

# **Table of Contents**

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

<b>Regents, Executive Officers, Budget Staff .....</b>	<b>1</b>
<b>July 2003 Regents' Communication: Request Approval of FY2003-2004 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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**Laurence B. Deitch**  
**Olivia P. Maynard**  
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**Daniel Little**, Chancellor, University of Michigan-Dearborn  
**Juan E. Mestas**, Chancellor, University of Michigan-Flint  
**Paul N. Courant**, Provost and Executive Vice President for  
Academic Affairs  
**Lazar J. Greenfield**, Interim Executive Vice President for Medical Affairs  
(to September 14, 2003)  
**Robert P. Kelch**, Executive Vice President for Medical Affairs (from  
September 15, 2003)  
**Timothy P. Slottow**, Executive Vice President and Chief Financial Officer  
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**Marvin Krislov**, Vice President and General Counsel  
**Jerry A. May**, Vice President for Development  
**Lisa M. Rudgers**, Vice President for Communications  
**Lisa A. Tedesco**, Vice President and Secretary of the University  
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## Budget Staff

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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**, Treasurer

**THE UNIVERSITY OF MICHIGAN**  
REGENTS' COMMUNICATION

**Action Item**

**Subject:** FY 2003-2004 Budgets

**Action**

**Requested:** Approval of Revenue and Expenditure Operating Budgets for FY 2003-2004

**Background and Summary:**

The three campuses of the University of Michigan have developed budgets for the 2003-2004 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, 2003 for the period July 1, 2003 through June 30, 2004.

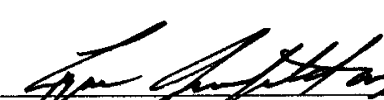
<b>Revenue Budget:</b>	<b>Ann Arbor</b>	<b>Dearborn</b>	<b>Flint</b>	<b>Total</b>
General Fund	1,129,041	76,810	53,459	1,259,310
Designated Fund	97,572	1,250	1,100	99,922
Auxiliary Activities	2,093,937	2,349	2,101	2,098,386
Expendable Restricted	761,923	9,050	10,497	781,470
<b>Totals</b>	<b>4,082,473</b>	<b>89,459</b>	<b>67,157</b>	<b>4,239,089</b>

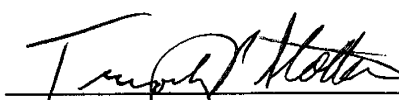
<b>Expenditure Budget:</b>	<b>Ann Arbor</b>	<b>Dearborn</b>	<b>Flint</b>	<b>Total</b>
General Fund	1,129,041	76,810	53,459	1,259,310
Designated Fund	97,572	1,250	1,100	99,922
Auxiliary Activities	2,122,730	2,349	2,101	2,127,180
Expendable Restricted	761,923	9,050	10,497	781,470
<b>Totals</b>	<b>4,111,266</b>	<b>89,459</b>	<b>67,157</b>	<b>4,267,882</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*

  
**Lazar J. Greenfield**  
*Interim Executive Vice President for Medical Affairs and Chief Executive Officer, University of Michigan Health System*

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

APPROVED BY THE REGENTS ON

# All Campuses Summary Budgeted Revenues and Expenditures by Campus

	2003-2004				2002-2003				FY94-
	Ann Arbor	Dearborn	Flint	Total	Ann Arbor	Dearborn	Flint	Total	FY04 CGR
<b>Revenues:</b>									
General Fund	\$1,129,040,949	\$ 76,809,880	\$ 53,459,300	\$1,259,310,129	\$1,100,581,467	\$ 73,458,941	\$ 52,277,401	\$1,226,317,809	2.7%
Designated Fund	97,572,000	1,250,000	1,100,000	99,922,000	103,918,716	1,675,000	1,185,000	106,778,716	-6.4%
Auxiliary Activities Fund	2,093,936,642	2,348,900	2,100,725	2,098,386,267	1,924,864,103	2,323,400	1,725,725	1,928,913,228	8.8%
Expendable Restricted Fund	761,923,123	9,050,000	10,497,000	781,470,123	678,179,463	9,050,000	9,982,000	697,211,463	12.1%
<b>Total Revenues</b>	<b>\$4,082,472,714</b>	<b>\$ 89,458,780</b>	<b>\$ 67,157,025</b>	<b>\$4,239,088,519</b>	<b>\$3,807,543,749</b>	<b>\$ 86,507,341</b>	<b>\$ 65,170,126</b>	<b>\$3,959,221,216</b>	<b>7.1%</b>
<b>Expenditures:</b>									
General Fund	\$1,129,040,949	\$ 76,809,880	\$ 53,459,300	\$1,259,310,129	\$1,100,581,467	\$ 73,458,941	\$ 52,277,401	\$1,226,317,809	2.7%
Designated Fund	97,572,000	1,250,000	1,100,000	99,922,000	103,918,716	1,675,000	1,185,000	106,778,716	-6.4%
Auxiliary Activities Fund	2,122,730,191	2,348,900	2,100,725	2,127,179,816	1,920,373,437	2,323,400	1,725,725	1,924,422,562	10.5%
Expendable Restricted Fund	761,923,123	9,050,000	10,497,000	781,470,123	678,179,463	9,050,000	9,982,000	697,211,463	12.1%
<b>Total Expenditures</b>	<b>\$4,111,266,263</b>	<b>\$ 89,458,780</b>	<b>\$ 67,157,025</b>	<b>\$4,267,882,068</b>	<b>\$3,803,053,083</b>	<b>\$ 86,507,341</b>	<b>\$ 65,170,126</b>	<b>\$3,954,730,550</b>	<b>7.9%</b>
<b>Forecast Margin</b>	<b>\$ (28,793,549)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (28,793,549)</b>	<b>\$ 4,490,666</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,490,666</b>	<b>7.1%</b>

Note:

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

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 \$313,151,518 over the Fiscal Year 2003 budget. The compound growth rate from Fiscal Year 1994 is approximately 7.1%. After adjusting for inflation, this compound growth rate equates to 4.8%.

The total revenue budget has increased \$279,867,303 or approximately 7.1% over the Fiscal Year 2003 budget. The compound growth rate from Fiscal Year 1994 is approximately 6.5%. After adjusting for inflation, this compound growth rate equates to 4.2%.

# Schedule A

## All Campuses

### Summary of Budgeted Revenues and Expenditures by Fund

	2003-2004				2002-2003		\$ Change
	General	Designated	Auxiliary	Expendable Restricted	Total	Total	
<b>Revenues:</b>							
State Appropriations	\$ 374,061,300	\$ -	\$ -	\$ -	\$ 374,061,300	\$ 415,624,100	\$ (41,562,800)
Student Tuition & Fees	723,388,777	-	-	-	723,388,777	665,228,071	58,160,706
Government Sponsored Programs:							
Federal	800,000	-	-	648,000,000	648,800,000	540,650,000	108,150,000
Non-Federal	-	-	-	8,700,000	8,700,000	7,700,000	1,000,000
Private Gifts & Sponsored Programs	-	1,200,000	-	176,000,000	177,200,000	177,430,000	(230,000)
Indirect Cost Recovery	149,749,877	-	-	-	149,749,877	132,332,963	17,416,914
Indirect Cost Recovery Alloc to Gen Op	-	-	-	(149,749,877)	(149,749,877)	(132,332,963)	(17,416,914)
Income from Investments:							
Endowment and Other Invested Funds	-	5,722,000	-	86,520,000	92,242,000	96,259,142	(4,017,142)
Other	2,585,000	7,000,000	-	7,400,000	16,985,000	25,609,000	(8,624,000)
Auxiliary Activities:							
UM Health System	-	-	1,913,140,237	-	1,913,140,237	1,739,728,721	173,411,516
Other Auxiliary Units	-	-	185,246,030	-	185,246,030	189,184,507	(3,938,477)
Departmental Activities	8,725,175	86,000,000	-	4,600,000	99,325,175	101,807,675	(2,482,500)
<b>Total Revenues</b>	<b>\$1,259,310,129</b>	<b>\$ 99,922,000</b>	<b>\$2,098,386,267</b>	<b>\$781,470,123</b>	<b>\$ 4,239,088,519</b>	<b>\$ 3,959,221,216</b>	<b>\$ 279,867,303</b>
<b>Total Expenditures</b>	<b>\$1,259,310,129</b>	<b>\$ 99,922,000</b>	<b>\$2,127,179,816</b>	<b>\$781,470,123</b>	<b>\$ 4,267,882,068</b>	<b>\$ 3,954,730,550</b>	<b>\$ 313,151,518</b>
<b>Forecast Margin</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (28,793,549) *</b>	<b>\$ -</b>	<b>\$ (28,793,549)</b>	<b>\$ 4,490,666</b>	

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

# Schedule B General Fund - All Campuses Summary of Budgeted Revenues and Expenditures

	2003-2004				2002-2003	
	Ann Arbor	Dearborn	Flint	Total	Total	\$ Change
<b>Revenues:</b>						
State Appropriations	\$ 327,206,100	\$ 25,193,900	\$ 21,661,300	<b>\$ 374,061,300</b>	\$ 415,624,100	\$ (41,562,800)
Student Tuition & Fees	642,372,972	49,755,805	31,260,000	<b>723,388,777</b>	665,228,071	58,160,706
Government Sponsored Programs:						
Federal	800,000	-	-	<b>800,000</b>	650,000	150,000
Indirect Cost Recovery	149,156,877	400,000	193,000	<b>149,749,877</b>	132,332,963	17,416,914
Income from Investments - Other	2,400,000	100,000	85,000	<b>2,585,000</b>	4,275,000	(1,690,000)
Departmental Activities	7,105,000	1,360,175	260,000	<b>8,725,175</b>	8,207,675	517,500
<b>Total Revenues</b>	<b>\$1,129,040,949</b>	<b>\$ 76,809,880</b>	<b>\$ 53,459,300</b>	<b>\$1,259,310,129</b>	<b>\$1,226,317,809</b>	<b>\$ 32,992,320</b>
<b>Total Expenditures</b>	<b>\$1,129,040,949</b>	<b>\$ 76,809,880</b>	<b>\$ 53,459,300</b>	<b>\$1,259,310,129</b>	<b>\$1,226,317,809</b>	<b>\$ 32,992,320</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

	2003-2004				2002-2003	
	Ann Arbor	Dearborn	Flint	Total	Total	\$ Change
<b>Revenues:</b>						
Private Gifts & Sponsored Programs	\$ 1,200,000	\$ -	\$ -	<b>\$ 1,200,000</b>	\$ 1,430,000	\$ (230,000)
Income from Investments:						
Endowment and Other Invested Funds	5,722,000	-	-	<b>5,722,000</b>	6,569,716	(847,716)
Other	6,400,000	250,000	350,000	<b>7,000,000</b>	9,779,000	(2,779,000)
Departmental Activities	84,250,000	1,000,000	750,000	<b>86,000,000</b>	89,000,000	(3,000,000)
<b>Total Revenues</b>	<b>\$ 97,572,000</b>	<b>\$ 1,250,000</b>	<b>\$ 1,100,000</b>	<b>\$ 99,922,000</b>	<b>\$ 106,778,716</b>	<b>\$ (6,856,716)</b>
<b>Total Expenditures</b>	<b>\$ 97,572,000</b>	<b>\$ 1,250,000</b>	<b>\$ 1,100,000</b>	<b>\$ 99,922,000</b>	<b>\$ 106,778,716</b>	<b>\$ (6,856,716)</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

	2003-2004			2002-2003		
	Ann Arbor	Dearborn	Flint	Total	Total	\$ Change
<b>BUDGETED REVENUES</b>						
<b>UM Health System:</b>						
Hospitals and Health Centers	\$ 1,198,650,472	\$ -	\$ -	\$ 1,198,650,472	1,097,589,847	\$ 101,060,625
Michigan Health Corporation	45,246,017	-	-	45,246,017	56,421,952	(11,175,935)
M-Care	502,158,193	-	-	502,158,193	459,247,945	42,910,248
Medical School - Clinical Activity	347,407,041	-	-	347,407,041	352,375,698	(4,968,657)
Executive Vice President for Medical Affairs - program support	-	-	-	-	-	-
<b>Subtotal</b>	<b>\$ 2,093,461,723</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,093,461,723</b>	<b>\$ 1,965,635,442</b>	<b>\$ 127,826,281</b>
Less Rebillings Credits	(180,321,486)	-	-	(180,321,486)	(225,906,721)	45,585,235
<b>Total - UM Health System</b>	<b>\$ 1,913,140,237</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,913,140,237</b>	<b>\$ 1,739,728,721</b>	<b>\$ 173,411,516</b>
<b>Other Auxiliary Units:</b>						
Plant Operations	\$ 104,675,286	\$ -	\$ -	\$ 104,675,286	\$ 102,144,420	\$ 2,530,866
Utilities	136,617,625	-	-	136,617,625	113,045,782	23,571,843
ITD Telecomm and Technology Services	35,558,042	-	-	35,558,042	41,814,484	(6,256,442)
University Housing	89,535,000	-	-	89,535,000	85,450,000	4,085,000
M-Stores	98,363,030	-	-	98,363,030	86,072,175	12,290,855
Intercollegiate Athletics	53,793,000	-	-	53,793,000	50,559,000	3,234,000
Risk Management & Veritas Insurance Co	36,713,076	-	-	36,713,076	20,735,167	15,977,909
Staff Benefits Rebillings	55,483,820	-	-	55,483,820	38,035,177	17,448,643
Health Service	14,684,150	-	-	14,684,150	13,722,060	962,090
Parking Operations	16,481,999	-	-	16,481,999	15,236,500	1,245,499
Other Publications	10,023,689	-	-	10,023,689	9,823,491	200,198
League, Union, and Commons	14,664,407	-	-	14,664,407	15,653,225	(988,818)
Other Auxiliary Units	78,371,455	3,690,508	3,075,000	85,136,963	77,603,616	7,533,347
<b>Subtotal - Other Auxiliary Units</b>	<b>\$ 744,964,579</b>	<b>\$ 3,690,508</b>	<b>\$ 3,075,000</b>	<b>\$ 751,730,087</b>	<b>\$ 669,895,097</b>	<b>\$ 81,834,990</b>
Less Rebillings Credits	(552,929,519)	(1,069,000)	(580,000)	(554,578,519)	(468,769,917)	(85,808,602)
Less Student Fee Allocations Budgeted in General Fund	(11,238,655)	(272,608)	(394,275)	(11,905,538)	(11,940,673)	35,135
<b>Total - Other Auxiliary Units</b>	<b>\$ 180,796,405</b>	<b>\$ 2,348,900</b>	<b>\$ 2,100,725</b>	<b>\$ 185,246,030</b>	<b>\$ 189,184,507</b>	<b>\$ (3,938,477)</b>
<b>Grand Total - Revenue</b>	<b>\$ 2,093,936,642</b>	<b>\$ 2,348,900</b>	<b>\$ 2,100,725</b>	<b>\$ 2,098,386,267</b>	<b>\$ 1,928,913,228</b>	<b>\$ 169,473,039</b>



# Schedule D - Continued

## Auxiliary Activities Fund - All Campuses

### Summary of Budgeted Revenues and Expenditures

	2003-2004			2002-2003		
	Ann Arbor	Dearborn	Flint	Total	Total	\$ Change
<b>BUDGETED EXPENDITURES</b>						
<b>UM Health System:</b>						
Hospitals and Health Centers	\$ 1,196,183,830	-	-	\$ 1,196,183,830	\$ 1,083,234,773	\$ 112,949,057
Michigan Health Corporation	45,867,453	-	-	45,867,453	56,414,486	(10,547,033)
M-Care	497,279,213	-	-	497,279,213	456,925,813	40,353,400
Medical School - Clinical Activity	387,402,413	-	-	387,402,413	364,529,762	22,872,651
Executive Vice President for Medical Affairs - program support	1,948,981	-	-	1,948,981	1,748,616	200,365
Subtotal	\$ 2,128,681,890	-	-	\$ 2,128,681,890	\$ 1,962,853,450	\$ 165,828,440
Less Rebillng Credits	(180,321,486)	-	-	(180,321,486)	(225,906,721)	45,585,235
<b>Total - UM Health System</b>	<b>\$ 1,948,360,404</b>	<b>-</b>	<b>-</b>	<b>\$ 1,948,360,404</b>	<b>\$ 1,736,946,729</b>	<b>\$ 211,413,675</b>
<b>Other Auxiliary Units:</b>						
Plant Operations	102,912,600	-	-	\$ 102,912,600	\$ 100,423,439	\$ 2,489,161
Utilities	134,608,787	-	-	134,608,787	113,045,782	21,563,005
ITD Rebill Activities (Including ITComm)	34,401,748	-	-	34,401,748	40,774,778	(6,373,030)
University Housing	89,535,000	-	-	89,535,000	85,450,000	4,085,000
M-Stores	99,852,570	-	-	99,852,570	85,290,424	14,562,146
Intercollegiate Athletics	54,516,000	-	-	54,516,000	52,431,000	2,085,000
Risk Management & Veritas Insurance Co	36,713,076	-	-	36,713,076	20,735,167	15,977,909
Benefits Office	50,620,783	-	-	50,620,783	38,259,709	12,361,074
Health Service	14,671,155	-	-	14,671,155	13,713,858	957,297
Parking Operations	18,010,096	-	-	18,010,096	14,799,829	3,210,267
Other Publications	10,029,591	-	-	10,029,591	10,026,960	2,631
League, Union, and Commons	14,953,690	-	-	14,953,690	15,653,225	(699,535)
Other Auxiliary Units	77,712,865	3,690,508	3,075,000	84,478,373	77,582,252	6,896,121
<b>Subtotal - Other Auxiliary Units</b>	<b>\$ 738,537,961</b>	<b>\$ 3,690,508</b>	<b>\$ 3,075,000</b>	<b>\$ 745,303,469</b>	<b>\$ 668,186,423</b>	<b>\$ 77,117,046</b>
Less Rebillng Credits	(52,929,519)	(1,069,000)	(580,000)	(54,578,519)	(468,769,917)	(85,808,602)
Less Student Fee Allocations Budgeted in General Fund	(11,238,655)	(272,608)	(394,275)	(11,905,538)	(11,940,673)	35,135
<b>Total - Other Auxiliary Units</b>	<b>\$ 174,369,787</b>	<b>\$ 2,348,900</b>	<b>\$ 2,100,725</b>	<b>\$ 178,819,412</b>	<b>\$ 187,475,833</b>	<b>\$ (8,656,421)</b>
<b>Grand Total - Expenditures</b>	<b>\$ 2,122,730,191</b>	<b>\$ 2,348,900</b>	<b>\$ 2,100,725</b>	<b>\$ 2,127,179,816</b>	<b>\$ 1,924,422,562</b>	<b>\$ 202,757,254</b>
<b>Forecast Margin</b>	<b>\$ (28,793,549)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (28,793,549)</b>	<b>* \$ 4,490,666</b>	<b>\$ (33,284,215)</b>

Note:

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

# Schedule E

## Expendable Restricted Funds - All Campuses

### Summary of Budgeted Revenues and Expenditures

	2003-2004			2002-2003		\$ Change
	Ann Arbor	Dearborn	Flint	Total	Total	
<b>Revenues:</b>						
Government Sponsored Programs:						
Federal	\$ 637,725,000	\$ 4,500,000	\$ 5,775,000	\$ 648,000,000	\$ 540,000,000	\$ 108,000,000
Non-Federal	5,200,000	1,500,000	2,000,000	8,700,000	7,700,000	1,000,000
Private Gifts & Sponsored Programs	171,635,000	3,000,000	1,365,000	176,000,000	176,000,000	-
Indirect Cost Recoveries Allocated to General Oper.	(149,156,877)	(400,000)	(193,000)	(149,749,877)	(132,332,963)	(17,416,914)
Income from Investments:						
Endowment and Other Invested Funds	84,570,000	450,000	1,500,000	86,520,000	89,689,426	(3,169,426)
Other	7,400,000	-	-	7,400,000	11,555,000	(4,155,000)
Departmental Activities	4,550,000	-	50,000	4,600,000	4,600,000	-
<b>Total Revenues</b>	<b>\$ 761,923,123</b>	<b>\$ 9,050,000</b>	<b>\$ 10,497,000</b>	<b>\$ 781,470,123</b>	<b>\$ 697,211,463</b>	<b>\$ 84,258,660</b>
<b>Total Expenditures</b>	<b>\$ 761,923,123</b>	<b>\$ 9,050,000</b>	<b>\$ 10,497,000</b>	<b>\$ 781,470,123</b>	<b>\$ 697,211,463</b>	<b>\$ 84,258,660</b>
<b>Forecast Margin</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>