

**General Fund Operating Budget Executive Summary
Board of Trustees Meeting
Finance Committee Meeting
October 2021**

Summary of Recommended Fiscal Year 2021-2022 General Fund Operating Budget

The general fund operating budget includes instructional departments, academic support areas, student services, facilities, financial operations, general university administration, public safety, community engagement, public service, foundation support, marketing and communications, athletic support, and other related operational areas which support the general operations of the university.

The recommended change in budget for fiscal year 2021-2022 incorporates an enrollment reduction of -2.2% from the prior year and the tuition rate adjustment approved in June 2021. In addition, it includes scholarship adjustments, new university initiative investments, reductions through the early retirement incentive program, and projected increases in utilities.

REVENUE ADJUSTMENTS

State appropriations (-\$8,400)

Based on the approved 2021-22 state budget, which did not include an increase to base appropriations, but did include one-time funding. The slight reduction is due to an adjustment to the ITW payment included in appropriations.

Tuition and fees (+\$1.9 million)

The tuition and fees decrease assumes an overall enrollment figure that is projected to be down by -2.2% based on student FTEs, along with the tuition rate adjustment. The net result is an overall change of +2.2%.

Scholarships and fellowships (+\$0.7 million)

The increase is based on an adjustment in the structure of scholarship awards, including the UP grants that were awarded this year. The overall result is a 3.7% increase in scholarships.

EXPENSE ADJUSTMENTS

Personnel services (-\$0.1 million)

The adjustment for personnel services includes projected contractual wage adjustments, promotional adjustments, and fringe benefit adjustments. Positions related to new initiative investments also were added. These increases are offset by positions eliminated through the early retirement incentive program offered in Summer 2020.

Supplies, materials, and support of designated operations and services (-\$0.9 million)

Decrease is due primarily to the removal of support for designated operations that was built into the prior year budget due to COVID-19, as well as additional support from auxiliary operations due to the increase in residence hall occupancy and meal plans. The reductions are offset by increases for new initiative investments and lab supplies.

Equipment, library acquisitions, reserves and maintenance (+\$18,000)

Minor increase is due to reallocation of the base budget from the prior year.

Utilities (+\$0.2 million)

Increase is due to the projected annual rate increases for utilities.

One-time reserves (-\$2.0 million)

Removed one-time reserves that were utilized to balance the 2020-2021 budget.

The net impact of the budget adjustments is an overall increase in operations of +\$1.15 million or +1.0% for fiscal year 2021-2022.

**NORTHERN MICHIGAN UNIVERSITY
RECOMMENDED GENERAL FUND OPERATING BUDGET
FISCAL YEAR 2021-2022**

	2020-2021 Approved Budget	2021-2022 Recommended Budget	Budget Change	Percent
REVENUES				
State appropriations	\$48,819,000	\$48,810,600	(\$8,400)	0.0%
Student tuition and fees	86,360,000	88,250,000	1,890,000	2.2%
Scholarships and fellowships	(19,780,000)	(20,510,000)	(730,000)	3.7%
Subtotal - Net Tuition and Fees	<u>66,580,000</u>	<u>67,740,000</u>	<u>1,160,000</u>	<u>1.7%</u>
Sales and services of educational activities	860,405	860,405	0	0.0%
Investment income	802,000	802,000	0	0.0%
Total Revenues	<u>\$117,061,405</u>	<u>\$118,213,005</u>	<u>\$1,151,600</u>	<u>1.0%</u>
EXPENSES				
Personnel services	\$76,349,067	\$76,254,209	(\$94,859)	-0.1%
Supplies, materials, support of designated operations and services	25,579,170	24,661,628	(917,541)	-3.6%
Equipment, library acquisitions, reserves and maintenance	6,170,275	6,188,275	18,000	0.3%
Utilities	6,604,000	6,769,000	165,000	2.5%
Debt Service	4,339,893	4,339,893	0	0.0%
One-time reserves	(1,981,000)	0	1,981,000	-100.0%
Total Expenses	<u>\$117,061,405</u>	<u>\$118,213,005</u>	<u>\$1,151,600</u>	<u>1.0%</u>

**NORTHERN MICHIGAN UNIVERSITY
RECOMMENDED GENERAL FUND OPERATING BUDGET
EXPLANATION OF BUDGET CHANGES
FISCAL YEAR 2021-2022**

		<u>Change</u>
REVENUES		
State appropriations		
Adjust to approved 2021-2022 base appropriations	\$ (8,400)	
Subtotal-State appropriations		\$ (8,400)
Student tuition and fees		
Rate increase and enrollment adjustment	1,890,000	
Subtotal-Student tuition and fees		1,890,000
Less: Scholarships and fellowships		
Enrollment adjustment, tuition based adjustments, scholarship restructuring	(715,130)	
Departmental reallocation of funds in prior year	(14,870)	
Subtotal-Scholarships and fellowships		(730,000)
TOTAL REVENUES		\$ 1,151,600
EXPENSES		
Personnel services		
Contractual compensation increases	\$ 1,848,200	
New initiative investments	433,300	
Net reductions through early retirement incentive program	(2,062,902)	
Departmental reallocation of funds in prior year	(313,457)	
Subtotal-Personal services		\$ (94,859)
Supplies, materials, support of designated operations and services		
Departmental reallocation of funds in prior year	(767,489)	
New initiative investments	204,074	
Increase lab supplies budgets	75,000	
Strategic budget reductions	(76,000)	
Support from auxiliary operations	(347,190)	
Contractual changes	(5,936)	
Subtotal-Supplies, materials, support of designated operations and services		(917,541)
Equipment, library acquisitions, reserves and maintenance		
Departmental reallocation of funds in prior year	18,000	
Subtotal-Equipment, library acquisitions, reserves and maintenance		18,000
Utilities		
Annual rate increases	165,000	
Subtotal-Utilities		165,000
One-time reserves		
Elimination of one-time reserves utilized to balance prior year budget	1,981,000	
Subtotal-One-time reserves		1,981,000
TOTAL EXPENSES		\$ 1,151,600