



Budget & Enrollment Update August 2019

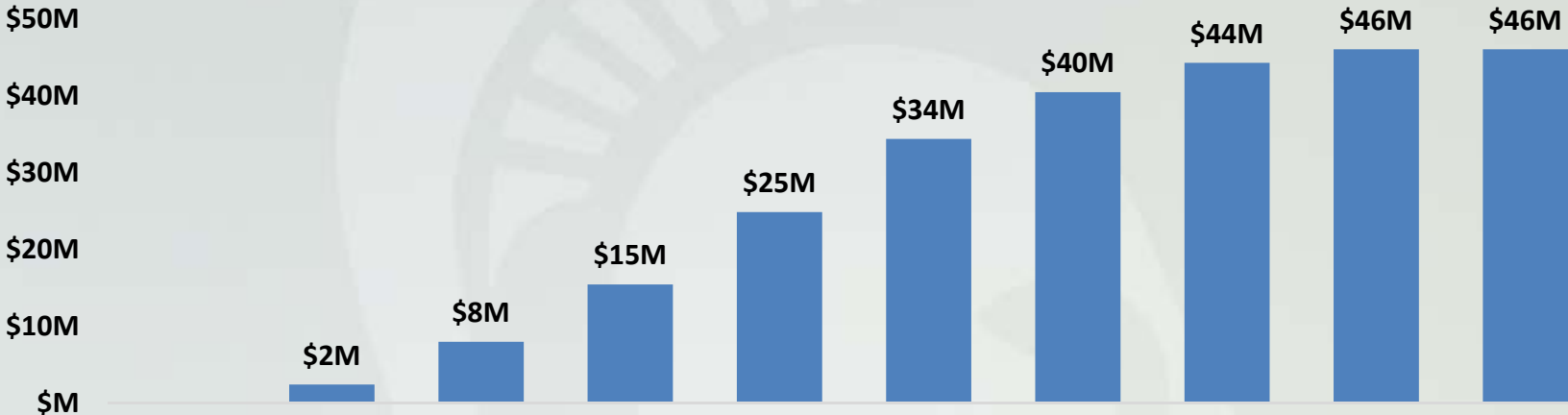
Enrollment Update - Estimates

- Total entering undergraduate class: 8,500
 - Resident undergraduate: 6,300
 - Domestic non-resident: 1,500
 - International: 700
- Transfer students: 1,200
- Total University Enrollment: 50,000
 - Total Undergraduate Enrollment: 39,300
 - Total Graduate Enrollment: 8,200
 - Total Graduate Professional Enrollment: 2,500

Illustrative Net Tuition Revenue Impact

Increasing the number of domestic out-of-state students will have a substantive impact on MSU’s tuition revenue.

Illustrative Annual Increase in Net Tuition Revenue for Total UG Enrollment Compared to Current State



	AY2018-19	AY2019-20	AY2020-21	AY2021-22	AY2022-23	AY2023-24	AY2024-25	AY2025-26	AY2026-27	AY2027-28
Freshman	0	300	500	650	800	930	930	930	930	930
Sophomore			255	425	553	680	791	791	791	791
Junior				237	395	514	632	735	735	735
Senior					231	385	501	616	716	716
Total Δ	0	300	755	1,312	1,979	2,509	2,853	3,071	3,171	3,171
Cumulative NTR Impact		\$2M	\$10M	\$25M	\$40M	\$74M	\$114M	\$156M	\$202M	\$248M

Δ DOS Enrollment

Budget Planning - Revenues

Budget Item	FY19 Base Value	FY20 BOT Approved	FY21 Initial Planning	Notes
State Appropriations	1.8% \$286.1	2.0% (assumption) \$291.8	2.0% (assumption) \$297.6	FY20 unresolved, state action needed
Tuition and Fees		<p>No tuition increase for all undergraduate students</p> <p>A new rate structure that includes per credit rates for students taking 11 credits or less, block rates for students taking 12-18 credits, and a hybrid block/per credit structure for students taking 19+ credits</p> <p>4.0% for most graduate students</p>	<p>3.0% resident undergraduate 2.0% non-resident undergraduate</p> <p>Increase domestic non-resident entering class +200, international students +50</p> <p>4.0% for most graduate students</p>	<p>Monitoring: Size and composition of entering class and tuition discounting</p> <p>Block tuition structure and related changes to student dynamics (summer, hardship waiver)</p> <p>Revenue-share agreements for online course activity</p>
	\$1,003.9	\$1,052.4	\$1,081.5	
Other Revenue	3% \$101.5	3% \$104.9	3% \$107.2	
Total Revenue	\$1,391.5	\$1,449.2	\$1,486.3	

Budget Planning - Expenditures

<u>Budget Item</u>	<u>FY19 Base Value</u>	<u>FY20 BOT Approved</u>	<u>FY21 Initial Planning</u>	<u>Notes</u>
Financial Aid	4.5% \$154.0	7.1% \$164.9	2.0% \$168.2	Balance waivers and GF aid
Graduate Assistants	2.0% \$42.9	2.0% \$44.0	2.0% \$44.9	Per new contract, minima increases 5%
Faculty Salaries	1.5%+0.5%* \$413.9	2.5%+0.5%* \$425.7	2.5%+0.5%* \$	2.5% merit, 0.5% market pool
Other Salaries	2.75%/0% \$265.7	2.75%/2.0% \$273.5	2.0%/2.75% \$	Year 1 of new MOU, 2.75% trailing groups
Health Care	5.0% \$96.1	5.0% \$100.2	3.0% \$103.2	Insurance costs flat, population pressures budget
Other Benefits	3.0% \$117.3	3.0% \$120.1	2.5% \$123.1	Follows salary increases, population changes
Utilities	-6.1% \$53.9	0.0% \$56.9 (incl. \$3m new space)	0.0% \$57.6 (incl. \$0.8 m new space)	Monitor hedges for possible reduction
University Operations	2.0% \$103.8	2.0% \$107.3	1.0% \$110.9	Augment specific programmatic needs outside increment
Supplies & Services	2.0% \$144.1	2.0% \$147.0	2.0% \$148.5	
<u>Financial Framework</u>				
Competitiveness (FY19)/Course Demand (FY20)	\$2.5	\$3.2	\$0.0	Monitor course demand
Technology	\$3.5	\$6.5	\$3.0	Continues plan
Performance Efficiency Reallocation	-1.0% (\$6.2)	-1.0% (\$6.5)	-1.0% (\$6.5)	Ongoing
Base Budget Reduction	<u>-1.0%</u>	<u>0.0%</u>	<u>0.0%</u>	
Total Budget	\$1,391.5	\$1,449.2	\$1,486.3	

Budget Planning – Outcomes and Monitoring

FY20 Budget Outcomes

- State appropriations outcome still unclear, legislative process ongoing – budgetary assumption 2.0%, outcomes range 0.7% to 3.0%, contingencies variable by outcome
- Introduction of block-rate tuition structure, normalizes with significant majority of peer and state institutions, improves student outcomes, diminishes student debt
- Entering class size and composition on-target, monitoring transfer class and potential offsets
- Capital project and legal settlement financing structured from treasury financial management investment income
- Fund insurance cost differential ~\$1.0M
- Student health bridging
- Significant programmatic allocations targeted for: Information Technology Services, campus safety, course demand, faculty hires, college innovation and programmatic support, HUG (eValue/MedHub), Global Impact Initiative

FY21 Budget Monitoring

- Appropriations uncertainty remains due to ongoing legislative debate on FY20 state budget
- Ongoing monitoring of Fall 2020 entering class size, composition, tuition discount requirements
- Assess impact of block tuition structure and associated changes in student behavior, hard-ship waivers, etc.
- Continuing uncertainty for self-insurance costs related to sexual assault claims and traumatic brain injury
- Determine student health services programming
- Policy changes to revenue pass-through related to online program and course offerings
- Monitor regional, national, and global economic trends
- Incorporation of MSU Law College into broader campus programmatic and business infrastructure
- Global impact initiative hiring trend, timing and cost of related startups, broader cost pressure on startup packages

Significant Allocations

MAU	Allocation	Amount
Academic and Support Units	Program Efficiency Reinvestment Fund	\$6,500,000
	Programmatic allocations to colleges and support units	
Campus Safety Allocations Office of Civil Rights and Title IX	Programmatic Support	\$194,000
	Hearing Administrator/Director	\$100,000
	Hearing Administrator/Director	\$80,000
	OCR/OIE Executive Support	\$96,000
	OIE Investigator	\$70,000
Audit and Compliance	Programmatic Support	\$285,000

Significant Allocations

MAU	Allocation	Amount
Information Technology Services	IT Allocations per Ongoing Framework Plan	\$6,500,000
Various Academic Units	Course Demand Funding	\$3,200,000
Admissions/ITS/Academic Services	HUG Project (eValue/MedHub)	\$400,000
	Out-of-State Branding & Marketing - Media/Marketing Spend	\$250,000
	International Admissions Counselors	\$205,000
	Sales Force - Target X Tech Ops Specialist	\$85,000
	Out-of-state Financial Aid Management - FA Counselor	\$70,000
	SIS Trainer	\$58,000
Libraries & Archives	5% Increase to Materials Budget	\$981,442
A. Prov Academic Human Resources	AHR - Salary Funds Support	\$204,200
A. Prov Undergraduate Ed.	Neighborhood Support/Math and Writing	\$126,600

Project & Settlement Financing

	FY18	FY19	FY20	FY21	FY22	FY23
Total Sources of Funding (FY18-FY23)*	\$60.7	\$166.1	\$90.1	\$100.1	\$141.1	\$78.7
Uses of Funding						
Capital projects total (Annual debt service)		\$12.9	\$12.9	\$12.9	\$12.9	\$12.9
Settlement pro-forma (Annual debt service)		\$29.0	\$29.0	\$29.0	\$29.0	\$29.0
Cash Financed Projects	\$60.7	\$111.2	\$41.3	\$38.5	\$31.0	\$31.0
Total Annual Expenditures	\$60.7	\$153.1	\$83.2	\$80.4	\$72.9	\$72.9
Surplus/(Deficit) 6.25% Earnings - Planned	\$0.00	\$13.06	\$6.95	\$19.70	\$68.19	\$5.84
Surplus/(Deficit) 4.25% Earnings	\$0.00	-\$14.35	-\$21.90	-\$12.73	\$31.80	-\$18.90
Surplus/(Deficit) 8.25% Earnings	\$0.00	\$34.38	\$29.38	\$44.92	\$96.49	\$25.08

*Total sources of funding includes annual investment income projections, \$10M in separately budgeted tuition and fees, and released debt service proceeds (FY22).