

Approved by the Regents
June 18, 2009

**THE UNIVERSITY OF MICHIGAN
REGENTS' COMMUNICATION**

ACTION REQUEST: Proposed Ann Arbor FY 2009 – 2010 General Fund
Operating Budget

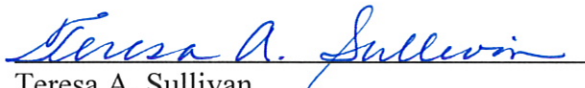
EFFECTIVE DATE: July 1, 2009 – June 30, 2010

The attached document provides a description of the changes in revenue and expenditures in the General Fund Operating Budget for FY 2009 - 10.

The General Fund budget is based on anticipated levels of appropriations.

We recommend that this General Fund budget be approved effective July 1, 2009 for the period July 1, 2009 through June 30, 2010.

RECOMMENDED BY:



Teresa A. Sullivan
Provost and Executive Vice President for
Academic Affairs

June 2009
Attachment

The University of Michigan – Ann Arbor FY2009-10 General Fund Operating Budget

Introduction

The FY2010 General Fund budget plan seeks to maintain the excellence of the University of Michigan – Ann Arbor during a period of financial stress and uncertainty. The proposed budget incorporates a significant level of cost reductions and reallocation to keep tuition rate increases moderate and to advance our continued commitment to student access through investments in financial aid.

This year's budget development has been particularly complex and unusual. The impacts of the global economic downturn are widespread, causing an accelerated deterioration of the State of Michigan's economy over the past year. In turn, the State's revenues have declined precipitously and are projected to remain low over the next several years barring actions by the State to enhance revenue. As a result, the State faces very significant budget deficits this year and beyond, and any relief brought by Federal stimulus funds will only be short-term. The State will be forced to make tough decisions regarding financial support for all budget areas including higher education. At the same time, other sources of revenue such as endowment income, new gifts and interest revenue have declined radically. Moreover, the economic circumstances of many of our students and their families have deteriorated, and we must remain mindful of their circumstances in our financial planning by ensuring sufficient levels of financial aid.

The FY2010 budget proposal is the result of many months of planning and incorporates a multi-year view of cost and revenue projections. The University faces dramatic financial challenges in FY2011 and FY2012 given the State revenue outlook. Preparation is crucial. Without proper planning and action this year, we face a situation that would dramatically undermine the academic quality and mission of the institution in a few short years.

Even in these unprecedented times, the quality of our academic enterprise drives our budget strategy and associated allocations. We continue to give highest priority to our academic units by seeing that needed resources flow as much as possible to them to ensure the accomplishment of the University's essential missions in education, research and public service. To protect the excellence of the institution and advance our mission, we must maintain a focus on the future despite volatile and uncertain financial circumstances. Even with significantly constrained resources, the University continues to progress in notable ways. By aggressively cutting costs and reallocating from lower priorities to higher value activities, this budget provides support for critical investments in the areas of faculty, financial aid, academic program initiatives, and economic development and innovation.

Faculty

High quality faculty are central to the quality and success of our academic enterprise. We continue to compete for top faculty against other elite public and private universities, even

though many are facing the same financial challenges that we are. The institutions we compete with for faculty include Harvard, Stanford, Yale, Berkeley, and Duke, to name a few. This budget provides modest resources for supporting our faculty to maintain our competitive position among our peer group. In addition, last year we began our initiative to hire 100 new faculty members in what will be a deliberate attempt to reduce our student-faculty ratio over the next several years; that investment is protected in this budget.

Financial Aid

Student access stands as a top priority for the University. It remains the longstanding policy of the University of Michigan to meet the demonstrated financial need of all of its Michigan resident undergraduate students. Based on current financial aid applications, we anticipate needing a large increase in the central financial aid budget to continue this policy and avoid a significant reduction in the quality of non-resident student support.

We are mindful of the financial circumstances of many of our families. The FY2010 General Fund budget recommendation therefore continues our customary practice of increasing centrally awarded financial aid at a higher rate than the proposed tuition increase, and in fact, goes well beyond that objective once again. Our FY2010 budget calls for an increase of over \$10 million in centrally awarded financial aid to a new total of nearly \$118 million, which represents a 9.5% increase in financial aid. Specifically for undergraduates, this equates to an increase of over \$8 million, an 11.7% increase, for need-based aid.

In addition to centrally awarded financial aid, the academic units also award need-based scholarships, which reduce dollar for dollar the loan and work-study amounts for our students. Furthermore, the President's Donor Challenge and the accompanying matching program has raised over \$72 million in endowment for need-based undergraduate financial aid, which added resources to this priority starting in FY2009. The academic units also provide significant additional funding from multiple sources for merit-based undergraduate scholarships and graduate student support.

In FY2010 and FY2011, our students and their families will become eligible for a federal tax credit for tuition up to \$2,500 for families earning up to \$160,000 (two earners) or up to \$80,000 (single earners) per year. The provision of this tax credit, coupled with our own investment in financial aid, means that even with a modest tuition rate increase, many students and their families will pay less out-of-pocket to attend the University of Michigan in academic year 2009-10 than they did in 2008-09.

Academic Program Initiatives

Innovation in teaching and research are critical elements of a top university, and no university can remain excellent without new academic initiatives. Given the financial constraints that we are facing, all new initiatives included in this budget will be funded solely through internal reallocation of existing resources.

The proposed budget includes support for a new center to study public policy in diverse societies, housed at the Ford School of Public Policy and in partnership with the University of Michigan's National Center for Institutional Diversity (NCID). The mission of the new center

will be to promote cutting-edge, interdisciplinary research, educational opportunities and dialogue so as to improve the design and implementation of public policy in societies that are becoming increasingly diverse locally, nationally and internationally. No existing university center or think-tank focuses on this critical set of issues, and faculty and student interest is extensive.

Last fall we launched a new, innovative interdisciplinary undergraduate concentration in Informatics that involves the College of LS&A, the College of Engineering and the School of Information. This exciting program studies the intersection of people, technology and information systems. It will give students solid grounding in computer science, mathematics, and statistics, combined with study of the ethical and social science dimensions of complex information systems.

The University of Michigan's involvement in global health extends beyond isolated courses and lectures. One example is the new Center for Global Health which builds upon an extensive portfolio of cross-disciplinary work of U-M faculty. The Center fosters innovative ideas and applications for global health and seeks to play a leading role in improving health outcomes and reducing health disparities in diverse regions of the world.

In FY2010, the University will continue to place a high priority on academic programs that promote a global perspective and international experiences for our students. These programs are essential for preparing our students to meet the challenges of an increasingly global world and enable us to build worldwide relationships that will benefit the state, the region, and the nation. President Coleman has taken a visible lead in this effort through her recent trips to Africa and China.

Part of the International Institute and established in July 2008, the African Studies Center (ASC) serves as a focal point for the more than 160 faculty and many students (graduate and undergraduate) involved in Africa-related initiatives and research at the University of Michigan. ASC seeks to foster interdisciplinary research and scholarship focused on Africa across the range of University disciplines, while fostering collaboration and cooperation with partners in Africa in addressing social and intellectual needs and opportunities. The Center's programs serve the general public, the scholarly community, University of Michigan faculty and students, Michigan teachers, and interested citizens and organizations. One of the most significant efforts of the African Studies Center is the U-M African Presidential Scholars program (UMAPS), bringing an additional ten African scholars to campus each year from Ghana, South Africa and, in the future, other African nations.

The Joint Institute supported by the University of Michigan and Shanghai Jiao Tung University (SJTU) is thriving, leading to growing exchanges of students and faculty. We recently signed a new multiyear partnership with SJTU to continue support for this effort. Our programs to provide advanced training to Chinese University presidents have continued and help to enrich our relationships with the Chinese academic community. President Coleman commissioned a task force within U-M to advise the University on ways to enrich its presence in China, allowing us to build ties to the ideas and resources of one of the world's most influential emerging economies. That task force reported out in the winter of 2009, and the President and Provost are considering actions that follow up on its recommendations.

Economic Development and Innovation

The University of Michigan is committed to playing a leadership role in enhancing the economic vitality of the state and the nation. To help bring its resources to bear on the challenges of innovation and economic development, the University has developed a rich variety of programs and partnerships aimed specifically at building working relationships among academia, industry, and government and fostering an environment of creative innovation. Indeed, economic development, through business engagement, technology transfer, industry partnerships, student internships, entrepreneurship and community assistance, is a high priority within the University's public mission.

- Last year, the University created the Business Engagement Center, developing new relationships with nearly 300 businesses in fiscal year 2009, in addition to maintaining and expanding the University's existing industrial relationships. The Center's focus is to advance partnerships between the University and industry through connections for sponsored research, student hiring, technology licensing, usage of equipment or facilities, executive education, and engagement on University committees and boards.
- The College of Engineering and the Office of the Vice President for Research have launched a Small Company Innovation Program (SCIP). This pilot program provides financial incentives to small companies with significant operations in Michigan to establish research partnerships with the U-M College of Engineering. For each project, the company funds research and University matches that support up to \$30,000. The total support (company and U-M match) will enable the faculty to support one graduate student research assistant for one year.
- U-M is also creating opportunities for business expansion, job creation and improving the quality of life for the residents of Michigan through commercialization of University research. In FY2008, U-M Tech Transfer received 306 new inventions and produced 91 agreements with industry, including 13 new business startups. U-M Tech Transfer licensed 13 new business startups in FY2008; the five-year total is 49 start-ups, with over 70 percent of them located in Michigan.
- One 2008 U-M startup is Sakti3, a company founded by Professor Ann Marie Sastry of the College of Engineering and funded by Kholsa Ventures, a leading venture capital firm. Sakti3 is designing next-generation lithium-ion batteries for the auto industry and an advanced, scalable manufacturing process to produce better, more efficient battery systems for electric vehicles. Sakti3 has received a \$3 million Center of Excellence award from the State of Michigan and is applying for a \$15 million Department of Energy grant, matching another \$15 million in state and private funds, to accelerate its plans to become a leading battery manufacturer here in Michigan.
- General Motors (GM) and the University of Michigan recently announced the formation of a joint Institute of Automotive Research and Education, with a strategic focus on reinventing the automobile and developing the next generation of high-efficiency vehicles powered by diverse energy sources. The institute is envisioned to provide

exceptional research opportunities for both faculty and students. We anticipate that this will be a high priority for GM, even as it struggles with reorganization.

- U-M and DTE Energy are challenging teams from Michigan universities with \$100,000 in prizes to develop business plans to bring new clean energy technologies to market.
- The Zell Lurie Institute for Entrepreneurial Studies at the Ross School of Business and the Center for Entrepreneurship in the College of Engineering give students the knowledge and encouragement to succeed as entrepreneurs. Both provide student training, educational events with industry and entrepreneurial leaders, and guidance and encouragement for student-initiated projects and ventures, all focused on enhancing the entrepreneurial culture for our students.
- In the past year, the University has taken a lead role, through its Institute for Research on Labor, Employment and the Economy (IRLEE), in assisting 19 Midwest communities experiencing major automotive plant shutdowns. With funding from the Economic Development Administration (EDA) of the U.S. Commerce Department, IRLEE has helped these hard-hit communities access resources at the federal and state levels to mitigate the negative consequences of plant closings. At present IRLEE is working with another dozen communities in Michigan, Ohio, Indiana and Wisconsin that have announced auto plant closings to develop and implement strategic turnaround strategies.
- The Robert H. Lurie Nanofabrication Facility has contributed significantly to the state's economy. Faculty and students, as well as several local companies, use the LNF to conduct research on the theory, design, and fabrication of electronic, optoelectronic devices, circuits, and microsystems, as well as on organic devices, novel characterization and metrology techniques and nanofabrication technology.
- The University of Michigan recently purchased the former Pfizer pharmaceutical research facility adjacent to the University's current North Campus. This research campus will provide a springboard for new discoveries, job creation and educational opportunity. The purchase is anticipated to lead to the creation of 2,000 to 3,000 high-quality new jobs over the next decade, some as new scientists and their teams come to Michigan or join existing teams and others from the University's increased engagement with the private sector. This investment in our future will save time and money over the long term compared with the cost of building new facilities. No state taxpayer or student tuition dollars are being used to fund the purchase.
- The U.S. Energy Department granted \$19.5 million for a new Energy Frontier Research Center (EFRC) at the University of Michigan. The EFRC will explore new materials to better convert solar and heat energy to electricity and will work with industrial partners to help ensure the establishment of a sustainable, renewable industry in the State of Michigan.
- The University Research Corridor (URC), consisting of the University of Michigan, Michigan State University, and Wayne State University, recently announced the selection

of its first Executive Director to expand and leverage economic development opportunities with state and local partners.

The Scope of the Budget Challenge

On the expenditure side, we are subject to increases beyond the normal forces of inflation. The cost of doing business at a university follows a higher trajectory than it does in the rest of the economy. Teaching and research are more labor-intensive than most activities in the economy, and it is generally the case that the costs of labor rise faster than other prices. In addition, universities make substantial investments in a broad range of new technology and facilities to conduct leading-edge research and prepare students adequately for careers in a full spectrum of fields. These are costly investments that typically do not increase revenues or create efficiencies. At the same time, the volume of activity (both research and instruction) continues to rise, further driving up costs.

Despite these cost pressures, our strategic, long-term cost containment efforts in the areas of health benefits, energy usage and space utilization have contributed to relatively low fixed cost increases for FY2010, and we are further aided this coming year by low inflationary projections. However, our revenue situation has become increasingly challenged. The State's uncertain financial circumstances, combined with low interest rates and shrinking endowment returns, require a careful balance between fiscal discipline and the need to prepare for the future.

It should be noted that revenue to the General Fund comes from three main sources: state appropriation, tuition and indirect cost recovery. Changes in indirect cost recovery pay for changes in the indirect costs of research, implying that this funding is not available for allocation on a discretionary basis. This leaves tuition dollars and the state appropriation as the primary General Fund revenue sources that can be flexibly allocated.

The academic enterprise at U-M also receives financial support from non-General Fund sources, notably through sponsored research, endowment payout and expendable gifts. The funding environment for these revenue sources is mixed. We expect increased opportunity for external research grants due to the Federal Stimulus funding. But, our endowment payout is projected to be flat over the next several years, and declines are anticipated in expendable gifts.

In our FY2010 budget proposal, we are anticipating a state appropriation at \$316.6 million based on the Governor's recommendation. This reflects a 3% reduction from the amount we received from the state in FY2009. Given the revenue situation of the State of Michigan, there is a real possibility that this base reduction will be greater in FY2010, and we are mindful of the possibility of double-digit percentage reductions in FY2011. The State will be forced to make many difficult choices, including their level of support for higher education. No matter what happens, we stand firm in our mission "to serve the people of Michigan and the world through preeminence in creating, communicating, preserving and applying knowledge, art, and academic values, and in developing leaders and citizens who will challenge the present and enrich the future." We will need to be exceptionally prudent in our planning and financial management in order to protect the quality of the University of Michigan.

In addition to increased costs and significant revenue constraints, our budget challenge is heightened by our commitment to financial aid, as previously mentioned. Overall, the University faces a total budget challenge for FY2010 of \$42 million to cover increased costs (including increased investment in financial aid) and revenue shortfalls. We are anticipating much greater financial challenges in the FY2011 budget, emphasizing the importance of multi-year budget planning.

Cost Containment Efforts

Exceptional efforts are being made to contain costs in the FY2010 budget. All units with General Fund budgets are being asked to achieve a 1% base reduction for the coming fiscal year; these cuts total more than \$15.2 million. An additional \$7 million in base reductions are built into our budget planning. Unlike recent years, the academic enterprise will be forced to realize significant savings; in the past, administrative units bore the large majority of the cost reduction burden.

Approximately 45%, or \$6.8 million, of the 1% base reduction will come from reduced compensation expenditures. These can be categorized as reductions in faculty or staff costs or reallocation of expenses to non-general fund sources.

- The share of savings from faculty costs includes some loss of instructional positions, with schools and colleges planning to save over \$1 million.
- The share of savings from staff costs is about \$4.8 million (70%) and includes a loss of about 55 positions. Most of the reductions will occur through attrition. Units are exploring organizational models that more efficiently use our human resources. For example, the Medical School is working with the University Hospital to reorganize its administrative structure, and the EVP-CFO organization is actively working to examine its processes to identify efficiencies across all its areas of facilities, finance, information technology and human resources.
- Finally, about 15% of faculty and staff expenditures will now be supported on other funds, primarily new endowment streams.

About 8%, or \$1.3 million of the total savings, is expected to come from reduced equipment expenditures, primarily through extending replacement cycles and/or reducing new equipment purchases. Additional strategies accounting for the remainder of the savings fall into a number of broad groups including operating efficiencies, elimination of expenditures, reductions in the level of facilities support, and reductions in travel, hosting and staff development expenditures.

- Examples of operating efficiencies include enhancing instruction in the College of LSA through the use of technology, consolidating stand-alone library spaces into the University Library collection space, and eliminating duplicative work in processing cash receipts in MAIS.
- Expenditure eliminations include items such as the number of times newsletters or bulletins are published, food vending subsidies and some outreach activities.

- Examples in the facilities area include utility savings in the College of LSA, operational efficiencies in facilities maintenance and custodial services provision, reduced plantings and dampening of expenditures on recurring maintenance and renovations in a number of the schools and colleges.

The cost reductions in FY2010 are incremental to our on-going cost containment efforts. These efforts are discussed in the document, “The University of Michigan – Ann Arbor, Cost Containment Efforts” which can be found at:

<http://www.provost.umich.edu/budgeting/CostContain-2009.pdf>.

Over the past six years, we have succeeded in removing nearly \$135 million in recurring general fund expenditures through a combination of efforts. This document provides detail on our activities to date as well as a discussion of future efforts relative to several long-term strategies.

Our cost containment and productivity improvement efforts to date have been paying off. Student credit hours delivered per General Fund faculty/staff full-time equivalent (FTE) grew by 5.3% over the period FY2003 to FY2008. Our average annual increase in General Fund expenditures for health benefits has been 5.1% since 2002, while the national average has been double digits. We have experienced year-to-year declines in natural gas consumption over the last two years. And, since the launch of the space initiative, approvals for growth in General Fund square footage have dropped from an annual rate of 1.85% to .5%.

In fact, over the past five years, the University of Michigan’s General Fund expenditure growth rate has been below the measure of inflation most appropriate for universities, the Higher Education Price Index (HEPI). The highest growth item during this time period among General Fund expenditures has been scholarships and fellowships, reflecting our ongoing commitment to affordability and accessibility. And, U-M’s General Fund expenditures per student credit hour (net of the scholarships and fellowships the University provides) grew at an annual rate of 2.1% between FY2003 and FY2008, when the U.S. Consumer Price Index (CPI) grew at an annual rate of 3.1%.

Nevertheless, the severity of the current financial outlook has pushed us to move even more aggressively on efficiency efforts. Our budget proposal requires that significant savings be achieved quickly, and budget reductions of this magnitude must be well thought-out, planned and communicated. Aggressive policy and organizational changes will be required over the next three years. Current efforts include greater sharing of benefits costs with employees, more efficient use of space through centralized scheduling of classrooms during peak hours, and travel and hosting policy reform.

The General Fund Budget Recommendation

The attached Table 1 summarizes the General Fund budget proposal for FY2010. As mentioned earlier, the proposed budget reflects the assumption that the state appropriation will be approximately \$316.6 million (a decline of 3% from the amount we received in FY2009). You will see that Table 1 shows a 4% decline from our budgeted amount in FY2009; this is because

we budgeted the state appropriation at \$329.9 million in FY2009 but the enacted appropriation was only \$326.7 million.

The proposed FY2010 General Fund budget reflected on Table 1 incorporates operating costs for the North Campus Research Complex. These costs have significant impacts on the budgets for the Medical School, Executive Vice President & Chief Financial Officer (EVP/CFO), and Utilities – with a large negative impact on the Medical School for costs of operating the complex and a corresponding increase in the budget for the EVP/CFO and Utilities. It is important to note that, when adjusted to remove these new costs, the academic units will experience a greater increase in their budgets than the administrative units. The academic unit budget growth results from tuition rate increases, greater numbers of students, and the volume of indirect cost recovery from sponsored research and are offset by changes in interest revenue and base budget reductions.

As you can see on Table 1, the budget for research units will decline. This is due to a decrease in indirect cost recovery for several units and an adjustment in utilities rates and consumption. The increase in Academic Program Funds is due to operating funds that units would normally receive in their budgets being held centrally until we have clarity on the level of our state appropriation.

Overall, there is positive growth in the University Items category. The primary driver of this increase is our additional investment in centrally awarded financial aid and increased utilities expense for the north campus research complex.

Conclusion

The budget that we propose for your approval comes in the context of a steady, multi-year decline in state support. It is intended to sustain the University's core values of academic excellence and access to ensure that we remain a strong and vibrant contributor to the state, the region, and the nation despite a period of difficult budgetary challenges. We take very seriously our responsibility to our students to keep tuition increases moderate, and this budget is able to do that by incorporating a significant level of reductions and reallocations.

We respectfully request approval of the proposed budget.

APPENDIX

Table 1: General Fund Budget Proposal

Table 1

**The University of Michigan - Ann Arbor
Proposed General Fund Budget
Fiscal Year 2009-10**

	FY 2009 Adjusted Budget*	Recommended Change	Proposed FY 2010 Budget	% Change	Average Annualized 3 Year % Change
Revenue Budgets					
State appropriation	329,908,000	(13,336,000)	316,572,000	-4.04%	-0.95%
Tuition and Fees	894,486,505	53,974,780	948,461,285	6.03%	6.86%
Indirect Cost Recovery	171,569,135	8,622,321	180,191,456	5.03%	1.85%
Other Revenue	12,830,000	(3,045,000)	9,785,000	-23.73%	-22.87%
Total Revenues	1,408,793,640	46,216,101	1,455,009,741	3.28%	3.96%
Expenditure Budgets by Unit					
A. Alfred Taubman College of Architecture & Urban Planning	12,533,809	1,408,063	13,941,872	11.23%	7.91%
School of Art & Design	8,815,652	312,363	9,128,015	3.54%	2.82%
Stephen M. Ross School of Business	69,666,930	60,893	69,727,823	0.09%	3.06%
School of Dentistry	27,568,061	1,891,103	29,459,164	6.86%	2.79%
School of Education	15,807,021	497,332	16,304,353	3.15%	1.77%
College of Engineering	126,932,996	4,132,444	131,065,440	3.26%	4.34%
School of Information	11,043,741	596,156	11,639,897	5.40%	7.99%
School of Kinesiology	9,631,390	(60,647)	9,570,743	-0.63%	3.99%
Law School	41,298,591	749,764	42,048,355	1.82%	5.50%
College of Literature, Science and the Arts	289,261,447	6,255,661	295,517,108	2.16%	4.16%
Medical School	82,451,625	(12,865,376)	69,586,249	-15.60%	-4.19%
School of Music, Theatre & Dance	25,364,864	750,556	26,115,420	2.96%	1.30%
School of Natural Resources & Environment	6,287,618	1,023,738	7,311,356	16.28%	5.42%
School of Nursing	13,448,365	648,173	14,096,538	4.82%	4.59%
College of Pharmacy	10,833,891	(327,798)	10,506,093	-3.03%	3.31%
School of Public Health	27,735,847	2,174,465	29,910,312	7.84%	3.28%
Gerald R. Ford School of Public Policy	8,310,399	148,350	8,458,749	1.79%	5.17%
School of Social Work	17,091,874	292,069	17,383,943	1.71%	0.70%
Horace H. Rackham School of Graduate Studies	8,360,502	85,995	8,446,497	1.03%	1.97%
University Academic Units	57,639,792	1,654,574	59,294,366	2.87%	4.16%
Research Units	4,115,798	(961,926)	3,153,872	-23.37%	-5.29%
Academic Program Support	57,327,865	14,482,487	71,810,352	25.26%	25.80%
TOTAL ACADEMIC	931,528,078	22,948,439	954,476,517	2.46%	4.42%
President	1,957,848	28,847	1,986,695	1.47%	2.97%
Provost & Executive Vice President for Academic Affairs	27,841,385	1,359,927	29,201,312	4.88%	2.96%
Executive Vice President & Chief Financial Officer	163,031,556	4,839,651	167,871,207	2.97%	2.84%
Vice President for Communications	5,378,591	54,934	5,433,525	1.02%	4.26%
Vice President for Development	932,258	12,294	944,552	1.32%	-51.59%
Vice President & General Counsel	2,841,742	20,472	2,862,214	0.72%	-0.32%
Vice President for Government Relations	1,780,696	21,351	1,802,047	1.20%	1.92%
Vice President for Research- Support Units	17,652,191	352,896	18,005,087	2.00%	3.80%
Vice President & Secretary of the University	691,129	13,530	704,659	1.96%	2.36%
Vice President for Student Affairs	12,841,565	353,103	13,194,668	2.75%	5.37%
TOTAL EXECUTIVE OFFICER AND SERVICE UNITS	234,948,961	7,057,005	242,005,966	3.00%	1.86%
General University Support	36,249,232	(955,010)	35,294,222	-2.63%	1.01%
Centrally Awarded Financial Aid	107,593,815	10,196,453	117,790,268	9.48%	8.68%
Utilities	83,136,315	6,575,439	89,711,754	7.91%	1.64%
Insurance	7,302,181	136,926	7,439,107	1.88%	-6.13%
Legal and Professional Fees	569,031	0	569,031	0.00%	0.00%
Ceremonial and Presidential Events	646,027	76,849	722,876	11.90%	4.51%
Departmental Income	6,000,000	0	6,000,000	0.00%	6.27%
Staff Benefits Pool	820,000	180,000	1,000,000	21.95%	6.84%
UNIVERSITY ITEMS	242,316,601	16,210,657	258,527,258	6.69%	4.34%
Total Expenditures	1,408,793,640	46,216,101	1,455,009,741	3.28%	3.96%

* Transfers between units are incorporated in the FY 2009 Adjusted Budget

Note: The proposed FY 2010 budget incorporates operating costs for the North Campus Research Complex and these have significant impacts on the budgets for the Medical School, Executive Vice President & Chief Financial Officer (EVP/CFO), and Utilities - with a large negative impact on the Medical School for costs of operating