(13,708)

FISCAL YEAR 2008

	RESOURCES			EXPENDITURES and TRANSFERS				Net Income
	Auxilliary	Restricted	Total Budget	Expenses	Debt Service	Other Transfers	Total Budget	
Campus Services Auxilliary*	36,466		36,466	24,824	9,205	742	34,771	1,695
CSA - Mainstreet	12,259		12,259	6,513	13,681	(3,286)	16,908	(4,649)
Parking Lots and Garages	16,377		16,377	7,498	9,275	507	17,280	(903)
Intercollegiate Athletics	15,236	7,000	22,236	29,009	5,874	(10,473)	24,410	(2,174)
Fifth Third Arena	522		522	1,606	565	(1,428)	742	(220)
GRAND TOTAL	80,860	7,000	87,860	69,450	38,600	(13,938)	94,111	(6,251)

* Campus Services Auxilliary includes Retail, Food Services, Housing, Faculty Club, Kingsgate, and Conference Management.

CAMPUS SERVICES AUXILIARY SUMMARY (excludes MainStreet)
Comparison of FY 2007 to FY 2008 Budget
(IN THOUSANDS)

	2007 Budget Revised	2008 Budget	Variance	Percent Change
RESOURCES				
Sales	3,581	3,760	178	4.98%
Student Meals	8,248	8,664	416	5.05%
Housing	17,772	18,586	813	4.58%
Rentals	-	-	-	-
Contracts	3,359	3,624	265	7.90%
Other	1,393	1,833	440	31.59%
Miscellaneous Student Fees	-	-	-	-
Total Resources	34,353	36,466	2,113	6.15%
EXPENDITURES				
Cost of Sales	9,260	9,410	150	1.62%
Salaries	3,576	2,949	(626)	-17.52%
Benefits	1,481	1,119	(362)	-24.42%
DOE	8,941	8,750	(191)	-2.14%
University Overhead	1,197	1,227	30	2.53%
Programming	1,592	1,368	(224)	-14.05%
Total Expenditures	26,046	24,824	(1,222)	-4.69%
Mandatory Transfers				
Debt Service	8,885	9,205	320	3.60%
Non-Mandatory Transfers				
Reserve for Repairs and Renovations	-	300	300	100.00%
Reserve - Other	-	-	-	-
Subsidies to Non-Instructional Activities	(445)	(445)	-	0.00%
Internal Campus Services Overhead	1,023	852	(171)	-16.71%
Other	-	35	35	100.00%
Total Expenditures and Transfers	35,509	34,771	(738)	-2.08%
Net Increase (Decrease) in Fund Balance	(1,156)	1,695		

*Campus Services Auxiliary includes Retail, Food Services, Housing, Faculty Club, Kingsgate, and Conference Management.

CAMPUS SERVICES AUXILIARY SUMMARY - MainStreet
Comparison of FY 2007 to FY 2008 Budget
(IN THOUSANDS)

	2007 Budget Revised	2008 Budget	Variance	Percent Change
RESOURCES				
Sales	696	80	(616)	-88.56%
Student Meals	-	-	-	-
Housing	-	-	-	-
Rentals	-	35	35	100.00%
Contracts	508	441	(67)	-13.20%
Other	725	1,644	918	126.56%
Miscellaneous Student Fees	9,863	10,060	197	2.00%
Total Resources	11,792	12,259	467	3.96%
EXPENDITURES				
Cost of Sales	31	47	17	54.98%
Salaries	3,428	2,264	(1,165)	-33.98%
Benefits	949	600	(349)	-36.81%
DOE	3,177	3,353	175	5.51%
University Overhead	-	-	-	-
Programming	520	250	(270)	-51.92%
Total Expenditures	8,105	6,513	(1,592)	-19.64%
Mandatory Transfers				
Debt Service	13,670	13,681	11	0.08%
Non-Mandatory Transfers				
Reserve for Repairs and Renovations	518	-	(518)	-100.00%
Reserve - Other	-	-	-	-
Subsidies to Non-Instructional Activities	(3,129)	(3,712)	(583)	18.62%
Campus Services Overhead	552	426	(126)	-22.83%
Other	-	-	-	-
Total Expenditures and Transfers	19,716	16,908	(2,808)	-14.24%
Net Increase (Decrease) in Fund Balance	(7,924)	(4,649)		

* Campus Services Auxiliary - Main Street includes Tangeman University Center/Student Life Center and Campus Recreation Center.

**ROOM, BOARD, AND APARTMENT RATES
FISCAL YEAR 2007-08**

	2006-07 Actual		2007-08 Actual	
	QUARTER	ANNUAL	QUARTER	ANNUAL
<u>I. SCHEDULE OF BASIC ROOM RATES^{1,4}</u>				
A. Calhoun, Daniels, Siddall, Dabney (Multiple Occupancy)	\$1,638	\$4,914	\$1,753	\$5,259
B. Calhoun, Daniels, Siddall, Dabney (Designed Singles if available)	1,909	5,727	2,024	6,072
C. Calhoun, Daniels, Siddall, Dabney (Super Single if Available)	2,620	7,860	N/A	N/A
D. Turner Hall ² (Double Suites)	1,958	5,874	2,075	6,225
E. Turner, Schneider Halls ² (Single Suites)	2,095	6,285	2,200	6,600
F. Campus Recreation Center (CRC)	2,258	6,774	2,200	6,600
<u>II. SCHEDULE OF BASIC BOARD RATES³</u>				
209 Value Plan/Quarter Plan (formerly 19 Meals/Week Plan)	1,124	3,372	1,180	3,540
154 Plan/Quarter Plan (formerly 14 Meals/Week Plan)	1,069	3,207	1,122	3,366
132 Plus Plan/Quarter Plan (formerly 12 Plus Meals/Week Plan)	1,124	3,372	1,180	3,540
<u>III. SCHEDULE OF ROOM AND BOARD RATES⁴</u>				
209 Value Plan/Quarter Plan (formerly 19 Meals/Week Plan)	2,762	8,286	2,933	8,799
154 Plan/Quarter Plan (formerly 14 Meals/Week Plan)	2,707	8,121	2,875	8,625
132 Plus Plan/Quarter Plan (formerly 12 Plus Meals/Week Plan)	2,762	8,286	2,933	8,799
<u>IV. OFF CAMPUS MEAL TICKET RATES</u>				
45 Meals/Quarter Plan	375	1,125	391	1,173
33 Meals/Quarter Plan	255	765	265	795
25 Meals/Quarter Plan	195	585	200	600
15 Meals/Quarter Plan	130	390	N/A	N/A
15 Lunch only/Quarter Plan	120	360	125	375
<u>V. SCHEDULE OF APARTMENT RATES - PER MONTH^{3,4}</u>				
Efficiency without balcony	\$565		\$594	
Efficiency with balcony	593		623	
One Bedroom	680		715	
Two Bedroom	805		846	
Penthouse	1,122		1,180	

- 1) The option of a quarterly residence hall contract is available to upperclassmen as part of a pilot program for an additional surcharge of \$300.
- 2) The option of signing a twelve month lease is available to Turner Hall, Schneider Hall, and Campus Recreation Center residents. This option adds \$894 to the annual rate.
- 3) 2006-2007 Graduate and Family Housing rates are as published to include base phone service.
- 4) Beginning 2007-2008 Housing and Food Services has discontinued base phone service in all housing units.

**PARKING LOTS AND GARAGES
(IN THOUSANDS)**

	2007 Budget Revised	2008 Budget	Variance	Percent Change
RESOURCES				
Sales and Fines	16,499	16,377	(122)	-0.74%
Total Resources	16,499	16,377	(122)	-0.74%
EXPENDITURES				
Administrative and General	2,547	2,444	(103)	-4.05%
Operation and Maintenance of Plant	4,333	4,554	221	5.09%
University Overhead	500	500	-	0.00%
University Hall Lease	-	-	-	-
Total Expenditures	7,380	7,498	118	1.59%
Mandatory Transfers				
Debt Service	9,578	9,275	(303)	-3.17%
Non-Mandatory Transfers				
Subsidies to Non-Instructional Activities	(98)	(98)	-	0.00%
Other	1	10	9	907.50%
Reserve for Repairs and Renovations	504	595	92	18.17%
Total Expenditures and Transfers	17,365	17,280	(85)	-0.49%
Net Increase (Decrease) In Fund Balance	(866)	(903)		

This budget reflects all parking auxiliaries including branch campuses.

**INTERCOLLEGIATE ATHLETICS
(IN THOUSANDS)**

	2007 Budget Revised	2008 Budget	Variance	Percent Change
RESOURCES				
Sports				
Men Basketball	5,013	5,408	396	7.89%
Football	4,935	6,609	1,674	33.91%
Gifts	5,292	7,000	1,708	32.29%
Other	2,792	3,219	427	15.29%
Total Resources	18,031	22,236	4,205	23.32%
EXPENDITURES				
Sports				
Basketball	3,344	3,430	85	2.54%
Football	7,395	7,871	476	6.44%
Women Sports	5,043	5,659	616	12.22%
Other Men Sports	2,146	2,329	184	8.55%
Total Sports	17,928	19,289	1,361	7.59%
Administrative and General	8,168	8,568	399	4.89%
Operation and Maintenance of Plant	787	1,152	366	46.51%
Total Expenditures	26,883	29,009	2,126	7.91%
Mandatory Transfers				
Debt Service	4,091	5,874	1,784	43.60%
Non-Mandatory Transfers				
Subsidies to Non-Instructional Activities	(9,260)	(10,553)	(1,293)	13.97%
Other	80	80	-	0.00%
Total Expenditures and Transfers	21,793	24,410	2,617	12.01%
Net Increase (Decrease) in Fund Balance	(3,762)	(2,174)		

**FIFTH THIRD ARENA
MYRL H. SHOEMAKER CENTER
(IN THOUSANDS)**

	2007 Budget Revised	2008 Budget	Variance	Percent Change
RESOURCES				
Special Event Revenue	147	140	(7)	-4.76%
Operation and Maintenance Reimbursement	107	12	(95)	-88.79%
Concessions	226	260	34	15.04%
Other	91	110	19	20.58%
Total Resources	571	522	(49)	-8.62%
EXPENDITURES				
Administrative and General	312	213	(99)	-31.74%
Operation and Maintenance of Plant	1,081	1,393	312	28.82%
University Overhead				
Total Expenditures	1,393	1,606	213	15.26%
Mandatory Transfers				
Debt Service	603	565	(39)	-6.45%
Non-Mandatory Transfers				
Subsidies to Non-Instructional Activities	(1,426)	(1,428)	(3)	0.19%
Total Expenditures and Transfers	571	742	171	29.93%
Net Increase (Decrease) in Fund Balance	-	(220)		

**IV. DESIGNATED GENERAL FUNDS
MILLENNIUM RESEARCH INSTITUTE**

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Millennium Research Institute.....44

**UNIVERSITY OF CINCINNATI
DESIGNATED GENERAL FUNDS
MILLENNIUM RESEARCH INSTITUTE**

Attachment A is background detailing what has been reported to and approved by the Board of Trustees in the past regarding the Millennium Plan. The University is reevaluating the entire Millennium Plan process at this time to determine whether it continues to perform in the best interests of the University. The University will report back to the Board of Trustees when the reevaluation process is completed.

**UNIVERSITY OF CINCINNATI
DESIGNATED GENERAL FUNDS
MILLENNIUM RESEARCH INSTITUTE
OVERVIEW**

The Board of Trustees approved Millennium Research program goal was to double the sponsored research activity at the University of Cincinnati to \$300M. In FY 2006 the University and its affiliates generated \$332.6M in sponsored awards.

During the first six years of the program, the activities of the Institute have primarily focused on recruitment within key programmatic areas. The areas of focus have been aligned with the NIH Roadmap and key recruitments have taken place within the identified areas of Cancer Biology, Cardiovascular Biology, Neuroscience, Metabolic Disorders and Obesity.

To date, forty-four Millennium Scholars have been recruited bringing with them \$1.85M in research awards and securing approximately \$15M in new awards since arriving on campus. The Scholars have also submitted approximately \$63.5M in research award applications. In addition to recruitment, significant progress has been made in relation to the physical infrastructure of the Genome Research Institute and the facility is still generating great interest from both the private and public sectors.

The allocation methodology for Facilities and Administrative Cost (F&A) income resulting from this increased sponsored research revenue for the Center is different from that of the normal University policy distribution. The methodology change is to be used on those funds received in excess of the established base for FY 2000 related to East Campus Sponsored Programs only. The revised allocations will be as follows:

8%	Off-the-Top (Research Infrastructure)
20%	Departmental Allocation
21%	Facilities Expenses
19%	GRI Renovations-Debt Service
<u>32%</u>	<u>Research Recruitment Fund</u>
100%	Total F&A Income

These distributions have been set with the knowledge that certain items such as Off-the-Top may need to be increased if support services for these programs increase in cost or scope. It is recognized that the Departmental Allocation of 20% is subject, at all times, to the support of this program's infrastructure,

facility replacement, recruiting expense and a portion of unrecoverable faculty salary and benefits involved in the Millennium program.

As approved, the plan will end the current fiscal year in a deficit position and is projected to continue to accumulate additional expenses during a portion of FY 2008. The negative fund balance is the result of operational/facilities costs and debt service payments for the Genome Research Institute facility and the direct expenses of recruitment and faculty start-up packages as outlined in the Millennium plan.

Based on the requirements of the University's new Cash Policy approved by the BOT in November of 2006, the leadership of the College of Medicine and the Academic Health Center will be working with the Administration and Finance Division leadership to develop a plan that will greatly reduce or eliminate the accumulated deficit during the coming fiscal year.

**DESIGNATED GENERAL FUNDS
MILLENNIUM RESEARCH INSTITUTE
(IN THOUSANDS)**

	2007 Budget Revised	2008 Budget	Variance	Percent Change
RESOURCES				
Government, Private Grants and Contracts	7,358	4,000	(3,358)	-45.64%
Rental Income	75	-	(75)	-100.00%
Other Sources	(387)	-	387	-100.00%
Total Resources	7,046	4,000	(3,046)	-43.23%
EXPENDITURES				
Educational and General				
Separately Budgeted Research	8,695	7,174	(1,521)	-17.50%
Operation and Maintenance of Plant	4,561	4,596	35	0.76%
Total Educational and General	13,256	11,769	(1,487)	-11.22%
Mandatory Transfers				
Debt Service	6,185	6,909	724	11.71%
Non-Mandatory Transfers				
Plant Funds	268	-	(268)	-100.00%
Other	-	(12,000)	(12,000)	100.00%
Total Expenditures and Transfers	19,709	6,678	(13,031)	-66.12%
Net Increase (Decrease) in Fund Balance	(12,663)	(2,678) ¹		

(1) Millennium Plan is required to be self-funded by the end of the program.

V. OTHER DESIGNATED FUNDS

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UNIVERSITY OF CINCINNATI OTHER DESIGNATED GENERAL FUNDS OVERVIEW

Other Designated General Funds excluding Hoxworth Blood Center and the Millennium Research Institute are those funds that are internally restricted by Board of Trustee approval for specific activities. Other designated funds are managed at the departmental level with Vice Presidential and Administration and Finance review.

Through the annual budget formulation process departments are required to budget their revenue and expenses for designated funds at a realistic level including the possibility of spending any accumulated fund balance. Based on the University Cash policy as approved in November 2006, designated funds expenditures, cash balances, and transfers are scrutinized at the central level. Designated funds with overdrawn balances are subject to payback plans with this process continuing to ramp up in FY 2008.

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 give departments discretionary funds that are used for instructional programs.

Included in the designated revenue is the income projection for the Information Technology and Instructional Equipment (IT&IE) fee of \$7.2M. This fee is used to fund improved access to information technology and support other types of instructional equipment. Virtually all students on the Uptown campus are assessed this \$105 per quarter fee.

Also included in designated income, projected grant and contract revenue represents the incentive monies returned to departments for their share of the Sponsored Project Incentive Award Program. Instruction and departmental research are supported by the use of these funds. They remain an important source of flexibility for departments. This income rises or declines in relation to the increase or decrease in grants and contracts awarded to the University.

Sales and services revenue in the designated category is generated by the outpatient clinical activities of the College of Medicine. Much of the net revenue above the level of support needed to operate the clinical labs is used to supplement the instructional expenditures of individual departments.

FY 2008 is the ninth year in which OBR Challenge program income is being incorporated into the Undesignated General Fund. Transfers based this income are made to designated funds to support both existing programs and policies that contribute toward the goals of each Challenge program. The Undesignated General Funds category within designated reflects \$5.7M of transfers to meet these program goals.

The final two tables in this section represent the budgets for the two largest University Service Centers. These are centers that provide products or services to the entire University community, and charge rates to the various funds to recover their costs. *These schedules cannot be summed with the other Designated Fund schedules to determine a total for the fund, 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.

Listed below are some of the accomplishments and current initiatives underway in UCit.

Blackboard Hosting

For FY08, UCit has added Denison University as a hosting client and is currently negotiating with e-Tech Ohio to host Bb services for an eleven school K-12 pilot program for the State of Ohio. These two clients would join Marion Technical College, Edison Community College, Capitol University, Cincinnati State Technical and Community College, Columbus State Community College, Ohio Wesleyan University, and the Archdiocese of Cincinnati as our hosted Bb clients.

UC Mobile

Beginning September 2007, each UC Campus Housing student will receive a pre-paid wireless phone with service as part of room and board. UC Mobile provides UC-centric applications which can't be found elsewhere, on world class devices, with ubiquitous campus coverage, all at below market rates.

Student Computer Labs

UCit will assume management of the College of Applied Science student computer labs in Sanders and French Halls, leveraging UCit's economies of scale.

UCit and University Libraries are joining forces to create UCit@Langsam, a centrally located, readily accessible, 24/7 computing and study facility that will make a substantial contribution to the 21st-century learning environment for all University of Cincinnati students.

Articulation and Transfer Clearinghouse

UC is working with the Ohio Board of Regents to develop a system to transmit electronic transcripts between Ohio colleges and universities and is currently participating in a pilot with Cincinnati State Technical and Community College, Sinclair Community College and Wright State University with plans to begin sending and receiving all transcripts electronically to/from these schools over the next couple of months and to/from other Ohio colleges and universities by the end of the year.

UC Flex

Technical implementation of the financial and human resources modules of UC Flex is complete. This SAP-based system has transformed the way in which the university does business.

**OTHER DESIGNATED GENERAL FUNDS
EXCLUDING HOXWORTH BLOOD CENTER AND MILLENNIUM RESEARCH INSTITUTE
(IN THOUSANDS)**

	2007 Budget Revised	2008 Budget	Variance	Percent Change
RESOURCES				
Gross Tuition, Fee and Other Student Charges	19,104	19,178	75	0.39%
Less Scholarships and Fellowships				
Net Tuition, Fee and Other Student Charges	19,104	19,178	75	0.39%
Govt and Private Grants and Contracts	18,865	19,232	367	1.94%
Private Gifts	138	225	87	63.00%
Endowment Income	940	834	(106)	-11.31%
Sales and Service	19,693	22,449	2,756	14.00%
Other Sources	1,583	2,577	993	62.73%
Total Resources	60,323	64,495	4,172	6.92%
EXPENDITURES				
Educational and General				
Instructional and General	8,765	9,541	776	8.85%
Separately Budgeted Research	9,944	10,762	818	8.23%
Public Services	12,263	12,953	691	5.63%
Academic Support	11,473	12,283	810	7.06%
Student Services	11,523	12,459	935	8.12%
Institutional Support	11,691	12,716	1,025	8.77%
Operation and Maintenance of Plant	-	-	-	-
Scholarships and Fellowships	700	874	173	24.76%
Total Educational and General	66,359	71,588	5,228	7.88%
Auxiliary Enterprises	7	-	(7)	-100.00%
Mandatory Transfers				
Debt Service	7,241	6,162	(1,079)	-14.90%
Nonmandatory Transfers				
Subsidies to Non-Instructional Units				
Undesignated General Funds	(11,229)	(11,204)	25	-0.22%
Other				
Claims on Operations Repayment	(2,100)	(2,100)	-	0.00%
Total Expenditures and Transfers	60,279	64,446	4,167	6.91%
Net Increase (Decrease) In Fund Balance	45	49		

DESIGNATED GENERAL FUNDS

UCit

(IN THOUSANDS)

	2007 Budget Revised	2008 Budget	Variance	Percent Change
RESOURCES				
Recovery - General Fund	9,500	10,100	600	6.32%
Recovery - Other	16,997	18,475	1,478	8.70%
Total Resources	26,497	28,575	2,078	7.84%
EXPENDITURES				
Compensation	13,275	14,753	1,477	11.13%
All Other	10,814	11,066	252	2.33%
Total Expenditures	24,089	25,818	1,729	7.18%
Mandatory Transfers				
Debt Service	285	250	(35)	-12.28%
Non-Mandatory Transfers				
Plant Fund	725	500	(225)	-31.03%
Other Transfers	1,275	2,350	1,075	84.31%
Total Expenditures and Transfers	26,374	28,918	2,544	9.65%
Net Increase (Decrease) in Fund Balance	123	(343)		

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)**

	2007 Budget Revised	2008 Budget	Variance	Percent Change
RESOURCES				
Recovery - Steam	21,573	20,647	(926)	-4.29%
Recovery - Chilled Water	14,384	14,455	71	0.49%
Recovery - Electric	25,818	25,295	(523)	-2.03%
Recovery - Water and Sewage	2,305	1,951	(354)	-15.36%
Total Resources	64,080	62,347	(1,733)	-2.70%
EXPENDITURES				
Compensation	4,896	4,698	(198)	-4.05%
All Other	49,059	45,567	(3,492)	-7.12%
Total Expenditures	53,955	50,264	(3,691)	-6.84%
Mandatory Transfers				
Debt Service	6,405	5,518	(887)	-13.85%
Non-Mandatory Transfers				
Plant Fund	1,190	1,590	400	33.57%
Undesignated Central	(5)	-	5	-100.00%
Designated Central	(2,462)	-	2,462	-100.00%
Other	5,228	6,210	982	18.78%
Total Expenditures and Transfers	64,311	63,582	(729)	-1.13%
Net Increase (Decrease) in Fund Balance	(232)	(1,235)		

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.

VI. RESTRICTED FUNDS

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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 University Cash policy. These funds are an important addition to the University budget, in terms of their leveraging effects to the undesignated general fund.

Restricted fund revenue sources have been aggressively pursued, and the results of those efforts are being realized in the current fiscal year. We are anticipating revenues in excess of budget for the current fiscal year of approximately \$93K.

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.

Grants and contract income is received from both private and governmental research. Projections for this income category for FY 2008 are projected to be flat as compared to FY 2007.

Endowment income continues to rise, with anticipated continued growth in this category for FY 2008 based on a 2 year change in the endowment spending policy which increased from 5% to 6%.

Included in the "Other" nonmandatory transfers, about \$38M represents the total overhead transferred back to unrestricted funds. Over 40% of the overhead earned on the grants and contracts is channeled back to departments through the Sponsored Project Incentive Program in designated funds. These monies are used by the departments for discretionary purposes. The remaining overhead transfer is reported as unrestricted revenue to the undesignated general fund.

**RESTRICTED FUNDS
(IN THOUSANDS)**

	2007 Budget Revised	2008 Budget	Variance	Percent Change
RESOURCES				
State Appropriations	12,530	13,388	858	6.85%
Government, Private Grants and Contracts	207,213	207,269	56	0.03%
Private Gifts	41,250	39,486	(1,764)	-4.28%
Endowment Income	63,640	67,530	3,890	6.11%
Temporary Investments	78	76	(2)	-2.10%
Other	988	981	(7)	-0.69%
Total Resources	325,698	328,730	3,032	0.93%
EXPENDITURES				
Educational and General				
Instruction and Department Research	61,790	62,140	350	0.57%
Separately Budgeted Research	149,722	150,277	555	0.37%
Public Service	8,292	8,381	89	1.07%
Academic Support	15,754	16,314	560	3.55%
Student Services	3,832	3,843	11	0.29%
Institutional Support	2,882	2,963	81	2.80%
Operation and Maintenance of Plant	-	-	-	-
Scholarships and Fellowships	33,943	35,436	1,493	4.40%
Total Educational and General	276,215	279,354	3,139	1.14%
Mandatory Transfers				
Debt Service	283	-	(283)	-100.00%
Non-Mandatory Transfers				
Other	49,111	49,283	172	0.35%
Total Expenditures and Transfers	325,609	328,637	3,028	0.93%
Net Increase (Decrease) in Fund Balance	89	93		