

BOARD OF REGENTS

EASTERN MICHIGAN UNIVERSITY

SECTION: 4

DATE:

July 30, 2008

RECOMMENDATION

2008-09 GENERAL OPERATING, AUXILIARY AND CAPITAL BUDGETS

ACTION REQUESTED

It is recommended that the Board of Regents approve fiscal year 2008-09 General Operating, Auxiliary, and Capital Budgets in the amounts of \$262.7 million, \$35.5 million and \$32.0 million respectively. Revenue and expenditure detail for these budgets is included on the two attachments.

STAFF SUMMARY

General Operating (Attachment 1)

The recommended \$262.7 million 2008-09 operating budget represents a \$9.6 million (3.8%) increase compared with the approved 2007-08 budget. The budget is contingent upon the approval of the accompanying recommendation for 2008-09 Tuition and Fees.

Operating revenues for 2008-09 assume a 1% increase in State Appropriations (from \$77.8 million in 2007-08 to \$78.6 million in 2008-09). Tuition and fee revenue is budgeted at \$177.8 million in 2008-09 reflecting the recommended 7.7% increase in tuition and fees. Student credit hours are budgeted at 514,000 for 2008-09 compared with 524,700 actual hours in 2007-08.

Included in the proposed \$262.7 million expenditure budget is a year-to-year increase of \$2.2 million (10.3%) in Financial Aid. Also included is a \$1.5 million increase in spending for building improvements and capital, funded by the designation of 0.9% of tuition and fee increases for that purpose. These increases in financial aid to our students and in EMU's infrastructure account for almost 40% of the total increase in spending in the General Fund. Day-to-day operating costs have been contained at a 2.6% year-to-year increase.

The expenditure budget also includes provisions for contractual salary agreements, required debt service, forecast increases in employee benefit costs, utilities, risk management, and other necessary operating costs.

Auxiliary Activities (Attachment 2)

The recommended 2008-09 budget for Auxiliary Activities includes \$35.5 million in revenue and \$33.2 million in operating expenses. The budget reflects transferring the resulting \$2.3 million operating surplus to Auxiliary capital reserves. The Auxiliary budget is contingent upon the Board's approval of the accompanying recommendation for 2008-09 Housing and Dining rates.

The 2008-09 Auxiliary revenue budget reflects the proposed 5.15% average rate increase for housing and dining. The Auxiliary operating expenditure budget contains provisions for all necessary operating costs including Auxiliary-specific debt service and a \$3.4 million transfer to the University's General Fund for services received.

Capital Expenditures (Attachment 2)

The recommended capital expenditure budget of \$32.0 million for the 2008-09 fiscal year includes \$20.9 million for major General Fund projects, \$4.0 million for Auxiliaries, and \$7.1 million for all other capital expenditures.

FISCAL IMPLICATIONS

Approval of the 2008-09 budget recommendations outlined above establishes the spending authorization for general operations, auxiliary activities, and capital, replacing the fiscal year 2008-09 continuation budgets approved by the Board on June 17, 2008.

ADMINISTRATIVE RECOMMENDATION

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

University Executive Officer

7-30-08

Date

EASTERN MICHIGAN UNIVERSITY
General Fund Operating Budget
Fiscal Year 2008-09

Attachment 1

(In Millions)	Recommended 2008-09 Budget	Approved 2007-08 Budget	Variance
Revenues			
<u>Tuition and Fees</u>			
- Tuition	\$137.2	\$131.6	\$5.6
- Fees	<u>40.6</u>	<u>39.0</u>	<u>1.6</u>
Total Tuition and Fees	\$177.8	\$170.6	\$7.2
State Appropriation	78.6	77.8	0.8
Other Revenue a/	<u>6.3</u>	<u>4.7</u>	<u>1.6</u>
Total General Fund Revenue	\$262.7	\$253.1	\$9.6
Expenditures			
<u>Personnel Costs</u>			
- Salaries and Wages	\$123.4	\$122.2	\$1.2
- Fringe Benefits	46.1	45.2	0.9
- Student Employment	<u>6.8</u>	<u>6.9</u>	<u>(0.1)</u>
Total Personnel Costs	\$176.3	\$174.3	\$2.0
Services, Supplies, and Materials b/	39.1	36.9	2.2
Student Financial Aid	23.6	21.4	2.2
Asset Preservation Transfer	8.5	7.0	1.5
Debt Service	8.4	8.1	0.3
Equipment and Library Acquisitions	4.5	4.2	0.3
Other Expense/Transfers c/	5.7	4.6	1.1
Auxiliaries transfer for GF Services	<u>(3.4)</u>	<u>(3.4)</u>	<u>0.0</u>
Total General Fund Expenditures	\$262.7	\$253.1	\$9.6

a/ Includes investment income, athletics revenue, and indirect cost recovery

b/ Includes \$9.1 million in 2008-09 for utilities (electricity, natural gas, water)

c/ Includes travel expense, transfers to EMU Foundation, other miscellaneous expense

Major Assumptions:

Tuition and fee increase of 7.7%

514,000 student credit hours (2% lower than 2007-08))

State Appropriation increase of 1%

July 30, 2008

EASTERN MICHIGAN UNIVERSITY
Auxiliary Activity and Capital Expenditure Budgets
Fiscal Year 2008-09

Attachment 2

(In Millions)

Recommended
2008-09
Budget

Auxiliary Activities

Revenues

Dining	\$14.0
Residence Halls/Apartments	13.1
All Other Auxiliary Activities	<u>8.4</u>
Total Revenues	\$35.5

Expenditures

Operations Direct Costs	\$29.8
Payment to GF for Services	<u>3.4</u>
Total Operating Expenditures	\$33.2

Operating Surplus/(Deficit)	\$2.3
Transfer to Auxiliary Capital Reserve	<u>(2.3)</u>
Net Surplus/(Deficit)	\$0.0

Capital Expenditures

Major General Fund Projects

Mark Jefferson Science Project	\$10.0
Pray-Harrold	7.0
Hoyt Conference Center (DPS Facility)	<u>3.9</u>
Total	\$20.9

<u>Auxiliary Activities</u>	4.0
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<u>All Other Capital Projects</u>	<u>7.1</u>
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Total 2008-09 Capital Expenditures	\$32.0
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July 30, 2008