

FY 2016 Proposed Auxiliary Activity Budgets

Recommendation for Board Action

The Board of Governors approves the proposed FY 2016 budgets for the auxiliary activity units summarized in this document and detailed in the FY 2016 Current Funds Budget book. Total auxiliary activities revenue and expenditures are as follows (dollars in thousands):

Category	FY 2015 Approved Budget	FY 2016 Proposed Budget
REVENUES		
Beginning Net Assets	(\$4,959.2)	(\$4,967.8)
Operating Revenue		
Student Tuition and Fees	\$1,620.2	\$1,556.5
Auxiliary Revenues	\$39,366.3	\$44,052.2
----- Total Operating Revenue	\$40,986.5	\$45,608.7
Non-Operating Revenues		
Gifts	\$1,772.0	\$1,657.0
Other	\$12.0	\$13.5
----- Total Non-Operating Revenues	\$1,784.0	\$1,670.5
TOTAL REVENUES	\$42,770.5	\$47,279.2
EXPENDITURES AND TRANSFERS		
Auxiliary Enterprises		
Compensation	\$11,710.3	\$11,641.0
Operating Expenses	\$18,804.2	\$20,428.7
General Fund Support	(\$4,429.0)	(\$4,436.5)
----- Expenditures	\$26,085.5	\$27,633.2
Transfers Out/(In)		
Debt Service	\$12,045.5	\$13,569.9
Plant & Other	\$4,178.5	\$5,934.3
----- Subtotal Transfers	\$16,224.0	\$19,504.2
TOTAL EXPENDITURES AND TRANSFERS	\$42,309.5	\$47,137.4
Operating Surplus / (Deficit)	\$461.0	\$141.8
Ending Net Assets	(\$4,498.2)	(\$4,826.0)

Background

The University's auxiliary operations consist of ten units that provide non-academic essential services to students, faculty, staff, other institutional departments and to the community. Auxiliary activities are characterized by two primary elements: auxiliaries are essentially self-supported and generate revenue based or related to the cost of the goods and services they provide. For the purposes of this

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document, auxiliary activities include WDET-FM; a unit categorized as an independent operation operated by Wayne State but not established to provide services to students, faculty or staff.

Further Recommended

FY 2015 to FY 2016 Summary of All Auxiliary Activities (in Thousands of Dollars)

Category	FY 2015 Approved Budget	FY 2016 Proposed Budget	\$ Change From FY 2015
Beg Fund Balance	(\$4,959.2)	(\$4,967.8)	(\$8.6)
Revenue	\$42,770.5	\$47,279.2	\$4,508.7
Expense & Transfers	\$46,738.5	\$51,643.9	\$4,905.4
General Fund Support	(\$4,429.0)	(\$4,506.5)	(\$77.5)
Net Operating Budget	\$461.0	\$141.8	(\$319.2)
Ending Fund Balance	(\$4,498.2)	(\$4,826.0)	(\$327.8)

The proposed auxiliary activity budgets are projected to generate \$47.3 million of revenues which is an increase of \$4.5 million or 10.5 percent from the FY 2015 approved budget. This growth is driven by a \$3.2 million increase in Housing revenue from the recently approved 5.13 percent increase in residence hall room and board rates, a \$780,900 increase in Parking from parking fee revenue (see below) and a \$361,700 increase in Student Center Building rental and conference revenue. Revenues are expected to surpass expenses and transfers in FY 2016 by \$141,800.

Four auxiliary units, *The South End*, the University Press, WDET-FM and Housing, receive General Fund budget operating support in the amounts of \$62,100, \$400,700, \$472,400 and \$1.27 million respectively. In addition, the Student Center, which formerly received a set amount of tuition revenue, now receives an allocation from student service fees. The Student Center is budgeted to receive an allocation of \$2.3 million in FY 2016, an increase of \$250,000 for additional debt service related to the recent major renovation of the facility. For budgetary purposes the treatment of the General Fund support is shown as an offset against expenditures rather than a revenue item. Starting in FY 2016, fees for the maintenance of the Mort Harris Recreation and Fitness Center (MHRFC) are incorporated into the general Student Support Fee. The separate per semester RFC Maintenance Fee is discontinued. The allocation for MHRFC from the Student Support Fee revenue is set at \$1.556 million for FY 2016.

The business plan for Parking and Transportation Services as modified in FY 2012 continues to be implemented. As part of the implementation of the plan, the FY 2016 Parking budget revenue includes a \$0.25 increase per day for students using OneCard payment, or approximately 7%. Non-student monthly rates would increase \$2, student semester permits would increase \$7; non-student semester permits would increase \$8, all representing approximately a 2.5% increase. General cash/credit card sales would remain at \$7 per entry.

Detailed financial schedules and supporting material for each unit are shown in the FY 2016 Current Funds budget book. Those financial schedules are attached by reference to this Board resolution.