

Oakland University
OFFICE OF BUDGET AND FINANCIAL PLANNING

MEMORANDUM

DATE: August 27, 2004

TO: Finance, Audit and Investment Committee

FROM: Thomas P. LeMarbe
Director, Budget and Financial Planning

SUBJECT: FY 2004 General Fund Budget Performance Report

Attached are the year-end budget performance reports detailing the actual FY 2004 expenditures to budget. The final budget figures include adjustments for compensation increases, one-time allocations, organizational reporting changes and the FY 2004 budget reductions.

Overall, the general fund financial condition ended in a favorable position notwithstanding another state appropriation reduction in December 2003. The university community again managed to reduce budgets and constrain spending without jeopardizing core academic or customer service values. Listed below are a few significant points regarding the FY 2004 general fund budget performance:

- After reducing our appropriation by 5% and adjusting our spending authority for 50% of the tuition and fees in excess of budget, the University ended the year with a \$467,181 positive expenditure variance.
- All major operating units finished the year with a positive budget variance. The general category shows a budget deficit due to the process used to allocate budget savings throughout the year, including year-end transfers.
- Savings in compensation resulted from normal faculty and staff turnover coupled with the impact of the university-wide hiring freeze.
- Utilities savings are a result of continued savings from the electricity contract with Quest Energy and a milder winter than expected.
- Insurance savings were attributable to a positive experience from our property insurance program. Claims from the Midwestern Higher Education Compact (MHEC) group were down, which had a favorable impact on our premiums and coverage for property insurance.

FY 2004 General Fund Budget Performance Report

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- Savings in debt service resulted from the variable rate portion of the Series 2001 bond issue. In addition, a portion of the Series 1997 bonds was covered from the Elliott Hall building fundraising contributions.
- The University utilized \$437,500 from the Rainy Day Fund to help offset the FY 2004 budget reductions. As part of year-end closing, the University was able to restore/augment the Rainy Day Fund to a balance of over \$2 million.

Attachment 1 - Total General Fund Budget and Expenditures by Major Unit

Attachment 2 - Total General Fund Budget and Expenditures – Academic Affairs

Attachment 3 - Analysis of Budget Performance

Attachment 4 - Encumbrance and Carrforward

Oakland University
Total General Fund Budget and Expenditures by Major Unit
Fiscal Year Ended June 30, 2004

Division	Budget*	Expenditures	Difference
Academic Affairs	\$ 86,183,333	\$ 83,732,767	\$ 2,450,566
Finance and Administration	20,062,976	19,594,669	468,307
Student Affairs	5,537,521	5,351,333	186,188
University Relations	1,770,608	1,688,107	82,501
President	6,842,294	5,924,096	918,198
General	3,178,034	6,816,613	(3,638,579)
Total	\$ 123,574,766	\$ 123,107,585	\$ 467,181

* The FY 2004 final budget includes adjustments for compensation increases, one-time allocations, budget reductions and organizational reporting changes distributed after the Board approved budget.

Oakland University
Total General Fund Budget and Expenditures - Academic Affairs
Fiscal Year Ended June 30, 2004

Description	Budget*	Expenditures	Difference
Regular Programs			
College of Arts & Sciences	\$ 27,781,755	\$ 27,725,811	\$ 55,944
School of Business Administration	9,300,130	9,265,888	34,242
School of Education and Human Services	8,846,831	8,724,142	122,689
School of Engineering and Computer Science	7,389,176	7,373,419	15,757
School of Health Sciences	2,471,548	2,433,787	37,761
School of Nursing	2,666,262	2,635,379	30,883
Kresge Library	4,028,966	4,023,468	5,498
Instructional and Information Technology	5,847,020	5,450,539	396,481
Academic Affairs - Other	11,902,090	10,588,870	1,313,220
Subtotal Regular Programs	<u>\$ 80,233,778</u>	<u>\$ 78,221,303</u>	<u>\$ 2,012,475</u>
Special Programs			
AA - Incentive Programs	\$ 2,373,754	\$ 1,740,569	\$ 633,185
AA - CE Programs	1,088,315	1,325,649	(237,334)
AA - New Programs	2,487,486	2,445,246	42,240
Sub Total Special Programs	<u>\$ 5,949,555</u>	<u>\$ 5,511,464</u>	<u>\$ 438,091</u>
Total Academic Affairs	<u><u>\$ 86,183,333</u></u>	<u><u>\$ 83,732,767</u></u>	<u><u>\$ 2,450,566</u></u>

* The FY 2004 final budget includes adjustments for compensation increases, one-time allocations and organizational reporting changes distributed after the Board approved budget.

Oakland University
Analysis of Budget Performance
Fiscal Year Ended June 30, 2004

	FY 2004 Budget	YTD Actual	Favorable (Unfavorable)	% of Budget	
Revenues:					
State Appropriation	\$ 49,087,858	\$ 46,633,500	\$ (2,454,358)	95.00%	Reflects 5% state appropriation reduction.
Tuition	73,050,072	75,139,850	2,089,778	102.86%	Actual FYES 348 over budget.
Other Student Fees	5,693,538	5,854,685	161,147	102.83%	Actual FYES 348 over budget.
Financial Aid	(7,522,133)	(7,087,097)	435,036	94.22%	Fewer graduate positions allocated and changes in awarding parameters.
Indirect Cost Recovery	1,200,000	1,777,601	577,601	148.13%	Increase in ICR rate, Department of Defense grants.
Investment Income	-	47,159	47,159		
Miscellaneous Income	1,710,000	2,252,093	542,093	131.70%	Charter School revenue favorable (DAAS).
Subtotal Revenues:	\$ 123,219,335	\$ 124,617,791	\$ 1,398,456	101.13%	
Other Funding Sources:					
FY03 to FY04 Encumbrance and Carryforwards	\$ 1,680,948	\$ 1,680,948	\$ -	100.00%	
Total Revenues and Other Funding Sources	\$ 124,900,283	\$ 126,298,739	\$ 1,398,456	101.12%	
Expenditures:					
Compensation	\$ 91,835,299	\$ 90,125,171	\$ 1,710,128	98.14%	Faculty salary and fringe benefit savings of \$650k and staff compensation savings of \$1.1 million from turnover, vacancies and continuation of the hiring freeze.
Purchased Utilities	2,548,283	2,234,075	314,208	87.67%	Savings from retail open access contract with Quest Energy.
Insurance	711,183	592,379	118,804	83.29%	Property insurance premiums were lower than preceding years.
Debt Service	4,604,649	3,900,094	704,555	84.70%	Series 2001 favorable due to variable rates. Series 1997 savings from use of EH building funds.
Administrative Charge	(706,568)	(771,291)	64,723	109.16%	Auxiliary administrative charge based on FY03 actual. Increase in Charter School spending.
Contingency, Strategic Plan, Tech. Imp.	2,500,000	1,840,219	659,781	73.61%	Project balances remaining at year-end.
Incentive, CE, New Programs	6,608,455	6,359,383	249,072	96.23%	Restraint in spending in anticipation of possible additional budget reductions.
Operating Expenses	20,316,643	17,180,763	3,135,880	84.56%	Restraint in spending in anticipation of possible additional budget reductions.
Charter Schools	1,084,292	1,084,292	-	100.00%	
Transfers from Year End Savings	(6,115,433)	-	(6,115,433)	0.00%	Transfers for University projects.
Transfers (Rainy Day Fund)	(437,500)	562,500	(1,000,000)	-128.57%	Utilized \$437,500 for FY04 budget reductions. Transfer \$1 million from year-end funds.
50% of Excess Tuition and Fees	625,463	-	625,463	0.00%	Per spending authority authorization, net of \$500k dedicated to offset budget reductions.
Total Expenditures	\$ 123,574,766	\$ 123,107,585	\$ 467,181	99.62%	
Excess of Total Revenues over Expenditures		3,191,154			

Oakland University
Budget Performance Summary
Fiscal Year Ended June 30, 2004
Encumbrance and Carryforward

Unit	Encumbrance	Carryforward	Total
Academic Affairs	\$ 231,590	\$ 1,607,765	\$ 1,839,355
Finance and Administration	87,446	266,014	353,460
Student Affairs	1,375	62,971	64,346
University Relations	11,960	57,382	69,342
President	53,940	743,256	797,196
General	-	67,455	67,455
Total	\$ 386,311	\$ 2,804,843	\$ 3,191,154