

FY 2017 Proposed Auxiliary Activity Budgets

Recommendation for Board Action

The Board of Governors approves the proposed FY 2017 budgets for the auxiliary activity units summarized in this document and detailed in the FY 2017 Current Funds Budget book. Total auxiliary activities revenue and expenditures are as follows (dollars in thousands):

Category	FY 2016 Approved Budget	FY 2017 Proposed Budget
REVENUES		
Beginning Net Assets	(\$4,967.8)	(\$6,690.0)
Operating Revenue		
Student Tuition and Fees	\$0.0	\$0.0
Auxiliary Revenues	\$44,065.7	\$46,112.1
----- Total Operating Revenue	\$44,065.7	\$46,112.1
Non-Operating Revenues		
Gifts	\$1,657.0	\$1,656.5
Other	\$0.0	\$0.0
----- Total Non-Operating Revenues	\$1,657.0	\$1,656.5
TOTAL REVENUES	\$45,722.7	\$47,768.6
EXPENDITURES AND TRANSFERS		
Auxiliary Enterprises		
Compensation	\$11,641.0	\$12,897.3
Operating Expenses	\$20,428.7	\$20,237.4
General Fund Support	(\$6,063.0)	(\$6,732.5)
----- Expenditures	\$26,006.7	\$26,402.2
Transfers Out/(In)		
Debt Service	\$13,569.9	\$13,498.6
Plant & Other	\$6,004.3	\$6,434.5
----- Subtotal Transfers	\$19,574.2	\$19,933.1
TOTAL EXPENDITURES AND TRANSFERS	\$45,580.9	\$46,335.3
Operating Surplus / (Deficit)	\$141.8	\$1,433.3
Ending Net Assets	(\$4,826.0)	(\$5,256.7)

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 document,

FY 2017 Proposed Auxiliary Activity Budgets

June 24, 2016

Page 2

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 2016 to FY 2017 Summary of All Auxiliary Activities (in Thousands of Dollars)

Category	FY 2016 Approved Budget	FY 2016 Projected Actuals	FY 2017 Proposed Budget	\$ Change From FY 2016 Budget
Beg Fund Balance	(\$4,967.8)	(\$3,746.3)	(\$6,690.0)	(\$1,722.2)
Revenue	\$45,722.7	\$46,058.6	\$47,768.6	\$2,045.9
Expense	\$32,069.7	\$32,026.3	\$33,134.7	\$1,065.0
Transfers	\$19,574.2	\$23,248.0	\$19,933.1	\$358.9
General Fund Support	(\$6,063.0)	(\$6,272.0)	(\$6,732.5)	(\$669.5)
Net Operating Budget	\$141.8	(\$2,943.7)	\$1,433.3	\$1,291.5
Ending Fund Balance	(\$4,826.0)	(\$6,690.0)	(\$5,256.7)	(\$430.7)

The proposed auxiliary activity budgets are projected to generate \$47.8 million of revenues which is an increase of \$2.0 million or 4.5 percent from the FY 2016 approved budget. This growth is driven by a \$1.7 million increase in Housing revenue from the recently approved approximately 3.3 percent increase in residence hall room and board rates along with strong demand for Housing services; and a \$342,900 increase in Parking from parking fee revenue (see below). Revenues for University Press declined by \$360,500. Revenues are expected to surpass expenses and transfers in FY 2017 by \$1.2 million.

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, \$596,700, \$472,400 and \$1.0 million respectively. Housing's subsidy is reduced by \$270,000 from FY 2016 but this subsidy amount is transferred to the Student Center. In addition, the Student Center, which formerly received a set amount of tuition revenue, is budgeted to receive an allocation of \$2.5 million in FY 2017, an increase of \$200,000 from the FY 2016 level. The University Press subsidy is increased by \$196,000 from FY 2016. This increase is intended to offset the Press's operating shortfall as well as bring the Press's institutional support more in line with levels found at peer institutions with university press operations. 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 \$1.8 million for FY 2017.

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 2017 revenue budget for Parking includes a \$0.50 increase per day for cash and credit card sales to \$7.50, or approximately 7.1%. Non-student monthly rates would increase slightly under \$2, student semester permits would remain at the FY 2016 rate; non-student semester permits would increase \$7, representing a 2.1% increase.

Beginning fall 2016 a pilot project directed at new undergraduates will launch. This project will provide a free-to-the-student parking pass to students in the "First Time in Any College" (FTIAC) enrollment category. The pilot project will assess if no-charge parking will affect student behavior regarding total

FY 2017 Proposed Auxiliary Activity Budgets

June 24, 2016

Page 3

credit hour enrollment, the days these students take courses and the amount of on-campus time spent on curricular and non-curricular student activities. An assessment group has been established by the Parking Advisory Committee to study the outcomes of this project. This pilot will operate during fall 2016 with an extension to winter 2017 to be considered at a future date.

Detailed financial schedules and supporting material for each unit are shown in the FY 2017 Current Funds budget book. Those financial schedules are attached by reference to this Board resolution.