

**PROPOSAL: General Fund Fiscal Year 2025/26 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 as a destination for holistic, Experience-Driven Learning to recruit and retain students, ensure their academic success, and diversify revenue streams.

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 2025-26 general fund budget totals approximately \$425.2M, which represents an increase of 2.2% from last year's budget. In terms of real dollars, both revenue and expenses increased \$9.2 million over last year's general fund budget.

As the State of Michigan has not finalized the FY2025-26 higher education budget allocation, we have included an estimated 1% increase to base appropriations (\$1.2M) and the State tuition restraint of 4.5%, or \$735, whichever is greater. The proposed FY2025-26 general fund budget is consistent with the State's anticipated tuition restraint. Any necessary adjustments will be made once the State passes the higher education appropriation. The change in budgeted revenues results from the state appropriation increase, the tuition and required fees rate changes, adjusting for an enrollment change, the allocation of the second phase of a student assessment fee increase to the Western Student Association, as well as the estimated decrease in indirect cost recovery from research grants due to federal actions.

The change in expenses recognizes compensation increases for employees, including contractually obligated increases. Other expense increases include a strategic commitment of 6.2% to student financial aid (\$3.0M) and increasing utility costs. The projected difference of \$1.6M where expenses exceed revenues will be offset by use of the base budget stability fund established with the FY23-24 general fund budget. In the 23-24 budget, \$2.6M was retained as a budget stability fund to help offset potential economic downturns for the FY24-25 and FY25-26 budget years, due to projected declines in Michigan high school graduation demographics.

Recommended Action

It is recommended the Board approve the proposed fiscal year 2025-26 general fund budget, which provides the necessary University financial resources to meet instructional, programmatic and operating needs.