

January 15, 2014

MEMORANDUM

TO: State Board of Regents

FROM: David L. Buhler

SUBJECT: USHE – Report of Auxiliary Funds

Background

Board of Regents Policy R550, *Auxiliary Enterprises Operation and Accountability*, requires an annual report of auxiliary operations within the Utah System of Higher Education (USHE). Auxiliary enterprises are business activities or other essentially self-supporting activities (as distinguished from primary programs of instruction, research, public service, and from intercollegiate athletics), the primary purpose of which is to provide specified services to students, faculty, staff, or guests of the institution.

Annually, USHE institutions provide reports of auxiliary enterprise activity. This information has been consolidated by OCHE staff for the purpose of Regent review and monitoring (see attachments). Auxiliary operations are examined by independent auditors during the annual financial statement audits.

All institutional housing, food service, and campus store activities are to be classified and managed as auxiliary enterprises. These three auxiliaries are common amongst most of the campuses and the revenues and expenses for each of these are reported in the attachments. For the purpose of this report it should be noted that the University of Utah and Utah State University have other auxiliary services that are not individually reported, but reported in the aggregate. Further, Utah Valley University and Salt Lake Community College do not own campus housing and this is reflected in the related attachment.

Current Issue

Auxiliary service revenues have been affected by changing conditions both nationally and within our own state. Over the past few years, textbook sales have declined at college and university campus stores as a result of other options for students to acquire course materials. Campus stores are continually exploring other possible revenues and new methods of competitively offering textbooks to students.

In addition, housing and food service revenues have fluctuated and are influenced by changes in enrollments. Some of the recent declines in enrollments have occurred due to the age change in the LDS Church's missionary program. The institutions strive to keep housing units filled as this correlates to strong food service revenues.

Auxiliary service revenue is important to an institution. Net income from auxiliary operations (including campus stores) is often used for campus projects, revenue bond obligations, repair and replacement needs, reserves and other campus needs. Fortunately, at the aggregate level USHE auxiliary operations at most institutions appear healthy and are offsetting some of the challenges that are being faced. The Commissioner's Office staff has prepared the following attachments.

- Attachment 1 - Report of Total Auxiliary Enterprise Operation Actual Revenues (2012-13)
- Attachment 2 - Report of Total Auxiliary Enterprise Operations Budgeted Revenues (2013-14)
- Attachment 3 - Auxiliary Enterprise Operations Comparisons (FY 2012 to FY 2013)
- Attachment 4 - Bookstore Auxiliary Enterprise Operations Comparisons (FY 2012 to FY 2013)
- Attachment 5 - Housing Auxiliary Enterprise Operations Comparisons (FY 2012 to FY 2013)
- Attachment 6 - Food Services Auxiliary Enterprise Operations Comparisons (FY 2012 to FY 2013)

Commissioner's Recommendation

This is an information item only; no action is required.

David L. Buhler
Commissioner of Higher Education

DLB/GLS/DAM
Attachment

UTAH SYSTEM OF HIGHER EDUCATION

Report of Total Auxiliary Enterprise Operations (2012-13 Actuals)

	UU	USU	WSU	SUU	SNOW	DSU	UVU	SLCC
Beg Fund Balance*	\$ 1,369,000	\$ 404,502	\$ 4,588,322	\$ 2,307,049	\$ 660,118	\$ 2,914,841	\$ 3,434,722	\$ 2,968,987
Revenues	92,797,000	39,612,044	19,953,283	8,021,261	3,825,670	6,819,229	15,722,551	14,344,465
Expenditures	(90,342,000)	(33,677,120)	(18,079,659)	(5,091,026)	(4,022,950)	(6,563,740)	(15,685,425)	(13,760,327)
Net Income	2,455,000	5,934,924	1,873,624	2,930,235	(197,280)	255,489	37,126	584,138
Transfers	(1,942,000)	(6,607,146)	(1,548,213)	(2,850,164)	-	(281,210)	(37,126)	(204,462)
Change in F/B	513,000	(672,222)	325,411	80,071	(197,280)	(25,721)	-	379,676
End Fund Balance	\$ 1,882,000	\$ (267,720)	\$ 4,913,733	\$ 2,387,120	\$ 462,838	\$ 2,889,120	\$ 3,434,722	\$ 3,348,663

* It should be noted that the Fund Balance includes cash, inventories, etc. related to running/maintaining Auxiliary Enterprise Operations.

UTAH SYSTEM OF HIGHER EDUCATION

Report of Total Auxiliary Enterprise Operations (2013-14 Budgets)

	UU	USU	WSU	SUU	SNOW	DSU	UVU	SLCC
Beg Fund Balance*	\$ 1,882,000	\$ (267,719)	\$ 4,913,733	\$ 2,387,121	\$ 462,839	\$ 2,889,120	\$ 3,434,722	\$ 3,348,663
Revenues	96,262,000	39,777,727	19,562,594	8,112,831	4,010,000	7,501,000	16,162,740	13,738,037
Expenditures	(94,156,000)	(34,109,708)	(17,529,920)	(5,556,044)	(3,565,000)	(7,220,100)	(15,980,001)	(13,113,037)
Net Income	2,106,000	5,668,019	2,032,674	2,556,787	445,000	280,900	182,739	625,000
Transfers	(2,099,000)	(5,512,540)	(1,744,072)	(2,536,499)	-	(204,858)	(182,739)	(240,000)
Change in F/B	7,000	155,479	288,602	20,288	445,000	76,042	-	385,000
End Fund Balance	\$ 1,889,000	\$ (112,240)	\$ 5,202,335	\$ 2,407,409	\$ 907,839	\$ 2,965,162	\$ 3,434,722	\$ 3,733,663

* It should be noted that the Fund Balance includes cash, inventories, etc. related to running/maintaining Auxiliary Enterprise Operations.

UTAH SYSTEM OF HIGHER EDUCATION

Auxiliary Enterprise Operations Comparisons of Totals (FY 2012 to FY 2013)

	UU		
	2011-12	2012-13	% Change
Revenues	\$ 84,492,000	\$ 92,797,000	10%
Expenditures	(81,895,000)	(90,342,000)	10%
Net Income	2,597,000	2,455,000	-5%
End Fund Bal	\$ 1,370,000	\$ 1,882,000	\$ 512,000

	USU		
	2011-12	2012-13	% Change
Revenues	\$ 39,905,788	\$ 39,612,044	-1%
Expenditures	(34,365,336)	(33,677,120)	-2%
Net Income	5,540,452	5,934,924	7%
End Fund Bal	\$ 404,502	\$ (267,719)	\$ (672,221)

	WSU		
	2011-12	2012-13	% Change
Revenues	\$ 19,434,515	\$ 19,953,283	3%
Expenditures	(18,007,928)	(18,079,659)	0%
Net Income	1,426,587	1,873,624	31%
End Fund Bal	\$ 4,588,322	\$ 4,913,733	\$ 325,411

	SUU		
	2011-12	2012-13	% Change
Revenues	\$ 7,961,951	\$ 8,021,261	1%
Expenditures	(5,453,544)	(5,091,026)	-7%
Net Income	2,508,407	2,930,235	17%
End Fund Bal	\$ 2,307,049	\$ 2,387,121	\$ 80,072

	SNOW		
	2011-12	2012-13	% Change
Revenues	\$ 3,273,454	\$ 3,825,670	17%
Expenditures	(3,423,720)	(4,022,950)	18%
Net Income	\$ (150,266)	\$ (197,280)	-31%
End Fund Bal	\$ 660,119	\$ 462,839	\$ (197,280)

	DSU		
	2011-12	2012-13	% Change
Revenues	\$ 7,181,585	\$ 6,819,229	-5%
Expenditures	(6,591,699)	(6,563,740)	0%
Net Income	\$ 589,886	\$ 255,489	-57%
End Fund Bal	\$ 2,825,655	\$ 2,889,120	\$ 63,465

	UVU		
	2011-12	2012-13	% Change
Revenues	\$ 16,959,831	\$ 15,722,551	-7%
Expenditures	(16,921,393)	(15,685,425)	-7%
Net Income	\$ 38,438	\$ 37,126	-3%
End Fund Bal	\$ 3,434,722	\$ 3,434,722	\$ -

	SLCC		
	2011-12	2012-13	% Change
Revenues	\$ 15,347,121	\$ 14,344,465	-7%
Expenditures	(15,071,332)	(13,760,327)	-9%
Net Income	\$ 275,789	\$ 584,138	112%
End Fund Bal	\$ 2,968,987	\$ 2,968,987	\$ -

	UNLV		
	2011-12	2012-13	% Change
Revenues	\$ 1,000,000	\$ 1,000,000	0%
Expenditures	(1,000,000)	(1,000,000)	0%
Net Income	\$ 0	\$ 0	0%
End Fund Bal	\$ 0	\$ 0	\$ 0

Campus Store Auxiliary Enterprise Operations Comparisons (FY 2012 to FY 2013)

	UU			USU			WSU		
	2011-12	2012-13	% Change	2011-12	2012-13	% Change	2011-12	2012-13	% Change
	Revenues	24,864,000	24,991,000	1%	12,360,308	11,939,529	-3%	12,521,660	11,827,507
Expenditures	(24,687,000)	(25,131,000)	2%	(12,988,652)	(12,169,191)	-6%	(12,238,810)	(11,577,448)	-5%
Net Income	177,000	(140,000)		(628,344)	(229,662)		282,850	250,059	

	SUU			SNOW			DSU		
	2011-12	2012-13	% Change	2011-12	2012-13	% Change	2011-12	2012-13	% Change
	Revenues	3,341,384	3,291,461	-1%	295,183	284,028	-4%	4,493,487	4,007,297
Expenditures	(3,299,242)	(3,056,798)	-7%	(268,655)	(251,831)	-6%	(4,200,470)	(3,893,690)	-7%
Net Income	42,142	234,663		26,528	32,197		293,017	113,607	

	UVU			SLCC		
	2011-12	2012-13	% Change	2011-12	2012-13	% Change
	Revenues	11,415,187	10,438,668	-9%	10,687,263	9,564,717
Expenditures	(11,260,065)	(10,455,955)	-7%	(10,427,265)	(9,097,635)	-13%
Net Income	155,122	(17,287)		259,998	467,082	

Housing Auxiliary Enterprise Operations Comparisons (FY 2012 to FY 2013)

	UU			USU			WSU		
	<u>2011-12</u>	<u>2012-13</u>	<u>% Change</u>	<u>2011-12</u>	<u>2012-13</u>	<u>% Change</u>	<u>2011-12</u>	<u>2012-13</u>	<u>% Change</u>
	Revenues	19,954,000	24,700,000	24%	11,590,586	11,954,039	3%	3,521,541	4,311,053
Expenditures	(19,686,000)	(24,320,000)	24%	(7,744,134)	(7,818,933)	1%	(2,547,792)	(2,852,541)	12%
Net Income	268,000	380,000		3,846,452	4,135,106		973,749	1,458,512	

	SUU			SNOW			DSU		
	<u>2011-12</u>	<u>2012-13</u>	<u>% Change</u>	<u>2011-12</u>	<u>2012-13</u>	<u>% Change</u>	<u>2011-12</u>	<u>2012-13</u>	<u>% Change</u>
	Revenues	2,768,265	2,908,379	5%	1,495,277	1,845,188	23%	681,392	795,493
Expenditures	(1,227,674)	(1,185,533)	-3%	(1,612,432)	(2,147,894)	33%	(510,566)	(711,044)	39%
Net Income	1,540,591	1,722,846		(117,155)	(302,706)		170,826	84,449	

	UVU			SLCC		
	<u>2011-12</u>	<u>2012-13</u>	<u>% Change</u>	<u>2011-12</u>	<u>2012-13</u>	<u>% Change</u>
	Revenues	no housing	no housing		no housing	no housing
Expenditures	no housing	no housing		no housing	no housing	
Net Income	-	-		-	-	

Food Services Auxiliary Enterprise Operations Comparisons (FY 2012 to FY 2013)

	UU		USU		WSU	
	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13
Revenues	6,721,000	7,465,000	9,130,497	9,093,208	151,284	684,884
Expenditures	(5,855,000)	(6,405,000)	(8,303,079)	(8,512,592)	(134,415)	(634,884)
Net Income	866,000	1,060,000	827,418	580,616	16,869	50,000
		% Change		% Change		% Change
		11%		0%		353%
		9%		3%		372%

	SUU		SNOW		DSU	
	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13
Revenues	288,389	247,302	873,803	1,205,647	1,683,755	1,706,580
Expenditures	(195,994)	(202,024)	(954,042)	(1,059,817)	(1,626,467)	(1,694,417)
Net Income	92,395	45,278	(80,239)	145,830	57,288	12,163
		% Change		% Change		% Change
		-14%		38%		1%
		3%		11%		4%

	UVU		SLCC	
	2011-12	2012-13	2011-12	2012-13
Revenues	3,579,651	3,427,330	2,359,211	2,570,059
Expenditures	(3,857,706)	(3,505,742)	(2,428,181)	(2,598,161)
Net Income	(278,055)	(78,412)	(68,970)	(28,102)
		% Change		% Change
		-4%		9%
		-9%		7%