

Submitted by: M. Roy Wilson, President

**Wayne State University
Proposed General Fund Budget
FY 2020**

Recommendation for Board Action

It is recommended that the Board of Governors approve the proposed FY 2020 General Fund budget, its projected revenues and expenditures, and the budgets for individual university units and specifically funded programs as summarized in this document. In addition, 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 in sufficient amount to offset any subsequent state appropriation funding adjustment from the projected amount as shown in the proposed FY 2020 General Fund budget.

FY 2020 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. Student tuition and fees supplanted state appropriation as the university's primary funding source by FY 2006 after a series of state appropriation cuts starting in FY 2003.

The anticipated FY 2020 state appropriation funding in Wayne State's General Fund increases to \$203.2 million, an increase of \$1.0 million, or 0.5 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 Grant-eligible students enrolled.

FY 2020 tuition rates, previously approved in a separate action by the Board of Governors, increase the average resident base full-time undergraduate rate by 3.2 percent, in compliance with the expected tuition restraint language anticipated to be adopted by the Michigan legislature. Specifically, this rate provides a 3.2 percent increase for lower division undergraduate students (freshman and sophomores) and a 3.2 percent increase for upper division students (juniors and seniors). Rates for graduate, Pharm.D, and Law School students also increased by 3.2 percent. Also in a separate Board action, School of Medicine MD program rates were increased by 3.9 percent for all students. In addition, all MD students will continue to pay a flat tuition rate for any one taking more than 40 or more credit hours on an annual basis. The tuition and fee resolution reviews the specific rates of every program in detail.

In FY 2019, the University experienced an increase in undergraduate enrollment, including the University's largest "first time in any college" or FTIAC, class in a decade, and a decrease

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in graduate enrollment. In FY 2020, undergraduate credit hour enrollment is forecast to increase by 1.0 percent, while graduate credit hour enrollment is projected to decrease by approximately 1.5 percent, not including professional programs. Growth in business and nursing programs is driving much of the increase.

State appropriation and tuition and fee revenues comprise approximately 92 percent of the total FY 2020 proposed General Fund revenue budget. The proposed tuition and fee revenues are the result of approved tuition and fee increases plus any changes due to enrollment.

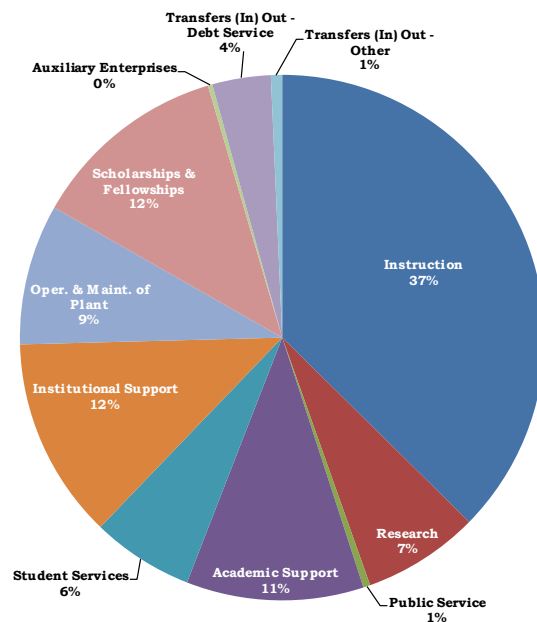
Indirect cost recovery is projected to remain flat from FY 2019 at \$36.5 million. Investment income for Wayne State is also budgeted to remain flat at \$5.7 million.

Overall, the \$675 million proposed general fund budgeted revenues represents a 3.0 percent increase over FY 2019.

FY 2020 Budgeted Expenditures

Budgeted expenditures for FY 2020 are projected to increase by 3.0 percent from FY 2019, to a total of \$675 million. Some of the budget adjustments for FY 2020 include a \$4.4 million increase for debt service, a \$2.9 million increase in student financial aid, and \$2.3 million for new faculty recruitment and hiring activities.

The proposed FY 2020 General Fund budget contains \$374 million for direct instructional costs, academic support and research related expenditures. Scholarships and fellowships of \$82 million are budgeted, as well as \$42 million in student support. Institutional support, public service, operation and maintenance of plant, debt service and other transfers totaling \$176 million make up the balance of the General Fund expenditures for FY 2020. The estimated functional use of General Fund expenditures described above is shown by percentage below:



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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 2020
 (In Dollars)**

	FY 2019 Restated Budget	FY 2020 Recommended Budget	Variance	
			Dollars	%
Revenues				
State Appropriations	202,130,316	203,165,900	1,035,584	0.5%
Net Tuition and Fee Revenues	404,500,846	419,521,612	15,020,766	3.7%
Indirect Cost Recovery	36,500,000	36,500,000	0	0.0%
Investment Income	5,700,000	5,700,000	0	0.0%
Other Revenues	6,624,614	9,951,309	3,326,695	50.2%
Total Revenue	655,455,776	674,838,821	19,383,045	3.0%
Expenditures				
Schools and Colleges	225,732,722	228,762,247	3,029,525	1.3%
Divisions	172,769,243	175,673,942	2,904,700	1.7%
Student Financial Aid	79,401,758	82,352,263	2,950,505	3.7%
Central Accounts	174,177,443	181,349,063	7,171,620	4.1%
Other Expenses	3,374,610	6,701,305	3,326,695	98.6%
Total Expenditures	655,455,776	674,838,821	19,383,045	3.0%
Net Budget Surplus (Shortfall)	0	0	0	0.0%