

# DREAMS IN PRACTICE



## UM-Dearborn University Budget Committee

*Budget Cycle 2025*

April 29, 2024

# FY 2025 General Fund Budget



**NOTE: No significant changes to the budget assumptions since last budget version.**

- **Key Assumptions:**
  - Enrollment Projection:
    - Decrease compared to the FY 24 Budget Forecast
    - Slight increase compared to FY 24 Actual Projection **(+0.2%)**
  - Tuition Rates:
    - **5%** increase on base UG and GR tuition rates
    - \$1 increase in CASL/CEHHS UG premiums
    - No increase on COB/CECS UG premiums
    - No increase on GR premiums
  - State Appropriations: **2.5%** (based on Governor's budget)
  - Modest Merit Program for faculty and staff
- To Balance, a **\$1.5M budget reduction plan** is required.
  - Service Units and Colleges received their budget targets. *College targets have not yet been finalized.*

# FY 2025 General Fund Budget

(in \$ millions)

## Sources

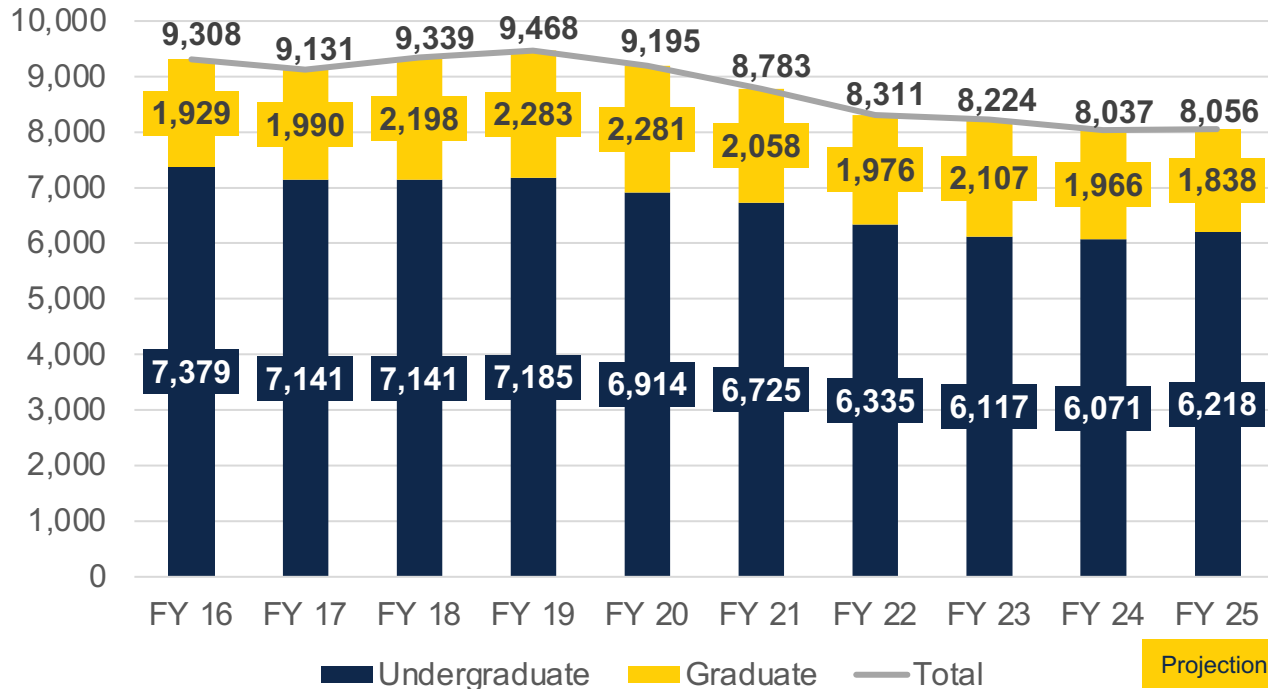
	FY 2025 Budget Projection	FY 2024 Base Budget	\$ Changes	% Change
Tuition and Fees	\$ 140.7	\$ 137.9	\$ 2.8	2.0%
State Appropriations	31.9	29.7	2.2	7.4%
ICR and Other	2.4	2.6	(0.2)	-7.7%
<b>Total Sources</b>	<b>\$ 175.0</b>	<b>\$ 170.2</b>	<b>4.8</b>	<b>2.8%</b>

## Uses

Compensation and Benefits	\$ 115.0	\$ 111.1	3.9	3.5%
Financial Aid	29.5	28.4	1.1	3.9%
Supplies, Services, and Other	32.0	30.7	1.3	4.2%
Budget Reduction Strategy	(1.5)		(1.5)	
<b>Total Uses</b>	<b>\$ 175.0</b>	<b>\$ 170.2</b>	<b>\$ 4.8</b>	<b>2.8%</b>
	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# Enrollment Trend and Projection

## Head Count: Fall Enrollment



### Trends impacting tuition revenue:

- Greater portion of credit hours in the tuition block
- Decline in summer semesters  
Since 2019:  
HC: -21%  
FTE: -14%

### Enrollment risk:

- FAFSA delays
- Free community college (Gov. recommendation)

# State Budget

## FY 2025

	Governor	House	Senate	Conference Committee
State Appropriations	2.5%	3.3%		
Tuition Restraint	5.0%	4.5%		
Capital Outlay	No	No		
Items Funding	No	\$100 (placeholder)		

# Cost Escalation

## FY 2025

- Medical Insurance: CY24: +14% CY25: +9%  
(\$1.3M)
- Other Insurance: +32% (\$324K)
- Utilities: +5%
- Service Contracts: +4% to +7%

# Future Challenges And Pressures

- **Enrollment**
  - Demographic Cliff
- **Financial Aid**
  - U-M support of “Go Blue Guarantee” reduces each year (support ends in FY27)
- **Salaries and Benefits**
  - Health Insurance expected to have significant increase between 7% - 9%
- **Supplies and Services**
  - Impact of the high inflation period (prices didn’t go down) and current inflation pressures
  - Higher prices and loss of purchasing power
- **Carbon Neutrality Initiative**
  - Scope 1 Reduction – Sustainable Power Purchase Agreements – premium utility rates
- **Capital Improvement and Replacement Needs**
  - Underinvestment will catch up to campus (unplanned) / Bids coming in higher than expected

# FY 2025 Budget Schedule

## December

- Preliminary decisions: Tuition, merit, and debt (today) for initial budget

## January / February

- Initial projections: Enrollment, tuition revenue, and financial aid (in collaboration with Melissa)
- Initial budgets:
  - Overall General Fund budget
  - RCM budget model
- Decision: Budget deficit approach
- Decision: RCM allocations (colleges)
- Prepare Board of Regents presentation for March meeting

## March

- BOR Presentation
- Review all budget assumptions

## April

- Final Projections: Enrollment, tuition revenue, and financial aid
- Final Decisions: Tuition, merit, and debt
- Prepare Board of Regents presentation for May meeting

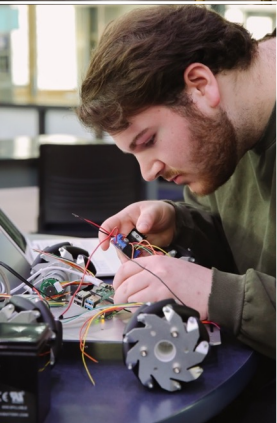
## May

- Final General Fund budget
- BOR Presentation
- Prepare final budget materials for BOR approval

## June

- BOR Budget Approval





# Discussion

Questions?