Attracting, Fostering, and Inspiring Talent

Michigan State University has successfully navigated some of the most challenging times higher education has faced. Despite these challenges, **MSU has augmented its position among the top 100 universities in the world**, serving Michigan first.

**PURSUIT OF EXCELLENCE AND VALUE**

The 2014 graduation rate of 78% outperforms the U.S. News and World Report (USNWR) predicted rate by 8%; **second** in the Big Ten. The 2015 USNWR ranks MSU 35th for undergraduate education amongst public institutions.

MSU retains 91% of first-year students, **exceeding** the Carnegie public university peer average of 88%.

**LEARNING BEYOND THE CLASSROOM**

Just over 2,500 study abroad participants each year. Approximately **1 in 4 undergraduate students** participate in research experiences annually.

More than 20,000 service learning experiences.

**FINANCIAL AID**

Over $640M in financial aid administered annually. Recommended FY16 4.5% increase suggests 10 year **growth** in financial aid of approximately 300%

MSU had 8,916 Pell Grant recipients in 2012-13. The Carnegie Peers (public & private) average is 5,016.

MSU has maintained income distribution of financial aid filers over five years.

The average debt of MSU students is $25,821, lower than the state average of $29,583. The national average is $28,400.

Fewer MSU students take out student loans (46%) than State (63%) and National (69%) peers.

**STEM** (including health disciplines) credit hours up **34%** over 10 years, increasing instructional costs by over **$20M** annually.

MSU **sustaining strengths** and **investing in the future** of its **academic programs** - Highlights include: Neighborhoods, Plant Sciences, Engineering expansion, Computational Sciences, Food Production & Security, Population and Community Health, Environment-food, water, and energy.

MSU’s resident population (77%) exceeds the Big Ten average (65%) by 12%, representing approximately **$90M** in lost resources.
Building Prosperity for Michigan

STATE SUPPORT

For FY16, appropriations increase lags current Higher Education Price Index (HEPI) by over 1%, representing a loss of approximately $3M in resources.

State appropriations rank 48th for rate of change over 10 years ('05-'15) and 43rd for rate of change over 5 years ('10-'15) when removing Federal stimulus funds.

Since 2001-02, when adjusting for inflation, resources per student (tuition and appropriations) have only increased by $65.

<table>
<thead>
<tr>
<th>Year</th>
<th>Appropriation, $7,963</th>
<th>Tuition, $5,667</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-02</td>
<td>$16,000</td>
<td>$14,000</td>
</tr>
<tr>
<td>2012-13*</td>
<td>$13,695</td>
<td>$13,630</td>
</tr>
</tbody>
</table>

*Expressed in 2001-02 dollars

Revenues Constant After Inflation (Reflects Reduced Appropriation)

HELPING MOVE MICHIGAN’S ECONOMY FORWARD

MSU’s total economic impact on the state is in excess of $5B. Of 2013 graduates with employment, 62% are employed in Michigan and 77% found employment in the Midwest.

MSU Innovation Center: bringing cutting-edge ideas to the marketplace.

During FY14, MSU Innovation Center achieved:
- 133 new invention disclosures
- 620 contracts, grants, and gifts totaling $33M
- 330 active commercial agreements

Since 2005, the MSU Product Center has:
- Assisted in launching 455 new or expanded businesses
- Increased annual sales over $328.2M
- Helped create 1,273 jobs, 676 retentions

• 20 medical sites
• More than 20 partner hospitals
• 7 off-campus teaching locations
• 15 research stations

MSU’s combination of appropriations and tuition per student trails Big Ten peers by $2,800 per student, representing over $120M in foregone resources.
Research, Education, and Deepening the Talent Base

**MSU currently ranks 10th in the Big Ten for total faculty compensation and 13th for faculty salaries only.**

- Competitive compensation position anticipated to diminish as post-retirement health care benefits amounts exit peer comparison calculations

**FRIB is a $730M facility, with Congress approving $90M for the current fiscal year.** Sponsored awards now stand at $528M, This is up more than 50% over the last ten years.

**MSU Extension** leverages over $75M in various Federal and State support, including over $24.5M in grants to focus effort on:
- Assisting the **agricultural sector** with production issues, risk management, and reducing environmental risk
- Preparing **Michigan youth** for their future as leaders and citizens
- Providing programs on obesity training, food safety, and chronic disease management
- Helping develop a robust **community food system** across Michigan
- Assisting **Michigan Citizen’s** with foreclosure prevention and financial education
- Helping to ensure the appropriate use of Michigan’s natural resources

**MSU**

**For the period 2010-2013, MSU is 3rd in the Big Ten for rate of change for National Science Foundation Higher Education Research & Development (HERD) report R&D expenditures.**

**For the current fiscal year.**

**MSU**

**Research highlights** include:
- Bio/computational Evolution in Action Consortium (BEACON)
- Great Lakes Bioenergy Research Center
- Center for Advancing Microbial Risk Assessment
- Institute for Cyber-Enabled Research
- Center for Research on Ingredient Safety
- Center for Systems Integration and Sustainability
- Grand Rapids Medical Campuses
- MSU Bioeconomy Institute

**MSU AgBioResearch** focusing on developing research in:
- Food and health
- Environmental stewardship
- Secure food and fiber systems
- Total grants in excess of $60.2M
- Enhancing profitability
- Families and community vitality

**Big Ten Avg Comp. $145,283**

**MSU $139,147**

*Does not include Northwestern*
Building a Better Future

Financial Framework

The MSU Financial Framework represents a group of 8 critical areas of necessary investment over the coming ten years to assure that MSU maintains its position amongst the top-100 global universities. Each critical area is under ongoing assessment to determine appropriate levels of investment over the long-term. Areas include: Academic Competitiveness, Research, Critical Space, Computing, Financial Aid, Utilities, Health Care, Just-in-Time facilities renewal

Academic Competitiveness: Continue curricular and neighborhood improvements to graduate more students, sooner, and narrow achievement gaps

Research: Advance planned initiatives in Cancer Genomics and Computational Science. Continue ongoing initiatives across the university including plant science, food, nuclear science, biomedical engineering, water and environment, among others.

Critical Space: Replace and expand research capacity in Grand Rapids, on campus multi-disciplinary facility, capital campaign top-ups

Computing: High-speed scientific computing, augment current ICER capabilities, replace student information system, assess technological infrastructure and networking needs

Budget Rates of Change

MSU base budget change at or below HEPI 4 of the last 5 years. Overall budget growth includes base change and additional increments for financial aid, enrollment growth, and other strategic and revenue-based activities

<table>
<thead>
<tr>
<th></th>
<th>FY11</th>
<th>FY12</th>
<th>Actual</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>Proposed</th>
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<tbody>
<tr>
<td></td>
<td>Base*</td>
<td></td>
<td>FY16</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>1.1%</td>
<td>0.0%</td>
<td>2.3%</td>
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<tr>
<td></td>
<td>Financial aid</td>
<td>1.1%</td>
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<td>0.6%</td>
<td>0.4%</td>
<td>0.4%</td>
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<tr>
<td></td>
<td>Enrollment Growth</td>
<td>0.0%</td>
<td>0.2%</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0.1%</td>
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<tr>
<td></td>
<td>Indirect Cost Pass-Through</td>
<td>0.1%</td>
<td>0.3%</td>
<td>0.2%</td>
<td>0.0%</td>
<td>0.0%</td>
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<tr>
<td></td>
<td>Sub-Total</td>
<td>2.3%</td>
<td>1.5%</td>
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<tr>
<td></td>
<td>Revenue Based Initiative</td>
<td>1.4%</td>
<td>1.7%</td>
<td>1.4%</td>
<td>0.8%</td>
<td>0.7%</td>
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<tr>
<td></td>
<td>Sub-Total</td>
<td>3.7%</td>
<td>3.1%</td>
<td>5.3%</td>
<td>3.8%</td>
<td>4.0%</td>
<td>4.0%</td>
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<tr>
<td></td>
<td>Academic Competitiveness</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.2%</td>
<td>1.0%</td>
<td>0.6%</td>
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<tr>
<td></td>
<td>Total</td>
<td>3.7%</td>
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<td>5.3%</td>
<td>4.0%</td>
<td>5.0%</td>
<td>4.7%</td>
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Utilities & Operations

Since 2009-10, MSU has reduced green house gas emissions by 18%

During the current year, MSU announced a plan to stop burning coal by the end of 2016, with the majority of coal purchasing and burning ending later this year

MSU energy strategies led to $1M in annual savings while simultaneously diminishing projected long-term energy costs and risk exposure

Grounds maintenance and custodial service most efficient in the Big Ten, providing annual savings

MSU healthcare cost increases below national indexes each of the last 5 years by 1-2%

Eliminated $1M in planned increases for central university operating items
# Budget Planning

<table>
<thead>
<tr>
<th>Budget Item</th>
<th>2015-16 Current Proposal</th>
<th>2016-17 Current Update</th>
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</thead>
<tbody>
<tr>
<td>State Appropriations</td>
<td>1.5%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Tuition &amp; Fees</td>
<td>2.7% Lower Div</td>
<td>4.0%</td>
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<tr>
<td></td>
<td>2.7% Upper Div</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5.0% Engineering</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5.0% Business</td>
<td></td>
</tr>
<tr>
<td>Financial Aid</td>
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<tr>
<td>Graduate Assistants</td>
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<td>1.5%</td>
</tr>
<tr>
<td>Faculty Salaries</td>
<td>2.0%+0.5%+0.5%*</td>
<td>2.0% + 0.5%***</td>
</tr>
<tr>
<td>Utilities</td>
<td>2.2%**</td>
<td>4.0%**</td>
</tr>
<tr>
<td>Health Care</td>
<td>5.0%</td>
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</table>

**Academic Competitiveness**

<table>
<thead>
<tr>
<th></th>
<th>2015-16</th>
<th>2016-17</th>
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<tbody>
<tr>
<td>College – Salary</td>
<td>$1.5</td>
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<tr>
<td>Central</td>
<td>$6.3</td>
<td>$6.1</td>
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<tr>
<td>Computing Issues</td>
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<td>TBD</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$1,263.8</strong></td>
<td><strong>$1,307.6</strong></td>
</tr>
</tbody>
</table>

Preliminary 2015-16 budget approved by the BOT in June 2014

*Includes 2.0% general merit, 0.5% college market, plus 0.5% provost market pool

**Includes Infrastructure financing

*** Includes 2.0% general merit plus 0.5% provost market pool

*Includes 2.0% general merit, 0.5% college market, plus 0.5% provost market pool

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