

# Faculty Senate Budget Briefing

02/19/19

# 2018-19 and 2019-20 Budget Summary

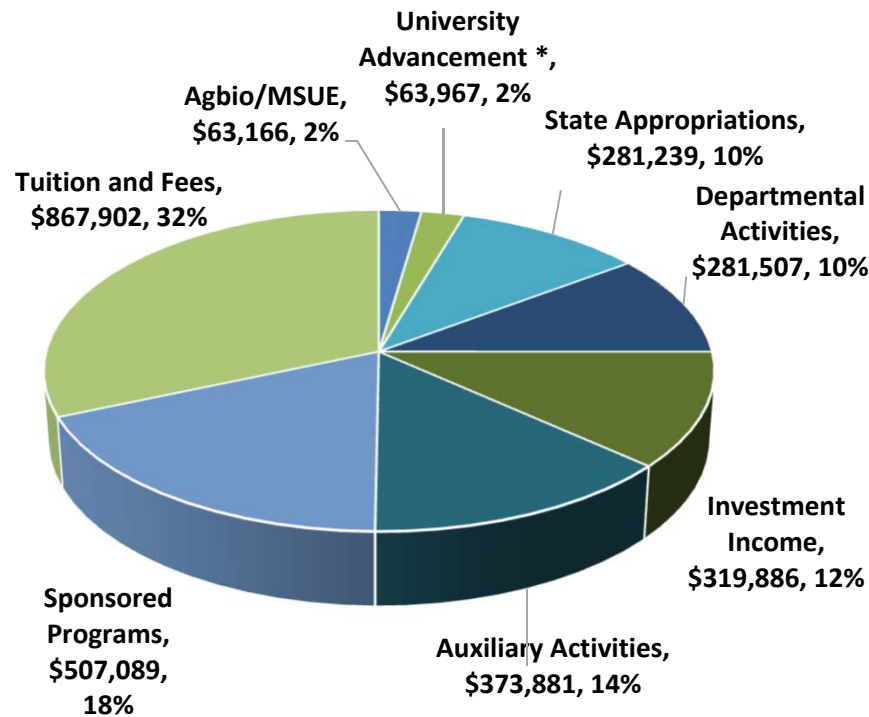
Budget Item	2018-19 BOT Approved	2019-20 BOT Approved
<b>State Appropriations</b>	1.8%	2.0% (assumption)
<b>Tuition and Fees</b>	<p>No increase for resident freshmen, \$360 per academic year for non-resident freshmen</p> <p>Increases of \$360 per academic year for resident and non-resident Core/Professional sophomores -seniors</p> <p>\$540 per semester for resident and non-resident junior &amp; senior Business and Engineering students</p> <p>4.0% for most graduate students</p>	<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>
<b>Total Tuition &amp; Fee Revenue</b>	<b>\$1,003.9</b>	<b>\$1,052.4</b>
<b>Financial Aid</b>	4.5%	7.1%
<b>Graduate Assistants</b>	2.0%	2.0%
<b>Faculty Salaries</b>	1.5%+0.5%*	2.5%+0.5%*
<b>Utilities</b>	-6.1%	0.0%
<b>Health Care</b>	5.0%**	5.0%**
<b>Financial Framework</b>		
<b>Competitiveness</b>	\$2.5	\$3.2
<b>Technology</b>	\$3.5	\$6.5
<b>Performance Efficiency Reallocation</b>	-1.0%	-1.0%
<b>Base Budget Reduction</b>	<u>-1.0%</u>	<u>0.0%</u>
<b>Total Budget</b>	<b>\$1,391.5</b>	<b>\$1,449.2</b>

\*Includes 1.5% merit and 0.5% Provost market

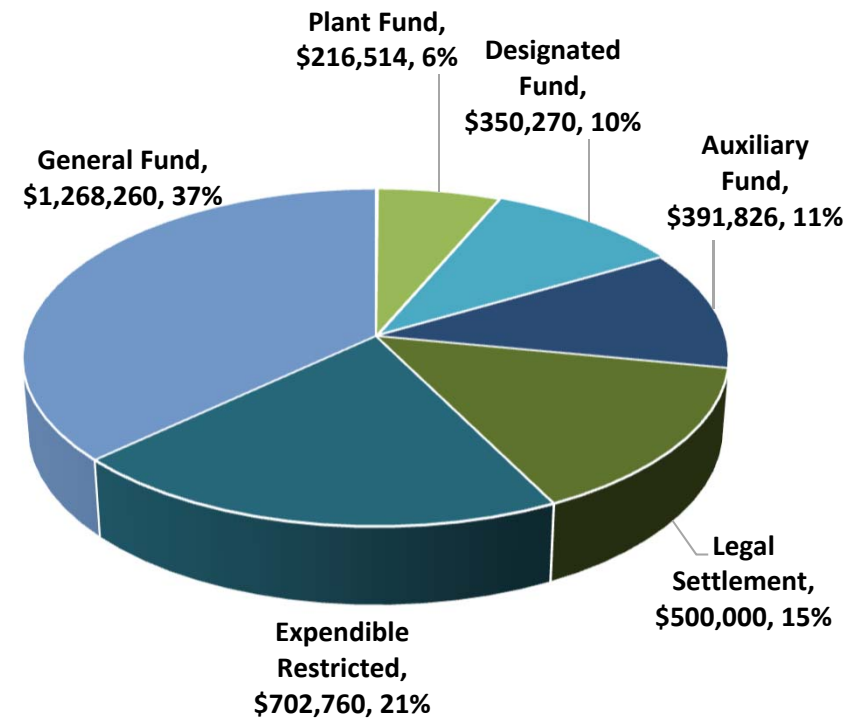
\*\*Health care budget augmented by amounts previously committed to collective bargaining groups due to claims experience

# MSU All Funds Financial Activity

**FY18 Revenue: \$2.7B**



**FY18 Expenditures: \$3.1B\*\***



\$ in thousands

\*Does not include additional pledges totaling \$151.3M received in FY18

\*\*Fund-specific expenditure totals do not include required GASB eliminations including asset capitalization, student aid, and internal billings

# MSU AgBioResearch & MSU Extension

## MSU AgBioResearch & MSU Extension

MSU AgBioResearch and MSU Extension contribute to Michigan's economy with significant research, educational programs and a community presence to boost economic development and growth related to agriculture and natural resources, community vitality, entrepreneurship, and career preparation.

### MSU AgBioResearch

Focus on key research areas in:

- Resilient and profitable agriculture and natural resource systems
- Natural resources stewardship and ecosystem health
- Secure food, fiber, and energy systems
- Food safety
- Nutrition and health

### MSU Extension

Areas of focus include:

- Developing youth and communities
- Ensuring safe and secure food
- Ensuring strong communities
- Keeping businesses strong
- Keeping people healthy
- Making the most of Michigan's natural assets
- Supporting food and agriculture



# Significant Recent Construction Projects



**STEM Teaching & Learning**



**Grand Rapids Research**



**College of Music Addition**



**Interdisciplinary Science**



**College of Business Pavilion**



**Bioengineering**

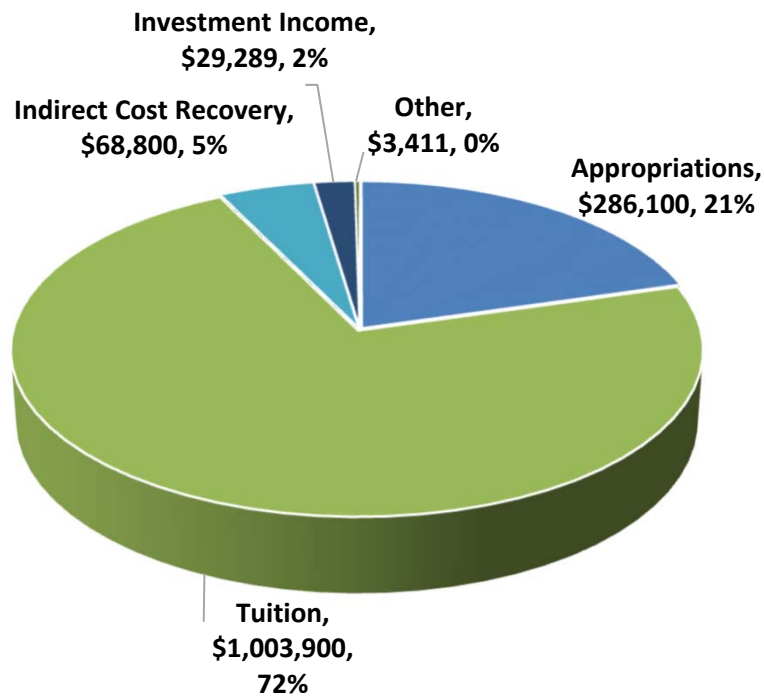
# Five Year Operating Model – Cap Ex Summary

	FY18	FY19	FY20	FY21	FY22	FY23
<b>Total Sources of Funding (FY18-FY23)</b>	\$60.7	\$166.1	\$90.1	\$100.1	\$141.1	\$78.7
<b>Uses of Funding</b>						
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
<b>Total Pending</b>	\$60.7	\$153.1	\$83.2	\$80.4	\$72.9	\$72.9

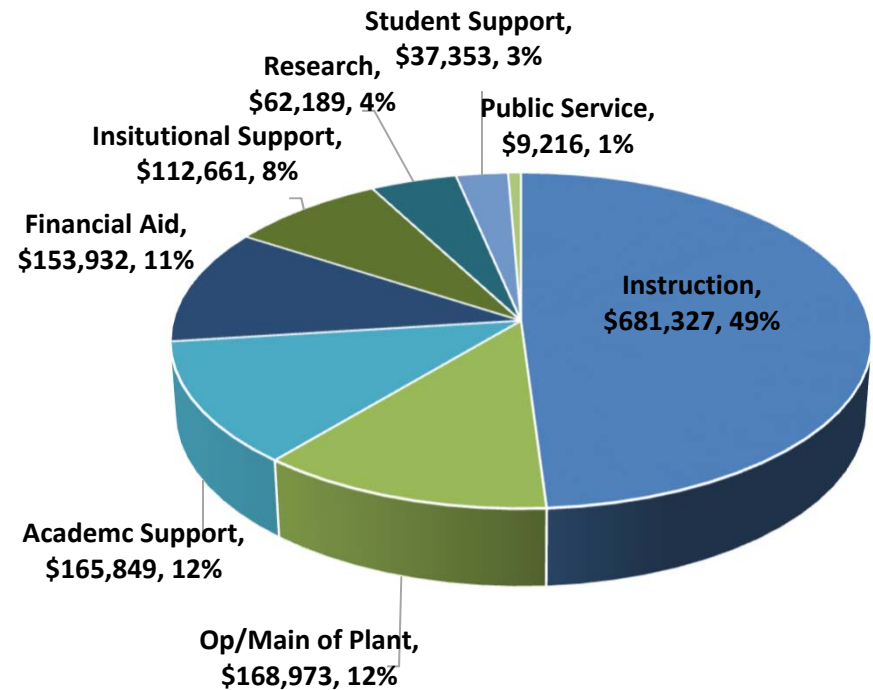
Surplus/(Deficit) 6.25% Earnings	\$0.00	\$13.06	\$6.95	\$19.70	\$68.19	\$5.84
Surplus/(Deficit) 4.25% Earnings	\$0.00	-\$14.35	-\$21.90	-\$12.73	\$31.80	-\$18.90
Surplus/(Deficit) 8.25% Earnings	\$0.00	\$34.38	\$29.38	\$44.92	\$96.49	\$25.08

# MSU General Fund Financial Summary

## FY19 Revenue: \$1.4B



## FY19 Expenditures: \$1.4B

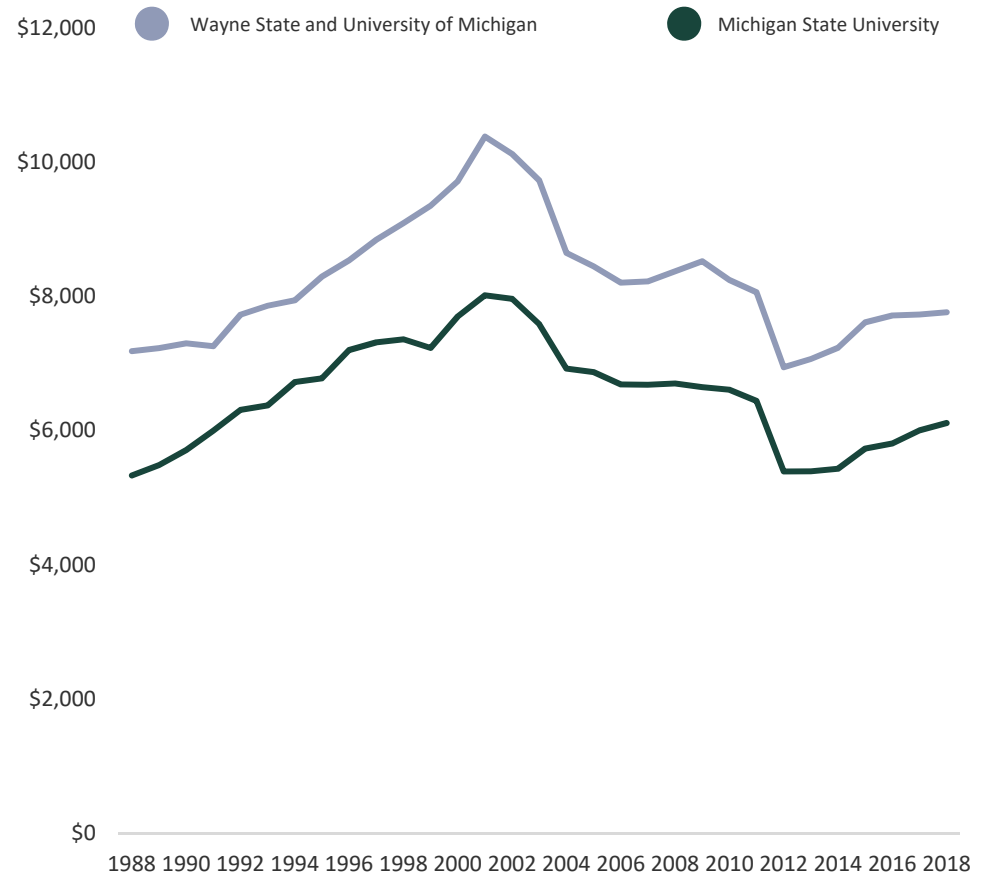


\$ in thousands

# State Support for Higher Education

Per Pupil Appropriation Comparison | University of Michigan and Wayne State

MSU currently lags the average appropriations per student of U of M and Wayne State by approximately \$1,650 per student – represents approximately \$76M in additional resources





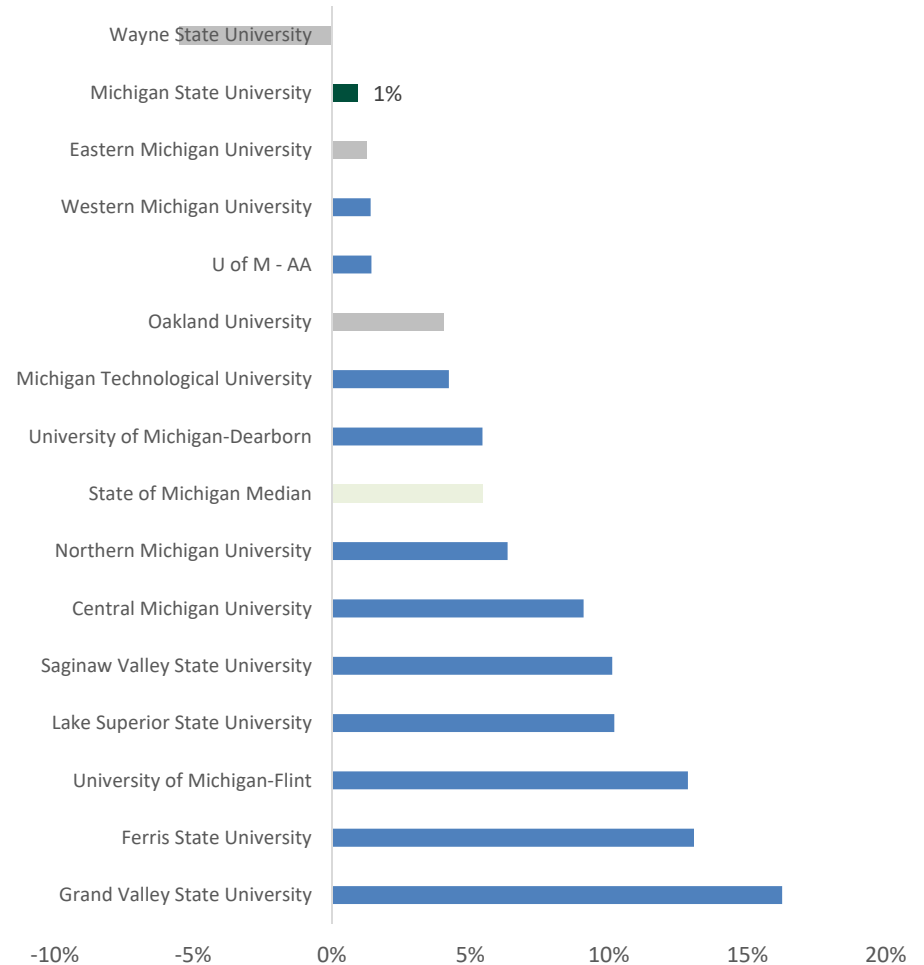
# State Support for Higher Education

## Appropriations Recovery

### Appropriations Since 2011

MSU last amongst institutions complying with tuition restraint provision in percentage appropriations change since 2011

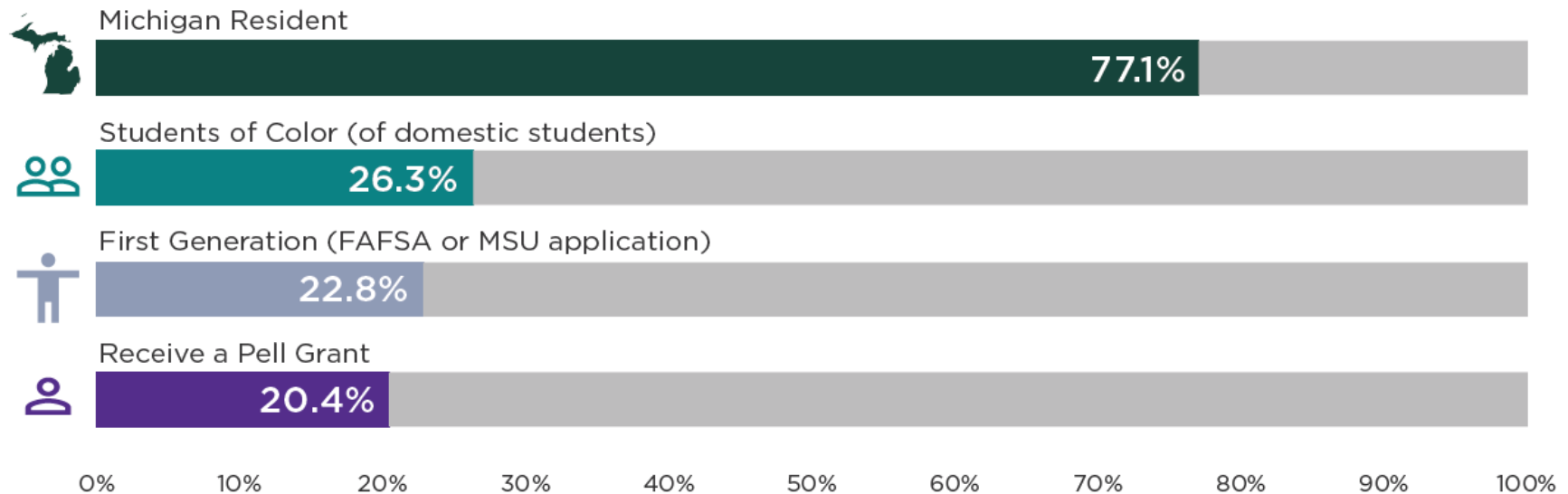
MSU funding at the state median would result in an additional \$14.2M in funding for student programming and financial aid



# Enrollment Overview

## Entering Class

There were 8,442 students in the fall 2018 entering class



The fall 2018 entering class is the most racially/ethnically diverse class ever.

8.6% of the entering class are in the Honors College, the highest percentage in at least 10 years.

# Enrollment Overview

## Undergraduate Overview

### Total Enrollment

50,351 students were enrolled for fall semester 2018. 23.5 percent are students of color, the most racially/ethnically diverse student population to date.

### Undergraduate Enrollment

78.3 percent of all students, or 39,423, are undergraduates. 77.4 percent are Michigan residents

Of undergraduate students...



**10.2%**  
are in the Honors College



**23.8%**  
of domestic undergraduates  
are students of color



**\$16,227**  
Average In-State Net Price  
(2017-18)

### Non-Resident Enrollment

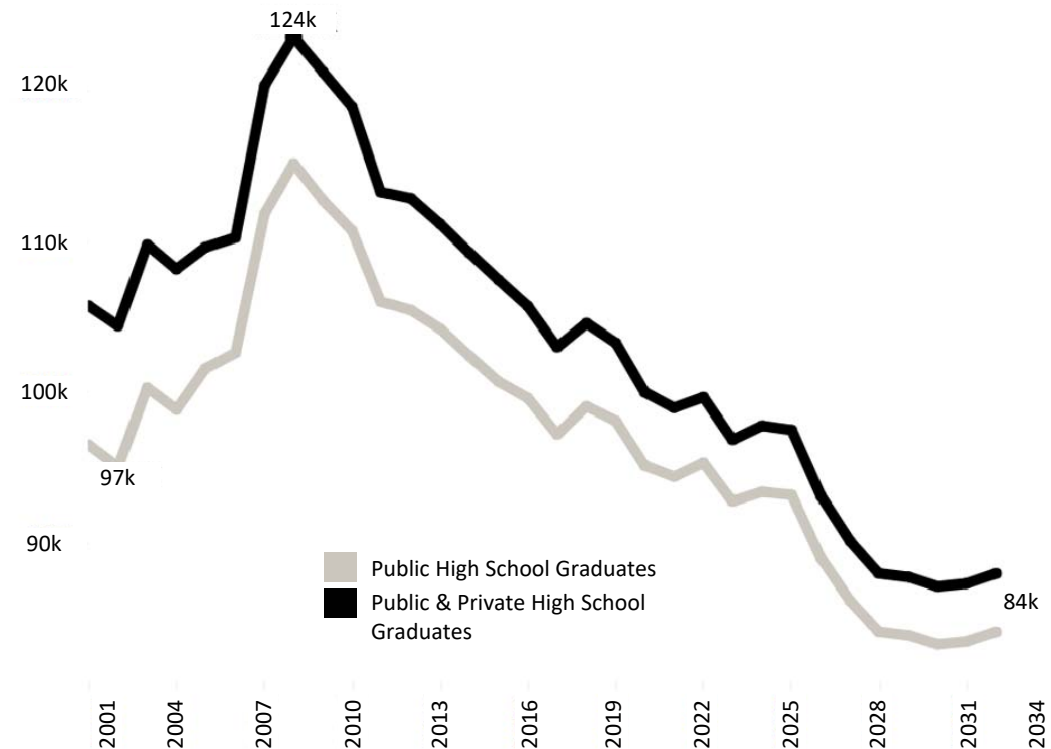
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
US Non-Res	1,209	1,344	1,268	1,220
International	1,016	1,080	981	714

### Non-Resident Admissions

	<u>2018</u>		<u>2019</u>	
	<u>Applicants</u>	<u>Admits</u>	<u>Applicants</u>	<u>Admits</u>
US Non-Res	8,525	6,773	16,218	8,831
International	4,625	2,556	6,657	2,777

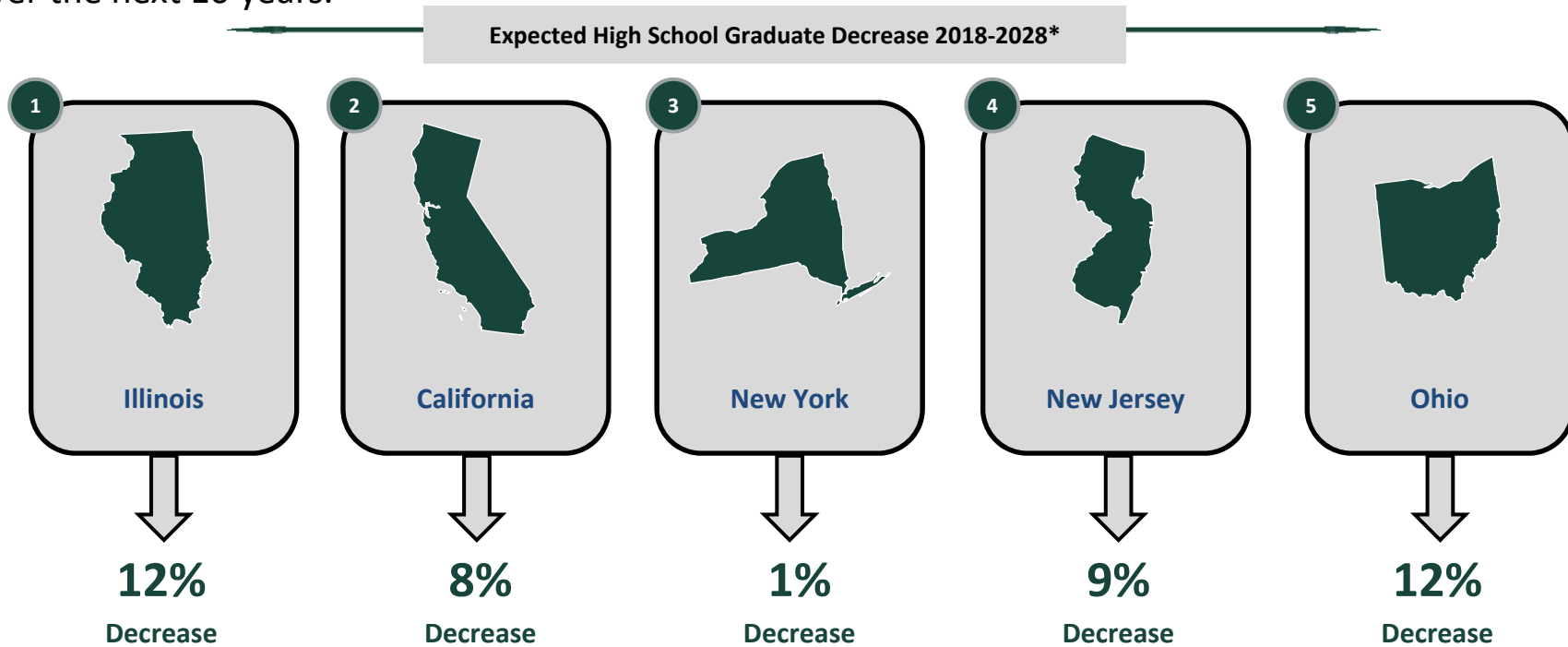
# Enrollment & Programmatic Challenges

- Analysis from Deloitte projects a decrease in in-state high school graduates
- Projected 15% reduction in the next 10 years
- Approximately 75% of MSU undergraduate students are Michigan residents



# Enrollment & Programmatic Challenges

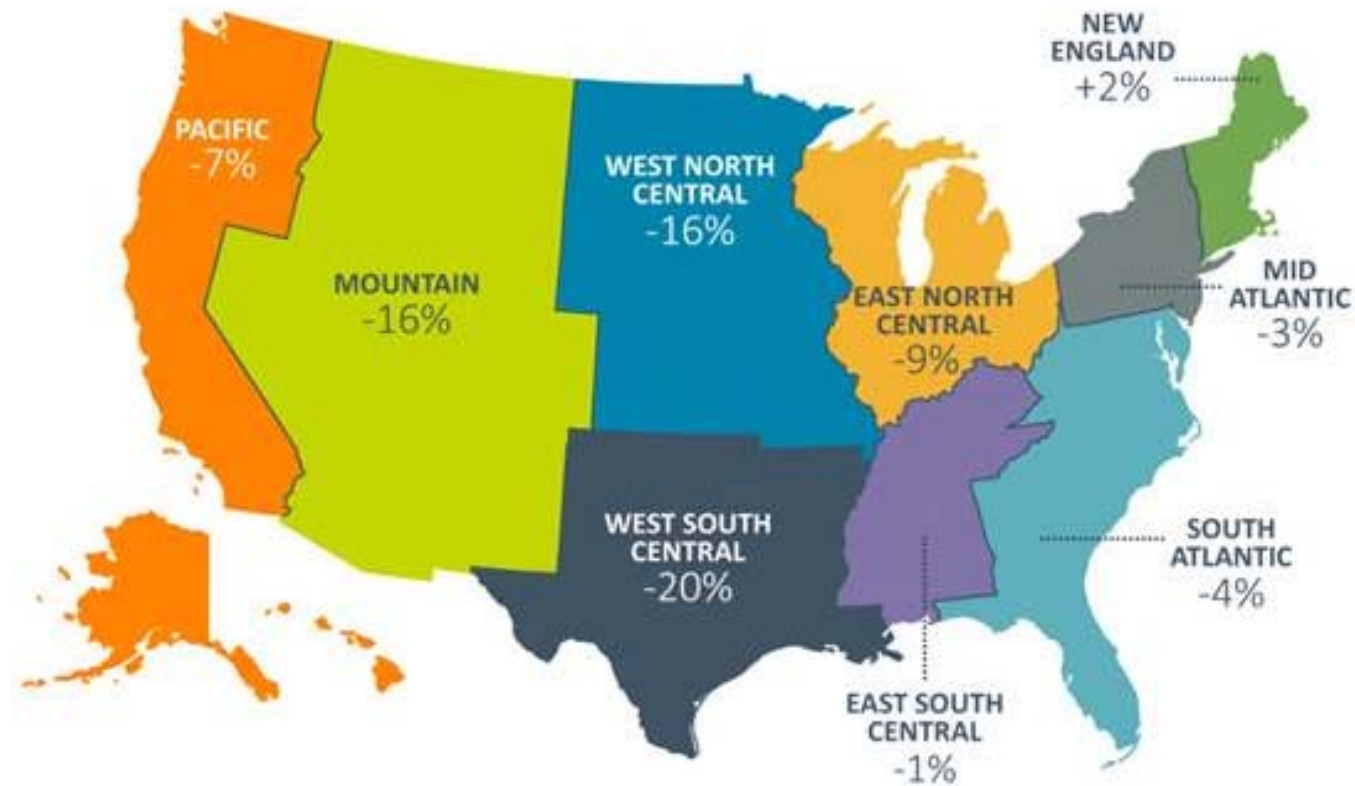
In addition to decreasing in-state high school graduates, MSU's five largest domestic, OOS feeders – mostly in the Midwest and Northeast, will also see decreases in high school graduates over the next 10 years.



From 2015-2017, Illinois, California, New York, New Jersey, and Ohio represent \$65M or nearly 15% of MSU's total net tuition revenue; a new strategy for OOS is needed to address this potential loss

\*Source: Knocking at the College Door: Projections for High School Graduates 2016

# International Enrollment Trends Fall 2016-Fall 2017

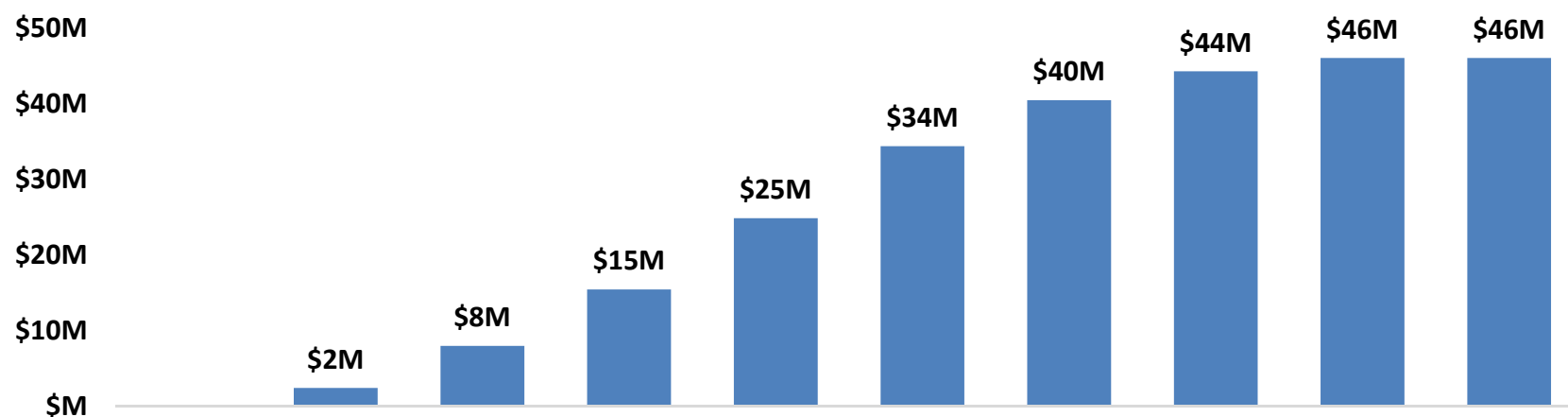


Source: <https://www.iie.org/opendoors>

# Illustrative Net Tuition Revenue Impact

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

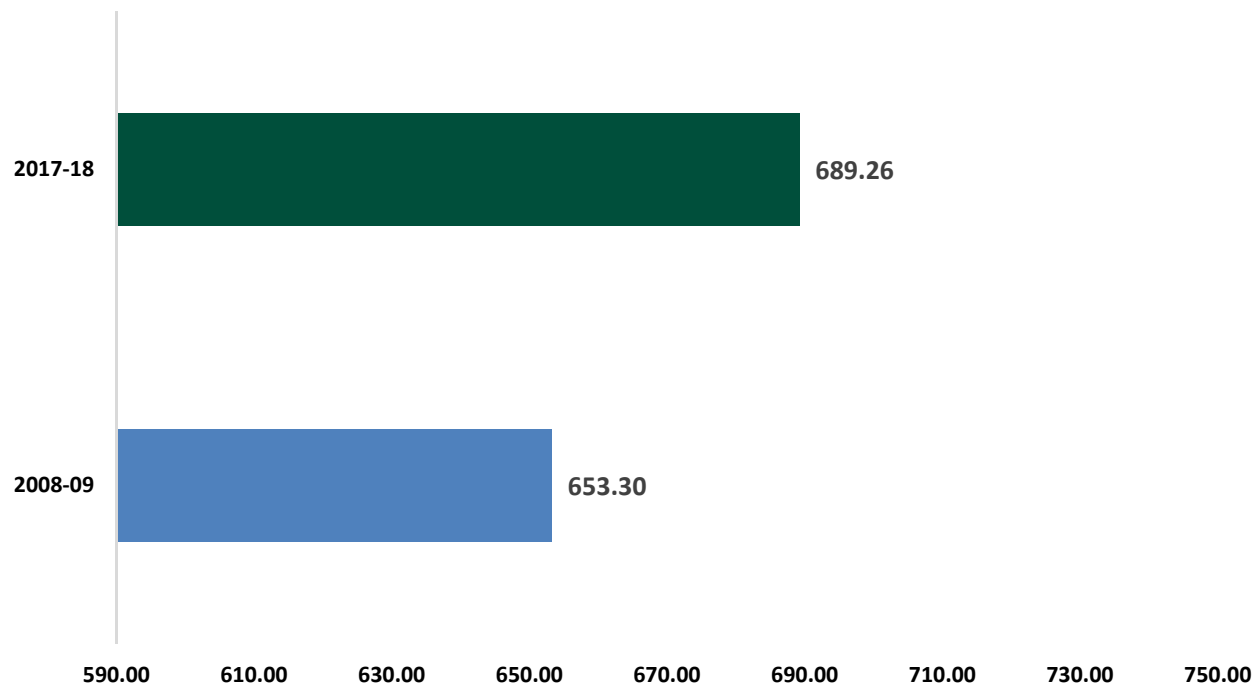
Illustrative Annual Increase in Net Tuition Revenue for Total UG Enrollment Compared to Current State



	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
<b>Total Δ</b>	<b>0</b>	<b>300</b>	<b>755</b>	<b>1,312</b>	<b>1,979</b>	<b>2,509</b>	<b>2,853</b>	<b>3,071</b>	<b>3,171</b>	<b>3,171</b>
Cumulative NTR Impact		\$2M	\$10M	\$25M	\$40M	\$74M	\$114M	\$156M	\$202M	\$248M

Δ DOS Enrollment

# Student Credit Hours per Tenure System Faculty Member Up 5%

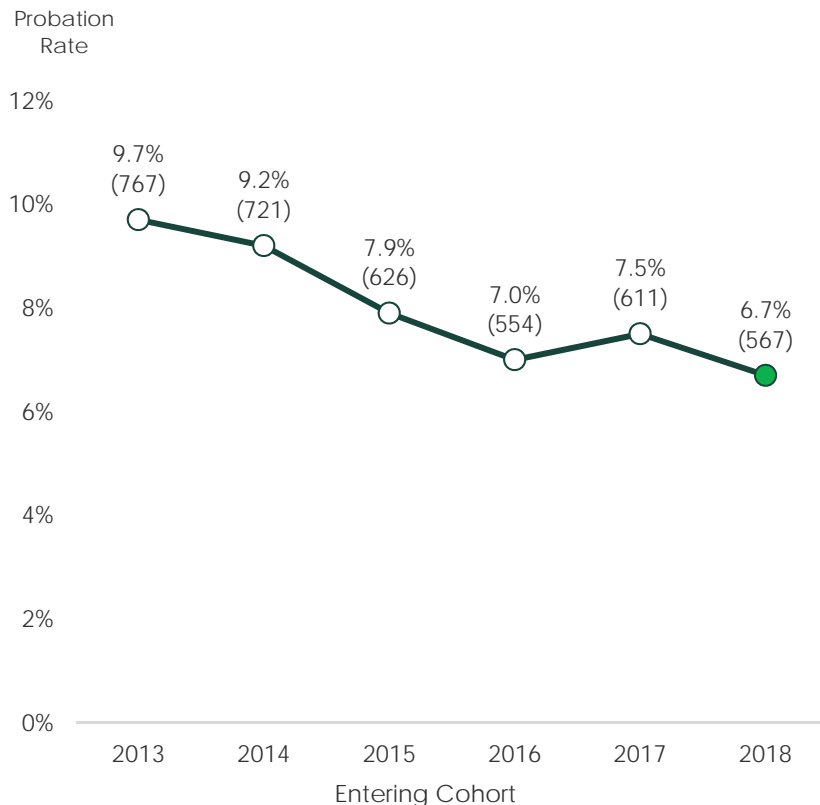




# Student Success

## First Semester Probation Rate and Neighborhoods

The first fall semester probation rate for first time students declined to 6.7%, the lowest rate on record.



### Neighborhoods

A campus-based, wrap around student success network that includes support for academic and personal success

### Student Success Teams

Professionals in each Neighborhood that conduct group-level and individual reviews to identify students for personalized outreach and interventions

# Student Success

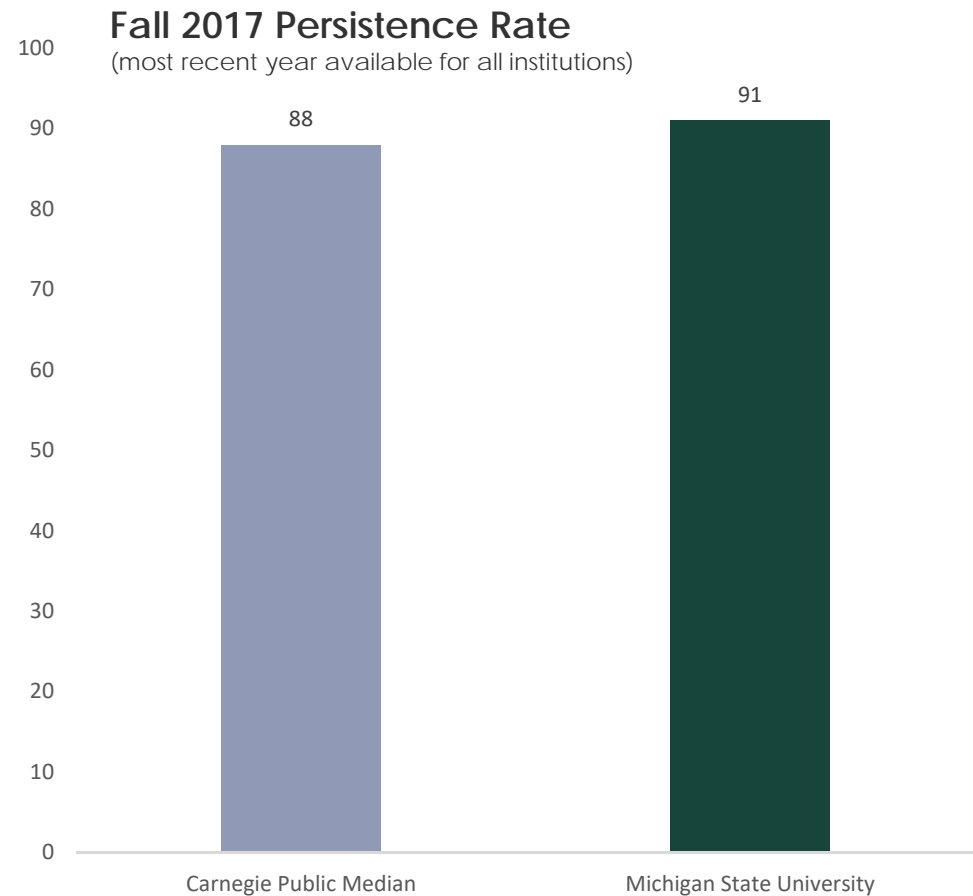
## First Year Persistence Rate – Carnegie Peer Group

### MSU Persistence Rate

The percentage of first time, full-time undergraduate students in the fall 2017 entering cohort returning for their first fall semester after their original enrollment in fall 2018 increased to 91.9%.

### Persistence Rate Comparison to Peers

MSU's first time, full-time undergraduate student persistence rate consistently outperforms Carnegie peer median.



# Student Success

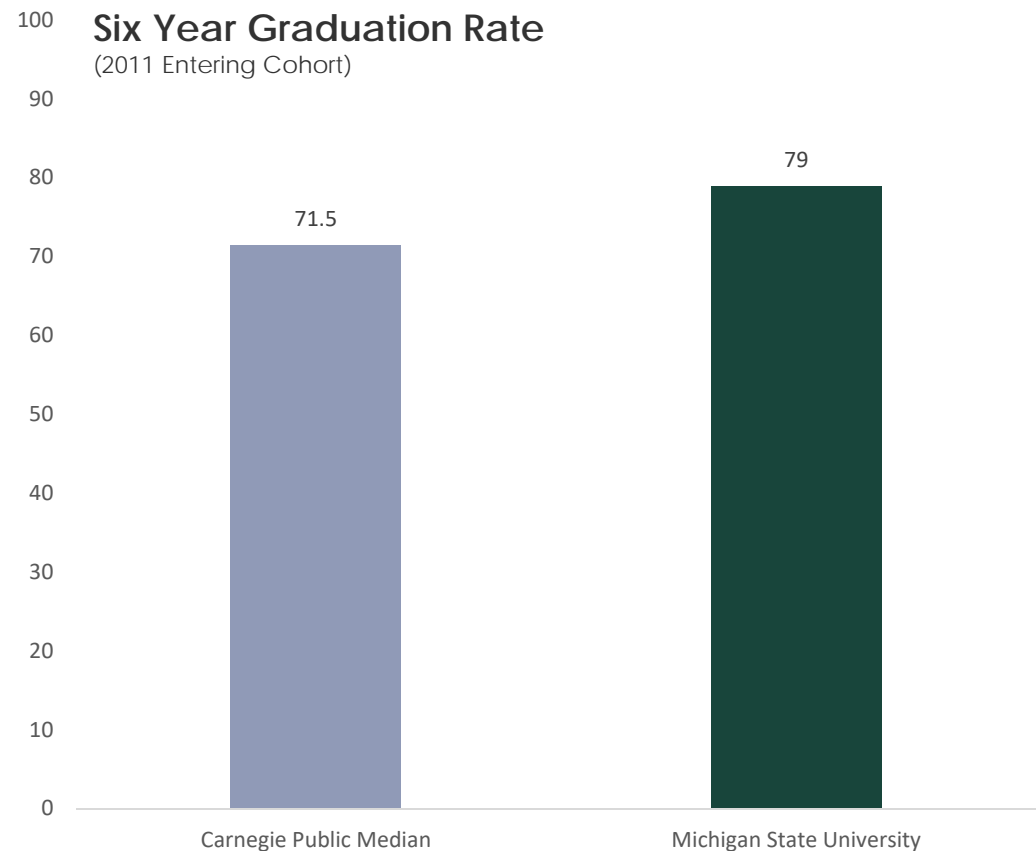
## Federally Reported 6-Year Graduation Rate – Carnegie Peer Group

### MSU Graduation Rate

The percentage of students entering in 2012 and graduating within 6 years reached a **record high of 80%**.

### Graduation Rate Comparison to Peers

MSU's 6-year graduation rate for students entering in 2011 (most recent year available for all institutions) exceeds Carnegie peer average by over 7 percentage points and the U.S. News and World report predicted rate by 10 percentage points, the highest in the Big Ten



# Student Success | Outcomes

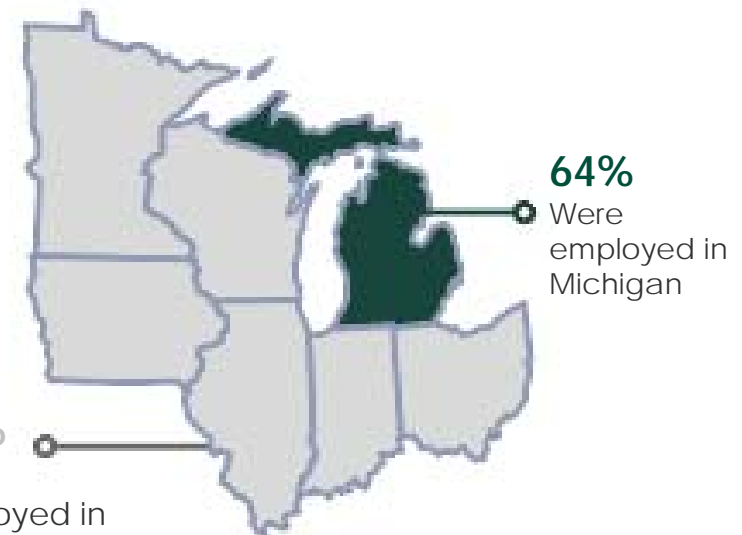
## Of students in the 2012 entering class...

80% graduated from MSU within 6 years, 7% graduated from another institution, 3% transferred to and are still enrolled in another institution, 2% remain enrolled at MSU, and 7% had no further enrollments found. This may indicate, for International students, returning to their home country.

Note: Due to the point in time which data were retrieved, totals may not sum to 100%.

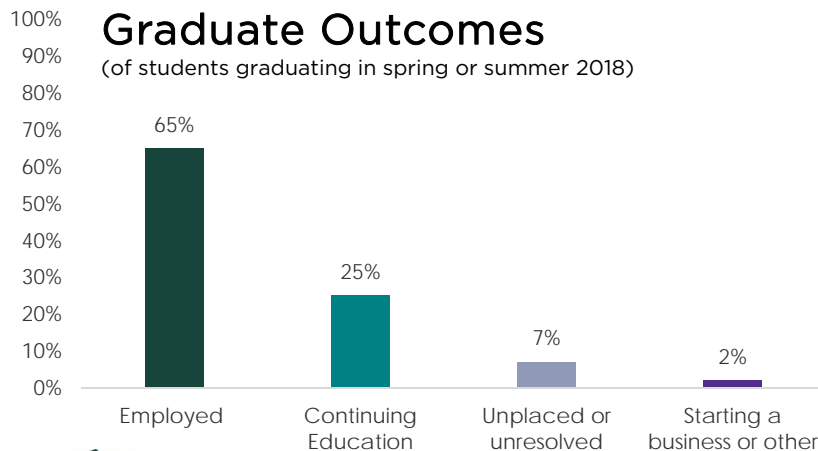
## Employment Location

Of students reporting an employment location



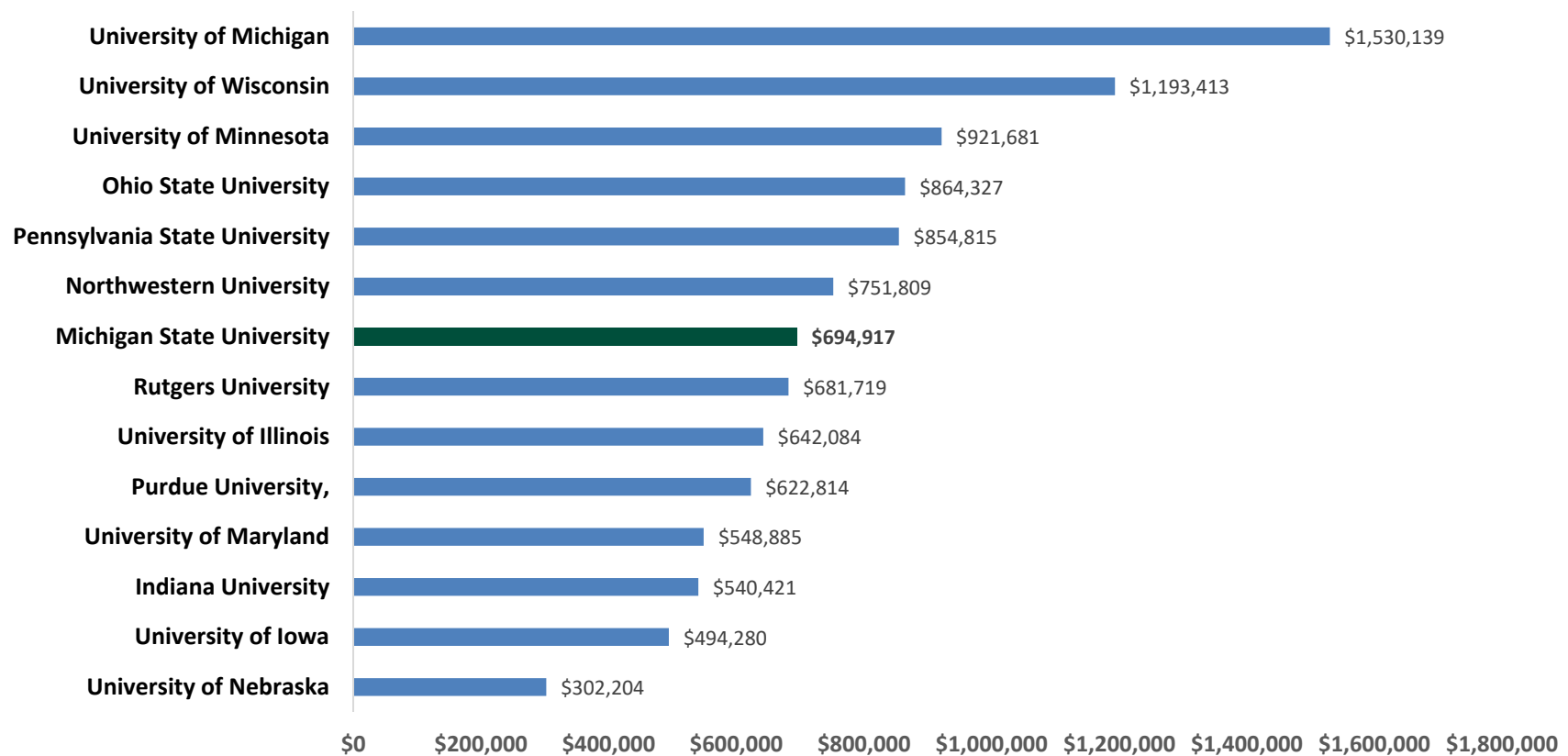
Additionally, of students reporting employment and originally being from Michigan, 71% were employed in-state

81% knowledge rate



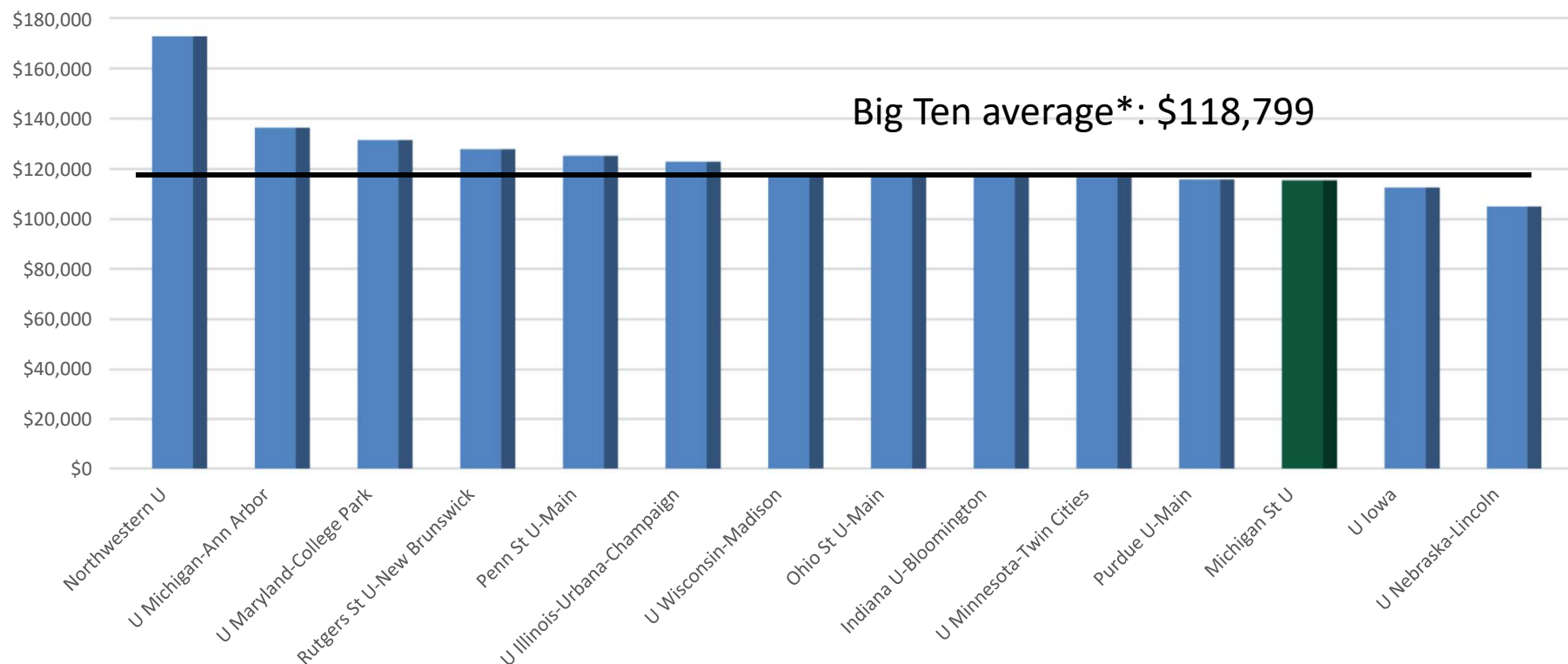
# 2017 Research and Development Expenses

- MSU ranks 7<sup>th</sup> in the Big Ten and 32<sup>nd</sup> nationally for research and development expenditures
- MSU three-year rate of change leads the Big Ten



Source: NSF HERD survey

# 2017-18 Faculty Salary



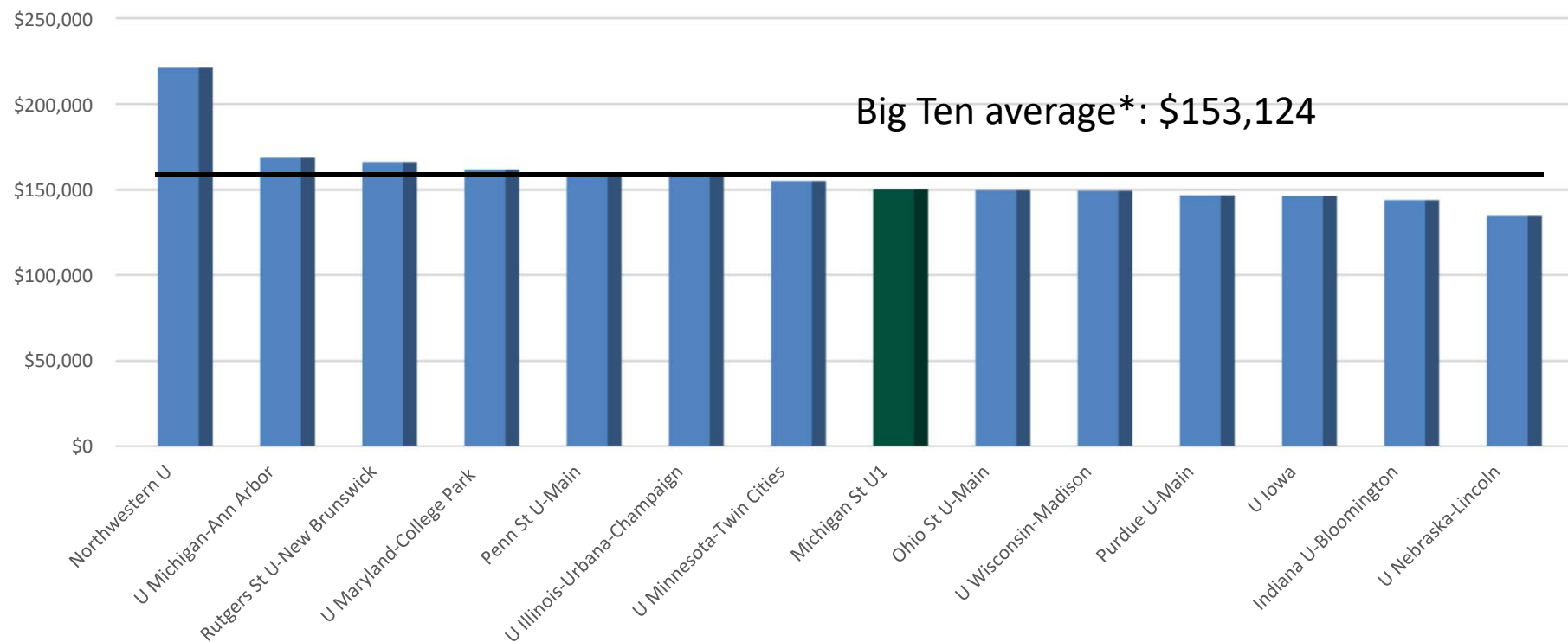
## MSU Rank in Big10 Institutions for Faculty Salary

Rank	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18
Professor	10	10	8	9	9	11	10	8	8	6	6
Associate Professor	7	7	5	8	6	9	9	9	9	9	8
Assistant Professor	14	13	14	13	14	14	14	14	14	14	14
All Ranks Average	11	11	9	12	12	13	13	13	11	12	12

\*Does not include Northwestern – average including Northwestern \$122,804

1 Rankings overtime adjusted to include Rutgers and Maryland

# 2017-18 Faculty Compensation



## MSU Rank in Big10 Institutions for Faculty Salary

Rank	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18 <sup>2</sup>
Professor	8	6	8	11	9	8	7	7	5	4
Associate Professor	6	6	7	6	5	6	8	8	6	5
Assistant Professor	10	10	10	11	12	12	14	14	14	14
All Ranks Average	7	6	10	13	9	9	10	10	10	8

-includes pro-rata attribution of post-retirement benefits for eligible population

\*Does not include Northwestern – average including Northwestern \$157,981

1 Rankings overtime adjusted to include Rutgers and Maryland

# Tuition and Fee Comparison

## Big Ten (First Time)

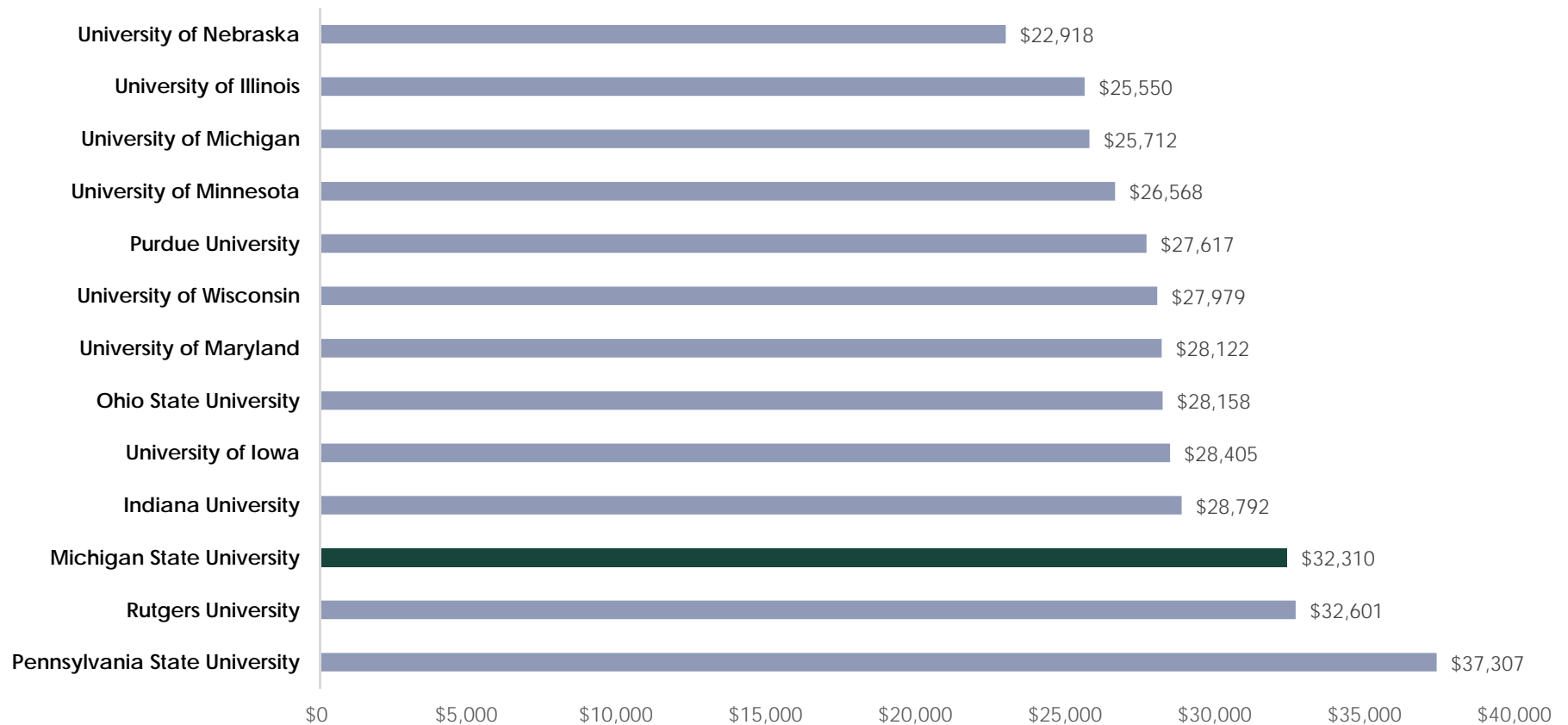
	<u>Resident Tuition and fees</u>
Northwestern*	\$50,855
Penn State	\$18,436
Illinois	\$15,868
Michigan	\$14,826
Rutgers	\$14,638
<b>Michigan State</b>	<b>\$14,460</b>
Minnesota	\$14,417
Ohio State	\$10,591
Wisconsin	\$10,534
Indiana	\$10,533
Maryland	\$10,399
Purdue	\$9,992
Iowa	\$8,965
Nebraska*	\$8,628

	<u>Non-Resident Tuition and fees</u>
Northwestern*	\$50,855
Michigan	\$47,476
<b>Michigan State</b>	<b>\$39,405</b>
Indiana	\$34,845
Wisconsin	\$34,783 ~12%
Penn State	\$33,664
Maryland	\$33,606
Illinois	\$31,988
Iowa	\$30,609
Rutgers	\$30,579
Ohio State	\$29,695 ~25%
Purdue	\$28,794
Minnesota	\$26,603
Nebraska*	\$23,148



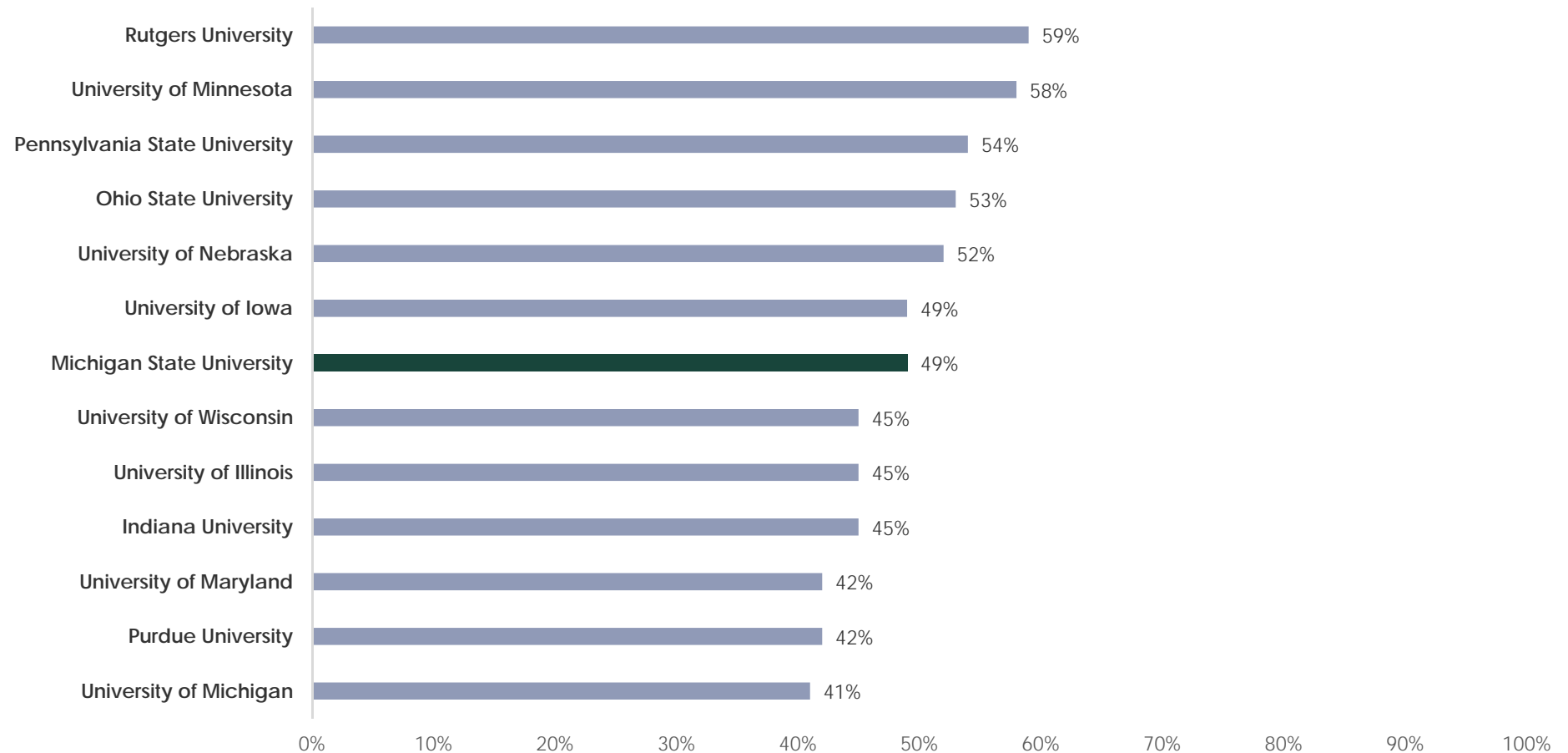
# Average Debt of Graduating Seniors

## Big Ten Publics | 2016-17



# Percent of Graduating Seniors with Debt

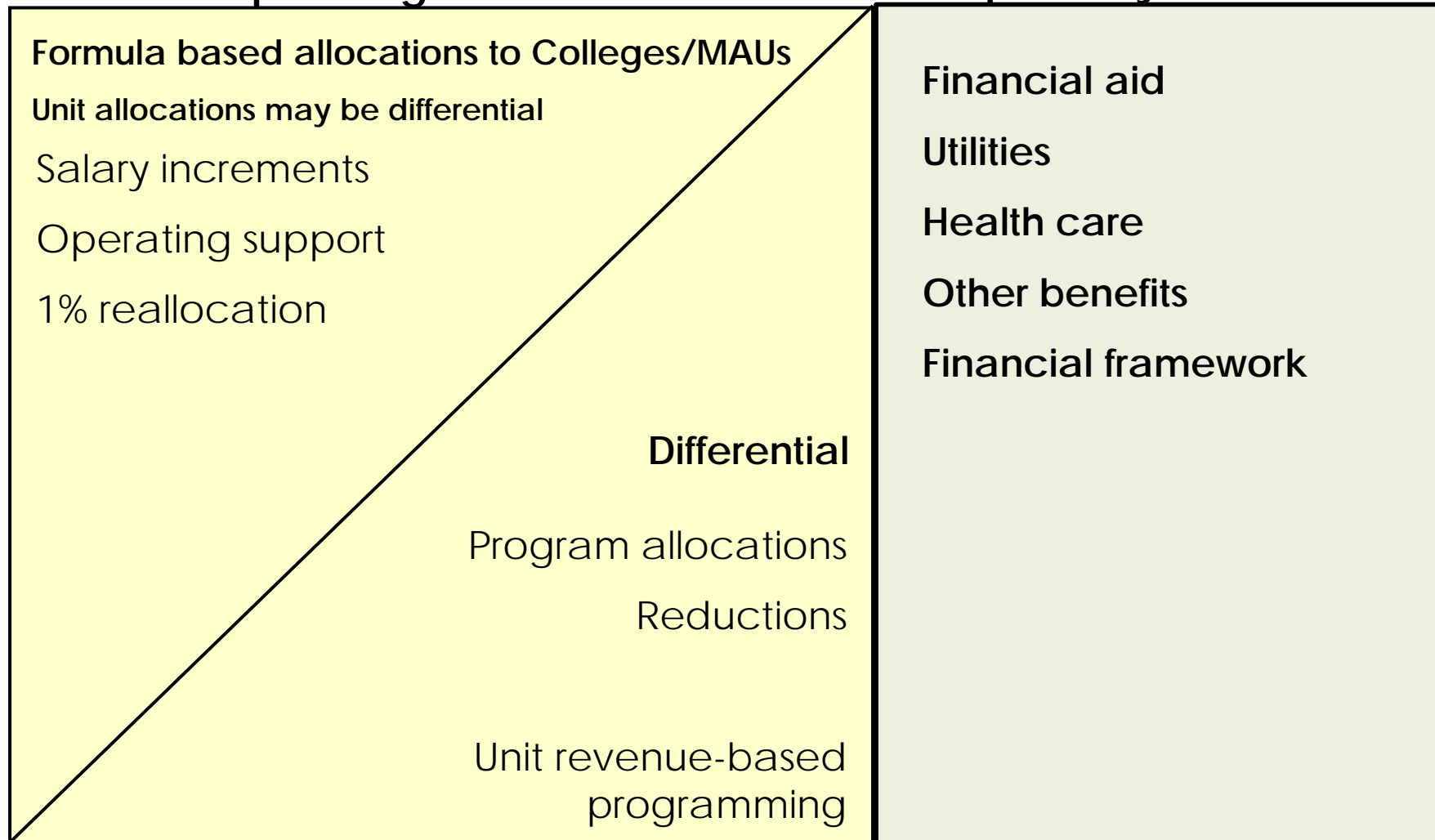
## Big Ten Publics | 2016-17



# Annual Planning & Budget Development

Operating Units

Separately Reviewed



# Budget Planning - Revenues

<u>Budget Item</u>	<u>Budget Base Value</u>	<u>2018-19 BOT Approved</u>	<u>2019-20 BOT Approved</u>
<b>State Appropriations</b>	<b>\$281.0</b>	1.8% <b>\$286.1</b>	2.0% (assumption) <b>\$291.8</b>
<b>Tuition and Fees</b>	<b>\$982.9</b>	No increase for resident freshmen, \$360 per academic year for non-resident freshmen  Increases of \$360 per academic year for resident and non-resident Core/Professional sophomores -seniors  \$540 per semester for resident and non- resident junior & senior Business and Engineering students  4.0% for most graduate students	No tuition increase for all undergraduate students  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  4.0% for most graduate students
		<b>\$1,003.9</b>	<b>\$1,052.4</b>
<b>Other Revenue</b>	<b>\$98.2</b>	3% <b>\$101.5</b>	3% <b>\$104.7</b>
<b>Total Revenue</b>	<b>\$1,362.1</b>	<b>\$1,391.5</b>	<b>\$1,449.1</b>

# Budget Planning - Expenditures

<u>Budget Item</u>	<u>Budget Base Value</u>	<u>2018-19 BOT Approved</u>	<u>2019-20 BOT Approved</u>
Financial Aid	\$147.4	4.5% \$154.0	7.1% \$164.9
Graduate Assistants	\$42.0	2.0% \$42.9	2.0% \$44.0
Faculty Salaries	\$406.0	1.5%+0.5%* \$413.9	2.5%+0.5%* \$425.7
Other Salaries	\$262.0	2%/0% \$265.7	2%/2% \$273.5
Health Care	\$91.5	5.0%** \$96.1	5.0%** \$100.2
Other Benefits	\$113.9	3.0% \$117.3	3.0% \$120.1
Utilities	\$56.1	-6.1% \$53.9	0.0% \$56.9 (incl \$3m new space)
University Operations	\$101.9	2.0% \$103.8	2.0% \$107.3
Supplies & Services	\$141.3	2.0% \$144.1	2.0% \$147.0
<b><u>Financial Framework</u></b>			
Competitiveness (FY19)/Course Demand (FY20)	Na	\$2.5	\$3.2
Technology	Na	\$3.5	\$6.5
Performance Efficiency Reallocation	-1.0%	-1.0% (\$6.2)	-1.0%
Base Budget Reduction	-1.0%	-1.0%	0.0%
<b>Total Budget</b>	<b>\$1,362.1</b>	<b>\$1,391.5</b>	<b>\$1,449.2</b>

\* Includes 2.5% general merit and 0.5% market pool administered centrally

\*\* Health care budget augmented by amounts previously committed to collective bargaining groups due to claims experience

Note: Increments for revenue-based activities to be added to totals in subsequent once known

# One Percent Planning Values

<u>Revenues</u>	<u>Value</u>
State Appropriations	\$2.8M
Resident UG Tuition	\$4.7M
Non-Resident UG Tuition	\$3.2M
Graduate Tuition	\$1.1M
Grad Professional Tuition	\$0.9M
Indirect Cost Recovery	\$0.65M
Investment Income	\$0.30M

<u>Expenditures</u>	<u>Value</u>
Academic Salaries*	\$4.50M
Non-Academic Salaries	\$2.60M
Financial Aid	\$1.50M
Fringe Benefits	\$2.00M
Utilities	\$0.60M
SS&E University Op	\$2.40M

\*Includes: faculty \$3.5M, academic staff \$0.6M, and graduate assistants \$0.4M

# Budget Planning Rates of Change

	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>
Base	2.70%	2.69%	2.29%	1.65%	0.94%	2.45%
Financial aid	0.40%	0.61%	0.89%	0.69%	0.48%	0.78%
Enrollment Growth	0.14%	0.00%	0.00%	0.00%	0.00%	0.00%
Indirect Cost Pass-Through	0.00%	0.00%	0.00%	0.23%	0.10%	0.09%
<b>Sub-Total</b>	<b>3.2%</b>	<b>3.3%</b>	<b>3.2%</b>	<b>2.6%</b>	<b>1.5%</b>	<b>3.3%</b>
Financial Framework	1.02%	0.65%	0.40%	0.40%	0.55%	0.70%
<b>Sub-Total</b>	<b>4.3%</b>	<b>3.9%</b>	<b>3.6%</b>	<b>3.0%</b>	<b>2.1%</b>	<b>4.0%</b>
Revenue Based Initiative	0.71%	0.73%	0.63%	0.46%	0.08%	0.08%
<b>Total</b>	<b>4.97%</b>	<b>4.67%</b>	<b>4.21%</b>	<b>3.42%</b>	<b>2.1%</b>	<b>4.1%</b>

# MSU Financial Framework (recurring)

Item	Funding	Timing	Notes
Global Impact/ Academic Excellence	\$8M R	FY20-FY22	Unfunded need of \$4.5-\$18.5M over ten years to advance status as top-100 institution; increasing competition for federal funds
Research Start Up	\$5M R	FY21-FY25	Additional startup needs for high priority fields of study
Technology	\$12.5 R \$5M R	FY20-FY22 FY21-FY25	IT Modernization & Stabilization Research Computing
Financial Aid	\$25M R	Ongoing	Capital campaign has made progress towards goal – reliant on realization of deferred giving and long-term endowment payout – fund increased proportion of need
	\$20M R	Pending	Class composition additional need
Health Care	\$20M R	FY21-FY30	Funds component over 3% inflationary growth Limit institutional cost growth



# MSU Financial Framework (non-recurring)

Item	Funding	Timing	Notes
Non-Recurring Technology	\$50M-\$100M NR	Ongoing	Strategic Technology (NR)– Student Success, Student Information, Research, Analytics, Salesforce
Research/Critical Space	\$42M NR \$25M NR \$100M NR \$20M-\$40M NR	In Process In Process In process Variable	STEM teaching and learning building Innovation Center Interdisciplinary science facilities Research infrastructure
Power and Utilities	\$48M NR	In process	Adequate to address electric and steam capacity and modernization efforts
	\$35M-\$55M NR	FY20-FY27	Anticipated needs for water quality, solar array buyout and other utility projects
	\$70M NR	Ongoing	HVAC replacements at various locations on campus
Capital Renewal GF	\$230M-\$330M NR	Ongoing	Need to prioritize projects and define scope
Capital Renewal Auxiliary Units	\$120M-\$140M NR	Ongoing	Project needs recognized in annual plan