MSU Budget and Planning
2014-15 / 2015-16
Budget Development

Building value to students and stakeholders
Michigan emerging from most difficult financial decade in history

Big Ten State's Appropriations Changes FY04-FY14

- Maryland: 53%
- Illinois: 51%
- Nebraska: 38%
- Indiana: 25%
- New Jersey: 14%
- Iowa: 12%
- Minnesota: 8%
- Ohio: 1%
- Wisconsin: 0%
- Pennsylvania: -9%
- Michigan: -16%

Inclusive of inflation, MSU purchasing power reduced by $150M
MSU operates with third fewest resources in the Big Ten

<table>
<thead>
<tr>
<th>State</th>
<th>Appropriation</th>
<th>Ranking</th>
<th>Tuition &amp; Fees</th>
<th>Total Approp &amp; Tuition</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michigan</td>
<td>$7,683</td>
<td>6</td>
<td>$24,956</td>
<td>$32,639</td>
<td>1</td>
</tr>
<tr>
<td>Minnesota</td>
<td>$12,578</td>
<td>1</td>
<td>$16,286</td>
<td>$28,864</td>
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<tr>
<td>Indiana</td>
<td>$6,213</td>
<td>9</td>
<td>$18,281</td>
<td>$24,494</td>
<td>3</td>
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<tr>
<td>Illinois</td>
<td>$6,806</td>
<td>7</td>
<td>$17,271</td>
<td>$24,077</td>
<td>4</td>
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<tr>
<td>Purdue</td>
<td>$7,960</td>
<td>4</td>
<td>$15,918</td>
<td>$23,879</td>
<td>5</td>
</tr>
<tr>
<td>Ohio State</td>
<td>$7,954</td>
<td>5</td>
<td>$15,773</td>
<td>$23,727</td>
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<tr>
<td>Iowa</td>
<td>$8,699</td>
<td>3</td>
<td>$14,721</td>
<td>$23,420</td>
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<tr>
<td>Michigan State</td>
<td>$6,449</td>
<td>8</td>
<td>$15,132</td>
<td>$21,581</td>
<td>8</td>
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<tr>
<td>Wisconsin</td>
<td>$10,690</td>
<td>2</td>
<td>$10,741</td>
<td>$21,431</td>
<td>9</td>
</tr>
<tr>
<td>Nebraska</td>
<td>$5,066</td>
<td>10</td>
<td>$7,162</td>
<td>$12,228</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: IPEDS 2010-11. Net of AES/CES component
Team MSU

Providing value to students and stakeholders

- Consistently ranked top 100 global institution
- 29 top 20 programs nationally
- Ranked as the 29th public university nationally by U.S. News & World Report, up 5 spots in 3 years
- Annual economic impact of $5.2 billion
- Enrollment up 5,000 over 10 years
- Graduation rate up 5% over 5 years
- Exceed U.S. News & World Report predicted graduation rates by 12%, second in the Big Ten
Team MSU

*Providing value to students and stakeholders*

- Approximately $500M in annual sponsored awards, up approximately 62% in ten years
- 2013 fundraising production of over $200M, up over 67% in three years
- Less than half (46%) of students leave MSU in debt, 26 percentage points better than the national average (71%)
- MSU average debt load $24,987 – 17% lower than the national average ($29,400)
- STEM student credit hours up 28.90% over ten years
- 91% of graduates are employed or continue education after graduation
- 92% rate their education as good or excellent
- Students from all 83 Michigan counties, all 50 states, and more than 130 countries
Bolder by Design provides future direction...

**BOLDER BY DESIGN**

ADVANCE OUR CULTURE OF HIGH PERFORMANCE

- Dual Operating Systems
- Culture
- Habits

**Boldness by Design**

- ENHANCE the student experience
- ENRICH community, economic, and family life
- EXPAND international reach
- INCREASE research opportunities
- STRENGTHEN stewardship

**Quality**  **Inclusiveness**  **Connectivity**
Financial Aid ... up 65% over five years

65% growth in 5 years

2008-09: $69,771,000
2013-14: $115,048,232
Preserving family income distribution

Adjusted to 2013 dollars
Limiting student debt

Proportion of Students with Debt
- MSU: 46%
- State of Michigan: 62%
- National: 71%

Average Debt Load
- MSU: $24,987
- State of Michigan: $28,840
- National: $29,400

Adjusted to 2013 dollars
Increased research output

- $262.4M
- $36 ARRA
- $534M*

*Estimate
Long-term Financial Framework
Building the value of MSU programs to students and stakeholders

Academic Competiveness
Research
Computing
Power

Critical Space
Health Care
Financial Aid
JIT

Over ten years, anticipates $31.5M - $53M in recurring needs and $570M - $1,100M in non-recurring needs
Examples of Academic Competitiveness

- Undergraduate education
- Sustaining plant science successes
- Expansion of engineering disciplines including biomedical engineering
- Computational sciences emphasizing existing strengths in biology
- Food production and security
- Population and community health
- Environment
  - Food
  - Water
  - Energy
- Molecular and genetic techniques across plants, animals and people
- Facilities, infrastructure, and technology
Academic Competitiveness ... Talent

• Capacity to recruit and retain talented faculty ... critical key to competitiveness

• MSU compensation levels will fall from mid-point of Big Ten as new faculty are hired

  Funded post-retirement health care discontinued for dependents of new hires after 2005; for new faculty themselves for those hired after 2010

• University level academic competiveness resources allocated where units are documented
... Bolder by Design informs budget priorities

- Accelerate reinvestment to enhance value for our students and stakeholders -- and status among top 100 Universities in the world

- Address key Long-term Financial Framework components that position MSU for tomorrow

- Funded through:
  - Internal savings derived from high performance culture
  - Partnerships with Donors, State, and Federal Research Granting Agencies
  - Adjustment of enrollment parameters
... including continuing objectives

- Accommodate external constraints and issues
- Initiate modern tuition structure
- Continue GF support of Financial Aid while emphasizing need for donor support
- Building MSU research portfolio
- Internal financial stability validated by rankings
- Replaced highest risk, outdated infrastructure
- Augmented positions in key areas
Appropriations update

• 5.9% general operating appropriation increase

• 5.9% MSU AgBio Res. and MSU Extension

Other Increases
  • Indian Tuition Waiver support - $0.5M – MSU anticipates $0.2M
  
  • Ag Strategic Initiative – Dept. of Ag. & Natural Resources Funding continues at $2.0M – MSU largest beneficiary
  
  • Autism Research - $1.0M NR
  
  • National Mortgage Foreclosure Settlement – MSU receives $5.0M over several years
### General fund budget planning – summary

<table>
<thead>
<tr>
<th>Budget Item</th>
<th>2014-15 Adjusted</th>
<th>2015-16 Planning Update</th>
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</thead>
<tbody>
<tr>
<td>State Appropriations</td>
<td>5.90%</td>
<td>4.00%</td>
</tr>
<tr>
<td>Tuition &amp; Fees</td>
<td>2.6% Lower Div</td>
<td>4.0% Lower Div</td>
</tr>
<tr>
<td></td>
<td>2.9% Upper Div</td>
<td>4.0% Upper Div</td>
</tr>
<tr>
<td>Financial Aid</td>
<td>4.00%</td>
<td>4.50%</td>
</tr>
<tr>
<td>Graduate Assistants</td>
<td>1.50%</td>
<td>1.50%</td>
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<tr>
<td>Faculty Salaries*</td>
<td>2.0% + 0.5% + 0.5%</td>
<td>2.0% + 0.5% + 0.5%</td>
</tr>
<tr>
<td>Utilities</td>
<td>4.00%</td>
<td>4.00%</td>
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<tr>
<td>Health Care</td>
<td>3.00%</td>
<td>5.00%</td>
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<tr>
<td>Subtotal</td>
<td>$1,195.70</td>
<td>$1,249.00</td>
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<tr>
<td>Academic Competitiveness</td>
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<tr>
<td>College</td>
<td>$3.00</td>
<td>$1.50</td>
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<tr>
<td>Central</td>
<td>$8.70</td>
<td>$6.30</td>
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<tr>
<td>Total Budget</td>
<td>$1,207.40</td>
<td>$1,256.80</td>
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</table>

Preliminary 2014-15 budget approved by the BOT in June 2013.

*Includes 2.0% general merit, 0.5% college market, and 0.5% Provost market pool for October 1 implementation.