

July 21, 2006

**THE UNIVERSITY OF MICHIGAN – FLINT
Regents Communication**

SUBJECT: Proposed Flint FY 2006-2007 General Fund
Operating Budget

ACTION REQUESTED: Approval of 2006-2007 General Fund Budget

BACKGROUND:

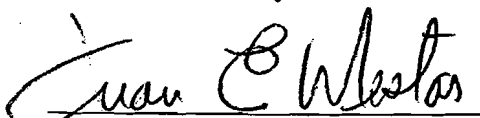
The proposed 2006-07 General Fund budget for the UM-Flint (attached) includes a 3.0% increase in State funding and a 7.9% increase in combined tuition and fees for resident undergraduate students (4% for graduate students) from the rates approved by the Regents for 2005-06.

This budget proposal assumes:

- 2% undergraduate enrollment decrease, 4.9% graduate enrollment increase;
- 3% merit salary program; and,
- 10 % increase in institutional financial aid, 2.1% above the tuition-and-fee increase.

We request approval of the proposed 2006-07 General Fund budget.

Recommended by:



Juan E. Mestas, Chancellor
University of Michigan – Flint

July 2006
Attachment

University of Michigan - Flint
Proposed General Fund Expenditure Budget
Fiscal Year 2006 - 07

	<u>Budget for FY 2005 - 06</u>	<u>\$ Change</u>	<u>Budget for FY 2006 - 07</u>
Revenues:			
State Appropriation (1)	20,782,000	738,300	21,520,300
Student Tuition & Fees (2)	39,139,000	2,883,700	42,022,700
Indirect Cost Recovery	140,000	60,000	200,000
Income from Investments	55,000	145,000	200,000
Department Activities	270,000	-	270,000
Total Incremental Revenues	<u>60,386,000</u>	<u>3,827,000</u>	<u>64,213,000</u>

(1) The increase in State Appropriations represents the increase agreed upon by the State Senate, House and Executive levels.

(2) The increase in tuition & fee revenue was estimated based upon the use of actual tuition data for SU05, FA05, and WI06, and budget data for SP06, an 7.9% undergraduate tuition rate increase, a 4% graduate tuition rate increase, and a 2% decrease in enrollment.

Proposed General Fund Budget
Fiscal Year 2006 - 07

Projected Expenditures (By Area)	Original Budget for FY 2005 - 06	Base Trans. Between Unit Groups	Adjusted Budget for FY 2005 - 06 (1)	Salary & Benefits (2)	Student Support (3)	Fixed Costs (4)	Miscellaneous (5)	Budget for FY 2006 - 07
	College of Arts & Sciences	14,272,489	1,140,338	15,412,827	342,524			
School of Management	4,021,273	256,522	4,277,795	96,561				4,374,356
School of Health Profession & Studies	3,671,539	276,018	3,947,557	94,612			30,000	4,042,169
Associate Provost & Graduate Programs	3,714,536	96,466	3,810,002	62,506	88,000			3,990,508
School of Education & Human Services	2,408,757	187,401	2,596,158	65,072				2,641,230
Other Instructional Programs	2,072,340	(1,384,978)	707,362	246,829	589,934		30,000	1,544,125
Subtotal - Academic Units	30,160,934	670,767	30,731,701	906,104	677,934			32,347,739
Chancellor	2,030,445	(360,782)	1,669,663	26,683			4,500	1,700,866
Provost/Academic Affairs	2,729,970	(310,884)	2,419,086	42,373				2,461,459
Student Services & Enrollment Management	3,793,564	9,044	3,802,608	76,307				3,878,915
Student Aid	3,162,058		3,162,056		316,206		84,000	3,478,262
Administration	8,286,254	140,000	8,426,254	176,736	9,593			8,696,583
Institutional Advancement	1,840,523	394,952	2,035,475	33,869			88,500	2,069,044
Subtotal - Executive Officers	21,642,812	(127,950)	21,514,862	366,968	326,799			22,285,129
Utilities	3,700,000		3,700,000			500,000		4,200,000
Central Support	276,314	126,526	402,840			4,885		407,725
Debt Service	1,287,250	(589,343)	1,287,250			17,750		1,315,000
General Administrative Services	2,749,290		2,179,947	150,000	(7)	581,052	187,008	3,098,007
General Administrative Reserve	559,400		559,400					559,400
Subtotal - Other	8,582,284	(442,817)	8,139,437	150,000		1,103,687	187,008	9,680,132
Total Expenditures	60,386,000	-	60,386,000	1,414,072	1,003,733	1,103,687	306,508	64,213,000

(1) FY 2005-06 Budget has been restated to reflect base budget transfers between areas and adjustments to the initial base budget that occurred during FY 2005-06.

(2) The increase for Salary & Benefits represents mandatory salary increases for union employees, a 3% merit program, faculty promotions, fringe benefit increases, and a 3% salary increase for LEO faculty has been set aside in Other Instructional Programs until distributed to specific departments. Also, included on the Other Instructional Programs line is \$80K to be used as equity adjustments for Associate & Full Professors.

(3) The increase for Student Support represents approx. \$316K in student aid (an increase of 2% over UG tuition rate increase), \$9,593 in support of the Recreation Center, \$98K to support computing needs, and \$590K which is to be allocated to the Graduate Programs as part of promised revenue agreements.

(4) The Fixed Cost increase has been segregated due to the fact that their fluctuations are beyond our control. These increases include items such as utilities, business operations recharge, insurance, system maintenance contracts, debt retirement, and benefits.

(5) The Miscellaneous column consists of funds needed for website development, an increase in funding for the membership in Chamber of Commerce-Regional Leadership Council, environmental monitoring fund, Veterans Day event and staff council funding, reserves for mandatory increases in minimum wage and equity adjustments, and funding to be allocated to departments according to our new budget model.

(6) The majority of the base transfers out of Other Instructional Programs (approx. \$1.7M) were due to re-allocating funding for faculty costs during the Spring/Summer terms. This amount was previously held centrally in this support department, and in FY 2005-06 the decision was made to move it permanently to the college/schools. This is largely offset by a \$300K transfer in for program development within Academic Affairs.

(7) Included in General Administrative Salaries & Benefits is \$150K to be used to set up a fund for faculty and staff compression issues as well as the impact of a mandatory increase in minimum wage.

(8) The Fixed Cost increase in General Administrative Services consists of:

Increase in health (10%), prescription (10%), and dental (3%) costs	256,800	Reserve to be allocated to departments according to new budget model	136,408
Replacing the reserve amount that was base transferred out in FY2005-06	250,000	Reserve for departmental merit funding shortfalls/equity adjustments	50,000
Indirect cost recovery increase (to be allocated to departments)	53,343	Veteran's Day event funding	600
Increase in fixed contract costs and credit card fees & reduction in BOR	20,909		187,008
	<u>581,052</u>		

(9) The Miscellaneous increase in General Administrative Services consists of:

	136,408
	50,000
	600
	<u>187,008</u>