

FY 2015 Proposed Auxiliary Activity Budgets

Recommendation for Board Action

The Board of Governors approves the proposed FY 2015 budgets for the auxiliary activity units summarized in this document and detailed in the FY 2015 Current Funds Budget book. Total auxiliary activities revenue and expenditures are as follows (dollars in thousands):

Category	FY 2014 Approved Budget	FY 2014 Projected Actual	FY 2015 Proposed Budget
REVENUES			
Beginning Net Assets	(\$6,294.6)	(\$4,395.1)	(\$4,959.2)
Operating Revenue			
Student Tuition and Fees	\$1,655.3	\$1,620.2	\$1,620.2
Auxiliary Revenues	\$39,403.7	\$38,332.5	\$39,366.3
Total Operating Revenue	\$41,059.0	\$39,952.7	\$40,986.5
Non-Operating Revenues			
Gifts	\$1,697.5	\$1,487.5	\$1,772.0
Other	\$12.0	\$12.0	\$12.0
Total Non-Operating Revenues	\$1,709.5	\$1,499.5	\$1,784.0
TOTAL REVENUES	\$42,768.5	\$41,452.2	\$42,770.5
EXPENDITURES AND TRANSFERS			
Auxiliary Enterprises			
Compensation	\$11,574.6	\$11,089.5	\$11,710.3
Operating Expenses	\$17,736.4	\$19,101.1	\$18,804.2
General Fund Support	(\$4,444.3)	(\$4,444.3)	(\$4,429.0)
Expenditures	\$24,866.7	\$25,746.3	\$26,085.5
Transfers Out/(In)			
Debt Service	\$11,966.7	\$11,966.7	\$12,045.5
Plant & Other	\$6,191.0	\$4,303.3	\$4,178.5
Subtotal Transfers	\$18,157.7	\$16,270.0	\$16,224.0
TOTAL EXPENDITURES AND TRANSFERS	\$43,024.4	\$42,016.3	\$42,309.5
Operating Surplus / (Deficit)	(\$255.9)	(\$564.1)	\$461.0
Ending Net Assets	(\$6,550.5)	(\$4,959.2)	(\$4,498.2)

Note: General Fund Support is now shown as an offset to expenditures.

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 2014 to FY 2015 Summary of All Auxiliary Activities (in Thousands of Dollars)

Category	FY 2014 Approved Budget	FY 2014 Estimated Actuals	FY 2015 Proposed Budget	\$ Change From Act.
Beg Fund Balance	(\$6,294.6)	(\$4,395.1)	(\$4,959.2)	(\$564.1)
Revenue	\$42,768.5	\$41,452.2	\$42,770.5	\$1,318.3
Expense & Transfers	\$47,468.7	\$46,460.6	\$46,738.5	\$277.9
General Fund Support	(\$4,444.3)	(\$4,444.3)	(\$4,429.0)	\$15.3
Net Operating Budget	(\$255.9)	(\$564.1)	\$461.0	\$1,025.1
Ending Fund Balance	(\$6,550.5)	(\$4,959.2)	(\$4,498.2)	\$461.0

The proposed auxiliary activity budgets are projected to generate \$42.8 million of revenues which is an increase of \$1.3 million or 3.2 percent from the FY 2014 estimated actual. Revenues are expected to surpass expenses and transfers in FY 2015 by \$461,000.

Four auxiliary units, *The South End*, the University Press, WDET-FM and Housing, receive General Fund budget operating support in the amounts of \$63,100, \$420,000, \$494,700 and \$1.4 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 \$2.1 million in FY 2015. For budgetary purposes the treatment of the General Fund support is shown as an offset against expenditures rather than a revenue item. This change does not affect the Mort Harris Recreation and Fitness Center (MHRFC). Student fees collected for the MHRFC are shown as revenue.

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 2015 Parking budget revenue includes a \$0.50 increase per day for cash and credit card transactions. Student parking would remain at the FY 2014 rate. Non-student monthly rates would increase \$2; non-student semester permits would increase \$10. Graduate student assistants will get a new discounted rate of \$5 per day.

The Board approved a major renovation of the Student Center Building at its February, 2013 meeting. Construction on this project commenced in May 2014. During the 14-month construction period, building use will be limited. This limited use is reflected in a decrease in revenues and expenditures for the Student Center in FY 2015. Part of the financing of this project is through issuance of debt. Debt service on this borrowing will be shown as part of the Student Center budget starting in FY 2015.

Detailed financial schedules and supporting material for each unit are shown in the FY 2015 Current Funds budget book. Those financial schedules are attached by reference to this Board resolution.