

BOARD OF REGENTS

EASTERN MICHIGAN UNIVERSITY

SECTION: 23

DATE:

April 20, 2010

RECOMMENDATION

2010-2011 GENERAL FUND OPERATING BUDGET

ACTION REQUESTED

It is recommended that the Board of Regents approve a 2010-2011 General Fund operating budget of \$280.9 million. The budget includes our "0%, 0%, 0%" initiative – a 0-percent increase in tuition and fees, a 0-percent increase in room, and a 0-percent increase in board. We are holding all student charges to a 0-percent increase in recognition of the challenging economic conditions faced by Michigan students and their families.

Eastern Michigan University cares about our students and about Michigan. We are a partner in our state's success. We believe this is the right recommendation, at the right time, for Eastern and for Michigan.

Revenues and expenditures are balanced and are detailed on the attachment.

STAFF SUMMARY

For this past year, Eastern's tuition and fee increase of 3.8% was the lowest among the 15 public universities in Michigan. Building on the momentum generated by that action, we are recommending holding tuition and fee rates at these current year levels for Fall 2010. In addition to holding tuition and fee rates, we also are recommending no change in the current room, board, and apartment rates for Fall 2010.

The recommended \$280.9 million in 2010-2011 General Fund operating revenues reflect no change in tuition and fee rates for the 2010-11 academic year, a 3.1% decrease in State Appropriation and a 3.4% increase in Student Credit Hours. The General Fund operating budget is balanced and the recommended operating expenditures of \$280.9 million represent an increase of \$8.2 million (3.0%) over the forecast for the current fiscal year.

The expenditure budget continues Eastern's successful efforts in containing costs overall, but for 2010-11, also includes new/incremental funding for key academic quality, student success, and other initiatives identified through a new "Above Base Budget Proposal" (ABBP) process implemented in developing the budget proposal. The budget also anticipates a small increase in instructional faculty and lecturers. We believe the recommendation to maintain tuition and fee rates at the current year levels, coupled with our continuing investment in key academic initiatives and facilities, reinforces EMU's position as the leader in offering a high quality education that's affordable for Michigan students and their families.

Included in the proposed \$280.9 million expenditure budget is a year-to-year increase of \$1.4 million (4.8%) in Financial Aid. Over the last three years, Eastern Michigan University will have increased its University-sponsored financial aid by over 40% (\$9 million). Excluding the financial aid, ABBP funding, and increased instructional support, day-to-day operating costs have been contained to a 1.7% year-to-year increase. Utility costs are projected to decline by \$500,000 largely reflecting energy savings projects and initiatives implemented.

FISCAL IMPLICATIONS

Approval of the 2010-11 budget recommendation outlined above establishes the spending authorization for General Fund operations.

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 Year 2009-10 & 2010-11

(in Millions)	2009-10 Forecast	Recommended 2010-11 Budget	Variance
Revenues			
<u>Tuition and Fees</u>			
Tuition & Fees -- On Campus	\$166.9	\$172.2	\$5.3
Tuition & Fees -- Continuing Educ.	<u>25.8</u>	<u>26.4</u>	<u>0.6</u>
Total Tuition and Fees	\$192.7	\$198.6	\$5.9
State Appropriation	78.2	75.8	(2.4)
Other Revenue	<u>7.3</u>	<u>6.5</u>	<u>(0.8)</u>
Total General Fund Revenue	\$278.2	\$280.9	\$2.7
Expenditures			
Personnel Costs	\$182.0	\$187.7	\$5.7
Services, Supplies and Materials	29.2	30.2	1.0
Student Financial Aid	29.0	30.4	1.4
Utilities	7.2	6.7	(0.5)
Debt Service	11.6	11.7	0.1
Asset Preservation Transfer	5.3	4.3	(1.0)
Equipment and Library Acquisitions	4.6	4.8	0.2
Other Expense/Transfers	<u>3.8</u>	<u>5.1</u>	<u>1.3</u>
Total General Fund Expenditures	\$272.7	\$280.9	\$8.2
Total General Fund Surplus/(Shortfall)	\$5.5	\$0.0	(\$5.5)

note: At \$280.9M, year over year, forecast to budget, expenditure increase of \$8.2M (3.0%)