

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

SECTION: <u>6</u>
DATE: March 21, 2006

RECOMMENDATION

FY 2006 GENERAL FUND BUDGET INTERM STATUS REPORT

ACTION REQUESTED

It is requested that the fiscal 2006 General Fund Budget Interim Status Report as of January 31, 2006 be accepted and placed on file.

STAFF SUMMARY

This report overviews the year-to-date revenues and expenditures versus the operating plan as of January 31, 2006.

The final FY06 appropriation from the State of Michigan exceeded the approved plan by \$202,200.

The University received a FY05 appropriation restoration payment in January of \$610,800. The FY06 total revenue expectation, including the prior year carry forward authorization, now totals \$218.0 million.

General Fund revenues through January 31, 2005 total \$150.6 million, or 69% of plan.

Appropriations received to-date from the State of Michigan total \$28,303,172.

Combined summer, fall and winter term enrollments total 499,641 student credit hours (SCH), or 99.0% of plan. Other student fee revenues are forecast to meet plan.

General Fund expenditures total \$119.5 million or 55% of the original plan.

FISCAL IMPLICATIONS

Expenditures are generally consistent with past levels and are within the approved operating plan. Costs and revenues are being closely monitored. A small balance is anticipated.

ADMINISTRATIVE RECOMMENDATION

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

University Executive Officer

Date

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Fiscal 2006 General Fund Interim Budget Status Report
July 1, 2005 through January 31, 2006

The General Fund budget interim status report compares budget to actual revenues and expenditures. The data contained within represents posted activity to the Financial System through January 31, 2006. Reported enrollments include summer, fall and winter terms.

Summary

Revenue and expenditure activity over the first seven months of the fiscal year are consistent with the operating plan and past experience.

REVENUES

The Board of Regents adopted a continuation budget in June of 2005 which included a 6% increase in tuition for the summer 2005 term. In August the Board of Regents approved a General Fund Revenue budget of \$212,533,267, which included a 13.5% tuition increase effective fall 2005. In September the Board approved prior year carryforward of \$4,670,352 (Appendix A). The revised revenue authorization totals \$217,203,619.

General Fund Revenue Budget	\$211,063,267
Provision for Bad Debt Expense	<u>\$1,470,000</u>
FY 2006 Revenue Authorization	<u>\$212,533,267</u>
 Prior Year Carry forward Authorizations	 <u>\$4,670,352</u>
Total Revenue Budget	<u>\$217,203,619</u>
 FY06 Appropriation over Budget Plan	 \$202,200
FY05 Appropriation Rebate Received	<u>\$610,800</u>
 Approved Revenue Expectation	 <u>\$218,016,619</u>

The State of Michigan has rebated to the University fiscal year 2005 appropriations withheld in the amount of \$610,800. This will bring the FY 2006 revenue authorization to \$218,016,619.

Through the end of this reporting period, \$150.6 million, or 69% of planned current year revenue has been recorded consistent with historical experience and within the plan.

Appropriation

The University's FY2006 appropriation from the State of Michigan totaled \$76,140,600, exceeding the approved plan by \$202,200. As noted, receipt of the FY05 appropriation rebate brought the total appropriation payments for the year to \$76,751,400.

Through January, \$28,303,172 or 37% of the current year appropriation budget has been received.

Enrollments/Tuition

The original Enrollment Plan forecast 551,037 SCH (student credit hours), representing \$125,898,256 in tuition and fee revenue.

Tuition revenues for summer, fall and winter terms totaled \$115.2 million, on 499,641 SCH, 99.0% of planned enrollments. Enrollments were below the prior year by 4,864 SCH, or 1%. Planned revenues included a provision for enrollment shortfall of 2%. As a result of the provision, net tuition will exceed plan.

Other Revenues

Other General Fund revenues, including miscellaneous student fees (Library, registration fees, late fees etc.) are accumulating at or above planned levels.

EXPENDITURES

The Board of Regents approved the fiscal 2005 General Fund operating budget in August of 2005 totaling \$212,460,000. In September of 2005 the Board authorized carry forwards from the prior year of \$4,670,352, increasing the spending authority to \$217,130,352.

General Fund Expenditure Budget	\$210,990,000
Provision for Bad Debt Expense	<u>\$1,470,000</u>
Sub-Total Expenditure Authorization	\$212,460,000
Prior Year Carry forward Authorizations	<u>\$4,670,352</u>
Total Expenditure Authorization	<u>\$217,130,352</u>
Anticipated Expense over Authorization	\$500,000
Total Forecast Expenditures	<u>\$217,630,352</u>

To date General Fund expenditures and transfers total \$119.5 million or 55.1% of the original plan. Prior year expenditures through January totaled 54.1% of the revised plan. This level of spending is consistent with historical experience.

Overall spending to date is generally consistent with the revised plan. Net revenue is forecast to exceed budget plan by \$313,000.

Personal Services

Personal service budgets and authorized positions are centrally controlled and closely monitored. Authorized positions and expenditures for both faculty and staff are within plan. As a result of negotiated lecturer and staff compensation adjustments, personal service costs, including incremental benefits, will exceed plan by \$0.5 million.

Fiscal year-to-date total compensation for faculty, staff and other personal services total \$80.0 million or 51% of plan.

Staff salary savings from vacant positions have been reduced over year-ago levels. During the first seven months of this fiscal year the university has averaged 46 staff vacancies versus 48 a year ago. Staff salary recoupment, including benefits, is expected to meet plan.

SS&M/Travel/Equipment

Support expenditures to date are occurring at a rate consistent with the prior year pace. Through January expenditures represented 65% of plan versus 61% a year-

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ago. Prior year spending was reduced pending anticipated spending reductions. Current fiscal year expenditures are generally consistent within the operating plan.

Extended Programs

Extended programs are largely self-supporting activities. Revenue and expenditure activity to date is consolidated as part of the overall general fund operations as reported above.

Continuing Education/Extended Learning program expenditures total \$8.0 million or 50% of the \$16.1 million budget. Tuition and program fee revenue to-date of \$15.0 million represents 77% of the \$16.8 million revenue plan. Enrollments have exceeded planned levels.

Other operations at this time are consistent with the operating plan.

CONCLUSION

After 7 months, subject to the exceptions previously identified, revenues and expenditures are consistent with historical patterns and the fiscal 2006 plan.

EASTERN MICHIGAN UNIVERSITY									
FY 2006 GENERAL FUND BUDGET STATUS REPORT									
January 31, 2006									
	FY2006 Original Budget a	FY2006 Budget Reallocations b	FY2006 Budget Prior Yr Bal. c	FY2006 Revised Budget e (a+b+c)	FY2006 Actual 1/31/06 f	FY2006 Actual % of Budget g (f/e)	FY 2005 Actual % Prior-YTD	FY2006 Forecast Actual 6/30/06 h	6/30/06 Projected Surplus/Deficit (O)/U Plan i (e-h)
Revenues									
Appropriation	\$75,938,400			\$75,938,400	\$28,303,172	37.27%	36.36%	\$76,140,600	\$202,200
Tuition and Fees	\$125,898,254		\$0	\$125,898,254	\$115,183,895	91.49%	86.13%	\$125,898,254	\$0
Other Revenue	\$9,736,113		\$0	\$9,736,113	\$7,103,580	72.96%	86.40%	\$9,736,113	\$0
Designated Fund Transfer	\$960,500			\$960,500	\$0	0.00%	0.00%	\$960,500	\$0
Total Revenue	\$212,533,267	\$0	\$0	\$212,533,267	\$150,590,647	70.86%	67.06%	\$212,735,467	\$202,200
Appropriation Rebate	\$0			\$0	\$0			\$610,800	\$610,800
Prior Year C/F Balances		\$0	\$4,670,352	\$4,670,352	\$0			\$4,670,352	\$0
Total Approved Funding*	\$212,533,267	\$0	\$4,670,352	\$217,203,619	\$150,590,647	69.33%	67.06%	\$218,016,619	\$813,000
Expenditures									
Faculty Salaries	\$62,826,823	(\$2,715)		\$62,824,108	\$30,315,257	48.25%	49.01%	\$62,899,108	(\$75,000)
Staff Salaries	\$42,806,090	\$369,324		\$43,175,414	\$23,678,352	54.84%	55.31%	\$43,500,414	(\$325,000)
Other Personal Services	\$1,795,785	\$31,735		\$1,827,520	\$1,368,300	74.87%	61.03%	\$1,827,520	\$0
Student Help	\$6,678,383	\$61,685		\$6,740,068	\$3,779,450	56.07%	52.84%	\$6,740,068	\$0
Benefits	\$41,518,106	\$179,961		\$41,698,067	\$20,829,586	49.95%	51.03%	\$41,798,067	(\$100,000)
Sub-Total Compensation	\$155,625,187	\$639,990		\$156,265,177	\$79,970,945	51.18%	51.71%	\$156,765,177	(\$500,000)
SS&M/Travel/Equipment*	\$25,366,612	(\$129,099)	\$4,670,352	\$29,907,865	\$16,450,544	55.00%	50.54%	\$29,907,865	\$0
Utilities	\$6,771,189	\$0		\$6,771,189	\$3,733,546	55.14%	41.57%	\$6,771,189	\$0
Financial Aid	\$17,529,601	\$21,516		\$17,551,117	\$15,460,943	88.09%	82.45%	\$17,551,117	\$0
Distribution to EMU Foundation	\$1,829,221	\$0		\$1,829,221	\$1,630,644	89.14%	106.79%	\$1,829,221	\$0
Recharges	(\$1,632,678)	\$0		(\$1,632,678)	(\$907,830)	55.60%	57.28%	(\$1,632,678)	\$0
Other Transfers	\$6,970,868	(\$532,407)		\$6,438,461	\$3,198,458	49.68%	50.16%	\$6,438,461	\$0
Sub-Total Operating Expense	\$56,834,813	(\$639,990)	\$4,670,352	\$60,865,175	\$39,566,305	65.01%	60.59%	\$60,865,175	\$0
Total Expenditures	\$212,460,000	\$0	\$4,670,352	\$217,130,352	\$119,537,250	55.05%	54.05%	\$217,630,352	(\$500,000)
Net Funding	\$73,267	\$0	\$0	\$73,267	\$31,053,397			\$386,267	\$313,000
* Includes bad debt expense									