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The University of Michigan

Ann Arbor • Dearborn • Flint

The Regents of the University of Michigan

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Mary Sue Coleman (*ex officio*)

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Jack Kay, Acting Chancellor, University of Michigan-Flint (through August 17, 2008)
Ruth J. Person, Chancellor, University of Michigan-Flint (from August 18, 2008)
Robert P. Kelch, Executive Vice President for Medical Affairs
Timothy P. Slottow, Executive Vice President and Chief Financial Officer
Teresa A. Sullivan, Provost and Executive Vice President for Academic Affairs
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Stephen R. Forrest, Vice President for Research
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David R. Lampe, Vice President for Communications
Jerry A. May, Vice President for Development
Suellyn Scarnecchia, Vice President and General Counsel

Budget Staff

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Antony E. Burger, Director of Financial Analysis
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Glenna L. Schweitzer, Associate Vice Provost for Academic and Budgetary Affairs and Executive Director of the Office of Budget and Planning

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Approved by the Regents

Action Item

June 19, 2008

Subject: FY 2008-2009 Budgets

Action

Requested: Approval of Revenue and Expenditure Operating Budgets for FY 2008-2009

Background and Summary:

The three campuses of the University of Michigan have developed budgets for the 2008-2009 fiscal year. At this time, we are presenting summary revenue and expenditure budgets for the General Fund, Designated Fund, Auxiliary Activities, and Expendable Restricted Fund. These budgets conform to all University policies.

We recommend that the following summary revenue and expenditure budgets be approved effective July 1, 2008 for the period July 1, 2008 through June 30, 2009.

Revenue Budget:	Ann Arbor	Dearborn	Flint	Total
General Fund	1,408,794	101,283	75,814	1,585,891
Designated Fund	143,420	1,160	1,420	146,000
Auxiliary Activities	2,617,270	2,597	5,696	2,625,563
Expendable Restricted	898,481	13,820	13,250	925,551
Totals	5,067,965	118,860	96,180	5,283,005

Expenditure Budget:	Ann Arbor	Dearborn	Flint	Total
General Fund	1,408,794	101,283	75,814	1,585,891
Designated Fund	143,420	1,160	1,420	146,000
Auxiliary Activities	2,581,993	2,597	5,696	2,590,286
Expendable Restricted	898,481	13,820	13,250	925,551
Totals	5,032,688	118,860	96,180	5,247,728

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

Respectfully Submitted,



Teresa A. Sullivan
Provost and Executive Vice President for
Academic Affairs



Robert P. Kelch
Executive Vice President for Medical
Affairs



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

June 2008

All Campuses Summary Budgeted Revenues and Expenditures by Campus

	2008-2009				2007-2008				FY99- FY09
	Ann Arbor	Dearborn	Flint	Total	Ann Arbor	Dearborn	Flint	Total	% Chg CGR
Revenues:									
General Fund	\$ 1,408,793,640	\$ 101,282,900	\$ 75,813,500	\$ 1,585,890,040	\$ 1,347,661,268	\$ 95,107,600	\$ 68,906,300	\$ 1,511,675,168	4.9%
Designated Fund	143,420,000	1,160,000	1,420,000	145,000,000	140,075,000	1,100,000	1,325,000	142,500,000	3.4%
Auxiliary Activities	2,617,270,181	2,597,400	5,696,000	2,625,563,581	2,415,497,565	2,667,400	2,665,000	2,420,829,965	5.8%
Expendable Restricted Fund	898,480,865	13,820,000	13,250,000	925,550,865	879,590,261	12,450,000	12,470,000	904,510,261	6.3%
Total Revenues	\$ 5,067,964,686	\$ 118,860,300	\$ 96,179,500	\$ 5,283,004,486	\$ 4,782,824,094	\$ 111,325,000	\$ 85,366,300	\$ 4,979,515,394	6.1%
Expenditures:									
General Fund	\$ 1,408,793,640	\$ 101,282,900	\$ 75,813,500	\$ 1,585,890,040	\$ 1,347,661,268	\$ 95,107,600	\$ 68,906,300	\$ 1,511,675,168	4.8%
Designated Fund	143,420,000	1,160,000	1,420,000	145,000,000	140,075,000	1,100,000	1,325,000	142,500,000	3.4%
Auxiliary Activities	2,581,992,912	2,597,400	5,696,000	2,590,286,312	2,359,287,060	2,667,400	2,665,000	2,364,619,460	6.6%
Expendable Restricted Fund	898,480,865	13,820,000	13,250,000	925,550,865	879,590,261	12,450,000	12,470,000	904,510,261	6.3%
Total Expenditures	\$ 5,032,687,417	\$ 118,860,300	\$ 96,179,500	\$ 5,247,727,217	\$ 4,726,613,589	\$ 111,325,000	\$ 85,366,300	\$ 4,923,304,889	6.6%
Forecast Margin	\$ 35,277,269	\$ -	\$ -	\$ 35,277,269	\$ 56,210,505	\$ -	\$ -	\$ 56,210,505	5.9%

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, and Expendable Restricted Fund.

The total revenue budget has increased \$303,489,092 or approximately 6.1% over the Fiscal Year 2008 budget. The compound growth rate from Fiscal Year 1999 is approximately 5.5%. After adjusting for inflation, this compound growth rate equates to 3.0%.

The total expenditure budget has increased \$324,422,328 or approximately 6.6% over the Fiscal Year 2008 budget. The compound growth rate from Fiscal Year 1999 is approximately 5.9%. After adjusting for inflation, this compound growth rate equates to 3.3%.

Schedule A

All Campuses

Summary of Budgeted Revenues and Expenditures by Fund

	2008-2009			2007-2008		\$ Change
	General	Designated	Auxiliary Activities	Expendable Restricted	Total	
Revenues:						
State Appropriations	\$ 377,516,400	\$ -	\$ -	\$ -	\$ 377,516,400	\$ 11,191,500
Student Tuition & Fees	1,019,323,605	-	-	-	1,019,323,605	65,313,976
Government Sponsored Programs:						
Federal	900,000	-	-	727,000,000	727,900,000	25,000,000
Non-Federal	-	-	-	9,000,000	9,000,000	(3,000,000)
Private Gifts & Sponsored Programs	-	1,000,000	-	210,000,000	211,000,000	5,000,000
Indirect Cost Recovery	172,449,135	-	-	-	172,449,135	6,959,396
Indirect Cost Recovery Alloc to Gen Op	-	-	-	(172,449,135)	(172,449,135)	(6,959,396)
Income from Investments:						
Endowment and Other Invested Funds	-	28,000,000	-	145,000,000	173,000,000	22,500,000
Other	5,192,000	2,000,000	-	5,000,000	12,192,000	(37,175,000)
Auxiliary Activities:						
UM Health System	-	-	2,389,346,486	-	2,389,346,486	191,069,827
Other Auxiliary Units	-	-	236,217,095	-	236,217,095	13,663,789
Departmental Activities	10,508,900	115,000,000	-	2,000,000	127,508,900	9,925,000
Total Revenues	\$1,585,890,040	\$146,000,000	\$2,625,563,581	\$925,550,865	\$ 5,283,004,486	\$ 303,489,092
Total Expenditures	\$1,585,890,040	\$146,000,000	\$2,590,286,312	\$925,550,865	\$ 5,247,727,217	\$ 324,422,328
Forecast Margin	\$ -	\$ -	\$ 35,277,269	\$ -	\$ 35,277,269	\$ 56,210,505

Schedule B

General Fund - All Campuses

Summary of Budgeted Revenues and Expenditures

	2008-2009			2007-2008		
	Ann Arbor	Dearborn	Flint	Total	Total	\$ Change
Revenues:						
State Appropriations	\$ 329,908,000	\$ 25,800,900	\$ 21,807,500	\$ 377,516,400	\$ 366,324,900	\$ 11,191,500
Student Tuition & Fees	894,486,505	71,381,100	53,456,000	1,019,323,605	954,009,629	65,313,976
Government Sponsored Programs:						
Federal	900,000	-	-	900,000	900,000	-
Indirect Cost Recovery	171,569,135	830,000	50,000	172,449,135	165,489,739	6,959,396
Income from Investments - Other	4,600,000	362,000	230,000	5,192,000	15,367,000	(10,175,000)
Departmental Activities	7,330,000	2,908,900	270,000	10,508,900	9,583,900	925,000
Total Revenues	\$1,408,793,640	\$101,282,900	\$ 75,813,500	\$1,585,890,040	\$1,511,675,168	\$ 74,214,872
Total Expenditures	\$1,408,793,640	\$101,282,900	\$ 75,813,500	\$1,585,890,040	\$1,511,675,168	\$ 74,214,872
Forecast Margin	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Schedule C

Designated Fund - All Campuses

Summary of Budgeted Revenues and Expenditures

	2008-2009			2007-2008		
	Ann Arbor	Dearborn	Flint	Total	Total	\$ Change
Revenues:						
Private Gifts & Sponsored Programs	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000	\$ 1,000,000	\$ -
Income from Investments:						
Endowment and Other Invested Funds	28,000,000	-	-	28,000,000	25,500,000	2,500,000
Other	1,160,000	420,000	420,000	2,000,000	11,000,000	(9,000,000)
Departmental Activities	113,260,000	740,000	1,000,000	115,000,000	105,000,000	10,000,000
Total Revenues	\$ 143,420,000	\$ 1,160,000	\$ 1,420,000	\$ 146,000,000	\$ 142,500,000	\$ 3,500,000
Total Expenditures	\$ 143,420,000	\$ 1,160,000	\$ 1,420,000	\$ 146,000,000	\$ 142,500,000	\$ 3,500,000
Forecast Margin	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Schedule D

Auxiliary Activities - All Campuses

Summary of Budgeted Revenues and Expenditures

	2008-2009			2007-2008	
	Ann Arbor	Dearborn	Flint	Total	\$ Change
BUDGETED REVENUES					
UM Health System:					
Hospitals and Health Centers	\$ 1,935,908,660	\$ -	\$ -	\$ 1,935,908,660	\$ 155,287,052
Michigan Health Corporation	9,393,355	-	-	9,037,553	355,802
Medical School - Clinical Activity	552,580,334	-	-	509,105,248	43,475,086
Executive Vice President for Medical Affairs - Program Support	2,996,106	-	-	7,653,600	(4,657,494)
Subtotal	\$ 2,500,878,455	\$ -	\$ -	\$ 2,306,418,009	\$ 194,460,446
Less Rebillings Credits	(111,531,969)	-	-	(108,141,350)	(3,390,619)
Total - UM Health System	\$ 2,389,346,486	\$ -	\$ -	\$ 2,198,276,659	\$ 191,069,827
Other Auxiliary Units:					
Plant Operations	\$ 123,880,503	\$ -	\$ -	\$ 126,020,597	\$ (2,140,094)
Utilities	208,825,044	-	-	204,813,482	4,011,562
ITD Telecom and Technology Services	27,389,634	-	-	28,192,806	(803,172)
University Housing	108,518,000	-	-	103,361,000	5,157,000
Strategic Procurement	123,393,242	-	-	110,191,099	13,202,143
Intercollegiate Athletics	75,702,000	-	-	72,844,000	2,858,000
Risk Management & Veritas Insurance Co	30,897,291	-	-	32,086,380	(1,189,089)
Staff Benefits Rebillings	47,921,248	-	-	45,977,023	1,944,225
Health Service	18,224,968	-	-	17,001,470	1,223,498
Parking Operations	21,725,300	-	-	19,480,565	2,244,735
Other Publications	11,327,707	-	-	11,753,378	(425,671)
League, Union, and Commons	18,067,899	-	-	17,829,080	238,819
Other Auxiliary Units	59,000,255	3,470,000	6,483,000	65,769,756	3,183,499
Subtotal - Other Auxiliary Units	\$ 874,873,091	\$ 3,470,000	\$ 6,483,000	\$ 855,320,636	\$ 29,505,455
Less Rebillings Credits	(631,980,372)	(600,000)	(360,000)	(618,048,273)	(14,892,099)
Less Student Fee Allocations Budgeted in General Fund	(14,969,024)	(272,600)	(427,000)	(14,719,057)	(949,567)
Total - Other Auxiliary Units	\$ 227,923,695	\$ 2,597,400	\$ 5,696,000	\$ 222,553,306	\$ 13,663,789
Grand Total - Revenue	\$ 2,617,270,181	\$ 2,597,400	\$ 5,696,000	\$ 2,420,829,965	\$ 204,733,616

Schedule D - Continued

Auxiliary Activities - All Campuses

Summary of Budgeted Revenues and Expenditures

	2008-2009			2007-2008		
	Ann Arbor	Dearborn	Flint	Total	Total	\$ Change
BUDGETED EXPENDITURES						
UM Health System:						
Hospitals and Health Centers	\$ 1,901,674,124	\$ -	\$ -	\$ 1,901,674,124	\$ 1,737,351,865	\$ 164,322,259
Michigan Health Corporation	6,346,769			6,346,769	8,127,105	(1,780,336)
Medical School - Clinical Activity	550,184,641			550,184,641	508,388,164	41,796,477
Executive Vice President for Medical Affairs - Program Support	3,860,841			3,860,841	2,210,800	1,650,041
Subtotal	<u>\$ 2,462,066,375</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,462,066,375</u>	<u>\$ 2,256,077,934</u>	<u>\$ 205,988,441</u>
Less Rebillings Credits	(111,531,969)			(111,531,969)	(108,141,350)	(3,390,619)
Total - UM Health System	<u>\$ 2,350,534,406</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,350,534,406</u>	<u>\$ 2,147,936,584</u>	<u>\$ 202,597,822</u>
Other Auxiliary Units:						
Plant Operations	123,738,454	\$ -	\$ -	\$ 123,738,454	\$ 126,159,666	\$ (2,421,212)
Utilities	209,836,799			209,836,799	204,813,482	5,023,317
ITD Telecomm and Technology Services	30,914,814			30,914,814	31,696,081	(781,267)
University Housing	108,518,000			108,518,000	103,361,000	5,157,000
Strategic Procurement	123,710,961			123,710,961	110,057,040	13,653,921
Intercollegiate Athletics	73,132,000			73,132,000	62,908,000	10,224,000
Risk Management & Veritas Insurance Co	30,897,291			30,897,291	32,086,380	(1,189,089)
Staff Benefits Rebillings	50,491,237			50,491,237	48,560,220	1,931,017
Health Service	18,190,919			18,190,919	17,001,470	1,189,449
Parking Operations	20,981,002			20,981,002	18,868,891	2,112,111
Other Publications	11,056,547			11,056,547	11,667,433	(610,886)
League, Union, and Commons	18,041,194			18,041,194	17,829,080	212,114
Other Auxiliary Units	58,898,684	3,470,000	6,483,000	68,851,684	64,441,463	4,410,221
Subtotal - Other Auxiliary Units	<u>\$ 878,407,902</u>	<u>\$ 3,470,000</u>	<u>\$ 6,483,000</u>	<u>\$ 888,360,902</u>	<u>\$ 849,450,206</u>	<u>\$ 38,910,696</u>
Less Rebillings Credits	(631,980,372)			(631,980,372)	(618,048,273)	(14,892,099)
Less Student Fee Allocations Budgeted in General Fund	(14,969,024)			(14,969,024)	(14,719,057)	(949,567)
Total - Other Auxiliary Units	<u>\$ 231,458,506</u>	<u>\$ 2,597,400</u>	<u>\$ 5,696,000</u>	<u>\$ 239,751,906</u>	<u>\$ 216,682,876</u>	<u>\$ 23,069,030</u>
Grand Total - Expenditures	<u>\$ 2,581,992,912</u>	<u>\$ 2,597,400</u>	<u>\$ 5,696,000</u>	<u>\$ 2,590,286,312</u>	<u>\$ 2,364,619,460</u>	<u>\$ 225,666,852</u>
Forecast Margin	<u>\$ 35,277,269</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,277,269</u>	<u>\$ 56,210,505</u>	<u>\$ (20,933,236)</u>

Schedule E

Expendable Restricted Funds - All Campuses

Summary of Budgeted Revenues and Expenditures

	2008-2009			2007-2008	
	Ann Arbor	Dearborn	Flint	Total	\$ Change
Revenues:					
Government Sponsored Programs:					
Federal	\$ 708,800,000	\$ 10,300,000	\$ 7,900,000	\$ 727,000,000	\$ 25,000,000
Non-Federal	6,300,000	700,000	2,000,000	9,000,000	(3,000,000)
Private Gifts & Sponsored Programs	206,900,000	2,600,000	500,000	210,000,000	5,000,000
Indirect Cost Recoveries Allocated to General Oper.	(171,569,135)	(830,000)	(50,000)	(172,449,135)	(6,959,396)
Income from Investments:					
Endowment and Other Invested Funds	141,050,000	1,050,000	2,900,000	145,000,000	20,000,000
Other	5,000,000	-	-	5,000,000	(18,000,000)
Departmental Activities	2,000,000	-	-	2,000,000	(1,000,000)
Total Revenues	\$ 898,480,865	\$ 13,820,000	\$ 13,250,000	\$ 904,510,261	\$ 21,040,604
Total Expenditures	\$ 898,480,865	\$ 13,820,000	\$ 13,250,000	\$ 904,510,261	\$ 21,040,604
Forecast Margin	\$ -	\$ -	\$ -	\$ -	\$ -