



**GRAND VALLEY
STATE UNIVERSITY®**

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**GVSU Financial Presentation
University Academic Senate
April 8, 2022**

Topics – April 8, 2022

- Definitions
- 2021-22 General Fund Budget
- Major Budget Levers
- State Appropriation
- FY23 Initial Key Planning Factors

Definitions

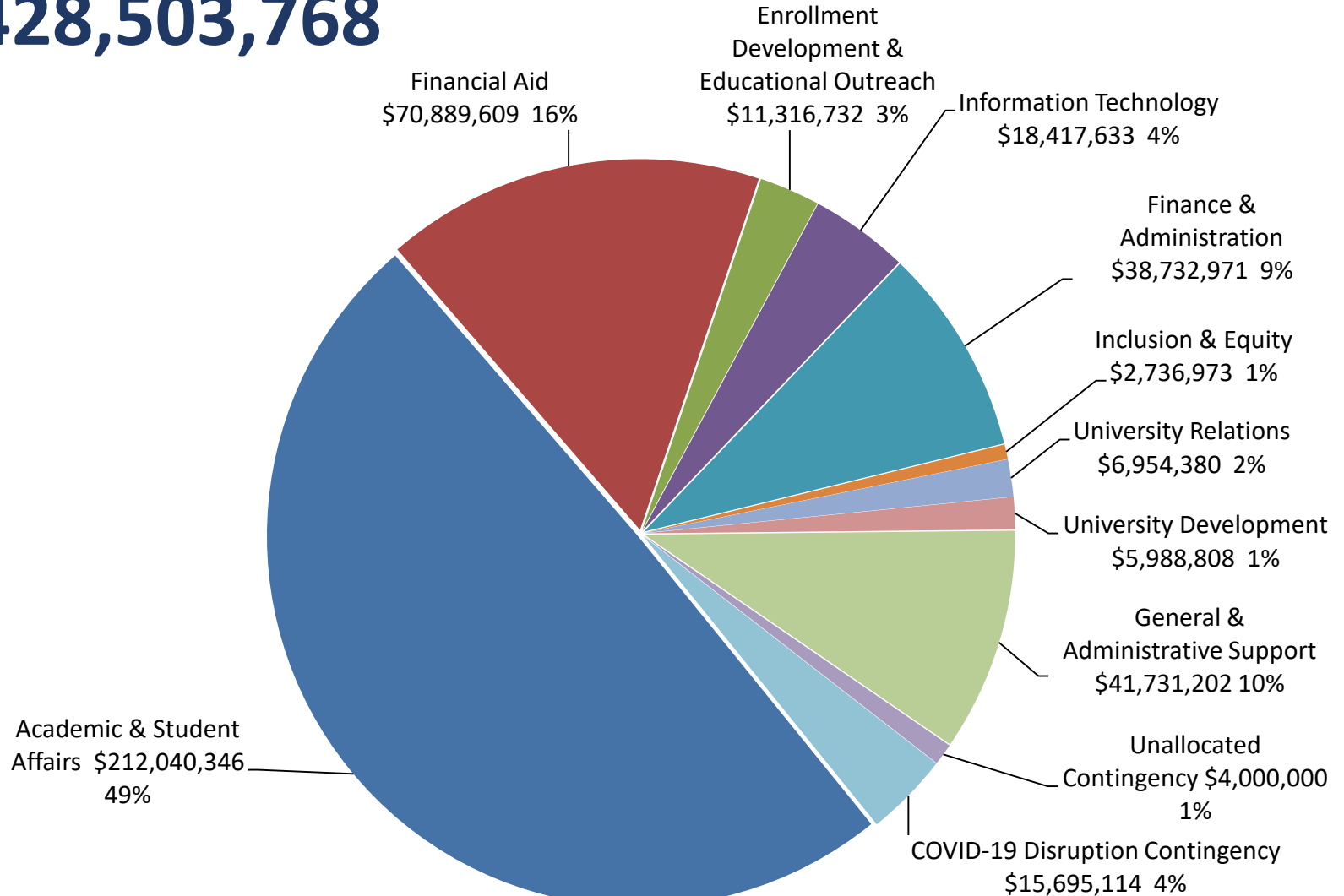
- Recurring funds: Typically the base budget for a Division (or Department) that mainly consists of established positions and CSSM. Funds would remain the same (recur) at the same rate in the next budget year.
 - Some annual adjustments may be applied, e.g., salary program increases.
 - Budgets presented to the Board of Trustees for approval are based on recurring funds.
- One-Time funds: Budget that is transferred to the University (or its Divisions/Departments) and is authorized only for a specific amount.
 - Funds are not added to any base budget.
 - HEERF funds are an example of one-time funds.
- General Fund: Budget authority sourced from tuition revenue, the State of MI, and miscellaneous revenue.
- Reserve Funds: One-time funds held for fiscal stability, emergency uses, or limited-scope projects requiring seed capital.
- Auxiliary Funds: Funds derived from self-operated/funded activities through their own operations, e.g., Housing, Dining, Bookstore, Meadows
- Endowed Funds: Funds that are donated to the University and managed to preserve principal and provide a steady source of funds regardless of market conditions. Use of endowed funds is limited

Divisional Reserves

- Reserve funds are separate and distinct from operating funds
- Reserve funds are one-time funds
- Divisional general fund balance remaining at year-end is transferred to divisional reserves
 - Spent at Executive Officer discretion
 - Ideal for emergency or pilot-program use
 - Also allow flexibility to plan for large project expenditures
 - Cannot be used for permanent base positions or recurring deficits in general fund operating budgets

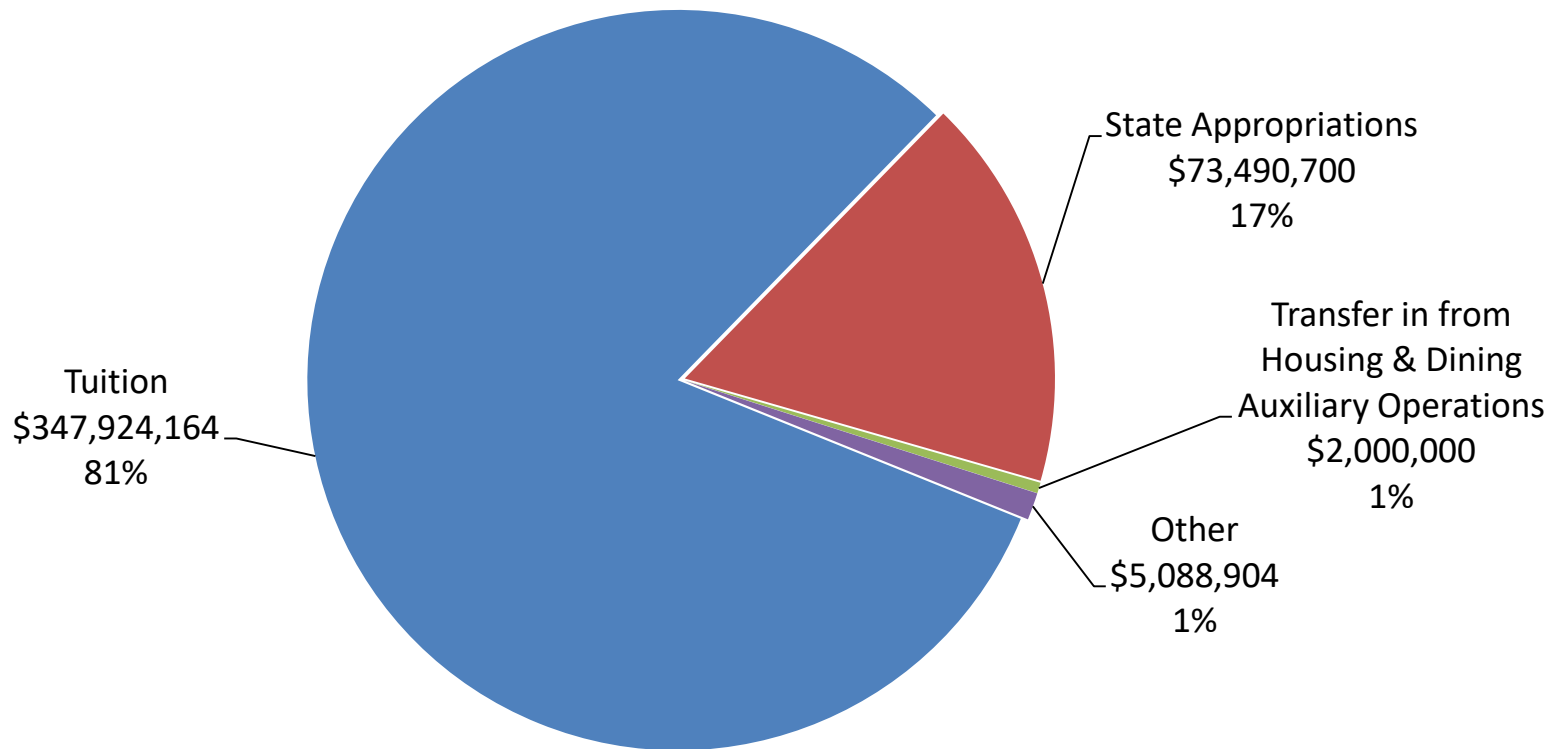
2021-22 General Fund Budget

\$428,503,768



2021-22 General Fund Budget

\$428,503,768

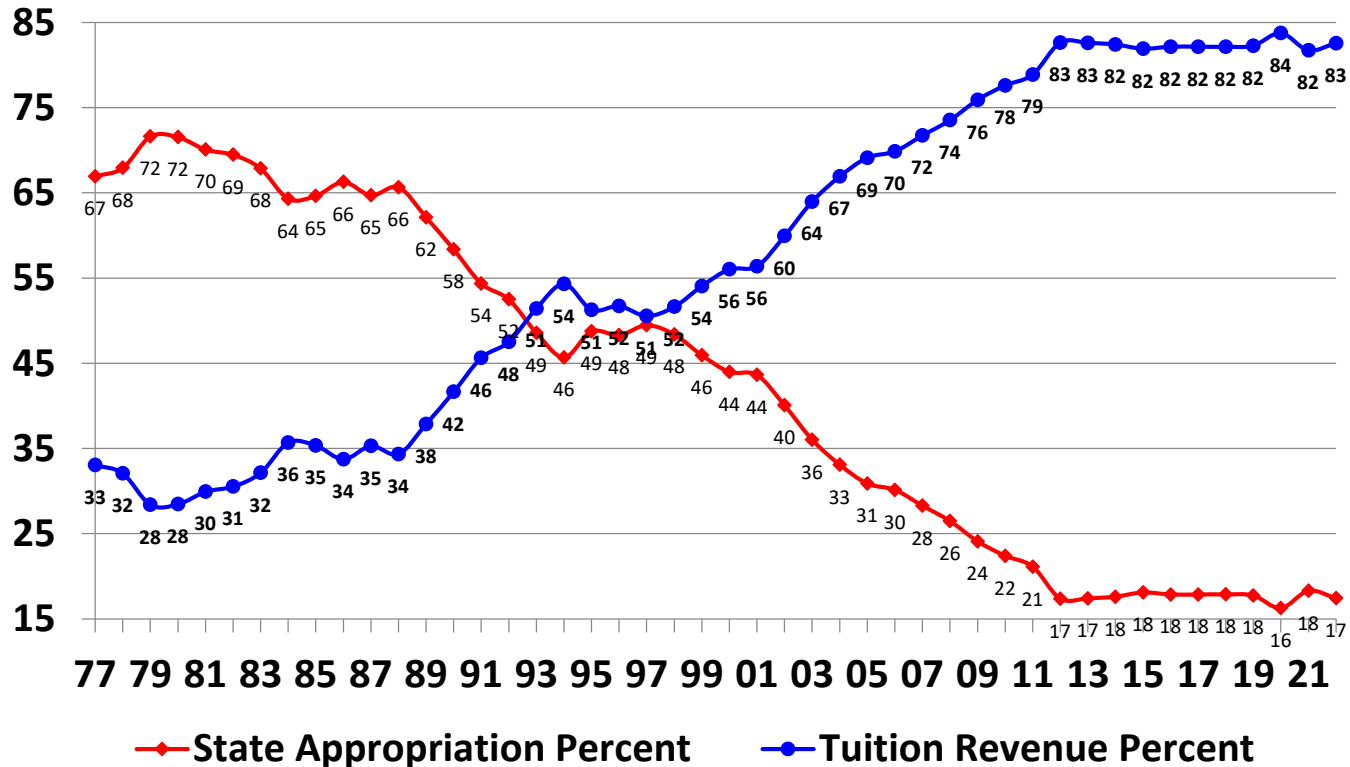


Major Budget Levers – Value of 1% Change

	<u>Value of 1%</u>
Tuition rate increase	\$ 3,000,000
Financial aid (20% discount)	\$ (600,000)
	<u>\$ 2,400,000</u>
Enrollment increase	\$ 3,400,000
Financial aid (20% discount)	\$ (680,000)
	<u>\$ 2,720,000</u>
State appropriation	\$ 735,000
Compensation (can vary due to salary increase for faculty and EAP, faculty promotions, hourly contract requirements and fringe benefits)	\$ (2,000,000)
Contingency as % of total revenue	\$ (4,000,000)

*From 21-22 model; expect similar values for FY22-23

State Appropriation vs. Tuition Revenue Percent of General Fund Budget



Source: HEIDI --1977-2021 Actual, 2022 Budget

State Appropriations – FY21 and FY22

- \$3.5 million of one-time funds
 - FY21: 4% - one-time CARES MOE funding
 - FY22: 1% - one-time supplemental funds
- No increase to base appropriation (\$73.4M)

State Appropriations – FY23 Governor's proposal

- \$3.6 million base appropriation increase (5% of base)
- \$5.5 million base increase to fund the first year of a four year phase-in of a per-student floor funding of \$4,500
- \$ 15.7 million of one-time funds
 - \$ 3.6 million - operations increase (5% of base)
 - \$ 12.1 million - funding for deferred maintenance
- Election year – significant uncertainty remains

21-22 Enrollment Budget Implications

	<i>Fiscal Year Equated Students</i>			
	<i>FY20-21</i>		<i>FY21-22</i>	
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget to Actual</u>
S/S 2021	1,925	1,856	1,950	94
Fall 2021	10,133	10,404	9,598	(806)
Winter 2022	9,119	9,393	8,794	(599)
	<u>21,177</u>	<u>21,653</u>	<u>20,342</u>	<u>(1,311)</u>
		2.2% vs FY20-21	-6.1% vs. Budget	
Net Tuition Impact			\$ (14,200,000)	
Contingency in 21-22 Budget			\$ 19,700,000	
Contingency remaining			\$ 5,500,000	

FY23 Initial Key Planning Factors

- Uncertainty remains
- Assumptions:
 - Steady enrollment
 - Flat State support
 - No budget reductions
- FY22 contingency flexibility eroded
 - HEERF dollars remain a one-time option if enrollment deteriorates
- FY21 temporary reductions remain
 - Reasonable risk positions to delay restoration
- Housing/Dining increase will impact Total Cost of Attendance
 - Moderated increase considered with proposed tuition action

Major Budget Levers

- Revenue
 - Tuition rate increase
 - Enrollment increase
 - State appropriation
- Expense
 - Compensation
 - Financial Aid
 - Contingency

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