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The University of Michigan - All Campuses

The University of Michigan

Ann Arbor • Dearborn • Flint

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THE UNIVERSITY OF MICHIGAN
REGENTS' COMMUNICATION

Action Item

Subject: FY 2005-2006 Budgets

Action Requested: Approval of Revenue and Expenditure Operating Budgets for FY 2005-2006

Background and Summary:

The three campuses of the University of Michigan have developed budgets for the 2005-2006 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.

The General Fund budget is based on the 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, 2005 for the period July 1, 2005 through June 30, 2006.

Revenue Budget:	Ann Arbor	Dearborn	Flint	Total
General Fund	1,220,485	84,668	60,386	1,365,539
Designated Fund	112,625	775	1,100	114,500
Auxiliary Activities	2,260,687	2,572	2,425	2,265,685
Expendable Restricted	845,416	10,750	10,910	867,076
Totals	4,439,214	98,765	74,821	4,612,800

Expenditure Budget:	Ann Arbor	Dearborn	Flint	Total
General Fund	1,220,485	84,668	60,386	1,365,539
Designated Fund	112,625	775	1,100	114,500
Auxiliary Activities	2,217,388	2,572	2,425	2,222,385
Expendable Restricted	845,416	10,750	10,910	867,076
Totals	4,395,914	98,765	74,821	4,569,500

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 and Chief Financial Officer

July 2005

APPROVED BY THE REGENTS ON

JUL 21 2005

All Campuses Summary
Budgeted Revenues and Expenditures by Campus

	2005-2006				2004-2005					FY96-FY06
	Ann Arbor	Dearborn	Flint	Total	Ann Arbor	Dearborn	Flint	Total	% Chg	CGR
Revenues:										
General Fund	$ 1,220,485,312	$ 84,667,800	$ 60,386,000	$ 1,365,539,112	$ 1,163,381,800	$ 81,032,478	$ 55,962,000	$ 1,300,376,278	5.0%	4.8%
Designated Fund	112,625,000	775,000	1,100,000	114,500,000	101,475,000	900,000	1,025,000	103,400,000	10.7%	2.9%
Auxiliary Activities	2,260,687,483	2,572,400	2,425,000	2,265,684,883	2,041,114,823	2,417,400	2,650,000	2,046,182,223	10.7%	6.6%
Expendable Restricted Fund	845,416,037	10,750,000	10,910,000	867,076,037	759,741,433	10,300,000	11,190,000	781,231,433	11.0%	6.8%
Total Revenues	$ 4,439,213,832	$ 98,765,200	$ 74,821,000	$ 4,612,800,032	$ 4,065,713,056	$ 94,649,878	$ 70,827,000	$ 4,231,189,934	9.0%	6.0%
Expenditures:										
General Fund	$ 1,220,485,312	$ 84,667,800	$ 60,386,000	$ 1,365,539,112	$ 1,163,381,800	$ 81,032,478	$ 55,962,000	$ 1,300,376,278	5.0%	4.8%
Designated Fund	112,625,000	775,000	1,100,000	114,500,000	101,475,000	900,000	1,025,000	103,400,000	10.7%	2.9%
Auxiliary Activities	2,217,387,813	2,572,400	2,425,000	2,222,385,213	2,022,676,992 *	2,417,400	2,650,000	2,027,744,392	9.6%	7.7%
Expendable Restricted Fund	845,416,037	10,750,000	10,910,000	867,076,037	759,741,433	10,300,000	11,190,000	781,231,433	11.0%	6.8%
Total Expenditures	$ 4,395,914,162	$ 98,765,200	$ 74,821,000	$ 4,569,500,362	$ 4,047,275,225 *	$ 94,649,878	$ 70,827,000	$ 4,212,752,103	8.5%	6.4%
Forecast Margin	$ 43,299,670	$ -	$ -	$ 43,299,670	$ 18,437,831 *	$ -	$ -	$ 18,437,831		

Note:
* *The 2004-2005 Auxiliary Activities have been restated for comparability to the 2005-2006 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, and Expendable Restricted Fund.

The total revenue budget has increased $381,610,098 or approximately 9.0% over the Fiscal Year 2005 budget. The compound growth rate from Fiscal Year 1996 is approximately 6.0%. After adjusting for inflation, this compound growth rate equates to 3.8%.

The total expenditure budget has increased $356,748,259 or approximately 8.5% over the Fiscal Year 2005 budget. The compound growth rate from Fiscal Year 1996 is approximately 6.4%. After adjusting for inflation, this compound growth rate equates to 4.2%.

Schedule A
All Campuses
Summary of Budgeted Revenues and Expenditures by Fund

	2005-2006						
	General	Designated	Auxiliary Activities	Expendable Restricted	Total	2004-2005 Total	$ Change
Revenues:							
State Appropriations	$ 359,694,500	$ -	$ -	$ -	**$ 359,694,500**	$ 366,580,000	$ (6,885,500)
Student Tuition & Fees	821,366,749	-		-	**821,366,749**	762,197,536	59,169,213
Government Sponsored Programs:							
Federal	900,000	-		707,000,000	**707,900,000**	648,750,000	59,150,000
Non-Federal	-	-		11,000,000	**11,000,000**	10,800,000	200,000
Private Gifts & Sponsored Programs	-	1,500,000		195,000,000	**196,500,000**	177,500,000	19,000,000
Indirect Cost Recovery	165,923,963	-		-	**165,923,963**	157,057,567	8,866,396
Indirect Cost Recovery Alloc to Gen Op	-	-		(165,923,963)	**(165,923,963)**	(157,057,567)	(8,866,396)
Income from Investments:							
Endowment and Other Invested Funds	-	12,000,000		105,000,000	**117,000,000**	98,732,000	18,268,000
Other	7,155,000	11,000,000		12,000,000	**30,155,000**	18,712,000	11,443,000
Auxiliary Activities:							
UM Health System	-	-	2,062,568,028	-	**2,062,568,028**	1,858,211,549	204,356,479
Other Auxiliary Units	-	-	203,116,855	-	**203,116,855**	187,970,674	15,146,181
Departmental Activities	10,498,900	90,000,000		3,000,000	**103,498,900**	101,736,175	1,762,725
Total Revenues	**$ 1,365,539,112**	**$ 114,500,000**	**$ 2,265,684,883**	**$ 867,076,037**	**$ 4,612,800,032**	$ 4,231,189,934	$ 381,610,098
Total Expenditures	**$ 1,365,539,112**	**$ 114,500,000**	**$ 2,222,385,213**	**$ 867,076,037**	**$ 4,569,500,362**	$ 4,212,752,103 *	$ 356,748,259
Forecast Margin	**$ -**	**$ -**	**$ 43,299,670**	**$ -**	**$ 43,299,670**	$ 18,437,831 *	

Note:

* *The 2004-2005 Auxiliary Activities have been restated for comparability to the 2005-2006 budget. See the Health System on Schedule D.*

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

	2005-2006				2004-2005	
	Ann Arbor	Dearborn	Flint	Total	Total	$ Change
Revenues:						
State Appropriations	$ 314,733,000	$ 24,179,500	$ 20,782,000	**$ 359,694,500**	$ 366,580,000	$ (6,885,500)
Student Tuition & Fees	725,108,349	57,119,400	39,139,000	**821,366,749**	762,197,536	59,169,213
Government Sponsored Programs:						
Federal	900,000	-	-	**900,000**	750,000	150,000
Indirect Cost Recovery	165,383,963	400,000	140,000	**165,923,963**	157,057,567	8,866,396
Income from Investments - Other	7,000,000	100,000	55,000	**7,155,000**	3,055,000	4,100,000
Departmental Activities	7,360,000	2,868,900	270,000	**10,498,900**	10,736,175	(237,275)
Total Revenues	**$1,220,485,312**	**$ 84,667,800**	**$ 60,386,000**	**$1,365,539,112**	$1,300,376,278	$ 65,162,834
Total Expenditures	**$1,220,485,312**	**$ 84,667,800**	**$ 60,386,000**	**$1,365,539,112**	$1,300,376,278	$ 65,162,834
Forecast Margin	**$ -**	**$ -**	**$ -**	**$ -**	$ -	

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

	2005-2006				2004-2005	
	Ann Arbor	Dearborn	Flint	Total	Total	$ Change
Revenues:						
Private Gifts & Sponsored Programs	$ 1,500,000	$ -	$ -	$ 1,500,000	$ 1,500,000	$ -
Income from Investments:						
Endowment and Other Invested Funds	12,000,000	-	-	12,000,000	6,200,000	5,800,000
Other	10,475,000	275,000	250,000	11,000,000	7,700,000	3,300,000
Departmental Activities	88,650,000	500,000	850,000	90,000,000	88,000,000	2,000,000
Total Revenues	**$ 112,625,000**	**$ 775,000**	**$ 1,100,000**	**$ 114,500,000**	$ 103,400,000	$ 11,100,000
Total Expenditures	**$ 112,625,000**	**$ 775,000**	**$ 1,100,000**	**$ 114,500,000**	$ 103,400,000	$ 11,100,000
Forecast Margin	$ -	$ -	$ -	$ -	$ -	

Schedule D
Auxiliary Activities - All Campuses
Summary of Budgeted Revenues and Expenditures

BUDGETED REVENUES	2005-2006 Ann Arbor	2005-2006 Dearborn	2005-2006 Flint	2005-2006 Total	2004-2005 Total	$ Change
UM Health System:						
Hospitals and Health Centers	$ 1,463,808,000	$ -	$ -	$ 1,463,808,000	1,320,929,000	$ 142,879,000
Michigan Health Corporation	20,540,770			20,540,770	27,354,160	(6,813,390)
M-Care	573,105,522			573,105,522	498,873,231	74,232,291
Medical School - Clinical Activity	420,044,048			420,044,048	371,492,005	48,552,043
Executive Vice President for Medical Affairs - Program Support	100,000			100,000	30,000	70,000
Subtotal	**$ 2,477,598,340**	**$ -**	**$ -**	**2,477,598,340**	$ 2,218,678,396	$ 258,919,944
Less Rebilling Credits	(415,030,312)			(415,030,312)	(360,466,847)	(54,563,465)
Total - UM Health System	**$ 2,062,568,028**	**$ -**	**$ -**	**$ 2,062,568,028**	$ 1,858,211,549	$ 204,356,479
Other Auxiliary Units:						
Plant Operations	$ 109,911,018	$ -	$ -	$ 109,911,018	$ 106,319,050	$ 3,591,968
Utilities	156,700,754			156,700,754	149,565,777	7,134,977
ITD Telecomm and Technology Services	27,246,156			27,246,156	31,786,882	(4,540,726)
University Housing	100,125,000			100,125,000	94,128,000	5,997,000
M-Stores	119,420,248			119,420,248	105,391,165	14,029,083
Intercollegiate Athletics	58,528,000			58,528,000	52,513,000	6,015,000
Risk Management & Veritas Insurance Co	42,633,530			42,633,530	39,209,792	3,423,738
Staff Benefits Rebillings	46,444,106			46,444,106	52,625,660	(6,181,554)
Health Service	15,722,411			15,722,411	14,965,925	756,486
Parking Operations	18,045,983			18,045,983	16,977,068	1,068,915
Other Publications	10,270,626			10,270,626	9,520,126	750,500
League, Union, and Commons	14,076,304			14,076,304	14,921,945	(845,641)
Other Auxiliary Units	60,499,503	3,825,000	2,950,000	67,274,503	67,625,323	(350,820)
Subtotal - Other Auxiliary Units	**$ 779,623,639**	**$ 3,825,000**	**$ 2,950,000**	**$ 786,398,639**	$ 755,549,713	$ 30,848,926
Less Rebilling Credits	(568,864,202)	(980,000)	(275,000)	(570,119,202)	(555,228,768)	(14,890,434)
Less Student Fee Allocations Budgeted in General Fund	(12,639,982)	(272,600)	(250,000)	(13,162,582)	(12,350,271)	(812,311)
Total - Other Auxiliary Units	**$ 198,119,455**	**$ 2,572,400**	**$ 2,425,000**	**$ 203,116,855**	$ 187,970,674	$ 15,146,181
Grand Total - Revenue	**$ 2,260,687,483**	**$ 2,572,400**	**$ 2,425,000**	**$ 2,265,684,883**	$ 2,046,182,223	$ 219,502,660

Schedule D - Continued
Auxiliary Activities - All Campuses
Summary of Budgeted Revenues and Expenditures

BUDGETED EXPENDITURES	2005-2006 Ann Arbor	2005-2006 Dearborn	2005-2006 Flint	2005-2006 Total	2004-2005 Total	$ Change
UM Health System:						
Hospitals and Health Centers	$ 1,423,183,140	$ -	$ -	$ 1,423,183,140	$ 1,269,482,405 *	$ 153,700,735
Michigan Health Corporation	19,715,113			19,715,113	27,634,586 *	(7,919,473)
M-Care	566,434,670			566,434,670	493,560,238 *	72,874,432
Medical School - Clinical Activity	419,660,078			419,660,078	408,779,443	10,880,635
Executive Vice President for Medical Affairs - Program Support	3,173,070			3,173,070	734,820 *	2,438,250
Subtotal	$ 2,432,166,071	$ -	$ -	$ 2,432,166,071	$ 2,200,191,492 *	$ 231,974,579
Less Rebilling Credits	(415,030,312)			(415,030,312)	(360,466,847)	(54,563,465)
Total - UM Health System	**$ 2,017,135,759**	**$ -**	**$ -**	**$ 2,017,135,759**	$ 1,839,724,645 *	$ 177,411,114
Other Auxiliary Units:						
Plant Operations	109,005,714	$ -	$ -	$ 109,005,714	$ 105,437,312	$ 3,568,402
Utilities	156,353,263			156,353,263	148,044,952	8,308,311
ITD Telecomm and Technology Services	28,837,314			28,837,314	32,787,792	(3,950,478)
University Housing	100,125,000			100,125,000	94,128,000	5,997,000
M-Stores	118,874,060			118,874,060	105,982,832	12,891,228
Intercollegiate Athletics	61,063,000			61,063,000	53,923,000	7,140,000
Risk Management & Veritas Insurance Co	42,633,530			42,633,530	39,209,792	3,423,738
Staff Benefits Rebillings	46,877,891			46,877,891	47,993,965	(1,116,074)
Health Service	15,721,274			15,721,274	14,965,683	755,591
Parking Operations	17,644,496			17,644,496	17,400,971	243,525
Other Publications	10,349,323			10,349,323	9,484,393	864,930
League, Union, and Commons	14,076,304			14,076,304	15,019,345	(943,041)
Other Auxiliary Units	60,195,069	3,825,000	2,950,000	66,970,069	71,220,749	(4,250,680)
Subtotal - Other Auxiliary Units	**$ 781,756,238**	**$ 3,825,000**	**$ 2,950,000**	**$ 788,531,238**	$ 755,598,786	$ 32,932,452
Less Rebilling Credits	(568,864,202)	(980,000)	(275,000)	(570,119,202)	(555,228,768)	(14,890,434)
Less Student Fee Allocations Budgeted in General Fund	(12,639,982)	(272,600)	(250,000)	(13,162,582)	(12,350,271)	(812,311)
Total - Other Auxiliary Units	**$ 200,252,054**	**$ 2,572,400**	**$ 2,425,000**	**$ 205,249,454**	$ 188,019,747	$ 17,229,707
Grand Total - Expenditures	**$ 2,217,387,813**	**$ 2,572,400**	**$ 2,425,000**	**$ 2,222,385,213**	$ 2,027,744,392 *	$ 194,640,821
Forecast Margin	**$ 43,299,670**	**$ -**	**$ -**	**$ 43,299,670**	$ 18,437,831 *	$ 24,861,839

Note:
* *The 2004-2005 Auxiliary Activities have been restated for comparability to the 2005-2006 budget. The operating margin for the UM Health System includes depreciation and excludes capital transfers.*

Schedule E
Expendable Restricted Funds - All Campuses
Summary of Budgeted Revenues and Expenditures

	2005-2006				2004-2005	
	Ann Arbor	Dearborn	Flint	Total	Total	$ Change
Revenues:						
Government Sponsored Programs:						
Federal	$ 694,050,000	$ 6,600,000	$ 6,350,000	$ 707,000,000	$ 648,000,000	$ 59,000,000
Non-Federal	7,800,000	1,200,000	2,000,000	11,000,000	10,800,000	200,000
Private Gifts & Sponsored Programs	191,800,000	2,500,000	700,000	195,000,000	176,000,000	19,000,000
Indirect Cost Recoveries Allocated to General Oper.	(165,383,963)	(400,000)	(140,000)	(165,923,963)	(157,057,567)	(8,866,396)
Income from Investments:						
Endowment and Other Invested Funds	102,150,000	850,000	2,000,000	105,000,000	92,532,000	12,468,000
Other	12,000,000	-	-	12,000,000	7,957,000	4,043,000
Departmental Activities	3,000,000	-	-	3,000,000	3,000,000	-
Total Revenues	**$ 845,416,037**	**$ 10,750,000**	**$ 10,910,000**	**$ 867,076,037**	$ 781,231,433	$ 85,844,604
Total Expenditures	**$ 845,416,037**	**$ 10,750,000**	**$ 10,910,000**	**$ 867,076,037**	$ 781,231,433	$ 85,844,604
Forecast Margin	$ -	$ -	$ -	$ -	$ -	