

Submitted by: M. Roy Wilson, President

**Wayne State University
Proposed General Fund Budget
FY 2017**

Recommendation for Board Action

The Board of Governors approves the proposed FY 2017 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 2017 General Fund budget.

FY 2017 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 2017 state appropriation funding in Wayne State's General Fund increases to \$195.7 million, an increase of \$4.6 million, or 2.4 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 2017 tuition rates proposed to the Board concurrently with this budget recommendation increase the average resident base full-time undergraduate rate by 4.18 percent, in compliance with the state tuition restraint language adopted by the legislature. Specifically, this budget recommends a 3.8 percent increase for lower division undergraduate students (freshman and sophomores) and a 4.5 percent increase for upper division students (juniors and seniors). Rates for graduate and Pharm.D students increase by 4.1 percent. Law School tuition rates for Year 1 students will increase at 2.0 percent. Law rates for Year 2 and Year 3 students will remain at FY 2016 levels. In a previous Board action, School of Medicine MD program rates increased 2.5 percent from FY 2016 rates for Year 1 students only. Continuing MD program students will not receive an increase in their assessed tuition rate from FY 2016. 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 2016. For FY 2017, undergraduate credit hour enrollment is forecast to remain stable, while graduate credit hour enrollment is projected to increase by approximately 5.0 percent, not including first professional programs. Significant growth in graduate Business and Engineering programs is driving much of the increase.

State appropriations and tuition and fee revenues comprise approximately 93 percent of the total FY 2017 proposed General Fund revenue budget. The proposed tuition and fee revenues are the result of

FY 2017 Proposed General Fund Budget

June 24, 2016

Page 2

proposed tuition and fee increases plus any changes due to enrollment, and show a change of \$24.9 million.

Indirect cost recovery is projected to increase by \$2.0 million or 6.8 percent from FY 2016 to a total of \$35.0 million for FY 2017. Investment income for Wayne State is budgeted to decrease by \$0.7 million to \$5.0 million.

Overall, the \$631 million proposed general fund budgeted revenues represents a 4.9 percent increase over FY 2016.

FY 2017 Budgeted Expenditures

Budgeted expenditures for FY 2016 are projected to increase by 4.9 percent, from FY 2016 to a total of \$631 million. Some of the budget adjustments for FY 2017 include \$2.3 million in university-wide budget reductions, the funding of academic and accreditation mandates, increases in student financial aid, and enhancements to research operations.

For the FY 2017 budget, compensation represents 64 percent of the general fund budget. Total compensation (including salary and fringes) is projected to be \$402 million.

Expenditures associated with facilities services (utilities, debt service and deferred maintenance) are projected to increase by just over \$2 million.

Institutional financial aid is projected to increase overall by \$6.0 million or 9.1 percent. The chart below illustrates the expenditures for the University by their "natural" classifications

Fiscal Year 2017 General Fund Budget

| Category | FY 2016 Approved Budget | FY 2017 Recommended Budget | Variance | |
|---------------------|-------------------------------|----------------------------------|---------------|-------|
| | | | \$ | % |
| Compensation | \$387,704,082 | \$402,294,461 | \$14,590,379 | 3.8% |
| General Exp | \$96,166,130 | \$106,086,707 | \$9,920,577 | 10.3% |
| Facilities Services | \$51,745,249 | \$50,452,126 | (\$1,293,123) | -2.5% |
| Financial Aid | \$66,304,712 | \$72,349,254 | \$6,044,542 | 9.1% |
| Total | \$601,920,173 | \$631,182,548 | \$29,262,375 | 4.9% |

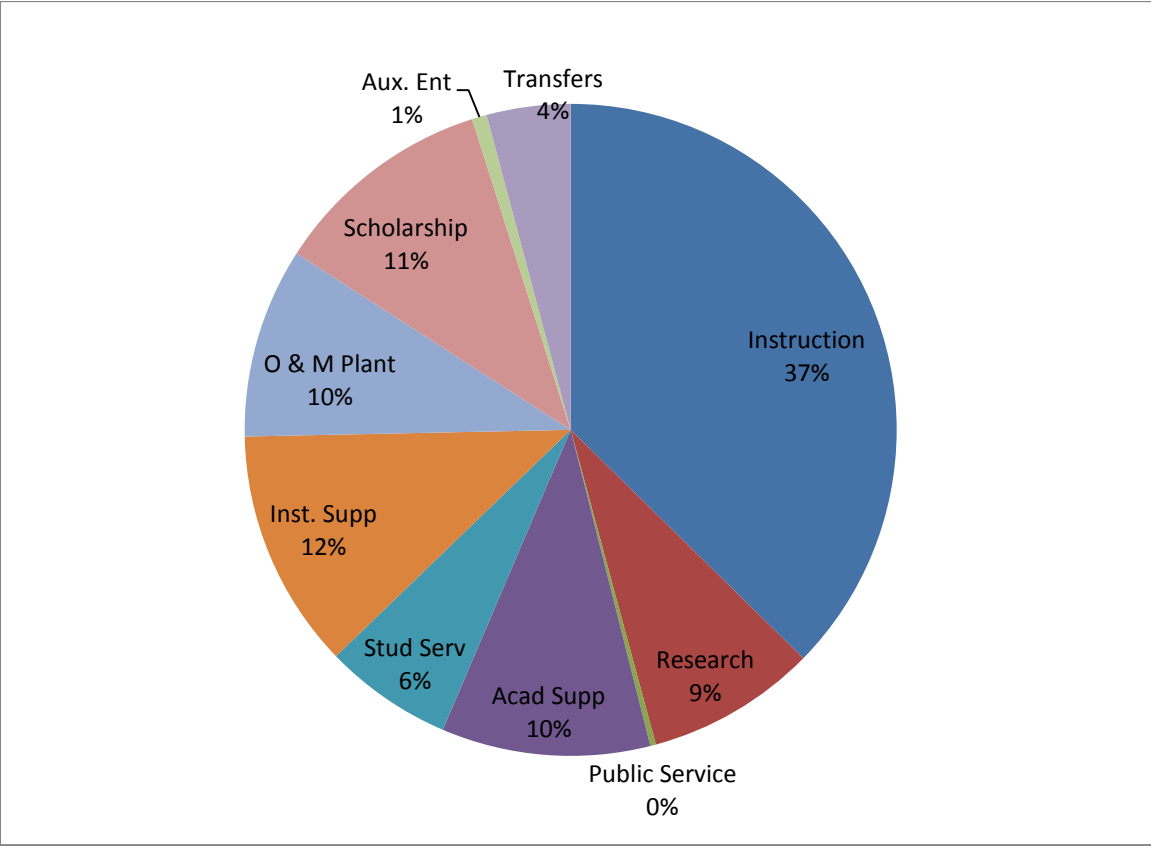
Summary

The proposed FY 2017 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 the General Fund expenditures for FY 2017. The estimated functional use of General Fund expenditures described above is shown by percentage below:

FY 2017 Proposed General Fund Budget

June 24, 2016

Page 3



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 Budget
SUMMARY REVENUES AND EXPENDITURES**

Fiscal Year 2017

(In Dollars)

| | FY 2016 Restated Budget | FY 2017 Recommended Budget | Variance | |
|---------------------------------------|--|---|-------------------|-------------|
| | | | \$ | % |
| Revenues | | | | |
| State Appropriations | 191,106,943 | 195,720,143 | 4,613,200 | 2.4% |
| Net Tuition and Fee Revenues | 365,898,197 | 390,808,244 | 24,910,047 | 6.8% |
| Indirect Cost Recovery | 33,000,000 | 35,000,000 | 2,000,000 | 6.1% |
| Investment Income | 5,700,000 | 5,000,000 | (700,000) | -12.3% |
| Other Revenues | 6,215,033 | 4,654,161 | (1,560,872) | -25.1% |
| Total Revenues | 601,920,173 | 631,182,548 | 29,262,375 | 4.9% |
| Expenditures | | | | |
| Schools and Colleges | 205,772,412 | 216,207,808 | 10,435,396 | 5.1% |
| Divisions | 152,842,385 | 161,328,966 | 8,486,581 | 5.6% |
| Student Financial Aid | 66,304,712 | 72,349,254 | 6,044,542 | 9.1% |
| Central Accounts | 174,499,861 | 178,859,897 | 4,360,036 | 2.5% |
| Other Expense | 2,500,803 | 2,436,623 | (64,180) | -2.6% |
| Total Expenditures | 601,920,173 | 631,182,548 | 29,262,375 | 4.9% |
| Net Budget Surplus (Shortfall) | 0 | 0 | 0 | 0.0% |