

The University of Michigan

2002- 2003 Budget



Cover Photo:

One of the most striking features of the Willard Henry Dow Laboratory is its large atrium. The 280,000 square-foot Chemistry Building addition at the University of Michigan has a five-story atrium as its focal point. The atrium serves as an anchor for the pedestrian diagonal circulation path that goes right through the building. Completed in 1989, it was designed by Harley Ellington Pierce Yee.

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The University of Michigan

Ann Arbor • Dearborn • Flint

The Regents of the University of Michigan

David A. Brandon
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Daniel D. Horning
Olivia P. Maynard

Rebecca McGowan
Andrea Fischer Newman
S. Martin Taylor
Katherine E. White

B. Joseph White (to July 31, 2002) (*ex officio*)

Mary Sue Coleman (from August 1, 2002) (*ex officio*)

Executive Officers

B. Joseph White, Interim President (to July 31, 2002)

Mary Sue Coleman, President (from August 1, 2002)

Daniel Little, Chancellor, University of Michigan-Dearborn

Juan E. Mestas, Chancellor, University of Michigan-Flint

Paul N. Courant, Interim Provost and Executive Vice President for
Academic Affairs

Gilbert S. Omenn, Executive Vice President for Medical Affairs
(to July 31, 2002)

Lazar J. Greenfield, Interim Executive Vice President for Medical Affairs
(from August 19, 2002)

E. Royster Harper, Vice President for Student Affairs

Marvin Krislov, Vice President and General Counsel

Lisa M. Rudgers, Vice President for Communications

Timothy P. Slottow, Interim Chief Financial Officer

Lisa A. Tedesco, Vice President and Secretary of the University

Fawwaz T. Ulaby, Vice President for Research

Cynthia H. Wilbanks, Vice President for Governmental Relations
and Interim Vice President for Development

Budget Staff

David Barthelmes, Vice Chancellor for Administration, University of
Michigan-Flint

Robert G. Behrens, Vice Chancellor of Business Affairs, University of
Michigan-Dearborn

Antony E. Burger, Director Office of Financial Analysis

Marilyn Knepp, Associate Vice President - University Budget, Planning,
and Administration

Glenna L. Schweitzer, Director Office of Budget and Planning

Gregory J. Tewksbury, Interim Treasurer and Director Office of
Financial Analysis

THE UNIVERSITY OF MICHIGAN
REGENTS' COMMUNICATION

Action Item

Subject: FY 2002-2003 Budgets

Action

Requested: Approval of Revenue and Expenditure Operating Budgets for FY 2002-2003

Background and Summary:

The three campuses of the University of Michigan have developed budgets for the 2002-2003 fiscal year. At this time, we are presenting summary revenue and expenditure budgets for the General Fund, Designated Fund, Auxiliary Activities Fund, and Expendable Restricted Fund. The budgets of these funds conform to all University policies.

The General Fund budget is based upon the Higher Education appropriations bill (Senate Bill 1105).

We recommend that the following summary revenue and expenditure budgets be approved effective July 1, 2002 for the period July 1, 2002 through June 30, 2003.

<u>Revenue Budget:</u>	Ann Arbor	Dearborn	Flint	Total
General Fund	1,100,581	73,459	52,277	1,226,318
Designated Fund	103,919	1,675	1,185	106,779
Auxiliary Activities	1,924,864	2,323	1,726	1,928,913
Expendable Restricted	678,179	9,050	9,982	697,211
Totals	3,807,544	86,507	65,170	3,959,221

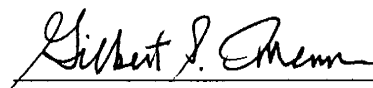
<u>Expenditure Budget:</u>	Ann Arbor	Dearborn	Flint	Total
General Fund	1,100,581	73,459	52,277	1,226,318
Designated Fund	103,919	1,675	1,185	106,779
Auxiliary Activities	1,920,373	2,323	1,726	1,924,423
Expendable Restricted	678,179	9,050	9,982	697,211
Totals	3,803,053	86,507	65,170	3,954,731

Note: Budget amounts are shown in thousands. Detail may not add exactly to totals due to rounding.

Respectfully Submitted,



Paul N. Courant
Interim Provost and Executive Vice
President for Academic Affairs



Gilbert S. Omenn
Executive VP for Medical Affairs and
Chief Executive Officer, University of
Michigan Health System



Timothy P. Slotow
Interim Chief Financial Officer

July 2002

APPROVED BY THE REGENTS ON

JUL 1 8 2002

All Campuses Summary Budgeted Revenues and Expenditures by Campus

	2002-2003				2001-2002				FY94- FY03
	Ann Arbor	Dearborn	Flint	Total	Ann Arbor	Dearborn	Flint	Total	% Chg CGR
Revenues:									
General Fund	\$1,100,581,467	\$ 73,458,941	\$ 52,277,401	\$1,226,317,809	\$1,042,839,968	\$ 69,589,941	\$ 49,704,091	\$1,162,134,000	5.5%
Designated Fund	103,918,716	1,675,000	1,185,000	106,778,716	104,211,440	2,025,000	1,221,500	107,457,940	-0.6%
Auxiliary Activities Fund	1,924,864,103	2,323,400	1,725,725	1,928,913,228	1,828,468,080 *	2,288,400	1,550,725	1,832,307,205	5.3%
Expendable Restricted Fund	678,179,463	9,050,000	9,982,000	697,211,463	668,821,697	8,975,000	7,675,000	685,471,697	1.7%
Total Revenues	\$3,807,543,749	\$ 86,507,341	\$ 65,170,126	\$3,959,221,216	\$3,644,341,185	\$ 82,878,341	\$ 60,151,316	\$3,787,370,842	4.5%
Expenditures:									
General Fund	\$1,100,581,467	\$ 73,458,941	\$ 52,277,401	\$1,226,317,809	\$1,042,839,968	\$ 69,589,941	\$ 49,704,091	\$1,162,134,000	5.5%
Designated Fund	103,918,716	1,675,000	1,185,000	106,778,716	104,211,440	2,025,000	1,221,500	107,457,940	-0.6%
Auxiliary Activities Fund	1,920,373,437	2,323,400	1,725,725	1,924,422,562	1,995,597,972	2,288,400	1,550,725	1,999,437,097	-3.8%
Expendable Restricted Fund	678,179,463	9,050,000	9,982,000	697,211,463	668,821,697	8,975,000	7,675,000	685,471,697	1.7%
Total Expenditures	\$3,803,053,083	\$ 86,507,341	\$ 65,170,126	\$3,954,730,550	\$3,811,471,077	\$ 82,878,341	\$ 60,151,316	\$3,954,500,734	0.0%
Forecast Margin	\$ 4,490,666	\$ -	\$ -	\$ 4,490,666	\$ (167,129,892) *	\$ -	\$ -	\$ (167,129,892)	7.9%

Note:

* The Auxiliary Fund negative margin in FY2002 is due to the transfer of funds to capital/construction, and does not reflect a true operating deficit.

This schedule summarizes the total revenue and expenditure budgets for the University of Michigan's three campuses. The budgets for each campus are summarized by current operating funds: General Fund, Designated Fund, Auxiliary Activities Fund, and Expendable Restricted Fund.

The total expenditure budget (including transfers to Plant) has increased \$229,816 over the 2001-2002 budget. The compound growth rate from Fiscal Year 1994 is approximately 7.9%. After adjusting for inflation, this compound growth rate equates to 5.4%.

The total revenue budget has increased \$171,850,374 or approximately 4.5% over the 2001 - 2002 budget. The compound growth rate from Fiscal Year 1994 is approximately 7.3%. After adjusting for inflation, this compound growth rate equates to 4.8%.

Schedule A

All Campuses

Summary of Budgeted Revenues and Expenditures by Fund

2002-2003

	2002-2003				2001-2002		\$ Change
	General	Designated	Auxiliary	Expendable Restricted	Total	Total	
Revenues:							
State Appropriations	\$ 415,629,383	\$ -	\$ -	\$ -	\$ 415,629,383	\$ 415,629,383	\$ -
Student Tuition & Fees	665,222,788	-	-	-	665,222,788	606,750,899	58,471,889
Government Sponsored Programs:							
Federal	650,000	-	-	540,000,000	540,650,000	500,510,000	40,140,000
Non-Federal	-	-	-	7,700,000	7,700,000	7,300,000	400,000
Private Gifts & Sponsored Programs	-	1,430,000	-	176,000,000	177,430,000	202,300,000	(24,870,000)
Indirect Cost Recovery	132,332,963	-	-	-	132,332,963	125,396,043	6,936,920
Indirect Cost Recovery Alloc to Gen Op	-	-	-	(132,332,963)	(132,332,963)	(125,396,043)	(6,936,920)
Income from Investments:							
Endowment and Other Invested Funds	-	6,569,716	-	89,689,426	96,259,142	84,670,680	11,588,462
Other	4,275,000	9,779,000	-	11,555,000	25,609,000	35,855,000	(10,246,000)
Auxiliary Activities:							
UM Health System	-	-	1,739,728,721	-	1,739,728,721	1,637,572,563	102,156,158
Other Auxiliary Units	-	-	189,184,507	-	189,184,507	194,734,642	(5,550,135)
Departmental Activities	8,207,675	89,000,000	-	4,600,000	101,807,675	102,047,675	(240,000)
Total Revenues	\$1,226,317,809	\$106,778,716	\$1,928,913,228	\$697,211,463	\$3,959,221,216	\$3,787,370,842	\$ 171,850,374
Total Expenditures	\$1,226,317,809	\$106,778,716	\$1,924,422,562	\$697,211,463	\$3,954,730,550	\$3,954,500,734	\$ 229,816
Forecast Margin	\$ -	\$ -	\$ 4,490,666	\$ -	\$ 4,490,666	\$ (167,129,892)	*

Note:

* The Auxiliary Fund negative margin in FY2002 is due to the transfer of funds to capital/construction, and does not reflect a true operating deficit.

Schedule B

General Fund - All Campuses

Summary of Budgeted Revenues and Expenditures

	2002-2003			2001-2002		\$ Change
	Ann Arbor	Dearborn	Flint	Total	Total	
Revenues:						
State Appropriations	\$ 363,562,700	\$ 27,991,482	\$ 24,075,201	\$ 415,629,383	\$ 415,629,383	\$ -
Student Tuition & Fees	593,463,804	44,081,784	27,677,200	665,222,788	606,750,899	58,471,889
Government Sponsored Programs:						
Federal	650,000	-	-	650,000	510,000	140,000
Indirect Cost Recovery	131,764,963	400,000	168,000	132,332,963	125,396,043	6,936,920
Income from Investments - Other	4,100,000	100,000	75,000	4,275,000	5,400,000	(1,125,000)
Departmental Activities	7,040,000	885,675	282,000	8,207,675	8,447,675	(240,000)
Total Revenues	\$1,100,581,467	\$ 73,458,941	\$ 52,277,401	\$1,226,317,809	\$1,162,134,000	\$ 64,183,809
Total Expenditures	\$1,100,581,467	\$ 73,458,941	\$ 52,277,401	\$1,226,317,809	\$1,162,134,000	\$ 64,183,809
Forecast Margin	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Schedule C

Designated Fund - All Campuses

Summary of Budgeted Revenues and Expenditures

	2002-2003				2001-2002		\$ Change
	Ann Arbor	Dearborn	Flint	Total	Total	Total	
Revenues:							
Private Gifts & Sponsored Programs	\$ 1,365,000	\$ -	\$ 65,000	\$ 1,430,000	\$ 1,300,000	\$ 130,000	
Income from Investments:							
Endowment and Other Invested Funds	6,569,716	-	-	6,569,716	3,231,940	3,337,776	
Other	9,009,000	350,000	420,000	9,779,000	13,926,000	(4,147,000)	
Departmental Activities	86,975,000	1,325,000	700,000	89,000,000	89,000,000	-	
Total Revenues	\$ 103,918,716	\$ 1,675,000	\$ 1,185,000	\$ 106,778,716	\$ 107,457,940	\$ (679,224)	
Total Expenditures	\$ 103,918,716	\$ 1,675,000	\$ 1,185,000	\$ 106,778,716	\$ 107,457,940	\$ (679,224)	
Forecast Margin	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

Schedule D

Auxiliary Activities Fund - All Campuses

Summary of Budgeted Revenues and Expenditures

	2002-2003			2001-2002		
	Ann Arbor	Dearborn	Flint	Total	Total	\$ Change
BUDGETED REVENUES						
UM Health System:						
Hospitals and Health Centers	\$ 1,097,589,847	\$ -	\$ -	\$ 1,097,589,847	988,729,000	\$ 108,860,847
Michigan Health Corporation	56,421,952	-	-	56,421,952	17,742,621	38,679,331
M-Care	459,247,945	-	-	459,247,945	491,033,000	(31,785,055)
Medical School - Clinical Activity	352,375,698	-	-	352,375,698	343,845,408	8,530,290
Executive Vice President for Medical Affairs - program support	-	-	-	-	-	-
Subtotal	\$ 1,965,635,442	\$ -	\$ -	\$ 1,965,635,442	\$ 1,841,350,029	\$ 124,285,413
Less Rebillings Credits	(225,906,721)	-	-	(225,906,721)	(203,777,466)	(22,129,255)
Total - UM Health System	\$ 1,739,728,721	\$ -	\$ -	\$ 1,739,728,721	\$ 1,637,572,563	\$ 102,156,158
Other Auxiliary Units:						
Plant Operations	\$ 102,144,420	\$ -	\$ -	\$ 102,144,420	\$ 99,097,621	\$ 3,046,799
Utilities	113,045,782	-	-	113,045,782	114,437,474	(1,391,692)
ITD Telecomm and Technology Services	41,814,484	-	-	41,814,484	51,576,104	(9,761,620)
University Housing	85,450,000	-	-	85,450,000	83,600,000	1,850,000
M-Stores	86,072,175	-	-	86,072,175	83,381,160	2,691,015
Intercollegiate Athletics	50,559,000	-	-	50,559,000	45,843,000	4,716,000
Risk Management & Veritas Insurance Co	20,735,167	-	-	20,735,167	13,332,539	7,402,628
Staff Benefits Rebillings	38,035,177	-	-	38,035,177	36,646,586	1,388,591
Health Service	13,722,060	-	-	13,722,060	12,346,263	1,375,797
Parking Operations	15,236,500	-	-	15,236,500	14,838,897	397,603
Other Publications	9,823,491	-	-	9,823,491	10,369,482	(545,991)
League, Union, and Commons	15,653,225	-	-	15,653,225	14,891,825	761,400
Other Auxiliary Units	71,238,608	3,665,008	2,700,000	77,603,616	76,690,031	913,585
Subtotal - Other Auxiliary Units	\$ 663,530,089	\$ 3,665,008	\$ 2,700,000	\$ 669,895,097	\$ 657,050,982	\$ 12,844,115
Less Rebillings Credits	(467,120,917)	(1,069,000)	(580,000)	(468,769,917)	(449,677,140)	(19,092,777)
Less Student Fee Allocations Budgeted in General Fund	(11,273,790)	(272,608)	(394,275)	(11,940,673)	(12,639,200)	698,527
Total - Other Auxiliary Units	\$ 185,135,382	\$ 2,323,400	\$ 1,725,725	\$ 189,184,507	\$ 194,734,642	\$ (5,550,135)
Grand Total - Revenue	\$ 1,924,864,103	\$ 2,323,400	\$ 1,725,725	\$ 1,928,913,228	\$ 1,832,307,205	\$ 96,606,023

Schedule D - Continued

Auxiliary Activities Fund - All Campuses

Summary of Budgeted Revenues and Expenditures

	2002-2003			2001-2002	
	Ann Arbor	Dearborn	Flint	Total	Total
BUDGETED EXPENDITURES					
UM Health System:					
Hospitals and Health Centers	\$ 1,083,234,773	\$ -	\$ -	\$ 1,083,234,773	\$ 1,044,240,550
Michigan Health Corporation	56,414,486			56,414,486	17,718,587
M-Care	456,925,813			456,925,813	484,718,000
Medical School - Clinical Activity	364,529,762			364,529,762	462,708,066
Executive Vice President for Medical Affairs - program support	1,748,616			1,748,616	4,058,384
Subtotal	<u>\$ 1,962,853,450</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,962,853,450</u>	<u>\$ 2,013,443,587</u>
Less Rebillings Credits	(225,906,721)			(225,906,721)	(203,777,466)
Total - UM Health System	<u>\$ 1,736,946,729</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,736,946,729</u>	<u>\$ 1,809,666,121</u>
Other Auxiliary Units:					
Plant Operations	100,423,439			100,423,439	\$ 96,929,718
Utilities	113,045,782			113,045,782	116,028,194
ITD Rebill Activities (Including ITComm)	40,774,778			40,774,778	49,287,182
University Housing	85,450,000			85,450,000	83,600,000
M-Stores	85,290,424			85,290,424	83,108,883
Intercollegiate Athletics	52,431,000			52,431,000	47,593,000
Risk Management & Veritas Insurance Co	20,735,167			20,735,167	13,332,539
Benefits Office	38,259,709			38,259,709	34,347,448
Health Service	13,713,858			13,713,858	12,310,414
Parking Operations	14,799,829			14,799,829	15,461,948
Other Publications	10,026,960			10,026,960	10,308,360
League, Union, and Commons	15,653,225			15,653,225	14,891,825
Other Auxiliary Units	71,217,244		2,700,000	77,582,252	74,887,805
Subtotal - Other Auxiliary Units	<u>\$ 661,821,415</u>	<u>\$ 3,665,008</u>	<u>\$ 2,700,000</u>	<u>\$ 668,186,423</u>	<u>\$ 652,087,316</u>
Less Rebillings Credits	(467,120,917)			(467,120,917)	(449,677,140)
Less Student Fee Allocations Budgeted in General Fund	(11,273,790)			(11,940,673)	(12,639,200)
Total - Other Auxiliary Units	<u>\$ 183,426,708</u>	<u>\$ 2,323,400</u>	<u>\$ 1,725,725</u>	<u>\$ 187,475,833</u>	<u>\$ 189,770,976</u>
Grand Total - Expenditures	<u>\$ 1,920,373,437</u>	<u>\$ 2,323,400</u>	<u>\$ 1,725,725</u>	<u>\$ 1,924,422,562</u>	<u>\$ 1,999,437,097</u>
Forecast Margin	<u>\$ 4,490,666</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,490,666</u>	<u>\$ (167,129,892) *</u>
					<u>\$ 38,994,223</u>
					<u>\$ 38,695,899</u>
					<u>(27,792,187)</u>
					<u>(98,178,304)</u>
					<u>(2,309,768)</u>
					<u>\$ (50,590,137)</u>
					<u>(22,129,255)</u>
					<u>\$ (72,719,392)</u>
					<u>\$ 3,493,721</u>
					<u>(2,982,412)</u>
					<u>(8,512,404)</u>
					<u>1,850,000</u>
					<u>2,181,541</u>
					<u>4,838,000</u>
					<u>7,402,628</u>
					<u>3,912,261</u>
					<u>1,403,444</u>
					<u>(662,119)</u>
					<u>(281,400)</u>
					<u>761,400</u>
					<u>2,694,447</u>
					<u>\$ 16,099,107</u>
					<u>(19,092,777)</u>
					<u>698,527</u>
					<u>\$ (2,295,143)</u>
					<u>\$ (75,014,535)</u>
					<u>\$ 171,620,558</u>

Note:
 * The Auxiliary Fund negative margin in FY2002 is due to the transfer of funds to capital/construction, and does not reflect a true operating deficit.

Schedule E

Expendable Restricted Funds - All Campuses

Summary of Budgeted Revenues and Expenditures

	2002-2003				2001-2002	
	Ann Arbor	Dearborn	Flint	Total	Total	\$ Change
Revenues:						
Government Sponsored Programs:						
Federal	\$ 530,650,000	\$ 3,850,000	\$ 5,500,000	\$ 540,000,000	\$ 500,000,000	\$ 40,000,000
Non-Federal	4,000,000	1,900,000	1,800,000	7,700,000	7,300,000	400,000
Private Gifts & Sponsored Programs	171,450,000	3,250,000	1,300,000	176,000,000	201,000,000	(25,000,000)
Indirect Cost Recoveries Allocated to General Oper.	(131,764,963)	(400,000)	(168,000)	(132,332,963)	(125,396,043)	(6,936,920)
Income from Investments:						
Endowment and Other Invested Funds	87,739,426	450,000	1,500,000	89,689,426	81,438,740	8,250,686
Other	11,555,000	-	-	11,555,000	16,529,000	(4,974,000)
Departmental Activities	4,550,000	-	50,000	4,600,000	4,600,000	-
Total Revenues	\$ 678,179,463	\$ 9,050,000	\$ 9,982,000	\$ 697,211,463	\$ 685,471,697	\$ 11,739,766
Total Expenditures	\$ 678,179,463	\$ 9,050,000	\$ 9,982,000	\$ 697,211,463	\$ 685,471,697	\$ 11,739,766
Forecast Margin	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -