

MICHIGAN STATE
UNIVERSITY

Faculty Senate Follow-Up Questions from January 14, 2020

Faculty Senate Follow- Up

The January 14th Faculty Senate presentation on FY21 budget and planning issues raised a number of important issues for additional follow-up. The following attempts to add context and insight on each of these issues as means of continuing the conversation.

1. *University strategic planning and faculty involvement in the process*
2. *Resource allocations and budget model*
3. *Programmatic initiatives*
4. *Impact of flat rate tuition*
5. *Financial aid and student debt outcomes*
6. *Faculty salary and compensation*
7. *Sponsored programs*
8. *Health care*
9. *Administrative staff*
10. *University advancement*
11. *Distance learning*
12. *FY21 budget and planning issues*

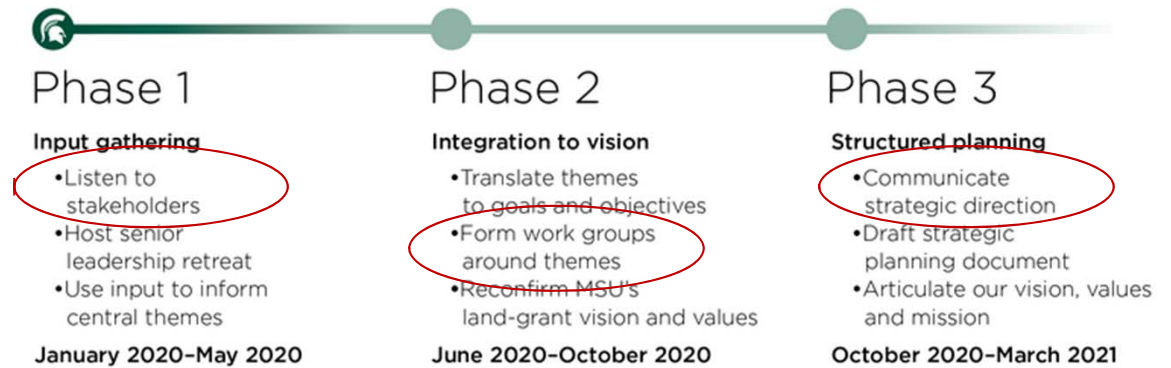
Strategic Planning & Budget Models

How will the Faculty Senate be included in a discussion of new budget models?

In late 2019, the President convened the Strategic Planning Committee and tasked it with establishing the vision for the coming decade at MSU. In pursuit of this effort, the committee has detailed three phases that include dialogue with the campus community and its governance structures. In addition, the Strategic Planning committee will review the existing institutional budget model and advise on any necessary adjustments that aide in pursuit of broader institutional goals.

- Strategic planning process initiated by President Stanley during fall semester. Committee tasked with establishing the vision for the coming decade at MSU – considerations include:

1. How should MSU position itself for leadership and distinguish itself as a model, next-generation, land-grant institution?
2. How can we create an aspirational and meaningful shared institutional vision for the future?
3. How can we leverage our collective resources and anticipate society’s evolving needs to establish cross-institutional priorities and initiatives?
4. What do the fourth industrial revolution and the new economy mean for MSU and those it serves?
5. How do we answer intractable institutional challenges (i.e., deferred maintenance, financial position)?
6. How will we align our skills, incentives, and resources to create a plan to achieve our collective vision?



Resource Allocation

How are resource allocations determined for each college?

For each MAU, the annual planning and budget process begins with a planning conversation with their Executive Vice President detailing strategic priorities, challenges, opportunities for investment, and other relevant issues. The process continues in the spring with specific budgetary requests that catalyze the opportunities presented in the fall. Simultaneously, the budget and planning process engages in a rigorous environmental review and works with university leadership, the BOT, and other campus stakeholders to define the annual budget and the strategic investments within it.

- Planning process builds bottoms-up understanding of unit challenges and priorities
 - Fall planning provides strategic insights into unit plans, longer term focus for unit direction
 - Spring budget planning operationalizes strategic planning into specific initiatives for the coming year(s)
 - Annual PERF assessment provides resources for most allocations
- Additional planning and central support for financial aid, fringe benefits, utilities, other administrative costs
- Budget incremented for scaled programmatic initiatives (GII, ITS, etc)

Operating Units	Separately Reviewed Elements
<p><u>Incremental/Formula Based Allocations to Colleges/MAUs</u> <i>Unit allocations may be differential</i></p> <p>Salary increments</p> <p>Operating support</p> <p>1% reallocation</p> <p style="text-align: center;"><u>Differentially Determined</u></p> <p>Program allocations</p> <p>Unit reductions</p> <p>Unit revenue-based programming</p>	<p>Financial Aid</p> <p>Utilities</p> <p>Health care</p> <p>Other benefits</p> <p>Financial framework</p>

Resource Allocation

<u>Colleges</u>	<u>2008-09</u>	<u>2014-15</u>	<u>2016-17</u>	<u>2018-19</u>	<u>2019-20</u>	<i>10-Year Average Ann'l Chg</i>	<i>5-Year Average Ann'l Chg</i>	<i>3-Year Average Ann'l Chg</i>	<i>1-Year Change</i>
COLLEGE OF AGRICULTURE & NAT RESOURCES	30,767,178	34,960,794	38,596,646	41,737,158	42,202,908	3.2%	3.8%	3.0%	1.1%
COLLEGE OF ARTS AND LETTERS	29,270,169	33,449,740	38,475,279	40,384,141	41,004,706	3.4%	4.2%	2.1%	1.5%
ARTS & HUMANITIES, RESIDENTIAL COLL IN	1,638,755	2,363,060	2,810,055	2,825,201	2,872,321	5.8%	4.0%	0.7%	1.7%
ELI BROAD COLLEGE OF BUSINESS	32,746,930	41,657,527	44,606,702	44,846,132	44,761,849	3.2%	1.4%	0.1%	(0.2%)
COLLEGE OF COMMUNICATION ARTS SCIENCES	14,765,516	17,632,482	20,330,644	22,008,151	22,850,304	4.5%	5.3%	4.0%	3.8%
COLLEGE OF EDUCATION	28,018,821	32,067,206	33,995,146	33,082,821	33,808,981	1.9%	1.1%	(0.2%)	2.2%
COLLEGE OF ENGINEERING	31,374,928	37,046,556	41,850,145	45,336,098	47,950,392	4.3%	5.3%	4.6%	5.8%
COLLEGE OF HUMAN MEDICINE	33,372,877	48,643,156	51,810,075	56,948,509	58,786,437	5.8%	3.9%	4.3%	3.2%
JAMES MADISON COLLEGE	4,049,227	4,514,715	5,360,233	5,446,256	5,345,921	2.8%	3.4%	(0.1%)	(1.8%)
LYMAN BRIGGS COLLEGE	3,212,207	4,296,954	4,428,392	4,640,062	4,780,559	4.1%	2.2%	2.6%	3.0%
COLLEGE OF MUSIC	7,858,133	9,304,129	10,365,585	10,722,677	11,083,639	3.5%	3.6%	2.3%	3.4%
COLLEGE OF NATURAL SCIENCE	62,494,457	70,127,397	75,512,074	79,485,351	81,920,904	2.7%	3.2%	2.8%	3.1%
COLLEGE OF NURSING	7,891,231	9,358,418	10,615,777	10,967,245	10,737,162	3.1%	2.8%	0.4%	(2.1%)
COLLEGE OF OSTEOPATHIC MEDICINE	19,055,943	31,478,929	33,918,903	34,673,044	36,057,239	6.6%	2.8%	2.1%	4.0%
COLLEGE OF SOCIAL SCIENCE	52,990,967	66,465,860	75,073,784	78,591,472	79,738,415	4.2%	3.7%	2.0%	1.5%
COLLEGE OF VETERINARY MEDICINE	22,334,700	23,872,301	25,858,092	26,376,779	27,382,451	2.1%	2.8%	1.9%	3.8%
College Total	\$381,842,039	\$467,239,225	\$513,607,532	\$538,071,097	\$551,284,189	3.7%	3.4%	2.4%	2.5%

Programmatic Initiatives (Recurring investments)

Detail the recent strategic and programmatic initiatives MSU has engaged in.

For each MAU, the annual planning and budget process begins with a planning conversation with their Executive Vice President detailing strategic priorities, challenges, opportunities for investment, and other relevant issues. The process continues in the spring with specific budgetary requests that catalyze the opportunities presented in the fall. Simultaneously, the budget and planning process engages in a rigorous environmental review and works with university leadership, the BOT, and other campus stakeholders to define the annual budget and the strategic investments within it. Over the last ten years, MSU has made significant investments in campus safety, bio-medical sciences, medical programs and infrastructure, international programs, and the basic sciences.

- Longer term MSU strategic priorities focus on academic competitiveness, campus safety, basic sciences, and international programming
 - Examples include: GII, IQ, ISTB, faculty salaries, CHM/COM expansions, diversity, Africa presence, biology, neuroscience, social science, MBA and business
- Recurring technology funding of \$23M paired with over \$85M in non-recurring funds to address campus network, WiFi, Student Success, CRM, and other technology projects
- Advancement funding necessary for capital campaign success
- Critical space fund provided resources to fund the Wells Hall addition, Plant Science, Nursing, Bio-Engineering, Chittenden, Fairchild Theater

Total Recurring Initiatives \$115M

Critical Space	\$6.7M
Advancement	\$6.9M
Technology	\$22.9M
Academic Competitiveness	\$32.7M
Programmatic Investments (Provost PERF)	\$46.2M

Flat Rate Tuition

What has been the impact of the implementation of flat rate tuition for undergraduates?

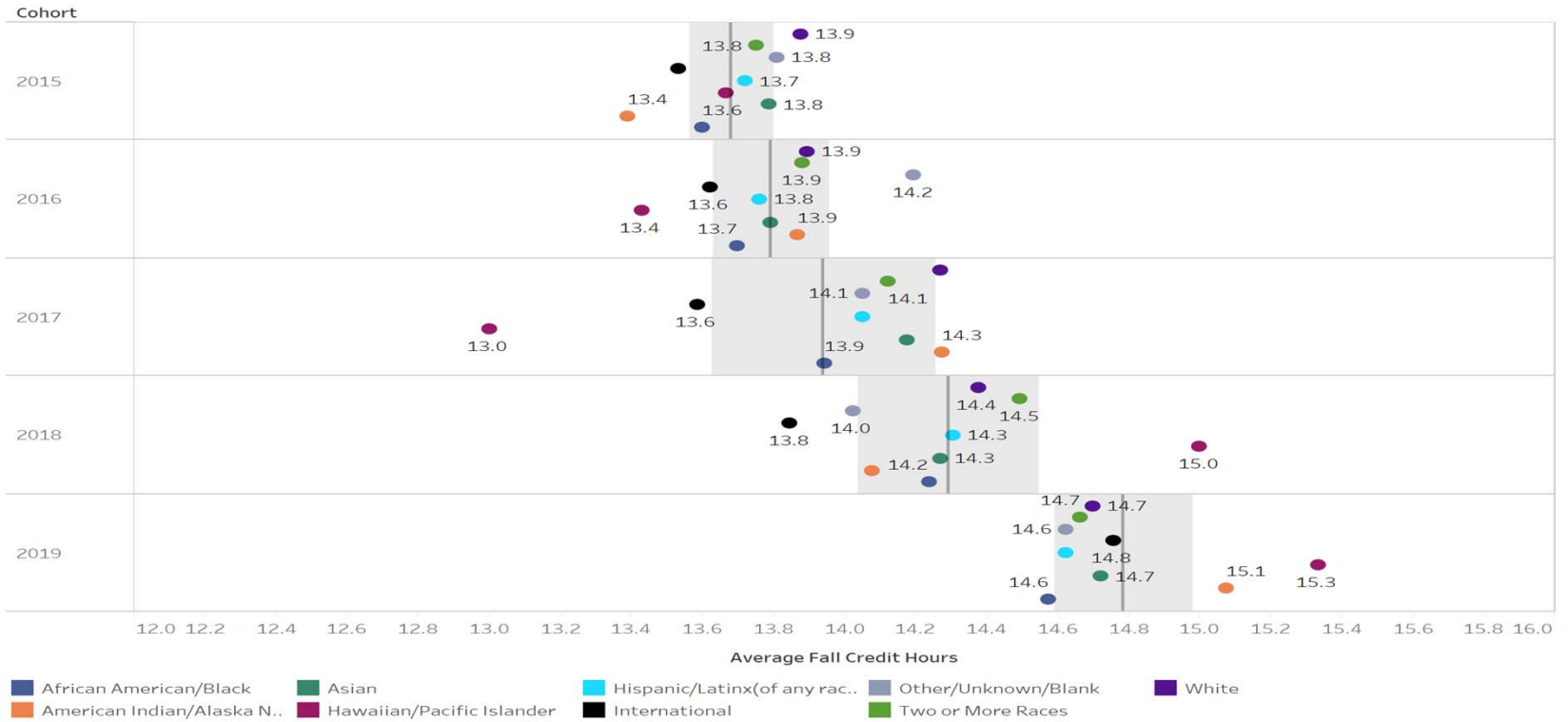
MSU implemented flat rate tuition for all undergraduate students in the fall of 2019. As the next step in a multi-year credit momentum strategy, students taking between 12 and 18 credits per semester qualify for the new flat rate structure. While the data is limited, 53 percent of undergraduate students enrolled in 15-18 credits during the fall semester, an increase of 15 percentage points over the previous fall. MSU is carefully monitoring additional course demand, allocating \$3.2M in programming to recognize increased demand, and other disparate outcomes from the flat rate implementation.

- Average student credit load approximately 14.5 during the fall semester, an increase of 0.6 credits from fall 2017
- Overall, 53% of undergraduates enrolled in between 15 and 18 credits in the fall semester, an increase of 15 percentage points over the previous fall
- Students on academic probation also declined, approximating 5.9%, a decline of 1.1 percentage points from fall 2018
- \$3.2M in course demand funds were allocated in the FY20 budget to assist in providing additional resources due to increased demand for courses

Flat Rate Tuition

First Fall Term Quarter Credit Hours by Ethnicity and Cohorts for Full-Time FRST Undergraduate Students

Institutional Research
Office of Planning and Budgets
MICHIGAN STATE UNIVERSITY



Cite as: Institutional Research, Office of Planning and Budgets, Michigan State University. (2020). Quarter Term Frozen Credit Loads. [Tableau Dashboard]. Retrieved from: <http://tableau.opb.msu.edu/>. Data Source: SISFRZN Last updated: 02.03.2020. Next Update: End Term Winter 2020

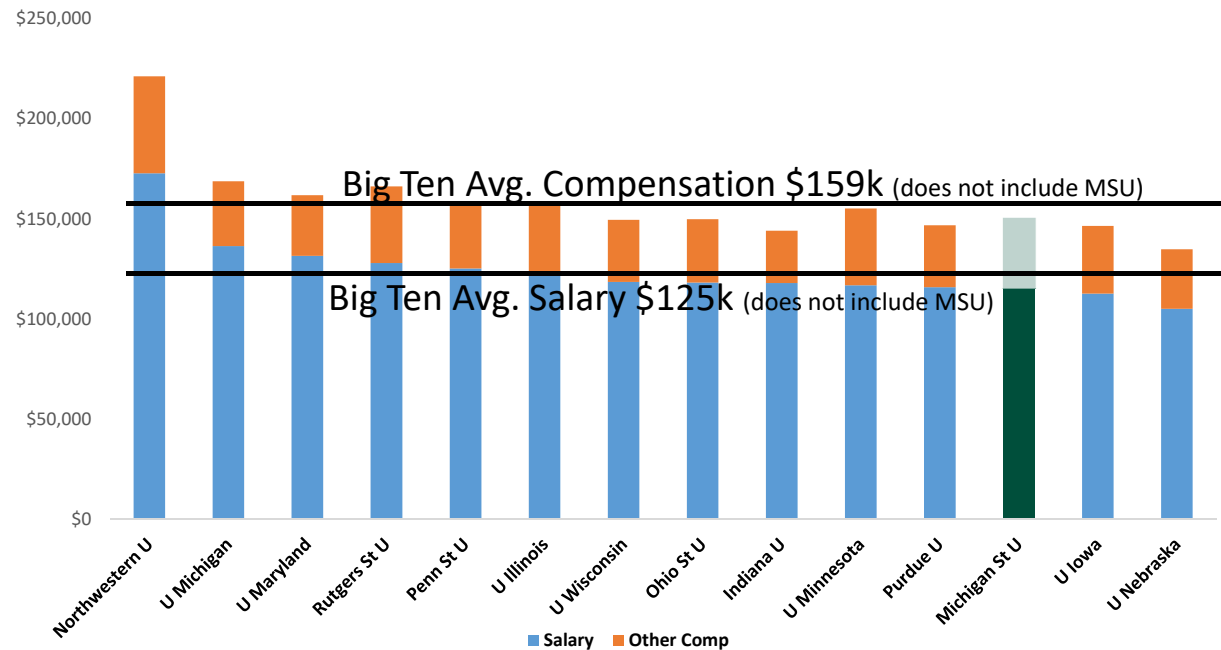


Faculty Salary and Compensation

Where do faculty salaries fall as a budget priority and what is our competitive standing within the Big Ten?

MSU's ability to maintain itself as a top-100 global institution relies on its ability to recruit and retain a talented and diverse faculty. As a result, faculty salary and compensation are consistently a top priority within the budget. Over ten years, faculty salary increases average 2.75 percent, approximately 1.0 percent greater than the overall rate of change for the general fund budget. Amongst Big Ten peers, MSU ranks 11th and 8th for salary and total compensation respectively. While these benchmarks are important for consideration, significant variance exists across the Big Ten for faculty classifications and rank.

- Over ten years, faculty salary increases average 2.8% annually, exceeding the base budget change by approximately 1.0%
- MSU's average faculty compensation ranks 8th in the Big Ten, an improvement of 5 places since FY12
 - MSU average faculty salary ranks 11th in the Big Ten, an improvement of 1 position since FY12
- Peer standings by rank influenced by variances across institutions in categorizing instructional faculty and staff



Financial Aid Summary

What is the debt profile for undergraduate students at MSU? How is this factored into broader cost of living indicators, particularly for first-generation and students of color?

MSU provides over \$700M in annual financial aid, an increase of over 48 percent in ten years. Approximately 50 percent of MSU undergraduates leave MSU with debt, below both State and National averages. Of MSU undergraduates, approximately 22 percent (>8,500) receive a Pell grant and approximately 42 percent (>16,000) receive a Federal grant of some kind. The Spartan Advantage program provides total cost of attendance to MSU's neediest students through a fabric of financial aid programs. In 2018-19, approximately 3,000 undergraduates participated in the Spartan Advantage program accounting for over \$38M in financial aid.

22%

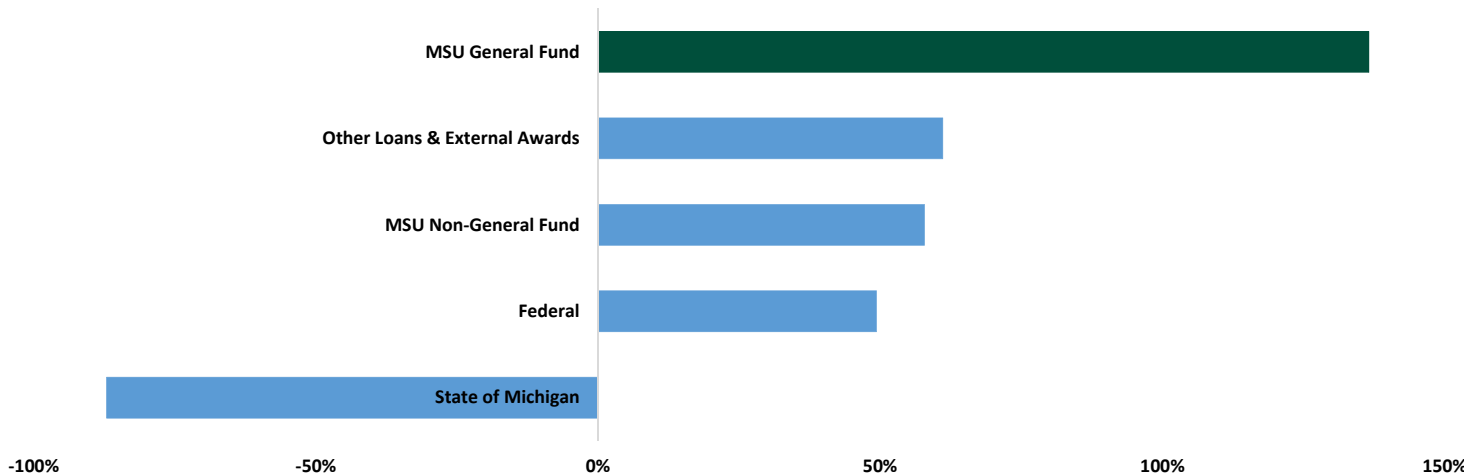
Approximate percentage of students receiving a Pell grant
8,539 2017-18

42%

Approximate percentage of students receiving a Federal grant
16,397 2017-18

50%

Percentage of students graduating without debt, below state and national averages



Dollars in millions	FY08	FY18
MSU General Fund	\$62.30	\$147.40
Other Loans & External Awards	\$47.80	\$77.00
MSU Non-General Fund	\$33.90	\$53.50
Federal	\$279.50	\$417.40
State of Michigan	\$49.50	\$6.40

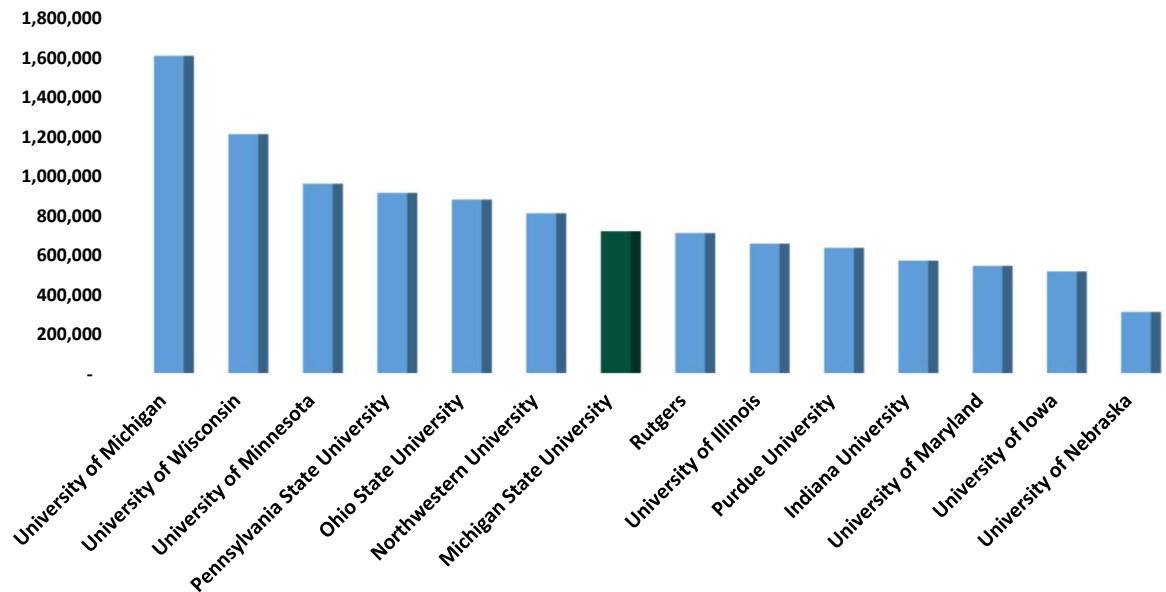
Sponsored Programs

How have sponsored programs and related indirect cost recoveries grown over ten years?

MSU sponsored programs and related indirect cost recoveries have increased by over 50% in ten years. While all measures of productivity provide insight into MSU's excellence in this area, the NSF HERD survey provides the most comparable productivity measure with our Big Ten and national peers. MSU currently ranks 32nd nationally and 7th in the Big Ten for annual R&D expenditures, an improvement of 6 and 3 places respectively over three years.

- MSU sponsored expenditures exceed \$700M annually (HERD basis), an increase of 28% over three years, first in the Big Ten by five percentage points
- MSU ranks 32nd nationally and 7th in the Big Ten for sponsored expenditures, an improvement of 6 places and 3 places respectively
- MSU sponsored awards approximate \$660M annually, an increase of 57% since 2009-10 and of over 250% since 2000-01
- MSU Federal awards exceed \$470m, an increase of over 45% since 2009-10 and of over 343% since 2000-01

NSF HERD Expenditures and National Rank



Source: National Science Foundation Research and Development Expenditure Survey

Sponsored Programs

NSF HERD Expenditures History

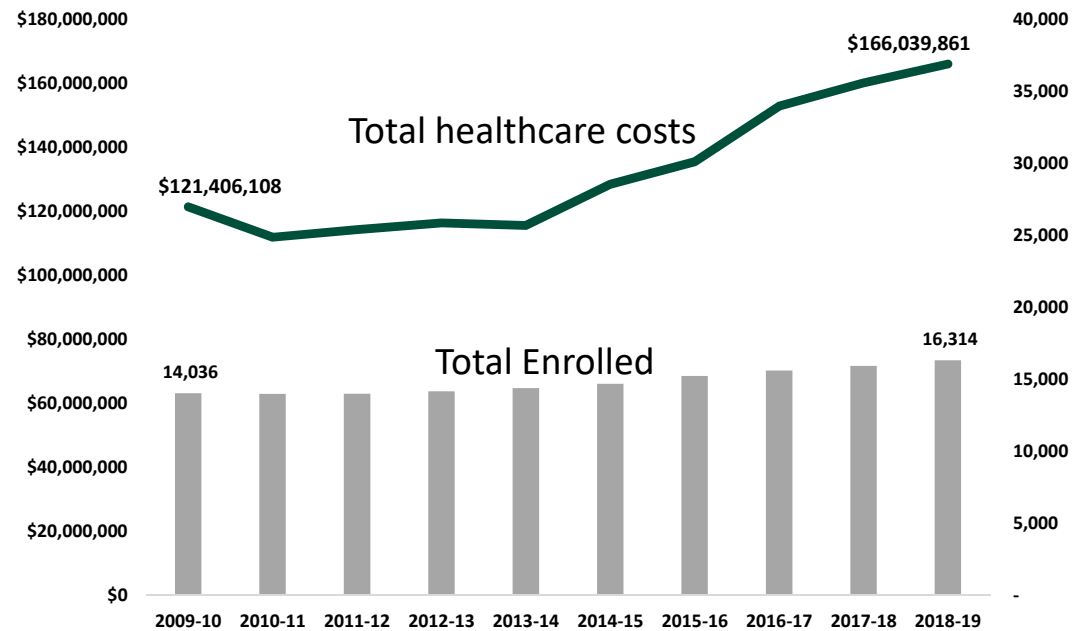
Colleges	2018	2017	2016	2015	2014	2013	2012	2011	2010
U. Michigan, Ann Arbor	\$1,600,869	\$1,530,139	\$1,436,448	\$1,369,278	\$1,349,262	\$1,375,117	\$1,322,711	\$1,279,123	\$1,184,445
U. Wisconsin-Madison	\$1,205,518	\$1,193,413	\$1,157,680	\$1,069,077	\$1,108,564	\$1,123,501	\$1,169,779	\$1,111,642	\$1,029,295
U. Minnesota, Twin Cities	\$954,683	\$921,681	\$910,181	\$880,618	\$876,870	\$858,378	\$826,173	\$847,419	\$786,074
Pennsylvania State U.	\$908,708	\$854,815	\$825,561	\$791,031	\$800,773	\$837,880	\$797,679	\$794,846	\$770,449
Ohio State U.	\$875,014	\$864,327	\$818,464	\$817,881	\$815,075	\$793,373	\$766,513	\$832,126	\$755,194
Northwestern U.	\$805,672	\$751,809	\$713,491	\$656,167	\$645,333	\$639,781	\$631,078	\$618,980	\$575,078
Michigan State U.	\$715,290	\$694,917	\$613,369	\$558,248	\$526,906	\$515,707	\$507,061	\$454,248	\$431,373
Rutgers State U.	\$706,282	\$681,719	\$630,212	\$628,613	\$644,116	\$493,320	\$434,901	\$432,306	\$428,432
U. Illinois at Urbana-Champaign	\$652,709	\$642,084	\$625,180	\$639,817	\$621,733	\$743,487	\$583,754	\$545,669	\$515,133
Purdue U., West Lafayette	\$631,574	\$622,814	\$606,302	\$558,611	\$564,923	\$595,739	\$602,501	\$578,231	\$548,980
Indiana University, Bloomington	\$566,907	\$540,421	\$508,766	\$485,076	\$206,039	\$197,897	\$184,486	\$184,096	\$177,520
U. Maryland, College Park	\$540,660	\$548,885	\$539,388	\$505,699	\$485,051	\$491,998	\$502,406	\$495,382	\$451,415
University of Iowa	\$511,973	\$494,280	\$473,362	\$443,218	\$449,147	\$435,377	\$446,429	\$443,893	\$444,034
University of Nebraska-Lincoln	\$308,053	\$302,204	\$294,856	\$284,438	\$278,299	\$266,507	\$253,320	\$235,296	\$191,268

Health Care Overview

How has healthcare changed over ten years both from a cost and coverage perspective?

Healthcare at MSU focuses on providing the best possible care options for employees and their families, while remaining viable from a cost perspective. MSU's success in this area is evidenced by its ability to constrain cost increases below that of national benchmarks in eight of the last ten years. In an effort to improve service and constraint costs, MSU has implemented numerous program and service changes including a new CDHP plan, curtailment of funded post-retirement healthcare for new employees, generic prescribing program, and the pending change to Medicare Advantage plans for existing retirees.

- Cost increases average 3.7% over ten years, enrollments average 1.7%
- 2009-10: Generic prescribing program implemented – responsible for saving/avoiding \$80M in cumulative costs over ten years
- 2010-11: Post-retirement health care plan requiring 25 year vesting replaced with portable 0.5% MSU contribution to retirement account
- 2010-11: Blue Care Network introduced
- 2013-14: Consumer Driven Health Plan available – MSU contributes \$750 annually to Health Savings Account
- 2017-18: Best Doctors for secondary case review implemented July 1, 2018
- 2017-18: Livongo available for diabetes case management services

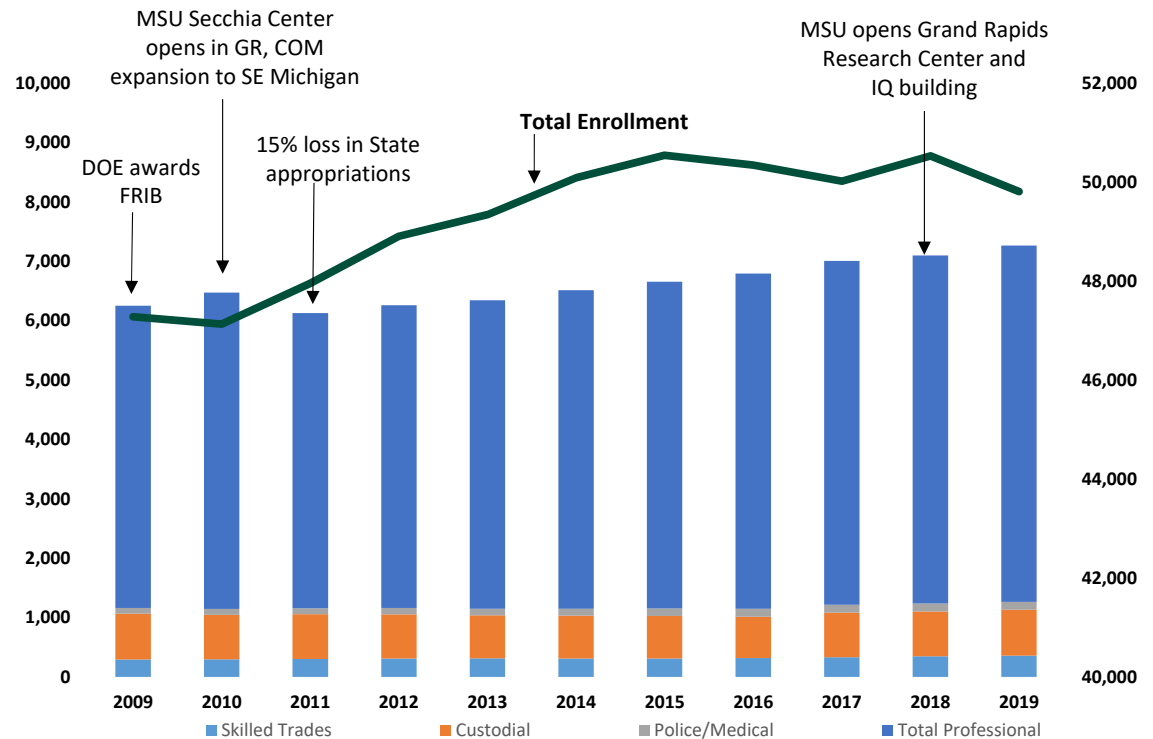


Support Staff

How has the support staff at MSU changed over ten years?

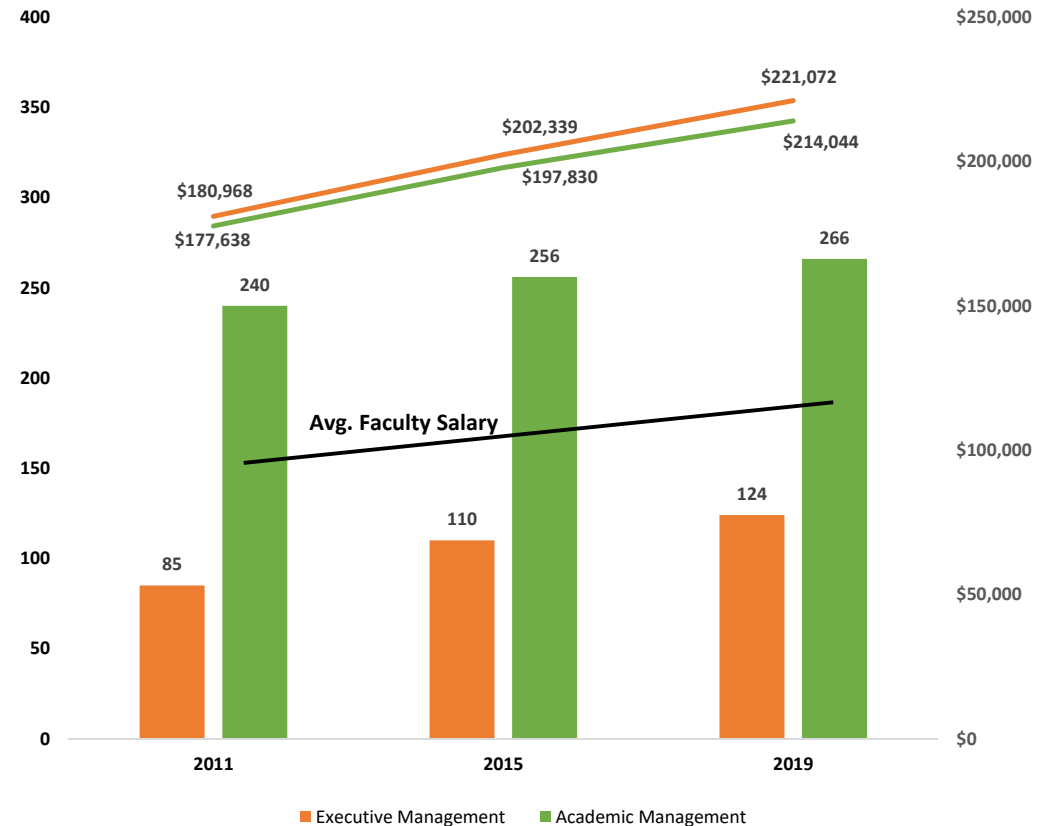
Over ten years, MSU administrative staff, academic management, and executive management have grown as a response to significant changes in student enrollments, campus infrastructure, off-campus locations and facilities, technology, campus safety needs, student success initiatives, and other programmatic changes.

- Total non-academic staff exceeds 7,000
 - Skilled trades, police/medical groups represent highest rate of change
- Over the same period, total enrollment growth exceeds 5% and sponsored programs growth exceed 50%
- Total square footage increased by 2M sf over ten years, 17%, significant new off campus facilities in Grand Rapids, SE MI, Flint
- Most recently, significant growth in campus safety related positions



Executive & Academic Management

- Over ten years, Executive and Academic management salaries increases average 2%, below comparisons for faculty, academic, and non academic staff
- Growth in Executive Management focused on campus safety, technology, and communications
- Growth in Academic Management focused on medical programs, student success, DEI, increased enrollments, and research compliance
- MSU benchmarks salary for executive and academic managers to the median of the Big Ten



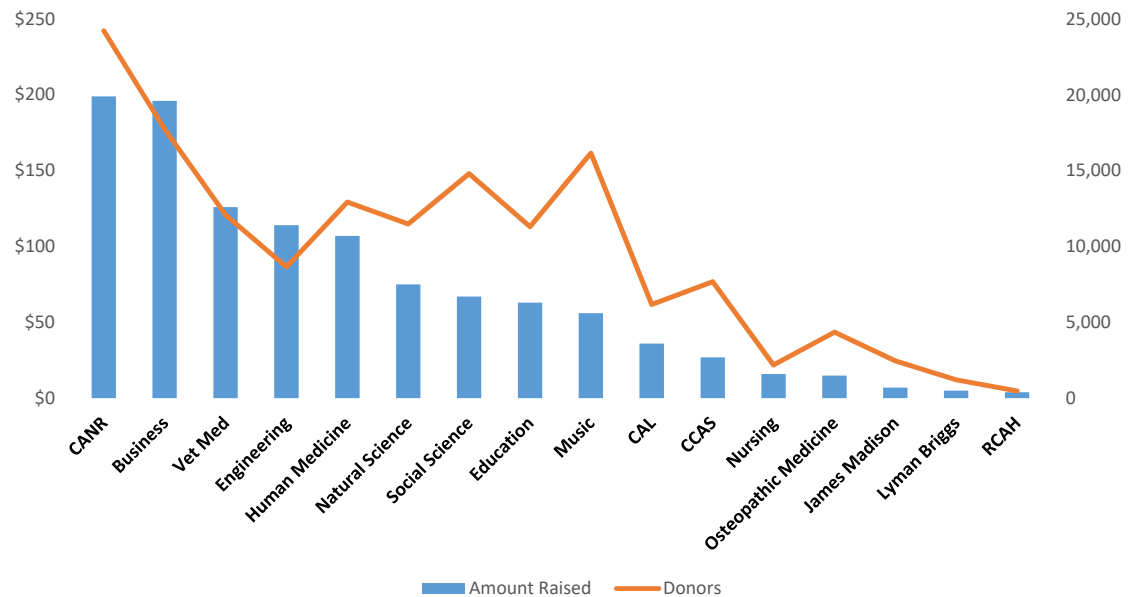
Advancement

How are University Advancement outcomes communicated to the faculty?

Advancement efforts are increasingly vital to sustaining and enhancing programmatic efforts across campus. While a significant capital campaign has recently concluded successfully, fundraising efforts are ongoing in each college as a significant strategic focus for future resource development. Each college may communicate differentially on the status of these efforts, there are any number of information sources available to assist in adding context and understanding campus wide. However, it is the university's intent that faculty and staff be fully apprised of the success of our fundraising campaigns.

- Empower Extraordinary, MSU's recently completed capital campaign, raised \$1.8B from over 255,000 donors
- 72% of Empower Extraordinary gifts were received in cash, the remainder through planned giving
- Empower Extraordinary focus efforts on Student Success, 100 new Endowed Chairs, and several critical facilities projects

Empower Extraordinary Campaign Outcomes



Distance Learning

What fraction of credit hours come from distance learning? How has that changed over time?

MSU supports a myriad of pedagogical approaches taking place across campus, the state, and the world. Distance education includes off-campus, study abroad, study away, and virtual programming. Over ten years, distance education credit hours have increased from 125k to approximately 244k, representing 18 percent of total annual credit hours.

- Total credit hours reflect an increase of approximately 90,000 over ten years, averaging 1% growth annually
- Total distance education credit hours almost doubled over period, an increase of 120,000 credit hours, largely attributed to virtual course offerings
 - Significant online presence in undergraduate courses, professional masters programs
- Total study abroad credits reflect growth of 1% annually, approximate 19,000 annually

