

Submitted by: M. Roy Wilson, President

**Wayne State University
Proposed General Fund Budget
FY 2016**

Recommendation for Board Action

The Board of Governors approves the proposed FY 2016 General Fund budget, its projected revenues and expenditures, and the budgets for individual University units and specifically funded programs as summarized in this document. Also, the Board of Governors authorizes the President to implement the budget management procedures, and budget-related policies, with such modifications as may be deemed necessary during the fiscal year.

Finally, the Board authorizes the President to make budget adjustments and/or recommend tuition adjustments to the Board in sufficient amount to offset any subsequent state appropriation funding adjustment from the projected amount as shown in the proposed FY 2016 General Fund budget.

FY 2016 Budgeted Revenue

Wayne State has two primary sources of General Fund revenue: state appropriation and student tuition and fees. Funding from gifts, grants and contracts support specified functions such as research or scholarships and are not used for the general operations of the University. Historically, state appropriation was the predominant revenue source. Due to a series of state appropriation cuts starting in FY 2003, student tuition and fees by FY 2006 had supplanted state appropriation as the university's primary funding source.

FY 2016 state appropriation funding in Wayne State's General Fund increases to \$191.1 million, an increase of \$0.82 million, or 0.4 percent. The increase in funding is based on a number of performance metrics such as critical skills undergraduate completions, research spending and number of Pell students enrolled.

FY 2016 tuition rates proposed to the Board concurrently with this budget recommendation increase the resident base full-time undergraduate rate by 3.2 percent, in compliance with the state tuition restraint language adopted by the legislature. Rates for graduate and Pharm.D students increase by 3.2 percent. Rates for undergraduate and graduate Nursing students are reduced by \$100 and \$235 per credit hour, respectively, as part of a strategic reorientation of the college. Law School tuition rates are frozen at FY 2015 levels. In a previous Board action, School of Medicine MD program rates increased 2.0 percent from FY 2015 rates for new Year 1 students only. Continuing MD program students will not receive an increase in their assessed tuition rate from FY 2015. The tuition and fee resolution reviews the specific rates of every program in detail.

The University experienced a slight increase for undergraduates and graduate enrollment above budgeted levels in FY 2015. For FY 2016, undergraduate credit hour enrollment is forecasted to decrease by approximately 1.5 percent, while graduate credit hour enrollment is projected to increase by approximately 5.9 percent, not including first professional programs. Significant growth in graduate Engineering programs is driving much of the increase.

State appropriations and tuition and fee revenues comprise approximately 93 percent of the total FY 2016 proposed General Fund revenue budget. The proposed tuition and fee revenues are the result

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of proposed tuition and fee increases plus any changes due to enrollment, and show a change of \$15.2 million, or 4.5 percent.

Indirect cost recovery is projected to increase by \$5.1 million or 18.3 percent from FY 2015 to a total of \$33.0 million for FY 2016. Investment income for Wayne State is budgeted to decrease by \$0.3 million to \$5.7 million.

Overall, the \$601.9 million proposed general fund budgeted revenues represents a 3.3 percent increase over FY 2015.

FY 2016 Budgeted Expenditures

Budgeted expenditures for FY 2016 are projected to increase by 3.3 percent, from FY 2015 to a total of \$601.9 million. Overall, this change is in line with the projected FY 2016 national Higher Education Price Index change of 3.1 percent. Some of the budget adjustments for FY 2016 include over \$10.5 million in university-wide budget reductions, continuation of the Student Success and Retention Initiatives, increases in student financial aid, and enhancements to research operations.

For the FY 2016 budget, compensation represents 64.3 percent of the general fund budget. Total compensation (including salary and fringes) is projected to be \$387.6 million.

Expenditures associated with facilities services (utilities, debt service and deferred maintenance) are projected to increase by \$3.9 million or 8.8 percent, related to inflationary increases for utilities, increases in building-related operational costs for new and renovated space, and debt service.

Institutional financial aid is projected to increase overall by \$2.5 million or 3.9 percent. The chart below illustrates the expenditures for the University by their "natural" classifications

Fiscal Year 2016 General Fund Budget

Category	FY 2015 Approved Budget	FY 2016 Recommended Budget	Variance	
			\$	%
Compensation	\$381,216,995	\$387,602,891	\$6,385,896	1.7%
General Exp	\$93,327,523	\$99,738,271	\$6,410,748	6.9%
Facilities Services	\$44,408,009	\$48,303,525	\$3,895,516	8.8%
Financial Aid	\$63,795,345	\$66,275,486	\$2,480,141	3.9%
Total	\$582,747,872	\$601,920,173	\$19,172,301	3.3%

Summary

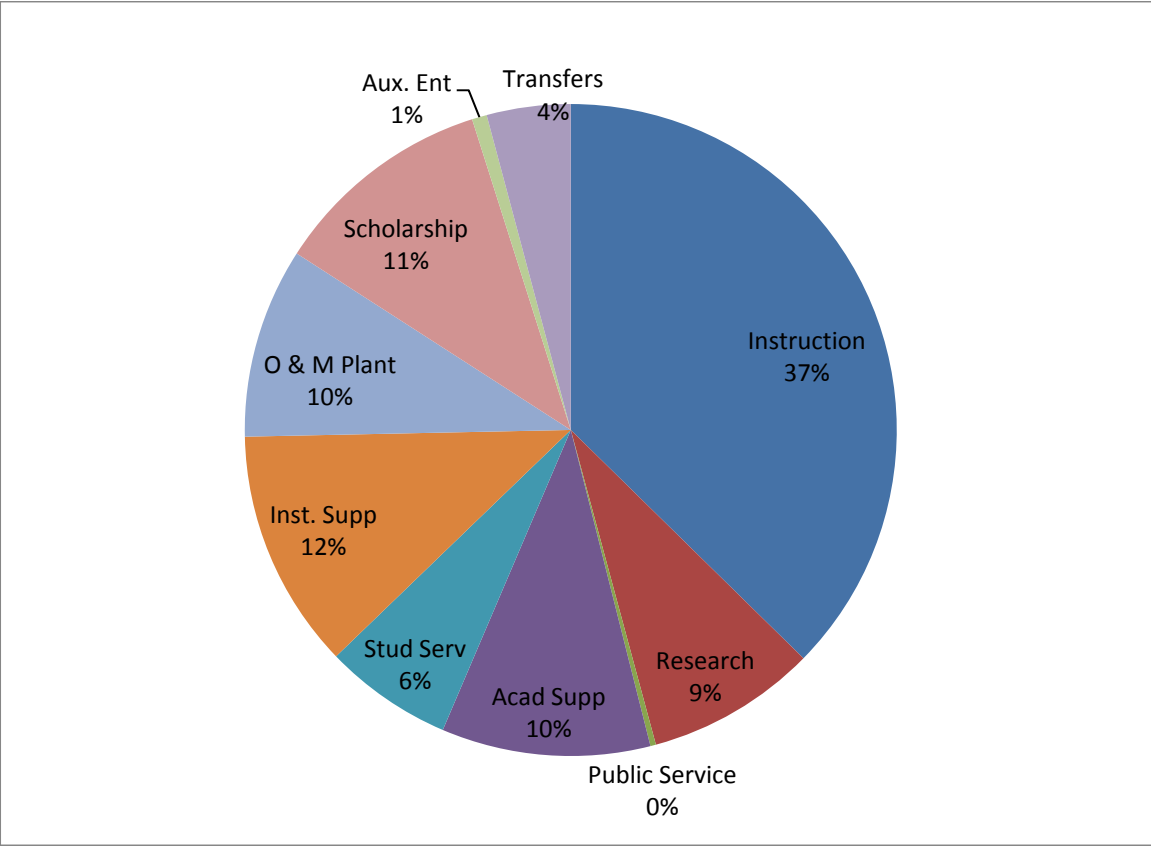
The proposed FY 2016 General Fund budget contains \$340 million for direct instructional costs, academic support and research related expenditures. Scholarships and fellowships of \$66 million are budgeted as well as \$38 million in student support. Institutional support, public service, operation and maintenance of plant, debt service and other transfers totaling \$196 million make up the balance of

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the General Fund expenditures for FY 2016. The estimated functional use of General Fund expenditures described above is shown by percentage below:



The proposed budget is a responsible budget that seeks to contain costs, manage within a challenging revenue environment, emphasize strategic priorities and encourage accountability. It reflects the University’s commitment to its students and to the community, and is responsive to the commitment to provide a quality education at an affordable price.

General Fund
SUMMARY REVENUES AND EXPENDITURES

Fiscal Year 2016
(In Dollars)

	FY 2015 Restated Budget	FY 2016 Final Budget	Variance	
			\$	%
Revenues				
State Appropriations	190,286,911	191,106,943	820,032	0.4%
Net Tuition and Fee Revenues	351,477,366	365,898,197	14,420,831	4.1%
Indirect Cost Recovery	27,900,000	33,000,000	5,100,000	18.3%
Investment Income	6,000,000	5,700,000	(300,000)	-5.0%
Rainy Day Fund	2,640,222	0	(2,640,222)	-100.0%
Other Revenue	4,443,373	6,215,033	1,771,660	39.9%
Total Revenue	582,747,872	601,920,173	19,172,301	3.3%
Expenditures				
Schools and Colleges	204,343,297	206,131,991	1,788,694	0.9%
Divisions (not including Financial Aid)	149,730,505	152,482,806	2,752,301	1.8%
Student Financial Aid	63,795,345	66,304,712	2,509,367	3.9%
Central Accounts	162,454,852	174,499,861	12,045,009	7.4%
Other Expense	2,423,873	2,500,803	76,930	3.2%
Total Expenditure	582,747,872	601,920,173	19,172,301	3.3%
Net Budget Surplus (Shortfall)	0	0	0	0.0%