

PROPOSAL: GENERAL FUND FISCAL YEAR 2021-22 OPERATING BUDGET

Background

The general fund is the primary operating fund of the University and provides the University with the financial resources to meet instructional, programmatic and operating needs. WMU wants to ensure a distinctive and supportive learning experience that fosters success in a diverse and inclusive culture while advancing economic and environmental sustainability practices and policies. Resource allocation should promote WMU being the school of choice, diversifying revenue streams, and recruiting and retaining students and ensuring their academic success.

The budget being proposed today reflects our practice and commitment to present a balanced general fund budget for Board approval. The attached proposed fiscal year 2021-2022 general fund budget totals approximately \$379M, which represents an increase of 8.7% from last year's budget. In terms of real dollars, both revenue and expenses increased \$30.2 million over last year's general fund budget.

The budget reflects a restoration of State appropriations in the amount of \$22.5M. Taking a conservative budget approach, the fiscal year 2020-2021 budget assumed a 20% reduction in State appropriation. At the time the Board passed last year's budget, the State had not yet taken formal action for the State appropriation. The State kept appropriations flat. We do not anticipate an increase in State appropriations for fiscal year 2021-2022 as all three proposed versions – Governor, Senate and House - do not provide an increase to the base funding for higher education. Tuition was increased 3.2% which is a percent less than the amount permitted by the State's formula. The change in budgeted revenues results from restoring the state appropriation, the tuition rate changes and adjusting for an enrollment change. The increase in expenses recognizes additional compensation costs, strategic commitment to financial aid for our students, and increasing supply and utility costs.

Given the recent volatility of enrollment due to COVID, declining Michigan demographics and uncertainty of State revenues when federal funding is no longer available, the university is committed to budget stability. For this reason, WMU budgeted contingency funds for these future unknowns to be available as needed. In alignment with the implementation of the Strategic Resource Management ("SRM") budget model, \$10M will be invested in campus infrastructure and strategic initiatives funds. These funds will allow the university to better maintain state of the art facilities and technology infrastructure as well as invest in programs that will promote the recruitment and retention of our students.

Recommended Action

It is recommended the Board approve the proposed fiscal year 2021-2022 general fund budget, which provides the necessary University financial resources to meet instructional, programmatic and operating needs.