

**BOARD OF REGENTS**  
EASTERN MICHIGAN UNIVERSITY

SECTION: 6
DATE:  January 18, 2005

**RECOMMENDATION**

**FY 2005 GENERAL FUND BUDGET INTERM STATUS REPORT**

**ACTION REQUESTED**

It is requested that the fiscal 2005 General Fund Budget Interim Status Report as of November 30, 2004 be accepted and placed on file.

**STAFF SUMMARY**

This report overviews the year-to-date revenues and expenditures versus the operating plan as of November 30, 2004.

General Fund revenues through November 30, 2004 total \$115,047,962 including the \$2.4 million appropriation rebate. Other appropriation receipts are as anticipated.

Combined official summer and unofficial fall enrollments total 276,372 student credit hours (SCH) versus plan of 282,170 SCH. Winter term enrollments are expected below plan as well. Tuition and fee revenues are, as a result of this shortfall to plan, forecast by Institutional Research to fall short of plan by \$3.6 million for the fiscal year.

Other revenue collections are accumulating at normal rates.

General Fund expenditures total \$87.3 million or 42% of the original plan.

Increases in Faculty and Staff compensation, coupled with unanticipated operating costs will exceed the original provision by \$1,544,000.

Reductions in spending, which total \$5,117,000 are being implemented at this time. Other General Fund expenditures and transfers to date are accumulating at a rate consistent with plan.

**FISCAL IMPLICATIONS**

The shortfall in tuition revenues and additional unanticipated costs will be offset by reductions in spending authorization. As adjusted, revenues and expenditures are generally consistent within the operating plan.

**ADMINISTRATIVE RECOMMENDATION**

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

\_\_\_\_\_  
University Executive Officer

\_\_\_\_\_  
Date

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**Fiscal 2005 General Fund Interim Budget Status Report**  
**July 1, 2004 through November 30, 2004**

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 November 30, 2004. Reported enrollments include official summer and unofficial fall.

**Summary**

As a result of lower than usual enrollment, tuition and fee revenue through fall 2004 is short of the plan by \$2.1 Million. Projected through winter and spring terms, this tuition shortfall could exceed \$3.6 million for the year. Upon completion of collective bargaining, contractual and non-bargained-for compensation requirements total \$1.025 million in excess of the original budget. Other unbudgeted, recognized central operating obligations total \$519k. A contingency plan reducing operating budgets by \$5.1 million has been developed and is being implemented to bring revenues and expenditures into balance.

**REVENUES**

In June of 2004 the Board of Regents approved the General Fund Revenue budget of \$204,234,735, which included the one time appropriation rebate from the State of Michigan of \$2,366,199. In September the Board approved prior year carry forwards of \$4,741,752 (Appendix A). The revised revenue authorization totals \$208,976,487.

General Fund Revenue Budget	\$201,868,536
Appropriation Rebate (one-time)	\$2,366,199
Prior Year Carry forward Authorizations	<u>\$4,741,752</u>
Total Revenue Budget	<u><b>\$208,976,487</b></u>
 Tuition/Fee Projected Shortfall	 <u>(\$3,573,040)</u>
 Adjusted Revenue Expectation	 <u><b>\$205,403,447</b></u>

Tuition and Fee revenue is projected to fall short of plan by \$3,573,040, reducing the revenue expectation to \$205,403,447.

**Appropriation**

The University's FY2005 appropriation from the State of Michigan, as originally approved in June of this year, totaled \$77,295,800. The University has received the FY04 appropriation rebate of \$2,366,199.

Through November, \$16.4 million or 21.2% of the current year appropriation budget has been received. Accumulations are consistent with plan.

### Enrollments/Tuition

The original Enrollment Plan forecasted 568,000 student credit hours representing \$113,716,746 in tuition and fee revenue net of uncollectables.

Tuition revenues for summer and fall, subject to final enrollments, are \$2.1 million short of the YTD \$55.0 million plan, on 276,372 SCH (97.9% of plan) versus the plan through fall term of 282,170 SCH. Winter term enrollments are forecast to fall below plan as well. The total shortfall to plan could exceed \$3.6 million.

### Other Revenues

Other General Fund revenues, including miscellaneous student fees (Library, registration fees, etc.) are accumulating at normal rates.

## **EXPENDITURES**

The Board of Regents approved the fiscal 2005 General Fund operating budget in June of 2004 totaling \$204,175,863. In September of 2004 the Board authorized prior year carry forwards of \$4,741,752, increasing the spending authority to \$208,917,615.

The projected tuition shortfalls to plan this year, coupled with increases in operating costs (compensation increases and other central budget modifications) will require expenditure reductions of \$5.1 Million. This will reduce the planned spending authorization.

General Fund Expenditure Budget	\$204,175,863
Prior Year Carry forward Authorizations	<u>\$4,741,752</u>
Total Expenditure Budget	<b>\$208,917,615</b>
<b>Operating Budget Increases</b>	<b>+ \$ 1,544,308</b>
Planned Expenditure Reductions	(\$5,117,308)
Adjusted Expenditure Expectation	<b><u>\$205,344,615</u></b>

General Fund expenditures and transfers total \$87.3 million or 41.8% of the original plan. This level of spending is consistent with pending budget reduction planning.

Overall spending to date is generally consistent with the revised plan.

### 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.

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To-date total compensation for faculty, staff and other personal services total \$53.9 million.

Staff salary savings from vacant positions have increased over year-ago levels reflecting planned reductions. As of November 30<sup>th</sup>, 48 staff positions remained vacant versus 38 a year ago. Vacant positions will represent a portion of the budget reduction savings. 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 our historical experience. Unbudgeted expenditures and commitments for the presidential transition, ACE fellowships, Enrollment Mailings, Student Call Center and the Presidential search exceed the original plan by \$519k. Other expenditures are generally consistent within normal parameters.

### **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 \$5.4 million or 36% of the \$15.3 million budget. Tuition and program fee revenue to-date of \$11.1 million represents 66% of the \$16.8 million revenue plan. Enrollments are exceeding plan. Other operations at this time are consistent with the operating plan.

### **Expenditure Reduction Planning**

The funding shortfall in the current fiscal year is forecast at \$5.1 million. Expenditure reductions will be accomplished using both base and non-recurring sources. These include non-recurring carry forward balances, use of available reserves and elimination or reduction in funding for SS&M, equipment and travel. Base (recurring) actions include personnel reductions and other benefit cost avoidances.

## **CONCLUSION**

After 5 months, subject to the exceptions previously identified, revenues and expenditures are generally consistent with the revised plan. Plans are being formulated to reduce spending in line with the anticipated tuition shortfall and expenditure growth.

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EASTERN MICHIGAN UNIVERSITY						
2005 GENERAL FUND BUDGET STATUS REPORT						
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	FY2005	FY2005	FY2005	FY2005	FY2005	Projected
	Original	Budget	Revised	Actual	% of	Surplus/Deficit
	Budget	Revisions	Budget	11/30/04	Budget	O/(U) Plan
<b>Revenues</b>						
Appropriation*	\$77,295,800		\$77,295,800	\$16,419,982	21.24%	\$0
Tuition and Fees	\$113,716,746		\$113,716,746	\$89,627,907	78.82%	(\$3,563,000)
Other Revenue	\$9,895,490		\$9,895,490	\$6,633,874	67.04%	\$0
Designated Fund Transfer	\$960,500		\$960,500	\$0	0.00%	\$0
Total Revenue	\$201,868,536	\$0	\$201,868,536	\$112,681,763	55.82%	(\$3,563,000)
Carry-Forward Funding	\$2,366,199		\$2,366,199	\$2,366,199	100.00%	\$0
Total Approved Funding	\$204,234,735	\$0	\$204,234,735	\$115,047,962	56.33%	(\$3,563,000)
<b>Expenditures</b>						
Faculty Salaries**	\$58,100,725	(\$146,784)	\$57,953,941	\$23,408,146	40.39%	(\$413,419)
Staff Salaries	\$44,004,285	\$299,588	\$44,303,873	\$19,796,655	44.68%	(\$433,893)
Other Personal Services	\$1,919,683	\$12,556	\$1,932,239	\$977,633	50.60%	
Student Help	\$7,244,667	(\$17,130)	\$7,227,537	\$3,247,656	44.93%	
Benefits***	\$39,424,114	\$140,821	\$39,564,935	\$16,326,828	41.27%	(\$177,936)
Sub-Total Compensation	\$150,693,474	\$289,051	\$150,982,525	\$63,756,918	42.23%	(\$1,025,248)
SS&M/Travel/Equipment	\$29,249,595	\$4,763,641	\$34,013,236	\$11,924,934	35.06%	(\$519,020)
Utilities	\$5,423,040		\$5,423,040	\$1,554,352	28.66%	
Financial Aid	\$16,002,316	(\$130,208)	\$15,872,108	\$7,835,613	49.37%	
Distribution to EMU Foundation	\$1,829,221		\$1,829,221	\$1,829,221	100.00%	
Recharges	(\$2,092,000)		(\$2,092,000)	(\$833,333)	39.83%	
Other Transfers	\$3,070,217	(\$180,732)	\$2,889,485	\$1,247,151	43.16%	
Sub-Total Operating Expense	\$53,482,389	\$4,452,701	\$57,935,090	\$23,557,938	40.66%	(\$519,020)
Total Expenditures	\$204,175,863	\$4,741,752	\$208,917,615	\$87,314,856	41.79%	(\$1,544,268)
Net Funding	\$58,872	(\$4,741,752)	(\$4,682,880)	\$27,733,106		(\$5,107,268)
*State Appropriation is accumulating at the planned level.						
**Total YTD Faculty payroll expense includes accrued but unpaid faculty salaries and benefits.						

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**Eastern Michigan University  
2004-2005 Mid Year Reductions  
General Fund**

28 Staff Position Eliminations	\$602,000
Salary Recoupment	680,000
OT/Temp/Misc Personal Services	66,000
Student Employment	88,000
Fringe Benefits	247,000
Equipment	4,000
Travel	66,000
SS&M/Balances	2,214,308
CE Net Revenue	300,000
Asset Preservation	600,000
Program Development	250,000
Total Expenditure Reduction Plan	<u><u>\$5,117,308</u></u>