

BOARD OF REGENTS

EASTERN MICHIGAN UNIVERSITY RECOMMENDATION

SECTION: 2

DATE:

July 21, 2006

FY 2007 GENERAL FUND OPERATING BUDGET

ACTION REQUESTED

It is requested that the fiscal 2007 General Fund Operating Budget (BOR Authorized Expenditures) in the amount of \$239,820,044 be accepted and placed on file.

STAFF SUMMARY

The recommended budget has been prepared in accordance with the approved budget policies and procedures including recognition and funding of all contractual obligations.

This operating budget has increased \$28.9 million over the prior year. \$19.3 million of this change is a result of inclusion of expenditures previously reported in the designated funds. The revenue that funds these expenditures (General Fee, Technology Fee, New Student Center Fee and other athletic revenues) have also been included in the revenue assumptions for the General Fund. The net impact of the inclusion of these items in the General Fund revenues and expenditures is \$0. Economic related increases and additional funding for strategic items related to accreditation, enrollment and technology represent an increase of \$13.6 million. These cost increases are offset by divisional operating budget reductions of (\$4.0) million.

Included in the proposed net increase is \$2.2 million in additional student financial aid funding. This represents a 12% increase in student financial aid funds, and represents 7.6% of the net budget growth for fiscal year 2006-07.

The budget includes provisions for contractual salary agreements, required debt service, forecast increases in healthcare and benefits, utilities, risk management, financial aid and other necessary operating costs. The budget does not accommodate any inflationary cost adjustments for general departmental operations. The budget is contingent upon the approval of the accompanying recommendation for FY 2007 General Fund Tuition and Mandatory Fees.

The budget is based upon an approved state appropriation of \$78.2 million or 2.9% above the prior year appropriation budget of \$75.9 million and an enrollment level forecast of 541,023 Student Credit Hours (consistent with FY 2006 actual).

FISCAL IMPLICATIONS

Approval of this budget recommendation as detailed in the 2006-07 General Fund Operating Budget will establish the general fund spending authorization at \$239,820,044.

2.

ADMINISTRATIVE RECOMMENDATION

The proposed Board action has been reviewed and is recommended for Board approval.

University Executive Officer _____

Date _____

**Eastern Michigan University
General Fund Operating Budget
Fiscal 2007**

EXPENDITURES	2005-06 Base Budget	2006-07 Contractual/ Modifications	2006-07 Revised Budget	2006-07 Reduction Plan	2006-07 Base Budget	FY07 over FY06 Variance
Faculty F/W*	\$47,976,120	\$1,209,445	\$49,185,565		\$49,185,565	\$1,209,445
Faculty SU	1,540,887	55,454	\$1,596,341		\$1,596,341	55,454
Faculty SP	2,959,907	13,063	\$2,972,970		\$2,972,970	13,063
Faculty Supplemental	1,327,914	(247,987)	\$1,079,927		\$1,079,927	(247,987)
Ranked Faculty Sabbaticals	763,420	137,149	\$900,569		\$900,569	137,149
Lecturer FT Fall/Winter	3,554,934	1,371,069	\$4,926,003		\$4,926,003	1,371,069
Adjunct Lacturer - Fall/Winter	4,703,641	(385,318)	\$4,318,323		\$4,318,323	(385,318)
Total Faculty & Lecturer	62,826,823	2,152,875	64,979,698		64,979,698	2,152,875
Administrative Professional	17,044,496	932,865	\$17,977,361		\$17,977,361	932,865
P/T UAW Non-Exempt	11,333,986	1,248,174	\$12,582,160		\$12,582,160	1,248,174
Athletic Coaches	1,268,710	1,039,921	\$2,308,631		\$2,308,631	1,039,921
Police Officers	607,444	262,032	\$869,476		\$869,476	262,032
Police Sergeants	115,969	127,728	\$243,697		\$243,697	127,728
Total Administrative/Support	30,370,605	3,610,720	33,981,325		33,981,325	3,610,720
Total Support staff	12,435,485	1,102,787	\$13,538,272		\$13,538,272	1,102,787
OT/Temporary	543,303	256,343	\$799,646		\$799,646	256,343
Misc. Pers. Services	1,252,482	1,927,013	\$3,179,495		\$3,179,495	1,927,013
Graduate Assistant	2,966,928	9,471	\$2,976,399		\$2,976,399	9,471
Doctoral Fellows	750,000	(2,500)	\$747,500		\$747,500	(2,500)
Student Help	2,961,455	450,343	\$3,411,798		\$3,411,798	450,343
Total Student Help	6,678,383	457,314	7,135,697		7,135,697	457,314
Fringe Benefits	41,518,106	3,898,303	\$45,416,409		\$45,416,409	3,898,303
SS&M	20,583,772	7,194,246	\$27,778,018		\$27,778,018	7,194,246
Utilities	6,771,189	1,171,256	\$7,942,445		\$7,942,445	1,171,256
Advancement	1,829,221	70,779	\$1,900,000		\$1,900,000	70,779
Equipment and Capital Outlay	957,063	1,304,126	\$2,261,189		\$2,261,189	1,304,126
Library Acquisitions	2,223,099	0	\$2,223,099		\$2,223,099	0
Student Financial Aid	17,529,601	2,177,821	\$19,707,422		\$19,707,422	2,177,821
Recharge Fee	(1,500,000)	(1,965,914)	(\$3,465,914)		(\$3,465,914)	(1,965,914)
Reduction Planning *				(3,997,890)	(\$3,997,890)	(3,997,890)
Total Operating Support	48,393,945	9,952,314	58,346,259	(3,997,890)	54,348,369	5,954,424
Transfers	6,970,868	9,470,265	\$16,441,133		\$16,441,133	9,470,265
BOR Authorized Expenditures	\$210,990,000	\$32,827,934	\$243,817,934	(\$3,997,890)	\$239,820,044	\$28,830,044
Bad Debt -On Campus	1,275,500.00	69,800.00	1,345,300.00		\$1,345,300	69,800
Bad Debt - Off Campus	194,500.00	17,100.00	211,600.00		\$211,600	17,100
Total University Expenditures	\$212,460,000	\$32,914,834	\$245,374,834	(\$3,997,890)	\$241,376,944	28,916,944

Detailed Explanation of Expenditure Changes to 2005-06 Base Budget rounded to (millions)

Process Change related Expenditures

Inclusion of General Fee	\$ 11.3
Inclusion of Technology Fee	5.4
Inclusion Of New Student Center Fee	1.6
Other Process Changes	1.0
Subtotal Process Changes	\$ 19.3

Economic related Changes

Wages and Fringe Benefits	\$ 6.8
Recoupment adjustment for shortfall	1.4
Utilities	1.5
Financial Aid	2.2
EMU Foundation Support	0.3
All Other	1.4
Subtotal Economic Changes	\$ 13.6

Total Contractual/Modification Var	\$ 32.9
Less Divisional Budget Cuts	-4.0
Total Detailed Variance	\$ 28.9

* Detail of the University budget reduction will be provided seperately.

4

FY07 Net On-Campus/Off-Campus

FY07 VS FY06

SCH/TUITION/REVENUE/EXPENSE PLAN

		Budget		
	FY07	FY06	Variance	
On Campus	465,523	477,459	-11,936	Planned SCH
	\$103,437,661	\$95,589,164	\$7,848,497	Planned Tuition
	\$222.20	\$200.64	\$21.56	Avg Tuition per SCH
	\$218,666,573	\$191,611,461	\$27,055,112	Planned Total Revenue
	(\$222,720,057)	(\$195,069,665)	(\$27,650,392)	Planned Total Expense
	\$211,600	\$194,500	\$17,100	CE Bad Debt Expense
	\$1,044,835 **	\$1,000,000	\$44,835	CE Net to G. Fund
	\$773,656 ***	\$1,268,008	(\$494,352)	C/E contribution to AA budget reduction
On Campus	(\$2,023,393)	(\$995,696)	(\$1,027,697)	Change (Under)/Over
Off-Campus	75,500	73,578	1,922	Planned SCH
	\$18,379,181	\$16,240,456	\$2,138,725	Planned Tuition
	\$243.43	\$220.72	\$23	Avg Tuition per SCH
	\$21,156,840	\$19,451,806	\$1,705,034	Planned Total Revenue
	(\$17,099,987) *	(\$15,920,335)	(\$1,179,652)	Planned Total Expense
	(\$211,600)	(\$194,500)	(\$17,100)	CE Bad Debt Expense
	(\$1,044,835) **	(\$1,000,000)	(\$44,835)	CE Net to G. Fund
	(\$773,656) ***	(\$1,268,008)	\$494,352	C/E contribution to AA budget reduction
Off-Campus	\$2,026,762	\$1,068,963	\$957,799	Change (Under)/Over
Combined	541,023	551,037	-10,014	Planned SCH
	\$121,816,842	\$111,829,620	\$9,987,222	Planned Tuition
	\$225.16	\$202.94	\$22	Avg Tuition per SCH
	\$239,823,413	\$211,063,267	\$28,760,146	Planned Total Revenue
	(\$239,820,044)	(\$210,990,000)	(\$28,830,044)	Planned Total Expense
Combined	\$3,369	\$73,267	(\$69,898)	Change (Under)/Over

* CE Expense includes \$500,000 in Program Development provision

** \$1 Million of CE Net is assigned to on-campus support

*** \$773,656 is Contribution to AA budget reduction

EASTERN MICHIGAN UNIVERSITY
GENERAL FUND OPERATING BUDGET
FISCAL 2007

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Revenues	2006-07 General Fund Oper. Budget	2005-06 General Fund Oper. Budget	Variance General Fund Oper. Budget
State Appropriations	\$78,168,700	\$75,938,400	\$2,230,300
Tuition Fall On-Campus 3.4% average	103,437,661	99,153,223	\$4,284,438
Less: Enrollment Forecast Correction*	23	(230,000)	\$230,023
Provision for 2% enrollment shortfall	(1,600,000)	(2,200,000)	\$600,000
Registration Fees	2,493,680	2,556,560	(\$62,880)
Tuition -- Continuing Education	18,379,181	16,766,138	\$1,613,043
Academic Program Fees	10,205,081	9,852,335	\$352,746
Program Fees -- Continuing Education	2,777,659	2,685,668	\$91,991
Student Fees -- Special Purpose	4,963,000	5,692,844	(\$729,844)
Student Fees-Financial Aid	0	578,417	(\$578,417)
Application Fees	440,000	506,000	(\$66,000)
Financial Aid/Admin. Expense	205,000	205,000	\$0
Investment Income-Des Fund Trans.	1,429,332	960,500	\$468,832
Indirect Costs Recovery	467,184	467,182	\$2
Provision for Special Purpose Fee Risk	0	(550,000)	\$550,000
Miscellaneous Income	238,097	151,000	\$87,097
Athletics and ID revenue	1,380,933		\$1,380,933
General Fee	11,361,483		\$11,361,483
Technology Fees	5,410,230		\$5,410,230
Student Center Fees	1,623,069		\$1,623,069
Base Revenue	\$241,380,313	\$212,533,267	\$28,847,046
Estimate Of Bad Debt Expense(on)	(1,556,900)	(1,470,000)	(86,900)
FY07 Budgeted Revenue Plan	\$239,823,413	\$211,063,267	\$28,760,146

Expense			
Operating Budgets	\$222,720,057	\$195,069,665	\$27,650,392
Continuing Education	\$17,099,987	\$15,920,335	\$1,179,652
Total Continuation Expenditures	\$239,820,044	\$210,990,000	\$28,830,044
Surplus/(Deficit)	\$3,369	\$73,267	\$(69,898)

Key Assumptions:

- * Tuition and Fee increases are approved as proposed
- * Enrollment Council has forecasted student Credit Hour (SCH) at 541,023
- *Divisional Budget Reduction Plans Total \$3,997,890