

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

SECTION: 6
DATE:
November 14, 2006

RECOMMENDATION

FY 2007 GENERAL FUND BUDGET INTERM STATUS REPORT

ACTION REQUESTED

It is requested that the fiscal 2007 General Fund Budget Interim Status Report as of September 30, 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 September 30, 2006.

General Fund revenues through September 30, 2006 total \$92.4 million, or 38% of plan.

Appropriations received to-date from the State of Michigan total \$13,832,764.

Combined enrollments total 267,622 student credit hours (SCH), or 98% of the summer and fall plan. Other student fee revenues are forecast to meet or exceed plan.

General Fund expenditures total \$50.0 million or 20% 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 reduction in revenue due to enrollment shortfall is anticipated.

ADMINISTRATIVE RECOMMENDATION

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

University Executive Officer

Date

FY 2007 General Fund Interim Budget Status Report
July 1, 2006 through September 30, 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 September 30, 2006. Reported enrollments include summer and fall terms.

Summary

Revenue and expenditure activity over the Three months of the fiscal year are preliminary in scope and indicate a 1% decline in enrollment to budget net of a 1% provision.

REVENUES

In July the Board of Regents approved a General Fund Base Revenue budget of \$241,380,313, which included an aggregate 5% tuition increase effective fall 2006. In September the Board approved prior year carryforward of \$4,959,040 (Appendix A). The revised revenue authorization totals \$246,339,353.

General Fund Revenue Budget	\$239,823,413
Provision for Bad Debt Expense	<u>\$1,556,900</u>
FY 2007 Revenue Authorization	<u>\$241,380,313</u>
 Prior Year Carry forward Authorizations	 <u>\$4,959,040</u>
Total Revised Revenue Budget	<u>\$246,339,353</u>
 Anticipated enrollment decline 1% (net of provision)	 (\$1,426,208)
Projected Revenue Expectation	<u>\$244,913,145</u>

Through the end of this reporting period, \$92.4 million, or 38% of planned current year revenue has been recorded. Enrollment is anticipated to be down 2% this year netted against a 1% provision or (\$1,426,208), resulting in a preliminary Projected Revenue Expectation of \$244,913,145.

Appropriation

The University's FY2007 appropriation from the State of Michigan totals \$78,168,700. Through September, \$13,862,764 or 18% of the current year appropriation budget has been received.

FY 2007 General Fund Interim Budget Status Report
July 1, 2006 through September 30, 2006

Enrollments/Tuition

The original Enrollment Plan forecast 541,023 SCH (student credit hours), representing \$151,310,408 in tuition and fee revenue (including General Fees).

Tuition revenues totaled \$92.4 million, which includes summer and fall enrollment to date, on 267,622 SCH, 98.3% of planned enrollments. Enrollments were below the prior year by 6,172 SCH, or 2% (planned revenues included a provision for enrollment shortfall of 1%). As a result of the provision, net tuition will fall short of 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 July of 2006 totaling \$241,380,413. In September of 2006 the Board authorized carry forwards from the prior year of \$4,959,040, increasing the spending authority to \$246,335,984.

General Fund Expenditure Budget	\$239,820,044
Provision for Bad Debt Expense	<u>\$1,556,900</u>
Sub-Total Expenditure Authorization	\$241,376,944
 Prior Year Carry forward Authorizations	 <u>\$4,959,040</u>
Total Expenditure Authorization	<u>\$246,335,984</u>
 Anticipated Expense over Authorization	 \$0
Total Forecast Expenditures	<u>\$246,335,984</u>

To date General Fund expenditures and transfers total \$50.0 million or 20% of the original plan. Prior year expenditures through September totaled 21% of the revised plan. This level of spending is consistent with historical experience.

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.

Fiscal year-to-date total compensation for faculty, staff and other personal services total \$28.1 million or 17% of plan.

Staff salary savings from vacant positions have increased over prior year levels, in part due to the new incentive to share vacancy savings with the divisions. During the first three months of this fiscal year the university has averaged 79 staff vacancies versus 53 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 lower than the prior year pace. Through September expenditures represented 18% of plan versus 29% a year-ago. Current fiscal year expenditures are preliminary but it is anticipated that they will be 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 \$3.7 million or 22% of the \$17.2 million budget. Tuition and program fee revenue to-date of \$9.4 million represents 44% of the \$21.2 million revenue plan.

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

CONCLUSION

After 3 months, it is anticipated that enrollment will fall short of projections this fiscal year by a net of 1% after provision. This equates to a financial impact of approximately (\$1,426,208), however, expenditures are at or below planned levels. Additional efforts are underway to increase planned enrollments for Winter and Spring. This situation will be closely monitored during the next couple of months to make sure FY 2007 expenditures do not exceed revenues.

EASTERN MICHIGAN UNIVERSITY
FY 2007 GENERAL FUND BUDGET STATUS REPORT
September 30, 2006

	<u>FY2007</u> <u>Original</u> <u>Budget</u> a	<u>FY2007</u> <u>Budget</u> <u>Reallocations</u> b	<u>FY2007</u> <u>Budget</u> <u>Prior Yr Bal.</u> c	<u>FY2007</u> <u>Revised</u> <u>Budget</u> e (a+b+c)	<u>FY2007</u> <u>Actual</u> <u>9/30/06</u> f	<u>FY2007</u> <u>Actual % of</u> <u>Budget</u> g (f/e)	<u>FY2007</u> <u>Forecast Actual</u> <u>6/30/07</u> h	<u>6/30/07</u> <u>Projected</u> <u>Surplus/Deficit</u> <u>(O)/U Plan</u> i (e-h)
<u>Revenues</u>								
Appropriation	\$78,168,700			\$78,168,700	\$13,832,764	17.70%	\$78,168,700	\$0
Tuition and Fees	\$151,310,408		\$0	\$151,310,408	\$70,232,822	46.42%	\$149,884,200	(\$1,426,208)
Other Revenue	\$10,471,873		\$0	\$10,471,873	\$8,372,752	79.95%	\$10,471,873	\$0
Designated Fund Transfer	\$1,429,332			\$1,429,332	\$0	0.00%	\$1,429,332	\$0
Total Revenue	\$241,380,313	\$0	\$0	\$241,380,313	\$92,438,338	38.30%	\$239,954,105	(\$1,426,208)
Appropriation Rebate	\$0	\$0	\$0	\$0	\$0		\$0	\$0
Prior Year C/F Balances			\$4,959,040	\$4,959,040	\$0		\$4,959,040	\$0
Total Approved Funding*	\$241,380,313	\$0	\$4,959,040	\$246,339,353	\$92,438,338	37.52%	\$244,913,145	(\$1,426,208)

<u>Expenditures</u>								
Faculty Salaries	\$64,287,558			\$64,287,558	\$8,509,325	13.24%	\$64,287,558	\$0
Staff Salaries	\$47,207,519			\$47,207,519	\$10,156,164	21.51%	\$47,207,519	\$0
Other Personal Services	\$3,952,789			\$3,952,789	\$668,513	16.91%	\$3,952,789	\$0
Student Help	\$6,910,208			\$6,910,208	\$1,165,327	16.86%	\$6,910,208	\$0
Benefits	\$44,918,011			\$44,918,011	\$7,646,547	17.02%	\$44,918,011	\$0
Sub-Total Compensation	\$167,276,085	\$0		\$167,276,085	\$28,145,876	16.83%	\$167,276,085	\$0
SS&M/Travel/Equipment*	\$31,648,020		\$4,959,040	\$36,607,060	\$6,617,370	18.08%	\$36,607,060	\$0
Utilities	\$8,337,445			\$8,337,445	\$1,164,317	13.96%	\$8,337,445	\$0
Financial Aid	\$19,842,367			\$19,842,367	\$7,818,801	39.40%	\$19,842,367	\$0
Distribution to EMU Foundation	\$1,837,425			\$1,837,425	\$1,837,425	100.00%	\$1,837,425	\$0
Recharges	(\$3,465,914)			(\$3,465,914)	(\$863,097)	24.90%	(\$3,465,914)	\$0
Other Transfers	\$15,901,516			\$15,901,516	\$5,297,308	33.31%	\$15,901,516	\$0
Sub-Total Operating Expense	\$74,100,859	\$0	\$4,959,040	\$79,059,899	\$21,872,124	27.67%	\$79,059,899	\$0
Total Expenditures	\$241,376,944	\$0	\$4,959,040	\$246,335,984	\$50,018,000	20.30%	\$246,335,984	\$0
Net Funding	\$3,369	\$0	\$0	\$3,369	\$42,420,338		(\$1,422,839)	(\$1,426,208)

* Includes bad debt expense