STRONG REVENUES,
STEADY RECOVERY

The University’s performance in fiscal year 2010 improved significantly over last year’s as the Great Recession wound down. This performance reflected the strength of the University’s major revenue sources—tuition, grants and contracts, and clinical care—as well as improved investment markets and the effects of cost-containment measures implemented over the last two years.

As the economic uncertainty continues, we remain focused on strengthening our balance sheet (recognizing that this will be more marathon than sprint) and otherwise improving financial performance.

Overall, the University’s net assets increased $43.1 million, or 3 percent. This year’s increase, much like the prior year’s decrease, was largely driven by changes in the value of our investments. The endowment has a long way to go to regain its 2007 peak level, but FY 2010 returns helped considerably, adding $610 million to endowment net assets after accounting for gifts and normal spending distributions. Endowment spending remains less than 2 percent of operating revenues, which has minimized the effect of the market decline on University operations.

$62.7 million, driven primarily by a 17 percent investment return on Growth Pool assets, made up of endowment and a portion of working capital. Both the Growth Pool and the pension trust benefited from solid returns across a number of asset classes. Operating revenues of $2.216 billion were up $125 million, or 6 percent, while operating expenses increased just $63 million, or 3 percent, resulting in an increase in net assets from operating activities of $12.5 million. Tuition and fees revenues increased $35 million, or 4 percent, due to a modest rate increase and growth in student enrollment in graduate programs, especially law. Enrollment has held steady during the recession, helped by the strengthening of the UM brand. We were pleased to be recognized in the recently released U.S. News & World Report college rankings as the top school in Florida, with a six-notch improvement nationwide to 47th. Prospective students are recognizing the “U” as well. Freshman applications for the fall 2010 semester increased 30 percent over fall 2009, and entrant revenues were up nearly $7 million, or 5 percent, due primarily to an increase in federal grants.

Patient care operations revenues from medical professional practice
and hospitals and clinics were up $37 million, or 4 percent. All three University hospitals had significant growth in net patient revenue, with Sylvester Comprehensive Cancer Center/UMHC up 10 percent, and Anne Bates Leach University of Miami Hospital (UMH) and hospitals and clinics up 7 percent.

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