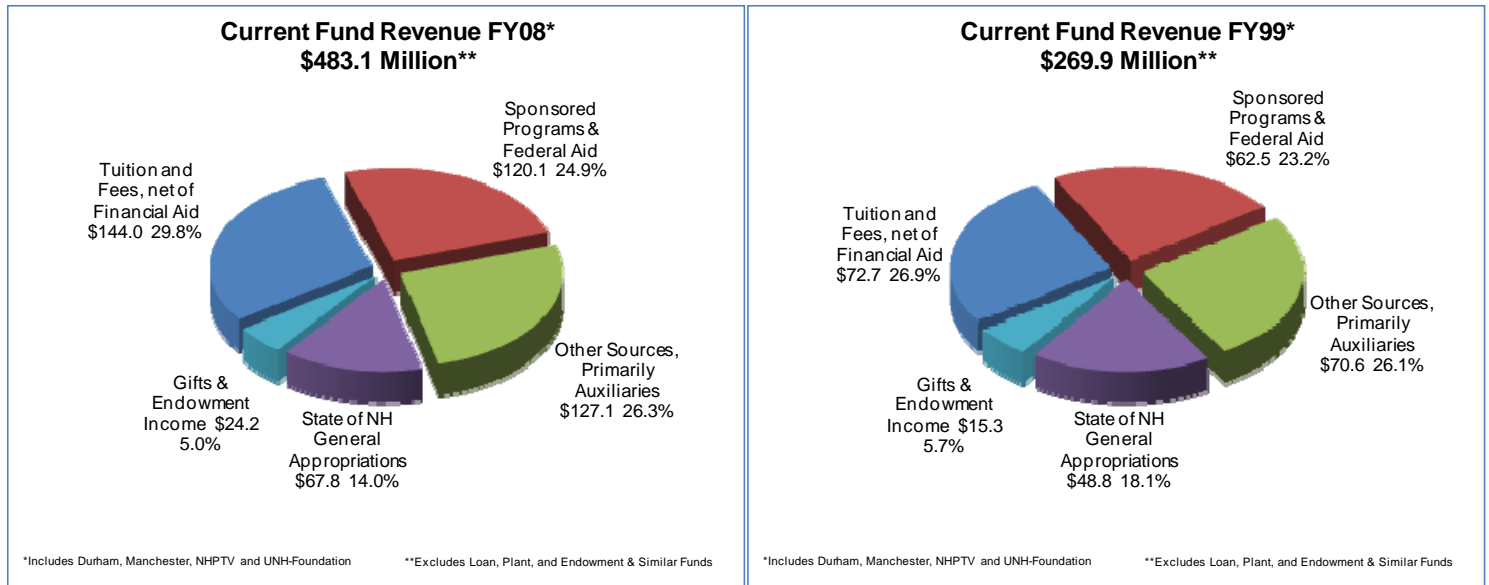
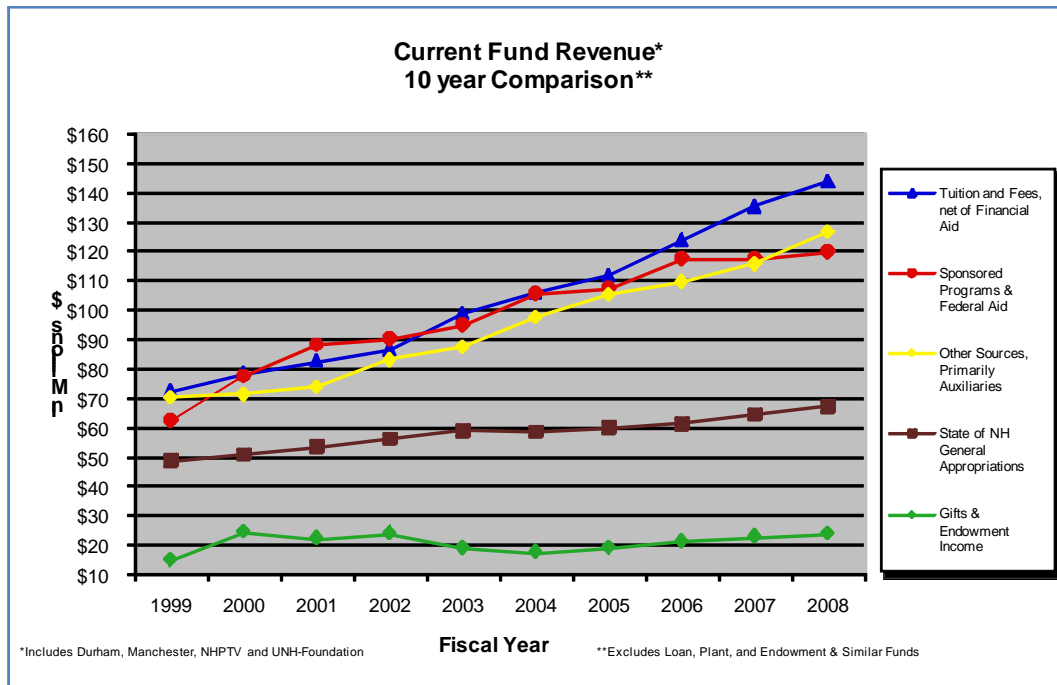


# University of New Hampshire FY08 Financial Results

## REVENUE

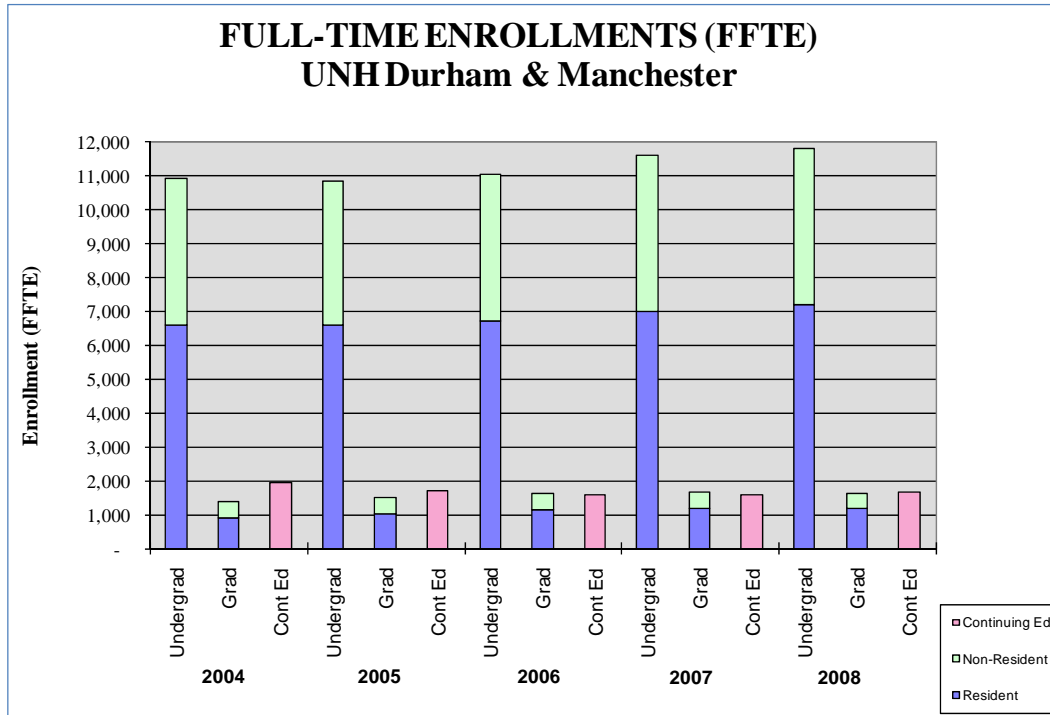


- Over the past 10 years:
  - UNH's dependence on State Appropriations has dropped from 18.1% of total current funds revenue in 1999 to 14.0% in 2008.
  - Sponsored Program revenue increased from 23.2% to 24.9% of current funds revenue during that time period
  - Tuition and Fees net of financial aid continues to be a growing share of overall current fund revenue – almost 30% of total revenue in FY08

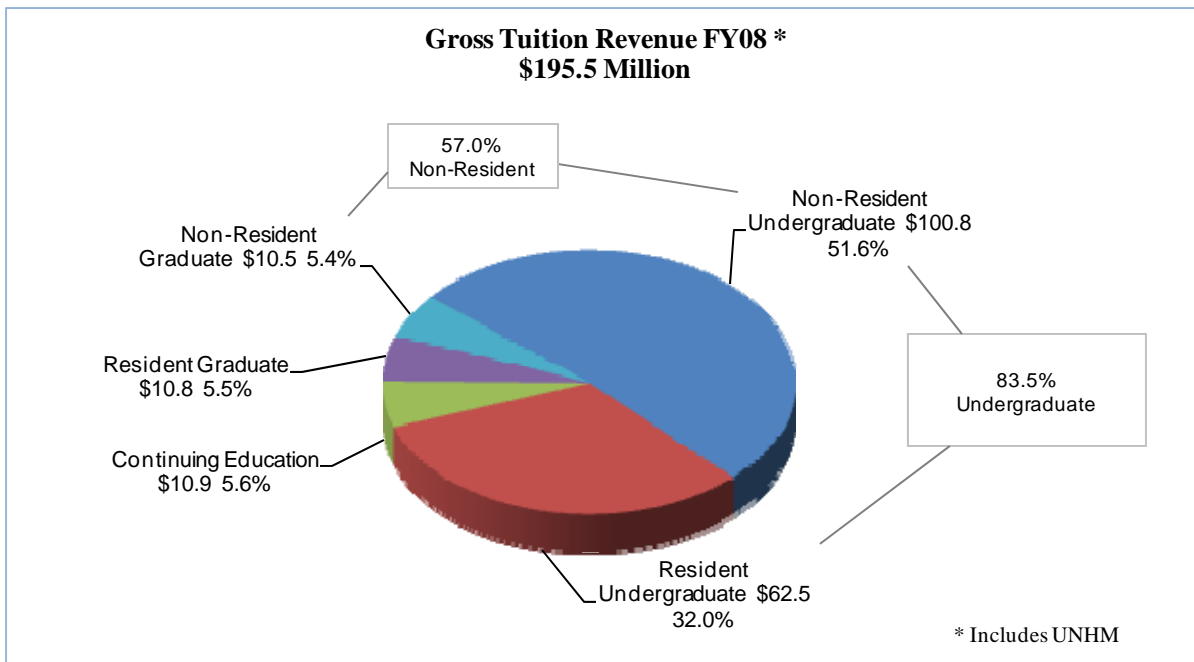


- The above chart highlights the increased reliance we have had on non-state sources of revenue over the past 10 years.
- Grant and contract revenue has leveled out due to increased competition for grant funding and reduced government initiative funding. This trend is expected to continue for the foreseeable future.

- Gift and endowment income has increased slightly however UNH needs to make significant progress in these funding streams in the future to stabilize its revenue picture.

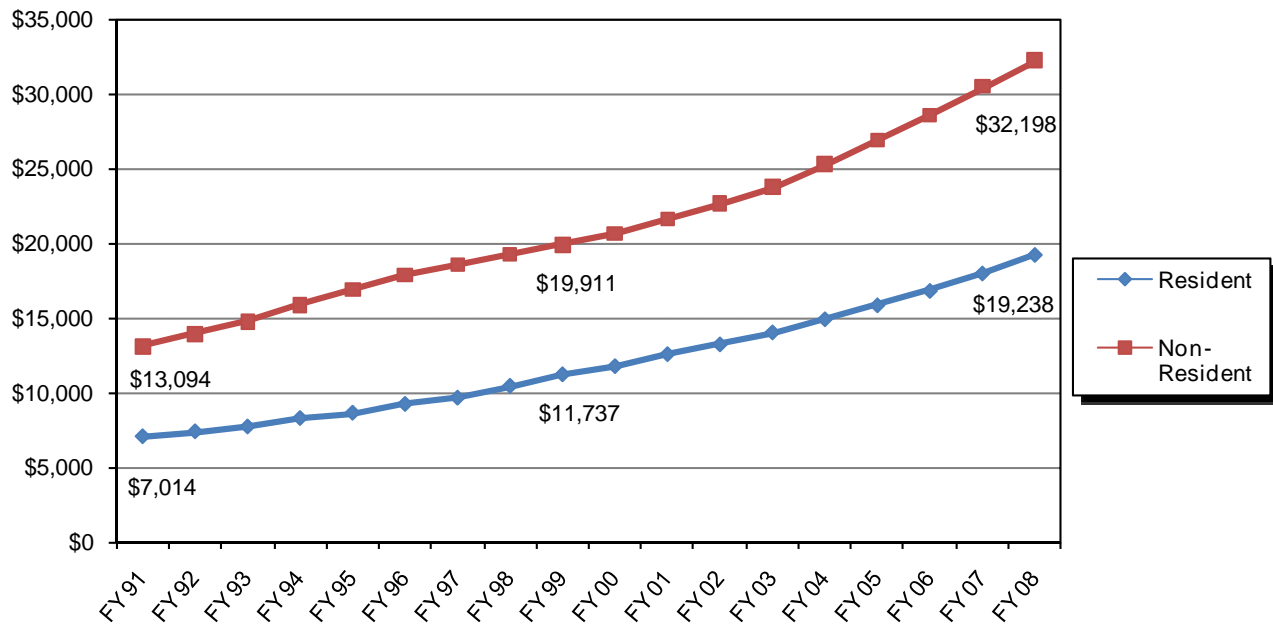


- Undergraduate enrollments are strong, graduate enrollments have increased since FY04 (primarily in professional programs) while continuing education enrollments have leveled off.
- Undergraduate enrollments are approaching the full capacity of UNH.



- UNH is heavily reliant on non-resident students (which represent approximately 42% of our undergraduate student body) to provide tuition revenues to the University – 51.6% of total undergraduate tuition revenue.
- The majority of our tuition revenue comes from undergraduate students however over the past few years, graduate tuition revenue as a share of total tuition revenue has increased from 8.2% in 1999 to 10.9% in FY08.

**University of New Hampshire  
Undergraduate Tuition, Room, Board & Fees by Residency**



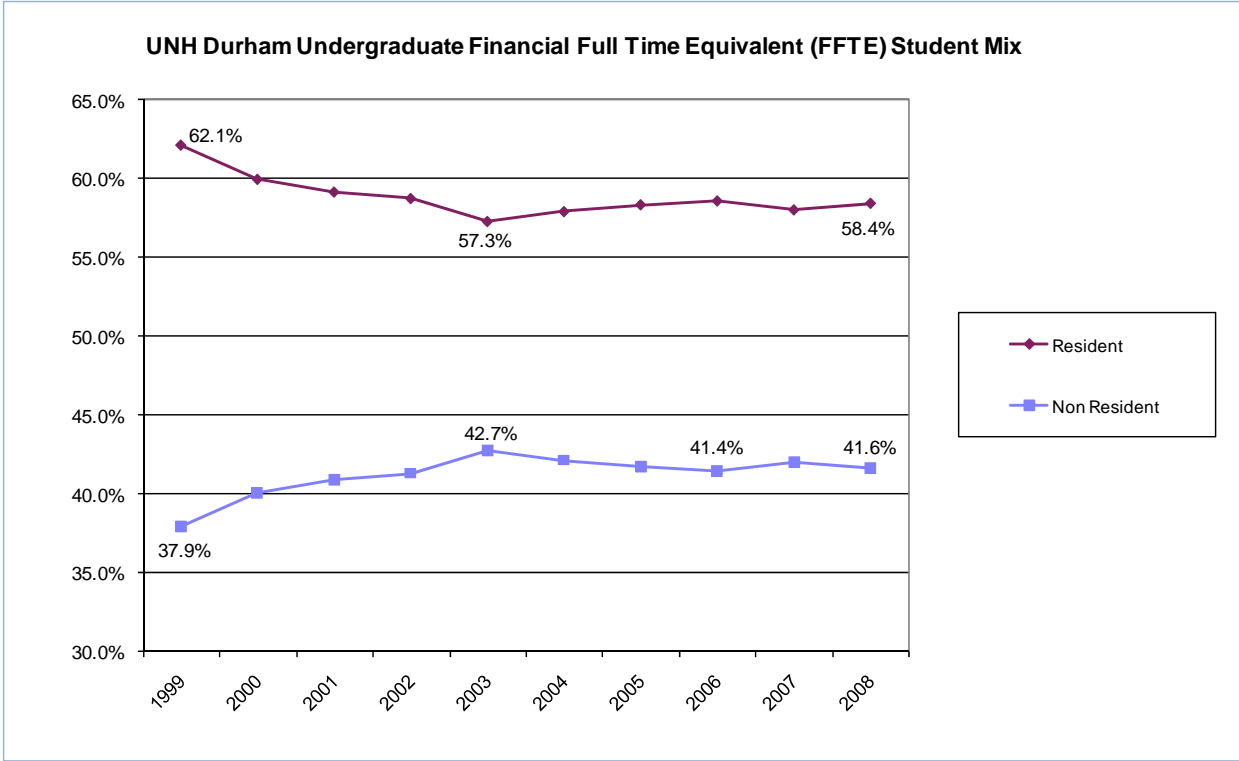
- UNH tuition, room, board and fees have increased dramatically since FY91 for both resident and non resident students – average annual increase of 6.1% for resident students and 5.4% for non resident students.

**FY08 Tuition and Fees at UNH vs. Comparator Institutions**

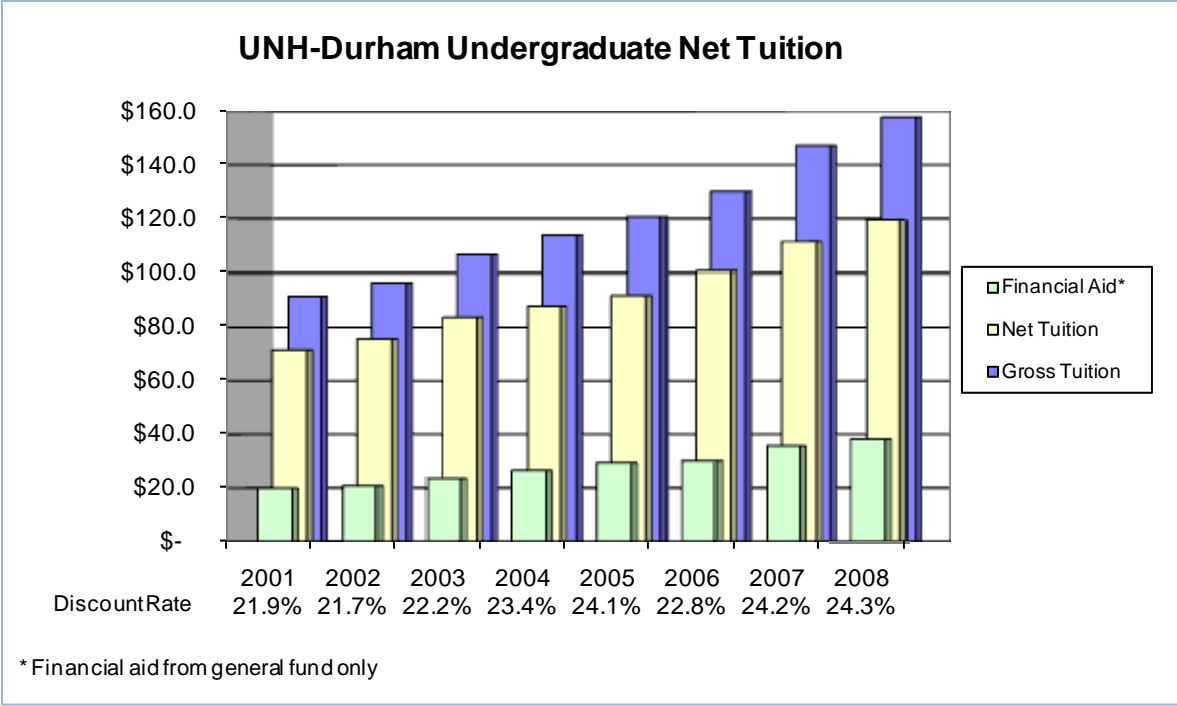
Out of State:		In State:	
Institution	Tuition & Fees	Institution	Tuition & Fees
University of Vermont	\$ 27,938	University of Vermont	\$ 12,054
University of California - Santa Cruz	\$ 27,229	<b>University of New Hampshire</b>	\$ 10,980
University of Colorado - Boulder	\$ 24,797	Rutgers University	\$ 10,686
<b>University of New Hampshire</b>	<b>\$ 24,030</b>	University of Massachusetts - Amherst	\$ 9,924
University of Rhode Island	\$ 23,038	University of Connecticut	\$ 8,842
University of Connecticut	\$ 22,786	University of South Carolina	\$ 8,346
University of South Carolina	\$ 21,632	University of Maine - Orono	\$ 8,330
University of Maine - Orono	\$ 20,540	University of Rhode Island	\$ 8,184
University of Massachusetts - Amherst	\$ 20,502	University of Delaware	\$ 8,150
Rutgers University	\$ 19,854	University of California - Santa Cruz	\$ 7,645
University of Delaware	\$ 19,400	Washington State University	\$ 6,866
Oregon State University	\$ 18,187	University of Colorado - Boulder	\$ 6,635
North Carolina State University	\$ 17,315	State University of New York - Buffalo	\$ 6,218
Washington State University	\$ 17,180	Oregon State University	\$ 5,911
State University of New York - Buffalo	\$ 12,478	North Carolina State University	\$ 5,117

Source of Data: Chronicle of Higher Education

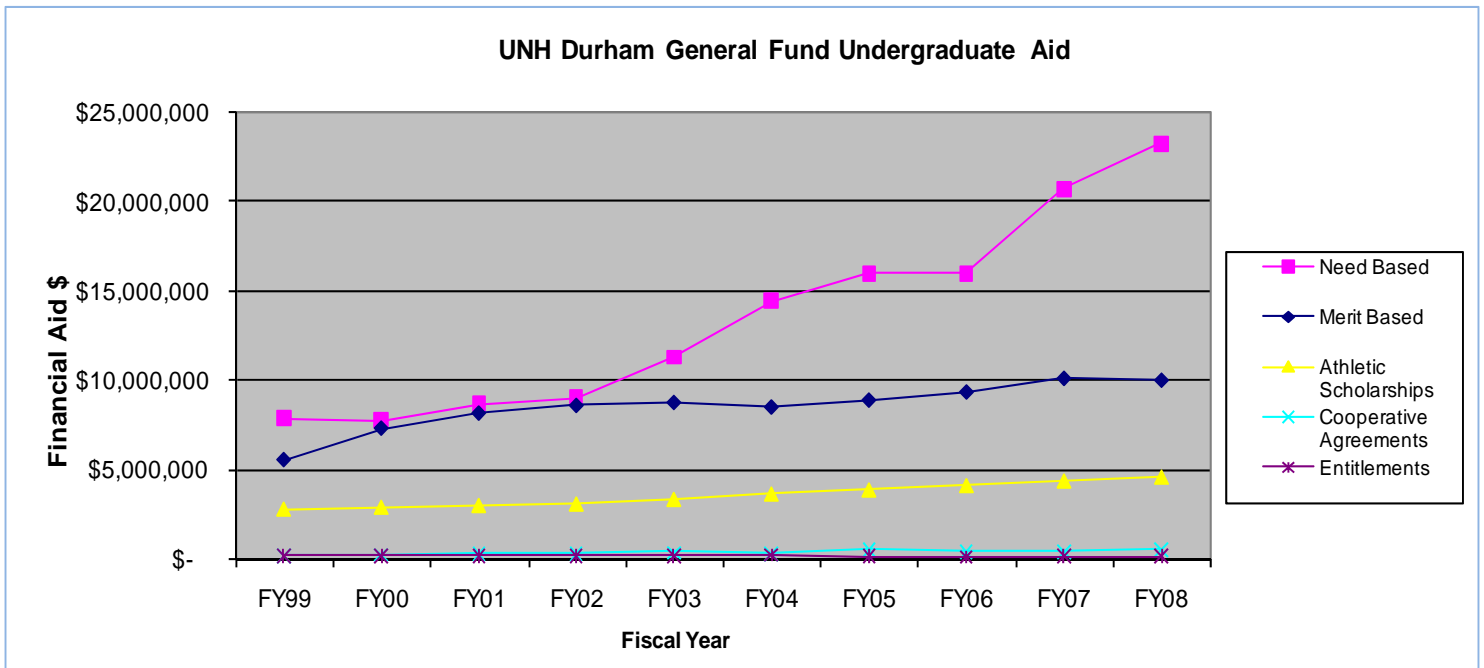
- UNH has consistently been among the most expensive public higher education institutions in the country.



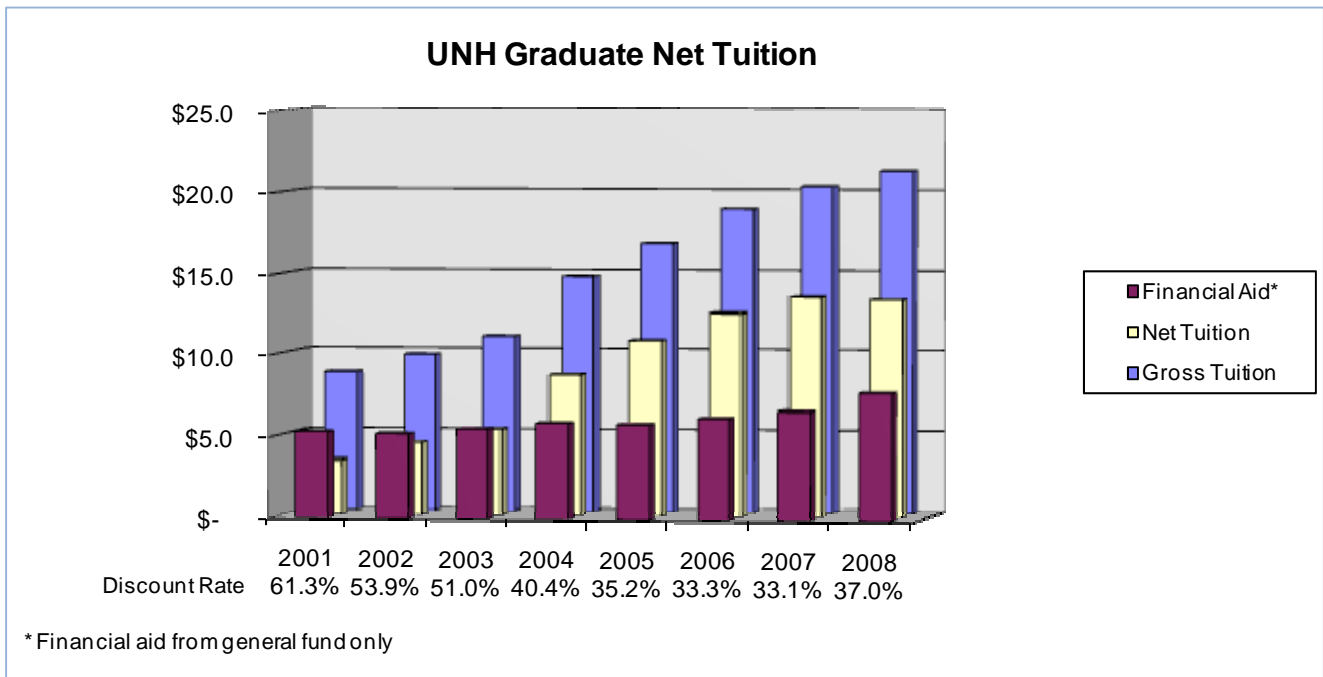
- The percentage of non-resident students has remained steady between FY03 and FY08 with a low of 41.4% in FY06 and a high of 42.7% in FY03 during that period.
- UNH has become significantly more dependent on non-resident undergraduate students as evidenced by having less than 40% of students being non-resident in the late 1990's.



- UNH has experienced significant growth in gross tuition due to enrollments and tuition rate increases. However, UNH has had to contribute over 24% of gross tuition revenue for financial aid (discounting of tuition). Each percentage point in the discount rate is equivalent to roughly \$1.2 million in tuition revenue being used for financial aid.

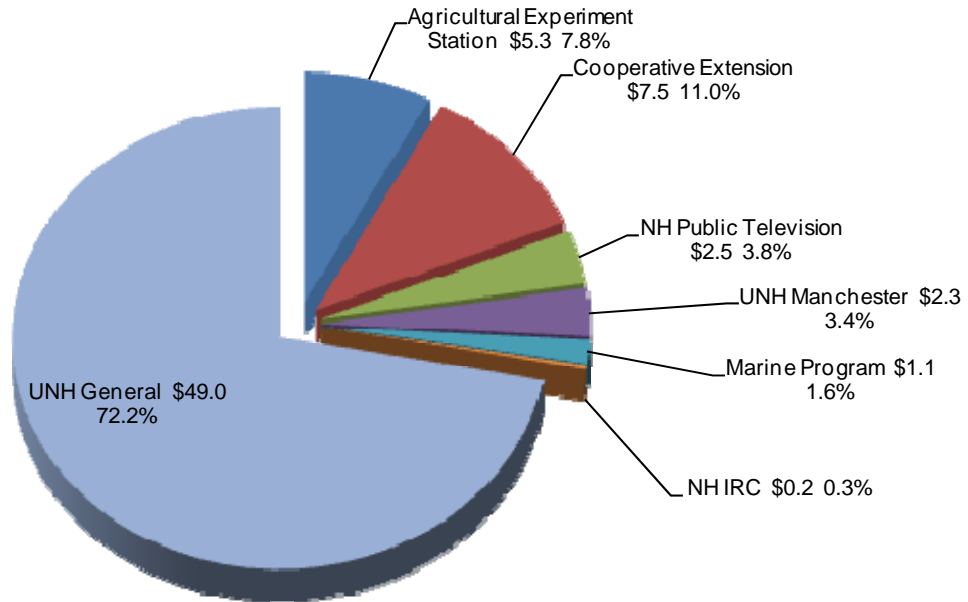


- UNH has taken steps to increase the average “quality” of the student body by increasing merit based aid over the past 10 years, however need based awards have risen sharply to address declining Effective Family Contributions (EFC) of students.



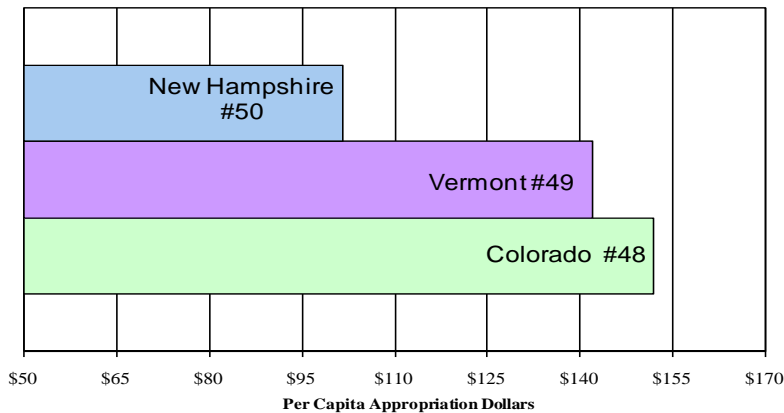
- UNH has experienced significant growth in professional graduate programs particularly in the Center for Graduate and Professional Studies programs hosted at UNHM contributing to lowering discount rates from 61.3% in FY01 to 37.0% in FY08.
- In graduate programs there has been an effort to fund assistantships with external funds (grants), thus allowing UNH to realize additional net tuition revenue. However, graduate financial aid increased by approximately \$1.1M from FY07-FY08 as opposed to an increase of \$450k from FY06-FY07. This is primarily due to additional increases in tuition waivers for student insurance (\$425k).

## FY08 State Appropriation Funding (\$ in Millions) \$67,800,000 total



- The State of New Hampshire contributed \$67.8 million to UNH in FY08; \$49 million of which was directed toward general operations of the University.
- Annual increases in state funding for operations have averaged 3.7% over the past 10 years and 3.6% over the past 5 years.

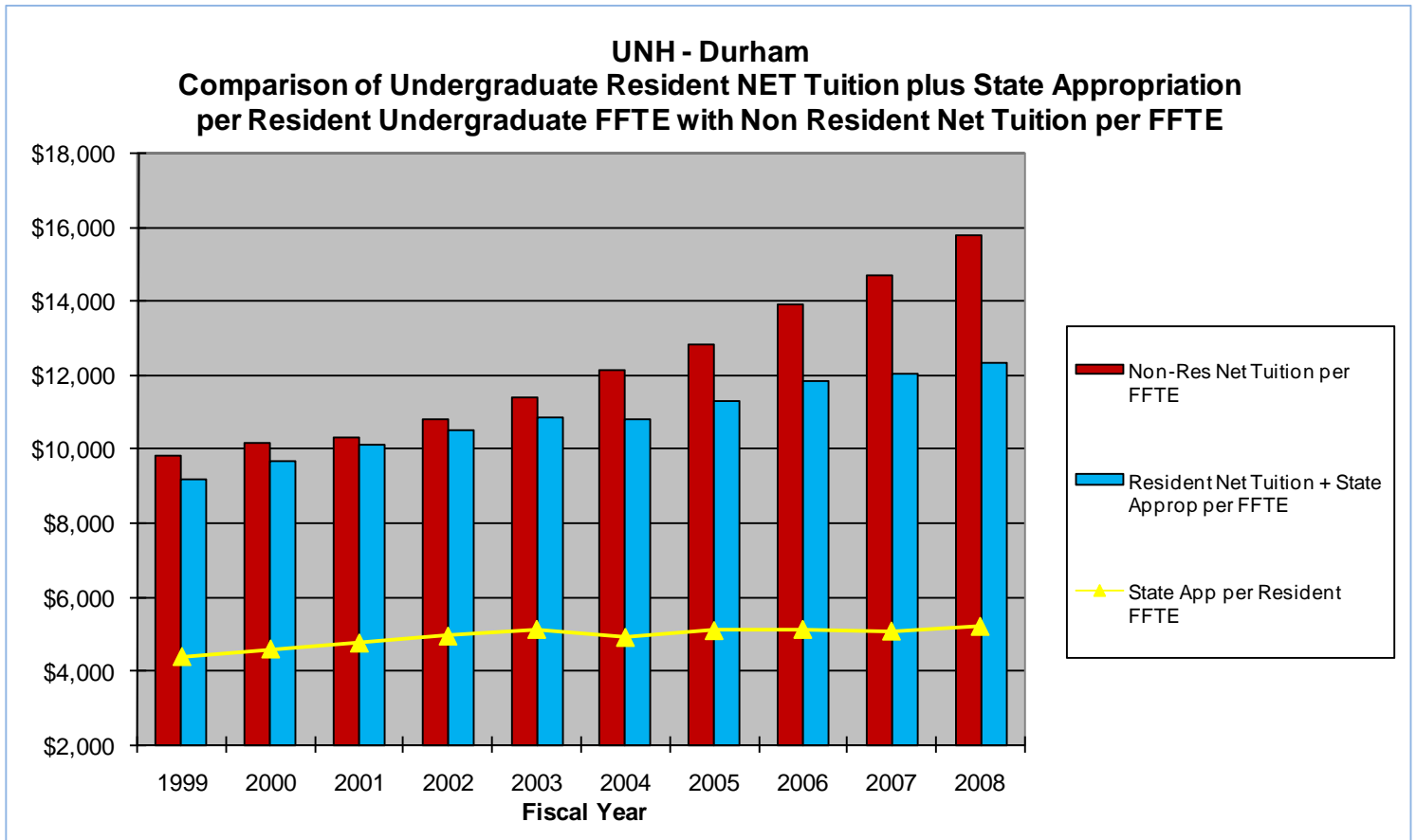
## State Appropriations for Higher Education Appropriations Per Capita FY 2008



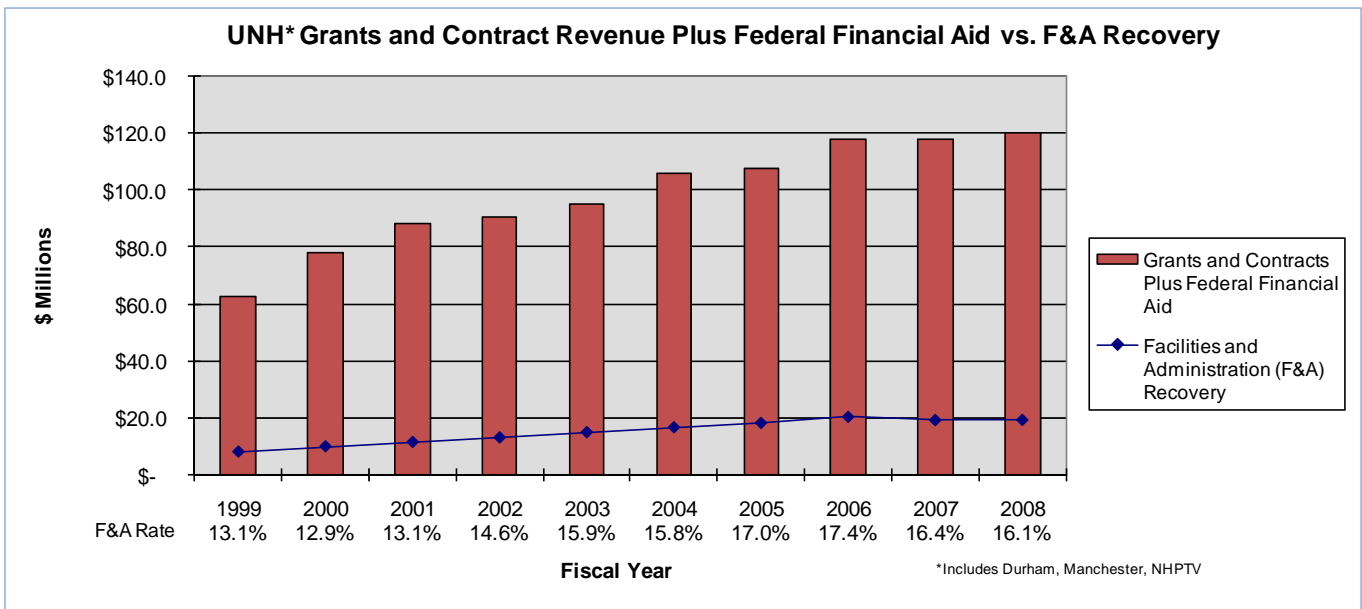
New Hampshire would have to increase its funding by:  
**40%** to reach #49 (Vermont) and  
**49%** to reach #48 (Colorado)

Source: Annual Compilation of Data on State Tax Appropriations for the General Operation of Higher Education  
<http://www.grapevine.ilstu.edu/>

- The State of New Hampshire continues to be last among all states in terms of the amount of funding it provides for higher education per capita and per \$1,000 family income.

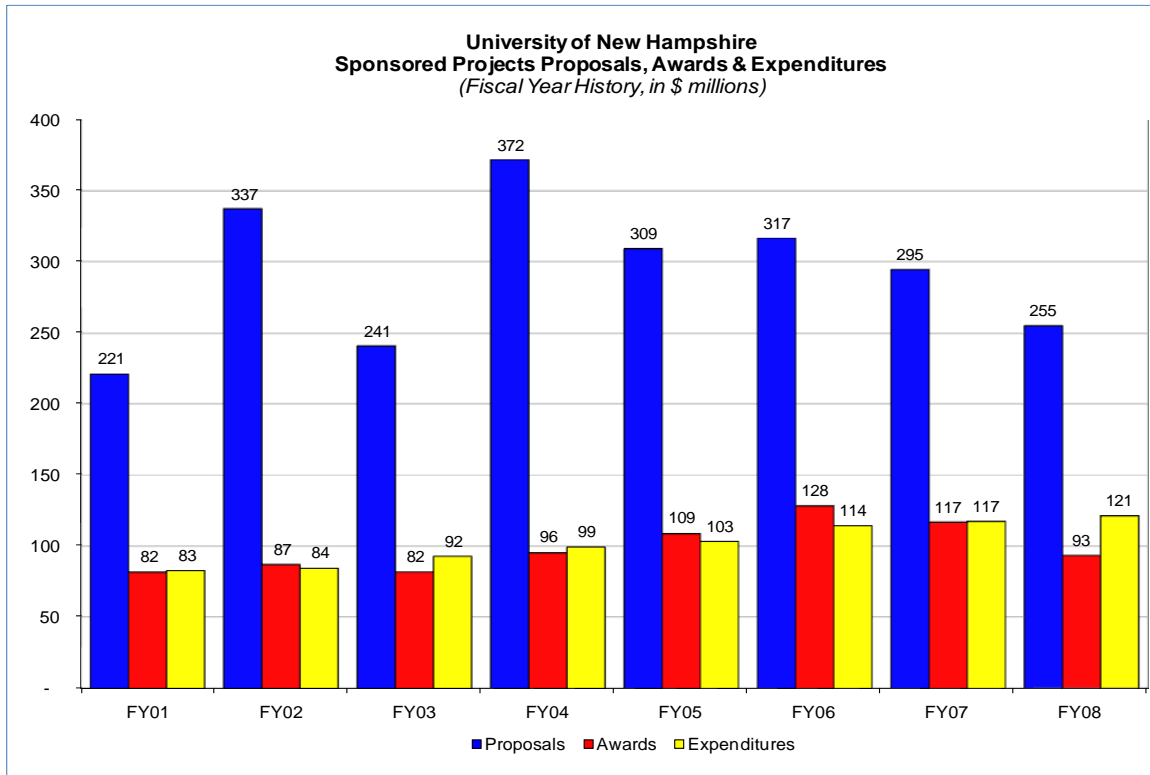


- When factoring in institutional financial aid by residency, the gap is significant between net tuition (approximately \$3,500 per student on average) provided by non-resident undergraduate students on average vs. resident undergraduate student net tuition plus state appropriations per resident undergraduate FFTE.



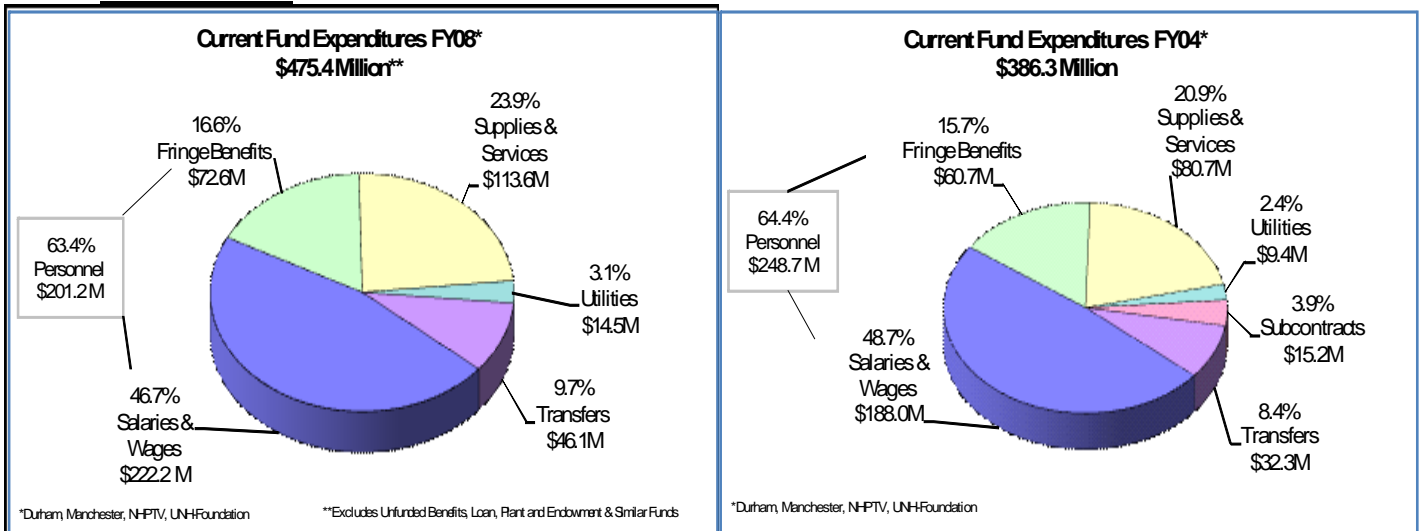
- Grant and contract activity has almost doubled since FY99 and has been increasing at an annual rate of 7.5% per year
- Facilities and administration (F&A) recovery has more than doubled over that same time period and has been increasing at a rate of 10.1% annually

- The effective F&A rate has also increased over that same time period from 12.6% to 16.1% meaning UNH is receiving a greater amount of funding per dollar of grant revenue to help offset overhead costs associated with conducting research at UNH.
- Beginning in FY07 the rate of growth started to slow substantially from previous levels. This trend is expected to continue for the next few years.

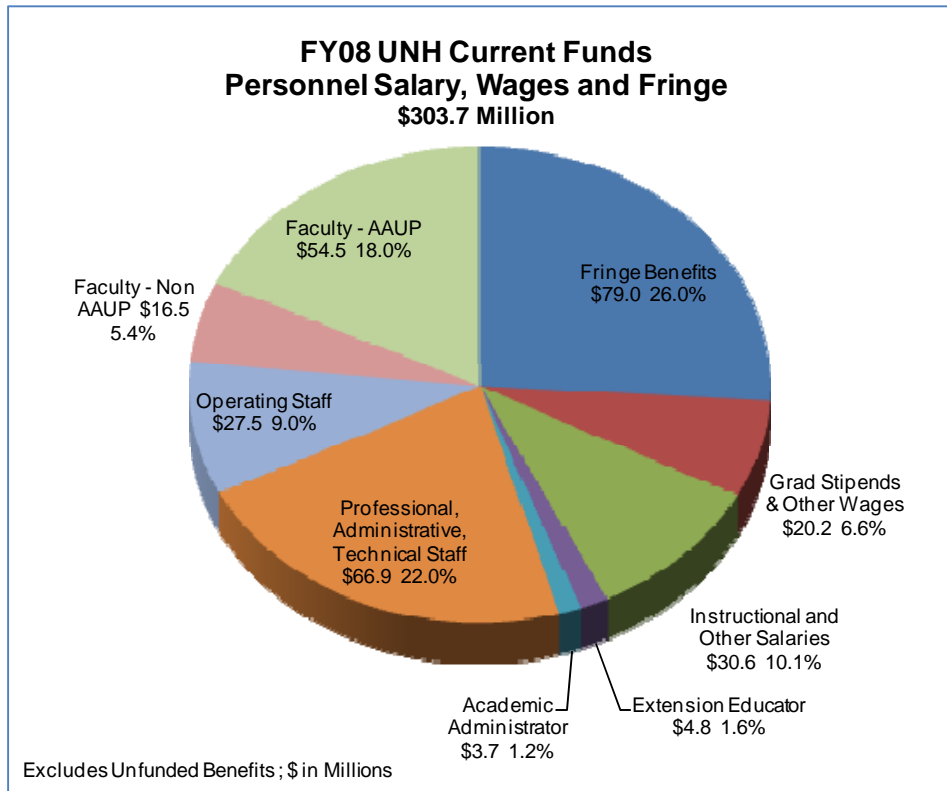


- UNH Reached an all time high in grant proposal \$ in FY04, grant award \$ in FY06 and grant expenditures in FY08.
- Grant proposal \$ are down in FY08 to a level slightly above FY03. The total number of proposals peaked in FY06 with 1,576 from a low in FY02 of 1,125. In FY08, the total number of proposals was 1,459.

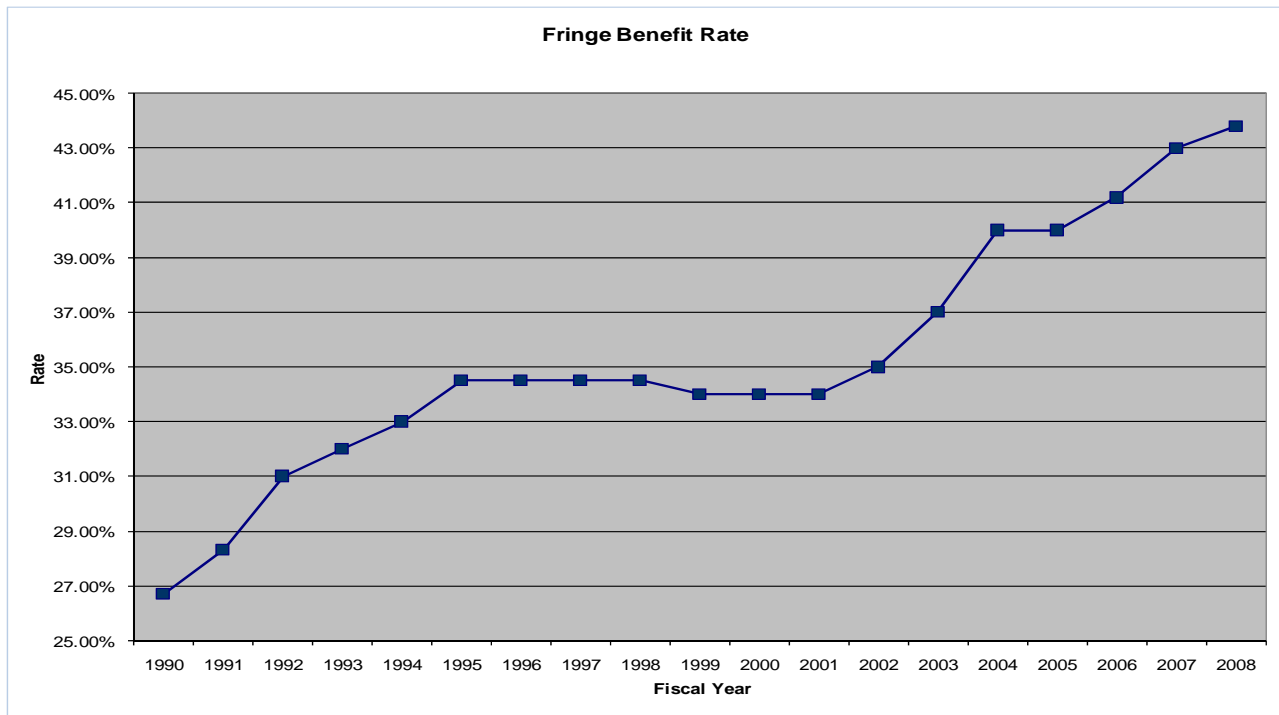
# EXPENSES



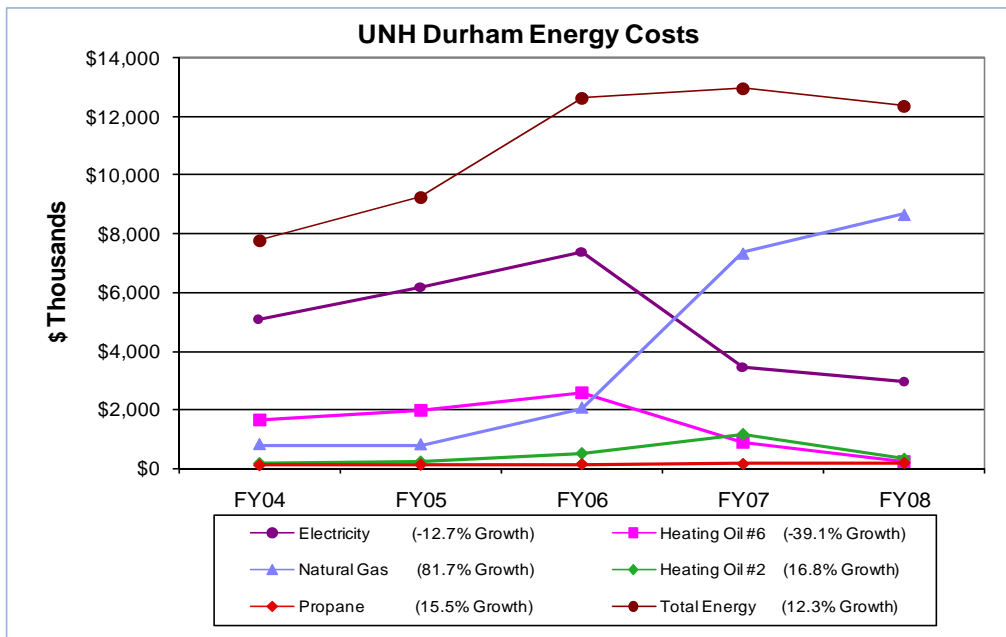
- Total current fund expenses grew at 6.5% in FY08 over FY07 with primary growth in Salaries & Wages (5.0%), and Fringe Benefits (12.1%).
- Utilities expenses have grown to a larger share of overall expenses from FY04 due to increases in consumption and market rate increases.
- Fringe benefits expenses have grown as a percentage of total expenses since FY04 due to rapid increases in medical benefit costs.



- Faculty and PAT salaries plus fringe benefits costs comprised 72% of personnel costs during FY08.

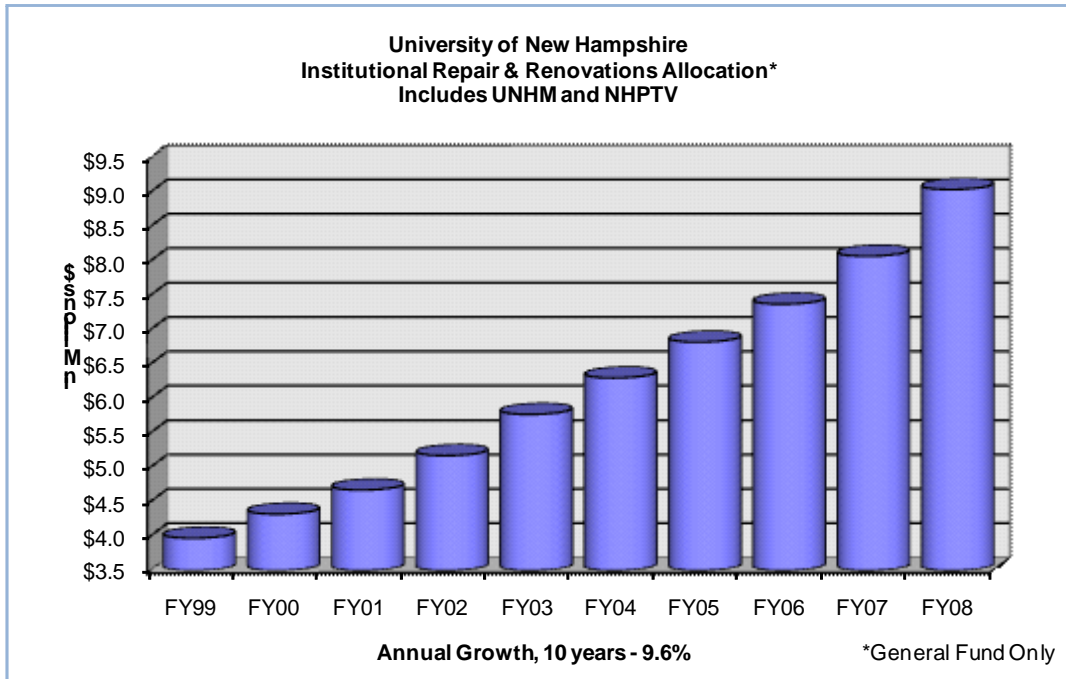


- Our Fringe Benefit rate (rate charged to campuses for cost of fringe benefits for employees) has increased significantly since 1990 – primarily driven by the sharp rise in medical costs (which comprise approximately 40% of the fringe benefit rate).
- The rate is expected to approach 50% over the course of the next 5 years.



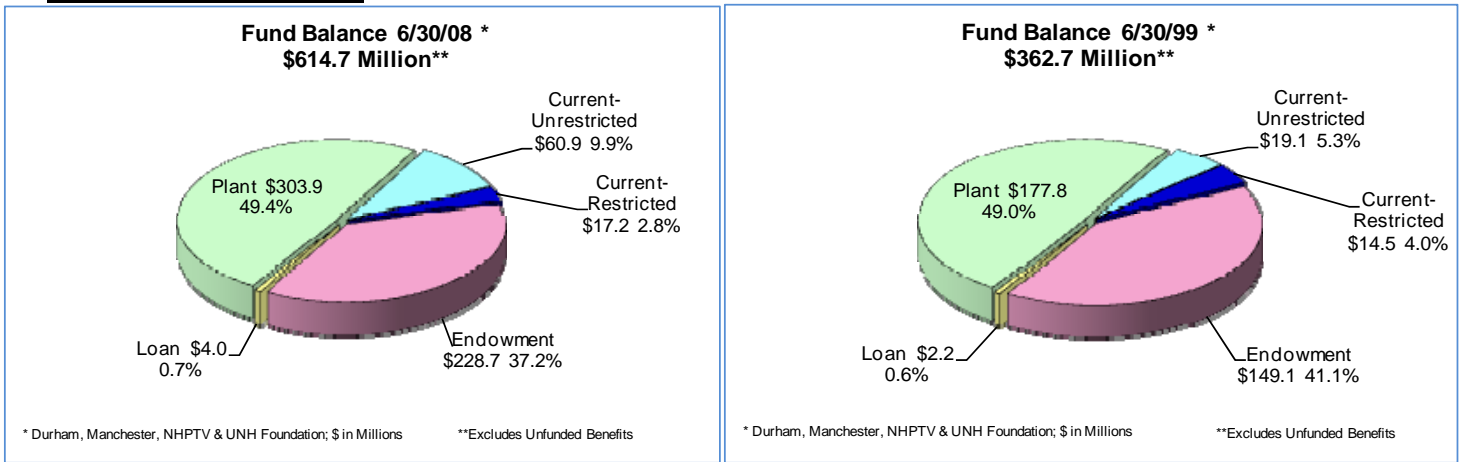
- The cost of energy for UNH has grown by 37% since FY04 despite attempts to curb consumption and lock in fuel prices during favorable market conditions.
- UNH built a CoGeneration plant to provide energy to the campus more efficiently and to capitalize on fuel types depending on price. The changes in Natural Gas, Electricity and Oil costs from FY06 to FY08 are directly attributable to the operation of the CoGeneration plant as well as conservation efforts implemented on campus. UNH moved to Natural Gas as its primary fuel source and has been able to generate its own electricity from the CoGeneration plant. This has led to a reduction in the growth rate of energy costs from previous years.
- With the expected implementation of the EcoLine project in FY09, UNH anticipates limited increases in its energy costs due to stable pricing in natural gas provided by the EcoLine.

- It should be noted that both CoGeneration and EcoLine have required UNH to incur significant debt to finance the construction of these projects. Part of the cost to UNH in future years is repayment of this debt.

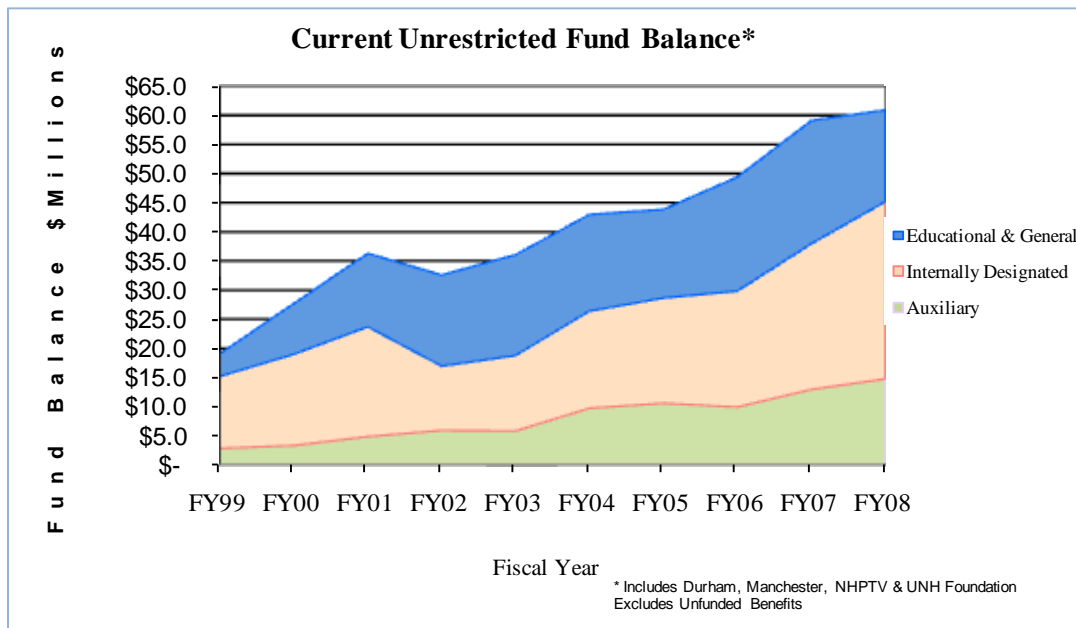


- UNH has made a focused effort through USNH Board of Trustee direction to General funds to address deferred maintenance of its buildings and related infrastructure. For many years UNH has incremented its allocation by \$500,000. In FY07 and FY08, UNH increased its annual allocation by \$750,000 and \$875,000 respectively.
- When factoring in other contributions to R&R from auxiliary operations, schools and colleges and capital funding provided by the State of NH, UNH's FY08 spending on R&R totaled close to \$19 million. UNH must contribute \$33 million annually just to maintain the current condition level of our physical plant.

# BALANCE SHEET



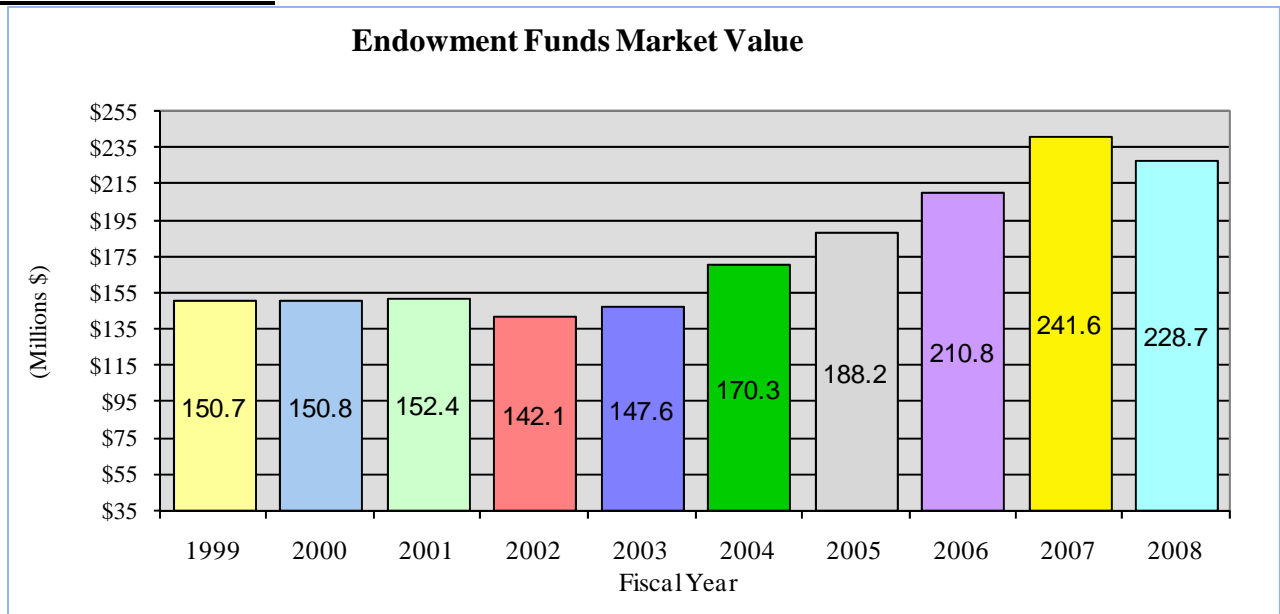
- While our fund balance is approximately \$614 million, the majority of our fund balance is within Plant funds which are comprised of physical assets such as buildings, land and major equipment net of depreciation and amounts earmarked for specific future projects. Endowment, Loan and Current Restricted (grants and gifts) fund balances are restricted for their specified purpose and cannot be used at the discretion of management. Current unrestricted fund balance is the only area where the University has funds to support operations. Much of this balance is for the future – investments in research, strategic plan initiatives, and personnel.
- Our Current Unrestricted Fund Balance has increased significantly primarily due to changes in Board of Trustee Policy in FY2000 allowing UNH greater access to its general fund reserve.



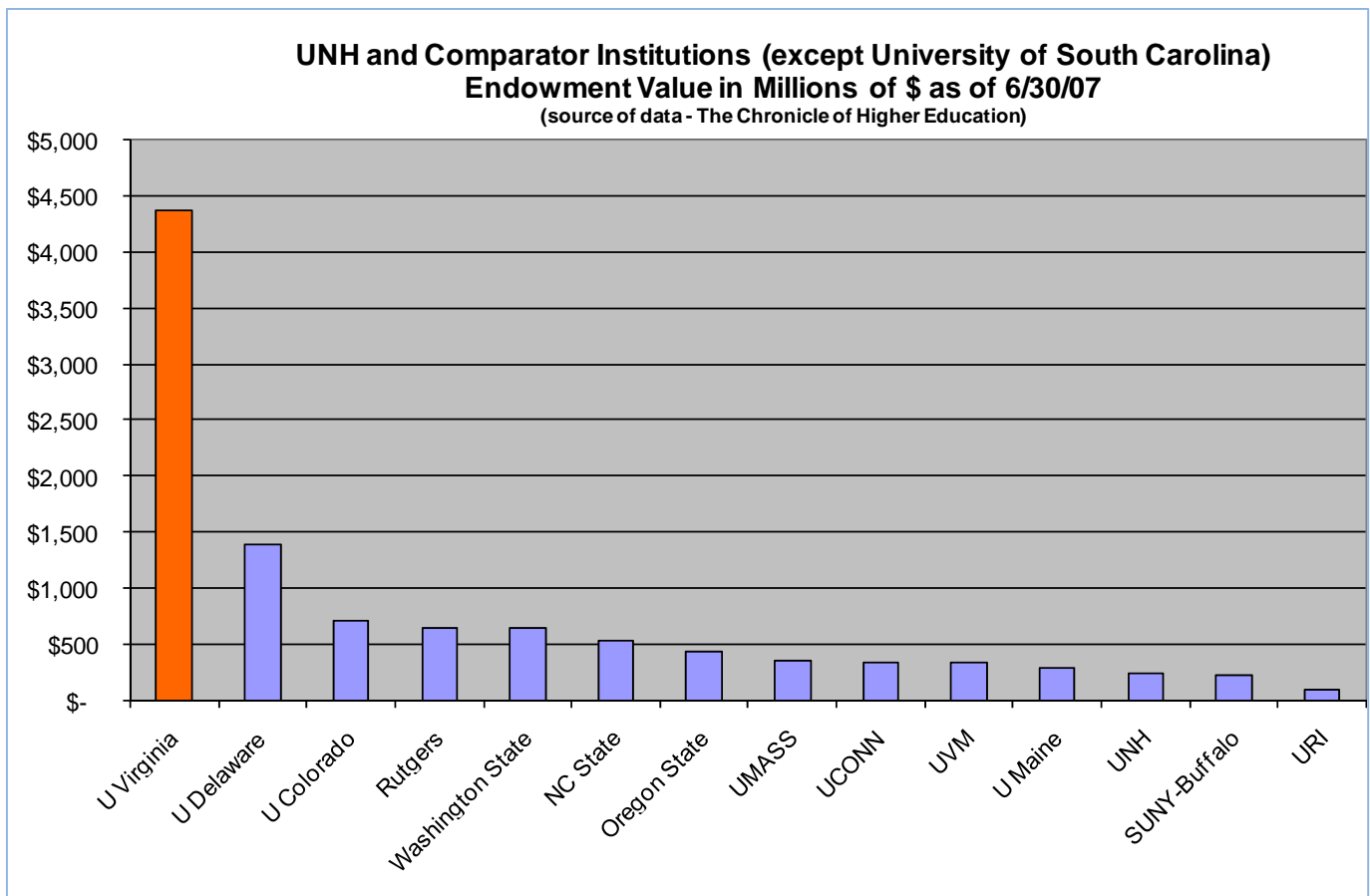
- Due to policy changes made to accommodate RCM, UNH has grown its Educational and General (general) fund balances since FY 2000. FY08 showed a decrease due to the Separation Incentive plan offered to faculty and staff and a leveling off of F&A recovery revenue. UNH remains below the minimum target range at 3.75% of general fund expenditures, as the target to achieve is between 6% and 10% of expenditures. It is critical that UNH have funds available to offset impacts of unanticipated events and for strategic investments.
- Auxiliary fund balance has been built up over the past two years to help fund major capital projects in housing and dining.
- Internally designated fund balances consist of smaller operations spread throughout the University. Examples are study away programs, research centers, student activities, principal investigator research support funds and

the UNH Foundation among others. Each of these fund balances has a specific purpose and designation for future use.

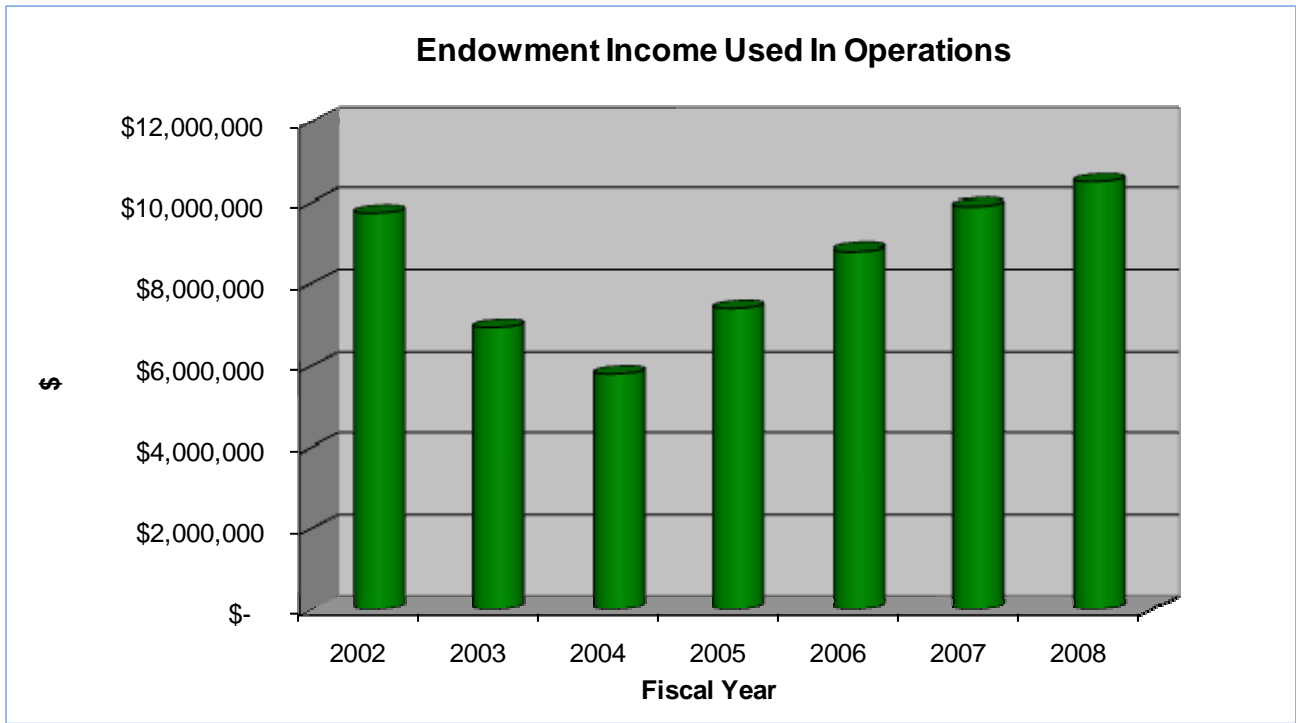
## GIFT / ENDOWMENTS



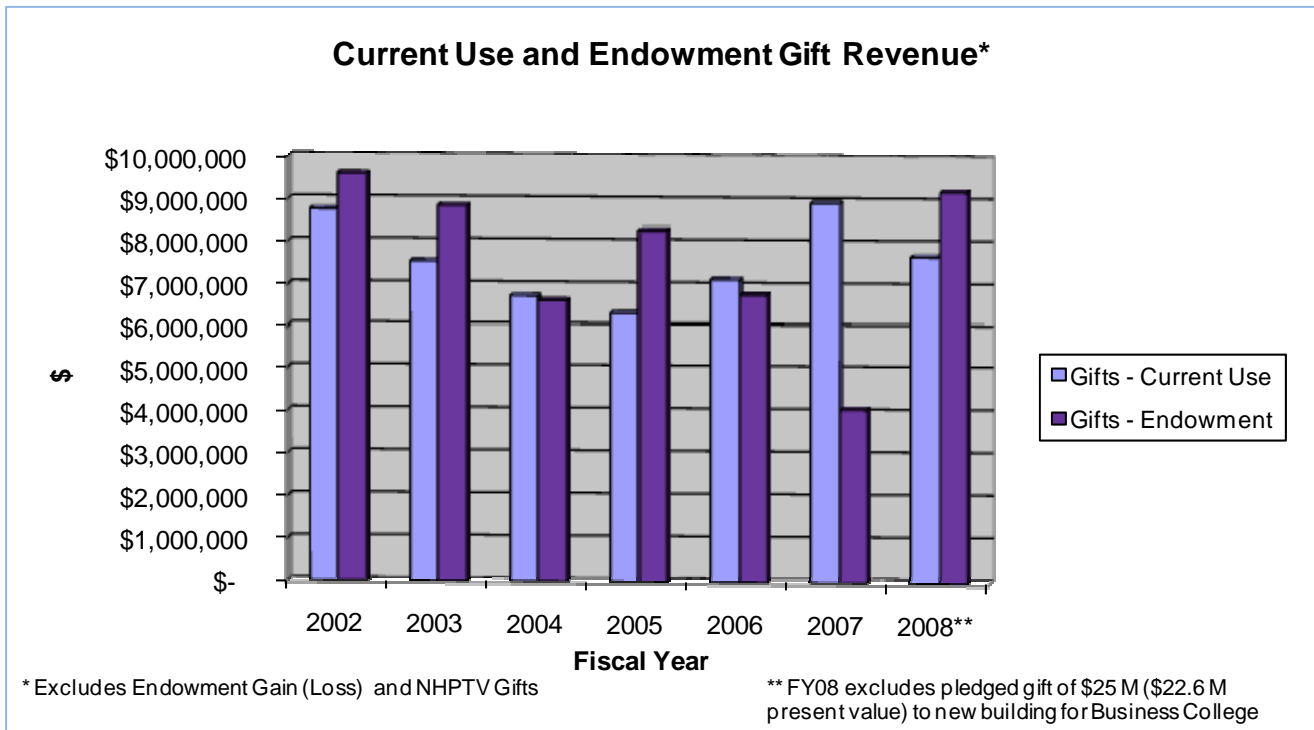
- Endowment funds have increased by over 50% in the past 10 years. However due to investment performance in FY08 the value of UNH's endowment funds have decreased from FY07 levels.



- UNH will continue to make investments in this area to help offset costs currently borne directly by students (tuition and fees). UNH is ranked third to last among its comparator institutions in endowment value.



- UNH’s endowment generates approximately \$10 million in funds that are used to support UNH’s operations. This revenue stream is dependent on the size of the endowment, investment returns and payout policy.



- Current use gift revenue declined in FY08 due to decreased use in Plant Funds with completion of Kingsbury and Athletic Turf field.
- Gifts for endowment more than doubled in FY08 due to an increase in Restricted Endowment funds for Scholarships and Faculty. Notable Endowment revenues were: Early & Handly Faculty Endowment (\$1M), Dr. Lorus & Margery Milne Fund (\$500k), The Hamel Scholars Program (\$5M), Dr. Samuel Hughes '68 Scholarship (\$399k), Rhoda Hogan Endowed Scholarship (\$200k), UNH Ski Team Endowment (\$108k).