



Michigan State University

Fiscal Office Update

October 13, 2020

Agenda

- Carryforward processing
- CLO and UNTF salary increments
 - Extend CLO raise window?
- Temporary FAS reduction true-ups
- PAD/PRM, other Planning Analytics Notes
- OCC/RBI Update
- All-Funds Functional Budget (admin units)
- FY21 budget update, FY22 preliminary planning

Carryforward

- Original draft completed in last week of August
- Final approval received Friday of last week
- Moving forward with scheduling KFS processing
- Two mechanical adjustments remain
- No deviations from requested consideration anticipated
- Anticipate processing by week's end
- Will message this group once complete

CLO & UNTF Raise Increments

- Allocations for CLO groups varied from 2.2% allocation, settled at 2.75% after Allocation Letters finalized (again)
- Process to provide additional incrementation to units to be initiated shortly
- Will function similarly to previous years
- UNTF raise increments traditionally subsumed within broader FAS increment
- Lack of FY21 FAS increment necessitates UNTF subset
- Process similar to CLO, identifying appropriate base under review

Extend CLO Raise Process Window

- Fall FY20 process began on September 7, closed on September 25
- Indications that the timeframe is constrained for unit completion
- In part, timing is a function of the confluence of budget and raise processes
- Opportunities for adjustment may be limited
- Broader review once October payroll complete – will follow up at December discussion

Temporary FAS Wage Reduction True-Up

- Received unit submissions for true-up requests
- Reviewing submissions for information gaps and consistency
- Will follow up with specific units to clarify any open questions
- Broader consideration of requests related to salary distribution differences, transfers of employees to different MAU's, various other actions
 - Ongoing development of year-end true-up may result in incorporation of above
- Targeting November month-end for first true-up transaction completion

PAD/PRM & Other Planning Analytics Notes

- Program Allocation Detail application processing after-budget non-recurring allocations monthly
- October deadline for unit-side transactional details October 22 – KFS upload October 29
- Market raises approved as submitted in most cases – approvals communicated to Deans – raise letters available now – recognition in October 30 paycheck
- Provost Market Allocation (PRM) application open for unit market and promotion unit funding

OCC/RBI

- Preparing Summer (US20) and Fall (FS20) OCC/RBI SCH reports for unit review and use
- Modality adjustments for both terms require additional review prior to use
- Anticipate data availability by ~November 1
- Email to FO group once complete

All-Funds Functional Budget (admin units)

- Previously completed; provides all-funds picture of the operating requirements and resources for a unit
- Identify and describe unit functions; could be beyond ORG/account architecture depending on unit approach
- Detail expenses across functions by fund; FTE, salary, labor, fringe (non-GF)
- Indicate revenue/fund sources for unbudgeted funds and accounts
- Revising prior format to aide in expedient completion
- Anticipate distribution ~November 1, completion requested ~December 1



FY21 Revenue Update

	<u>FY20 BOT</u>	<u>FY21 BOT</u>	<u>FY21 Update</u>	<u>Change</u>	<u>Notes</u>
Appropriations	\$292M	\$246M	\$289M	+\$43M	Restores assumed 15% reduction to appropriations; State of Michigan revenues adequate to assure flat appropriations
Tuition and Fees	\$1,081M	\$1,018M	\$1,027M	+\$9M	Fall enrollments favorable to FY21 budget planning, entering class total 8,238: <ul style="list-style-type: none"> • Resident entering UG Students: 6,774 • Non-resident entering UG Students: 1,128 • International entering UG Students: 336 • Grad/Grad Professional: As planned
Investment Income Allocation	\$30M	\$12M	\$12M	No Change	Allocation from broader earnings of approximately \$100M
Indirect Cost Recovery & Other	\$76M	\$80M	\$80M	No Change	Primarily comprised of IDC revenue, budgeted portion based on prior year's performance
One Time Resources	\$0M	\$90M	\$53M	-\$37M	Reduced need for one-time resources results from State appropriations adjustment, favorable enrollments, offset by unrealized CLO concessions; unused resources available for FY22 budget or other priorities
Total Revenues	\$1,479M	\$1,446M	\$1,461M	+\$15M	





Tuition & Fees Update

	<u>Initial 2020 Target</u>	<u>Estimated Loss</u>	<u>Revised Target</u>	<u>Disrupted Tuition</u>	<u>Current Enrollment Est.</u>	<u>Current Enrollment %</u>	<u>Est. Disrupted Revenue</u>	<u>Variance to Budget</u>
<u>International</u>								
New Undergraduate	600	-75%	150	-\$18,000,000	336	-44%	-\$10,560,000	\$7,440,000
Returning Undergraduate	3,000	-20%	2,400	-\$24,000,000	2,260	-25%	-\$29,600,000	-\$5,600,000
New Graduate	418	-75%	105	-\$5,643,000	294	-30%	-\$2,232,000	\$3,411,000
Returning Graduate	1,692	-20%	1,354	-\$6,091,200	1,493	-12%	-\$3,582,000	\$2,509,200
<u>Domestic Non-Resident</u>								
New Undergraduate	1,700	-10%	1,530	-\$4,760,000	1,128	-34%	-\$16,016,000	-\$11,256,000
Returning Undergraduate	3,500	-10%	3,150	-\$9,800,000	3,669	5%	\$4,732,000	\$14,532,000
<u>Resident</u>								
New Undergraduate	6,250	+700	6,950	\$9,100,000	6,774	524	\$6,812,000	-\$2,288,000
Anticipated Revenue Disruption				-\$59,194,200	Current Disrupted Revenue		-\$50,446,000	\$8,748,200

- Anticipates typical pattern of Spring attrition and new admits; Spring and Summer SCH production consistent with previous years





FY21 Expenditure Update

	<u>FY20 BOT</u>	<u>FY21 BOT</u>	<u>FY21 Update</u>	<u>Change</u>	<u>Notes</u>
Financial Aid	\$185M	\$192M	\$192M	No Change	
Salary and Benefits	\$924M	\$948M	\$948M	No Change	Variances possible at unit level due to unit reductions, hiring chill and other factors; savings accrues at unit level and reviewed at year-end
Expenditure offsets	Na	-\$45M	-\$30M	+\$15M	Unrealized CLO salary and benefits concessions
Graduate Assts./Students	\$62M	\$65M	\$65M	No Change	Allocated during unit budget planning, incorporated into FY21 operating budgets
Utilities	\$52M	\$48M	\$48M	Under Review	Additional savings possible in augmented operating environment, savings typically credited to utilities reserve, available for one-time allocation
Supplies & Services/Operations	\$256M	\$258M	\$258M	Under Review	Monitoring administrative fee; RHS & Athletics revenue environment may result in deficit at year-end (~\$1.5M)
Unit Reductions	\$0	-3% (\$20M)	-3% (\$20M)	No Change	Allocated during unit budget planning, incorporated into FY21 operating budgets
Total Expenditures	\$1,479M	\$1,446M	\$1,461M	+\$15M	



FY21 Budget Update

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Expenditure offsets	\$45M	\$30M	<u>-\$15M</u>	Unrealized CLO salary and benefits concessions
Total Budget Variance			\$37M	

FY22 Baseline Planning Summary – Initial Questions

- **Baseline planning must result in recurring resource totals for both revenues and expenses?**
- FY22 appropriations at FY21 levels?
- Enrollment difficult to predict – assume roughly status quo?
- Salary increments as contractually required, programmatic choice on others?
- Fringe benefits as required, driven by FTE and salary activity?
- Other expense variables TBD, flat to minimal incrementation in both cases?
- Strategies to resolve one-time resource needs?

Feedback, Questions, Reach Out, Next Meeting

- Questions, comments, ideas, gripes, free associations?
- Please feel free to be in touch with anyone in our office, we value your feedback and partnership – Teams best for me, email (usually) works
- Will plan to host other interactions every couple of months, more as budget planning comes to fruition:
 - ~December 1
 - ~February 1
 - ~April 1
 - ~May 1
 - ~June 1