

# **Table of Contents**

## **The University of Michigan - All Campuses**

<b>Regents, Executive Officers, Budget Staff .....</b>	<b>1</b>
<b>July 2004 Regents' Communication: Request Approval of FY2004-2005 Budgets ...</b>	<b>2</b>

### **Summary of Budget Revenues and Expenditures**

<b>All Campuses: Summary by Campus .....</b>	<b>3</b>
<b>Schedule A: Summary by Fund (combined campuses).....</b>	<b>4</b>
<b>Schedule B: General Fund .....</b>	<b>5</b>
<b>Schedule C: Designated Fund .....</b>	<b>6</b>
<b>Schedule D: Auxiliary Activities Fund .....</b>	<b>7</b>
<b>Schedule E: Expendable Restricted Funds .....</b>	<b>9</b>



# The University of Michigan

Ann Arbor • Dearborn • Flint

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**Glenna L. Schweitzer**, Director Office of Budget and Planning  
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**THE UNIVERSITY OF MICHIGAN**  
REGENTS' COMMUNICATION

**Action Item**

**Subject:** FY 2004-2005 Budgets

**Action**

**Requested:** Approval of Revenue and Expenditure Operating Budgets for FY 2004-2005

**Background and Summary:**

The three campuses of the University of Michigan have developed budgets for the 2004-2005 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 on recommended state appropriations contained in the Governor's proposed budget. If the enacted appropriations differ from these amounts, revised General Fund budgets will be submitted for approval.


We recommend that the following summary revenue and expenditure budgets be approved effective July 1, 2004 for the period July 1, 2004 through June 30, 2005.


<b>Revenue Budget:</b>	<b>Ann Arbor</b>	<b>Dearborn</b>	<b>Flint</b>	<b>Total</b>
General Fund	1,163,382	81,032	55,962	1,300,376
Designated Fund	101,475	900	1,025	103,400
Auxiliary Activities	2,041,115	2,417	2,650	2,046,182
Expendable Restricted	759,741	10,300	11,190	781,231
<b>Totals</b>	<b>4,065,713</b>	<b>94,650</b>	<b>70,827</b>	<b>4,231,190</b>

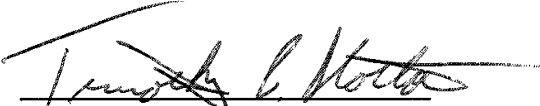
<b>Expenditure Budget:</b>	<b>Ann Arbor</b>	<b>Dearborn</b>	<b>Flint</b>	<b>Total</b>
General Fund	1,163,382	81,032	55,962	1,300,376
Designated Fund	101,475	900	1,025	103,400
Auxiliary Activities	2,096,467	2,417	2,650	2,101,534
Expendable Restricted	759,741	10,300	11,190	781,231
<b>Totals</b>	<b>4,121,065</b>	<b>94,650</b>	<b>70,827</b>	<b>4,286,542</b>

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

Respectfully Submitted,

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

  
**Robert P. Kelch**  
*Executive Vice President for Medical Affairs and Chief Executive Officer, University of Michigan Health System*

  
**Timothy P. Slottow**  
*Executive Vice President & Chief Financial Officer*

# All Campuses Summary Budgeted Revenues and Expenditures by Campus

	2004-2005				2003-2004				FY95-
	Ann Arbor	Dearborn	Flint	Total	Ann Arbor	Dearborn	Flint	Total	FY05 CGR
<b>Revenues:</b>									
General Fund	\$ 1,163,381,800	\$ 81,032,478	\$ 55,962,000	\$ 1,300,376,278	\$ 1,129,040,949	\$ 76,809,880	\$ 53,459,300	\$ 1,259,310,129	5.1%
Designated Fund	101,475,000	900,000	1,025,000	103,400,000	97,572,000	1,250,000	1,100,000	99,922,000	3.5%
Auxiliary Activities Fund	2,041,114,823	2,417,400	2,650,000	2,046,182,223	1,935,715,642 **	2,348,900	2,100,725	1,940,165,267	6.5%
Expendable Restricted Fund	759,741,433	10,300,000	11,190,000	781,231,433	761,923,123	9,050,000	10,497,000	781,470,123	6.3%
<b>Total Revenues</b>	<b>\$ 4,065,713,056</b>	<b>\$ 94,649,878</b>	<b>\$ 70,827,000</b>	<b>\$ 4,231,189,934</b>	<b>\$ 3,924,251,714</b>	<b>\$ 89,458,760</b>	<b>\$ 67,157,025</b>	<b>\$ 4,080,867,519</b>	<b>5.9%</b>
<b>Expenditures:</b>									
General Fund	\$ 1,163,381,800	\$ 81,032,478	\$ 55,962,000	\$ 1,300,376,278	\$ 1,129,040,949	\$ 76,809,880	\$ 53,459,300	\$ 1,259,310,129	5.1%
Designated Fund	101,475,000	900,000	1,025,000	103,400,000	97,572,000	1,250,000	1,100,000	99,922,000	3.5%
Auxiliary Activities Fund	2,096,467,079	2,417,400	2,650,000	2,101,534,479	1,964,509,191 **	2,348,900	2,100,725	1,968,958,816	8.1%
Expendable Restricted Fund	759,741,433	10,300,000	11,190,000	781,231,433	761,923,123	9,050,000	10,497,000	781,470,123	6.3%
<b>Total Expenditures</b>	<b>\$ 4,121,065,312</b>	<b>\$ 94,649,878</b>	<b>\$ 70,827,000</b>	<b>\$ 4,286,542,190</b>	<b>\$ 3,953,045,263</b>	<b>\$ 89,458,760</b>	<b>\$ 67,157,025</b>	<b>\$ 4,109,661,068</b>	<b>4.3%</b>
<b>Forecast Margin</b>	<b>\$ (55,352,256)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (55,352,256)</b>	<b>\$ (28,793,549)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (28,793,549)</b>	<b>6.7%</b>

Note:

\* The Auxiliary Fund negative margin in 2004-2005 does not reflect a true operating deficit due to capital expenditures and other time limited investments.

\*\* The 2003-2004 budget has been restated for comparability to the 2004-2005 budget. See the Health System on Schedule D.

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 \$176,881,122 over the Fiscal Year 2004 budget. The compound growth rate from Fiscal Year 1995 is approximately 6.7%. After adjusting for inflation, this compound growth rate equates to 4.4%.

The total revenue budget has increased \$150,322,415 or approximately 3.7% over the Fiscal Year 2004 budget. The compound growth rate from Fiscal Year 1995 is approximately 5.9%. After adjusting for inflation, this compound growth rate equates to 3.7%.

# Schedule A

## All Campuses

### Summary of Budgeted Revenues and Expenditures by Fund

	2004-2005				2003-2004		
	General	Designated	Auxiliary	Expendable Restricted	Total	Total	\$ Change
<b>Revenues:</b>							
State Appropriations	\$ 366,580,000	\$ -	\$ -	\$ -	\$ 366,580,000	\$ 374,061,300	\$ (7,481,300)
Student Tuition & Fees	762,197,536	-	-	-	762,197,536	723,388,777	38,808,759
Government Sponsored Programs:							
Federal	-	-	-	648,000,000	648,000,000	648,800,000	(800,000)
Non-Federal	-	-	-	10,800,000	10,800,000	8,700,000	2,100,000
Private Gifts & Sponsored Programs	-	1,500,000	-	176,000,000	177,500,000	177,200,000	300,000
Indirect Cost Recovery	157,057,567	-	-	-	157,057,567	149,749,877	7,307,690
Indirect Cost Recovery Alloc to Gen Op	-	-	-	(157,057,567)	(157,057,567)	(149,749,877)	(7,307,690)
Income from Investments:							
Endowment and Other Invested Funds	-	6,200,000	-	92,532,000	98,732,000	92,242,000	6,490,000
Other	3,055,000	7,700,000	-	7,957,000	18,712,000	16,985,000	1,727,000
Auxiliary Activities:							
UM Health System	-	-	1,858,211,549	-	1,858,211,549	1,754,919,237	103,292,312
Other Auxiliary Units	-	-	187,970,674	-	187,970,674	185,246,030	2,724,644
Departmental Activities	11,486,175	88,000,000	-	3,000,000	102,486,175	99,325,175	3,161,000
<b>Total Revenues</b>	<b>\$ 1,300,376,278</b>	<b>\$ 103,400,000</b>	<b>\$ 2,046,182,223</b>	<b>\$ 781,231,433</b>	<b>\$ 4,231,189,934</b>	<b>\$ 4,080,867,519</b>	<b>\$ 150,322,415</b>
<b>Total Expenditures</b>	<b>\$ 1,300,376,278</b>	<b>\$ 103,400,000</b>	<b>\$ 2,101,534,479</b>	<b>\$ 781,231,433</b>	<b>\$ 4,286,542,190</b>	<b>\$ 4,109,661,068</b>	<b>\$ 176,881,122</b>
<b>Forecast Margin</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (55,352,256) *</b>	<b>\$ -</b>	<b>\$ (55,352,256)</b>	<b>\$ (28,793,549)</b>	

Note:

\* The Auxiliary Fund negative margin in 2004-2005 does not reflect a true operating deficit due to capital expenditures and other time limited investments.

\*\* The 2003-2004 budget has been restated for comparability to the 2004-2005 budget. See the Health System on Schedule D.

# Schedule B

## General Fund - All Campuses

### Summary of Budgeted Revenues and Expenditures

	2004-2005				2003-2004		\$ Change
	Ann Arbor	Dearborn	Flint	Total	Total	Total	
<b>Revenues:</b>							
State Appropriations	\$ 320,661,978	\$ 24,690,022	\$ 21,228,000	\$ 366,580,000	\$ 374,061,300	\$ (7,481,300)	
Student Tuition & Fees	675,392,255	52,596,281	34,209,000	762,197,536	723,388,777	38,808,759	
Government Sponsored Programs:							
Federal	-	-	-	-	800,000	(800,000)	
Indirect Cost Recovery	156,457,567	400,000	200,000	157,057,567	149,749,877	7,307,690	
Income from Investments - Other	2,900,000	100,000	55,000	3,055,000	2,585,000	470,000	
Departmental Activities	7,970,000	3,246,175	270,000	11,486,175	8,725,175	2,761,000	
<b>Total Revenues</b>	<b>\$1,163,381,800</b>	<b>\$ 81,032,478</b>	<b>\$ 55,962,000</b>	<b>\$1,300,376,278</b>	<b>\$1,259,310,129</b>	<b>\$ 41,066,149</b>	
<b>Total Expenditures</b>	<b>\$1,163,381,800</b>	<b>\$ 81,032,478</b>	<b>\$ 55,962,000</b>	<b>\$1,300,376,278</b>	<b>\$1,259,310,129</b>	<b>\$ 41,066,149</b>	
<b>Forecast Margin</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	

# Schedule C Designated Fund - All Campuses Summary of Budgeted Revenues and Expenditures

	2004-2005				2003-2004	
	Ann Arbor	Dearborn	Flint	Total	Total	\$ Change
<b>Revenues:</b>						
Private Gifts & Sponsored Programs	\$ 1,500,000	\$ -	\$ -	\$ 1,500,000	\$ 1,200,000	\$ 300,000
Income from Investments:						
Endowment and Other Invested Funds	6,200,000	-	-	6,200,000	5,722,000	478,000
Other	7,325,000	175,000	200,000	7,700,000	7,000,000	700,000
Departmental Activities	86,450,000	725,000	825,000	88,000,000	86,000,000	2,000,000
<b>Total Revenues</b>	<b>\$ 101,475,000</b>	<b>\$ 900,000</b>	<b>\$ 1,025,000</b>	<b>\$ 103,400,000</b>	<b>\$ 99,922,000</b>	<b>\$ 3,478,000</b>
<b>Total Expenditures</b>	<b>\$ 101,475,000</b>	<b>\$ 900,000</b>	<b>\$ 1,025,000</b>	<b>\$ 103,400,000</b>	<b>\$ 99,922,000</b>	<b>\$ 3,478,000</b>
<b>Forecast Margin</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# Schedule D

## Auxiliary Activities Fund - All Campuses

### Summary of Budgeted Revenues and Expenditures

	2004-2005			2003-2004		\$ Change
	Ann Arbor	Dearborn	Flint	Total	Total	
<b>BUDGETED REVENUES</b>						
<b>UM Health System:</b>						
Hospitals and Health Centers	\$ 1,320,929,000	\$ -	\$ -	\$ 1,320,929,000	1,198,650,472	\$ 122,278,528
Michigan Health Corporation	27,354,160			27,354,160	45,246,017	(17,891,857)
M-Care	498,873,231			498,873,231	502,158,193	(3,284,962)
Medical School - Clinical Activity	371,492,005			371,492,005	347,407,041	24,084,964
Executive Vice President for Medical Affairs - program support	30,000			30,000	-	30,000
<b>Subtotal</b>	<b>\$ 2,218,678,396</b>	<b>\$ -</b>	<b>\$ -</b>	<b>2,218,678,396</b>	<b>\$ 2,093,461,723</b>	<b>\$ 125,216,673</b>
Less Rebillng Credits	(360,466,847)			(360,466,847)	(338,542,486) *	(21,924,361)
<b>Total - UM Health System</b>	<b>\$ 1,858,211,549</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,858,211,549</b>	<b>\$ 1,754,919,237</b>	<b>\$ 103,292,312</b>
<b>Other Auxiliary Units:</b>						
Plant Operations	\$ 106,319,050	\$ -	\$ -	\$ 106,319,050	\$ 104,675,286	\$ 1,643,764
Utilities	149,565,777			149,565,777	136,617,625	12,948,152
ITD Telecom and Technology Services	31,786,882			31,786,882	35,558,042	(3,771,160)
University Housing	94,128,000			94,128,000	89,535,000	4,593,000
M-Stores	105,391,165			105,391,165	98,363,030	7,028,135
Intercollegiate Athletics	52,513,000			52,513,000	53,793,000	(1,280,000)
Risk Management & Veritas Insurance Co	39,209,792			39,209,792	36,713,076	2,496,716
Staff Benefits Rebillngs	52,625,660			52,625,660	55,483,820	(2,858,160)
Health Service	14,965,925			14,965,925	14,684,150	281,775
Parking Operations	16,977,068			16,977,068	16,481,999	495,069
Other Publications	9,520,126			9,520,126	10,023,689	(503,563)
League, Union, and Commons	14,921,945			14,921,945	14,664,407	257,538
Other Auxiliary Units	60,763,315	3,670,008	3,192,000	67,625,323	85,136,963	(17,511,640)
<b>Subtotal - Other Auxiliary Units</b>	<b>\$ 748,687,705</b>	<b>\$ 3,670,008</b>	<b>\$ 3,192,000</b>	<b>\$ 755,549,713</b>	<b>\$ 751,730,087</b>	<b>\$ 3,819,626</b>
Less Rebillng Credits	(553,998,768)	(980,000)	(250,000)	(555,228,768)	(554,578,519)	(650,249)
Less Student Fee Allocations Budgeted in General Fund	(11,785,663)	(272,608)	(292,000)	(12,350,271)	(11,905,538)	(444,733)
<b>Total - Other Auxiliary Units</b>	<b>\$ 182,903,274</b>	<b>\$ 2,417,400</b>	<b>\$ 2,650,000</b>	<b>\$ 187,970,674</b>	<b>\$ 185,246,030</b>	<b>\$ 2,724,644</b>
<b>Grand Total - Revenue</b>	<b>\$ 2,041,114,823</b>	<b>\$ 2,417,400</b>	<b>\$ 2,650,000</b>	<b>\$ 2,046,182,223</b>	<b>\$ 1,940,165,267</b>	<b>\$ 106,016,956</b>

\* The 2003-2004 budgets have been restated to reflect the M-Care rebilling credits within the UM Health System for comparability to 2004-2005.



# Schedule D - Continued

## Auxiliary Activities Fund - All Campuses

### Summary of Budgeted Revenues and Expenditures

	2004-2005			2003-2004	
	Ann Arbor	Dearborn	Flint	Total	Total
<b>BUDGETED EXPENDITURES</b>					
<b>UM Health System:</b>					
Hospitals and Health Centers	\$ 1,341,882,405	\$ -	\$ -	\$ 1,341,882,405	\$ 1,196,183,830
Michigan Health Corporation	27,732,925			27,732,925	45,867,453
M-Care	494,851,986			494,851,986	497,279,213
Medical School - Clinical Activity	408,779,443			408,779,443	387,402,413
Executive Vice President for Medical Affairs - program support	734,820			734,820	1,948,981
Subtotal	<u>\$ 2,273,981,579</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,273,981,579</u>	<u>\$ 2,128,681,890</u>
Less Rebill Credits	(360,466,847)			(360,466,847)	(338,542,486) **
<b>Total - UM Health System</b>	<b><u>\$ 1,913,514,732</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,913,514,732</u></b>	<b><u>\$ 1,790,139,404</u></b>
<b>Other Auxiliary Units:</b>					
Plant Operations	105,437,312			\$ 105,437,312	\$ 102,912,600
Utilities	148,044,952			148,044,952	134,608,787
ITD Rebill Activities (Including ITComm)	32,787,792			32,787,792	34,401,748
University Housing	94,128,000			94,128,000	89,535,000
M-Stores	105,982,832			105,982,832	99,852,570
Intercollegiate Athletics	53,923,000			53,923,000	54,516,000
Risk Management & Veritas Insurance Co	39,209,792			39,209,792	36,713,076
Benefits Office	47,993,965			47,993,965	50,620,783
Health Service	14,965,683			14,965,683	14,671,155
Parking Operations	17,400,971			17,400,971	18,010,096
Other Publications	9,484,393			9,484,393	10,029,591
League, Union, and Commons	15,019,345			15,019,345	14,953,690
Other Auxiliary Units	64,358,741	3,670,008	3,192,000	71,220,749	84,478,373
<b>Subtotal - Other Auxiliary Units</b>	<b><u>\$ 748,736,778</u></b>	<b><u>\$ 3,670,008</u></b>	<b><u>\$ 3,192,000</u></b>	<b><u>\$ 755,598,786</u></b>	<b><u>\$ 745,303,469</u></b>
Less Rebill Credits	(553,998,768)			(553,998,768)	(554,578,519)
Less Student Fee Allocations Budgeted in General Fund	(11,785,663)	(272,608)	(292,000)	(12,350,271)	(11,905,538)
<b>Total - Other Auxiliary Units</b>	<b><u>\$ 182,952,347</u></b>	<b><u>\$ 2,417,400</u></b>	<b><u>\$ 2,650,000</u></b>	<b><u>\$ 188,019,747</u></b>	<b><u>\$ 178,819,412</u></b>
<b>Grand Total - Expenditures</b>	<b><u>\$ 2,096,467,079</u></b>	<b><u>\$ 2,417,400</u></b>	<b><u>\$ 2,650,000</u></b>	<b><u>\$ 2,101,534,479</u></b>	<b><u>\$ 1,968,958,816</u></b>
<b>Forecast Margin</b>	<b><u>\$ (55,352,256)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (55,352,256) *</u></b>	<b><u>\$ (28,793,549)</u></b>

Note:

\* The Auxiliary Fund negative margin in 2004-2005 does not reflect a true operating deficit due to capital expenditures and other time limited investments.

\*\* The 2003-2004 budgets have been restated to reflect the M-Care rebilling credits within the UM Health System for comparability to 2004-2005.

# Schedule E

## Expendable Restricted Funds - All Campuses

### Summary of Budgeted Revenues and Expenditures

	2004-2005			2003-2004		\$ Change
	Ann Arbor	Dearborn	Flint	Total	Total	
<b>Revenues:</b>						
Government Sponsored Programs:						
Federal	\$ 636,050,000	\$ 5,700,000	\$ 6,250,000	<b>\$ 648,000,000</b>	\$ 648,000,000	\$ -
Non-Federal	7,600,000	1,200,000	2,000,000	<b>10,800,000</b>	8,700,000	2,100,000
Private Gifts & Sponsored Programs	171,635,000	3,000,000	1,365,000	<b>176,000,000</b>	176,000,000	-
Indirect Cost Recoveries Allocated to General Oper.	(156,457,567)	(400,000)	(200,000)	<b>(157,057,567)</b>	(149,749,877)	(7,307,690)
Income from Investments:						
Endowment and Other Invested Funds	90,007,000	800,000	1,725,000	<b>92,532,000</b>	86,520,000	6,012,000
Other	7,957,000	-	-	<b>7,957,000</b>	7,400,000	557,000
Departmental Activities	2,950,000	-	50,000	<b>3,000,000</b>	4,600,000	(1,600,000)
<b>Total Revenues</b>	<b>\$ 759,741,433</b>	<b>\$ 10,300,000</b>	<b>\$ 11,190,000</b>	<b>\$ 781,231,433</b>	<b>\$ 781,470,123</b>	<b>\$ (238,690)</b>
<b>Total Expenditures</b>	<b>\$ 759,741,433</b>	<b>\$ 10,300,000</b>	<b>\$ 11,190,000</b>	<b>\$ 781,231,433</b>	<b>\$ 781,470,123</b>	<b>\$ (238,690)</b>
<b>Forecast Margin</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>