Michigan State University

2018-19 and 2019-20 Budget Development
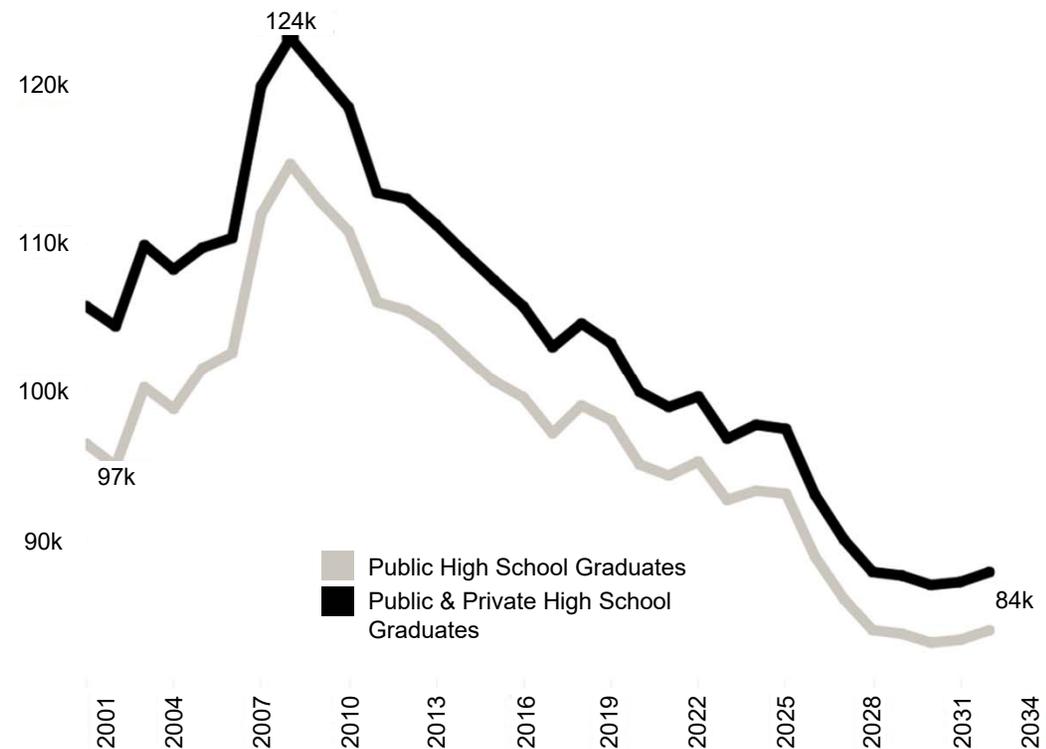
Budget Development Highlights

- Anticipate largest and most diverse incoming class in MSU history

- Propose two-year budget for continuity

- Longer term enrollment and programmatic challenges and opportunities

- Restructure 2019-20 undergraduate tuition and fee rates to block structure

- Investment income used to fund just-in-time, debt service, campus infrastructure and other programmatic requirements

- Budget outcomes by year

Enrollment & Programmatic Challenges and Opportunities

- Maintain higher education's value proposition for students and their families

- Focus on exceptional programming accessible to Michigan students

- Programmatically address K-12's inconsistent preparation of college-bound students

- Prepare for increased competition for Michigan/domestic non-resident/international students – MSU's incoming international class projected to decline

- Address increasing demand for Business and Engineering (inclusive of broader STEM disciplines) programming through innovative new offerings
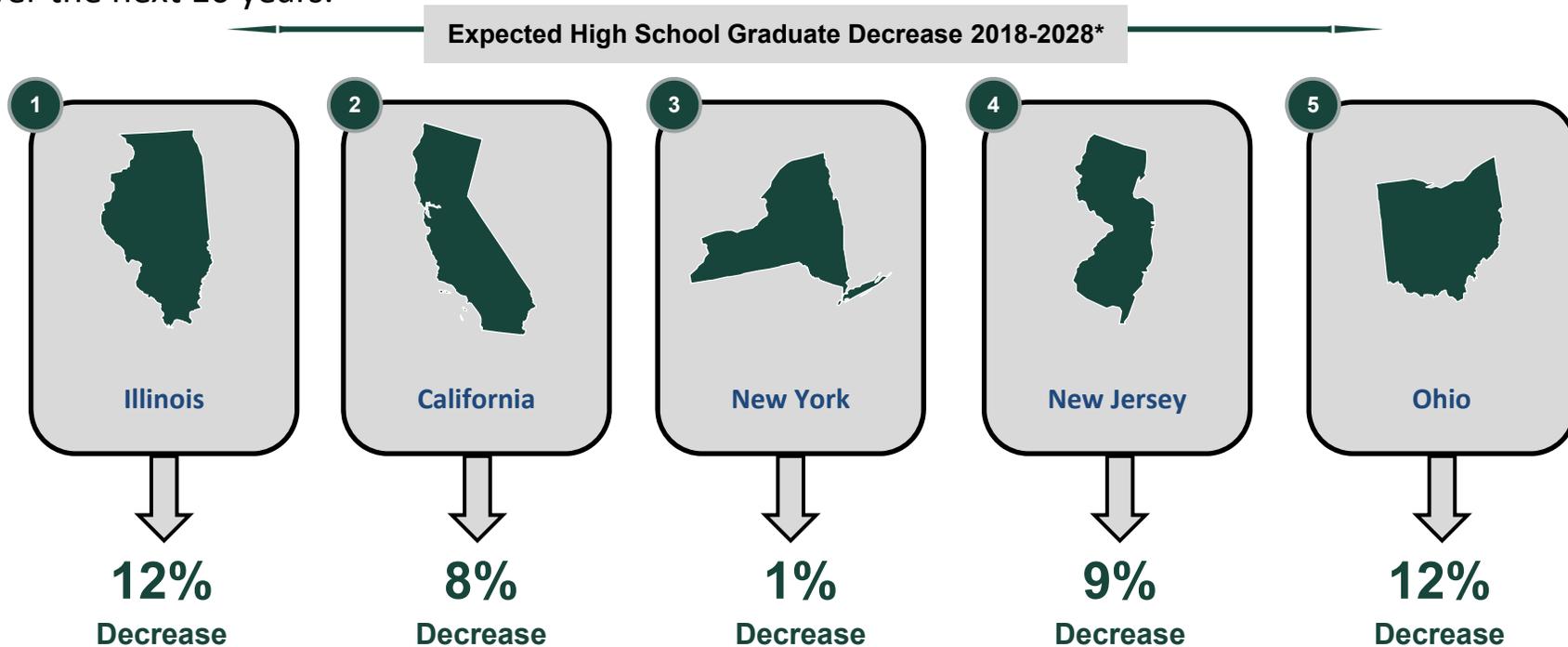
Enrollment & Programmatic Challenges and Opportunities

- 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

124k

120k

110k

100k

97k

90k

84k

Public High School Graduates
Public & Private High School Graduates

2001 2004 2007 2010 2013 2016 2019 2022 2025 2028 2031 2034

Enrollment & Programmatic Challenges and Opportunities

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.

Expected High School Graduate Decrease 2018-2028*

1 Illinois	2 California	3 New York	4 New Jersey	5 Ohio
12% Decrease	**8%** Decrease	**1%** Decrease	**9%** Decrease	**12%** Decrease

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

2018-19 Tuition and Fees

|	No increase	$360/year increase appx $1 per day	$540/year increase appx $1.50 per day
In state Freshman*	●		
Out of state Freshman*		●	
Students with Sophomore standing and above or in their second year or beyond (regardless of major or residency)		●	
Junior and Senior Students (regardless of residency)		●	
Junior and Senior Engineering Students (regardless of residency)			●
Junior and Senior Business Students (regardless of residency)			●

* See FY19 and FY20 Budget Overview document, Attachment B1 for full detail.

Note: If an in state, First Time in Any College student comes to MSU with 28+ credits, tuition will remain at the 2017-18 rate. This does not include transfer students.

**If an International or out of state First Time in Any College student comes to MSU with 28+ credits, tuition will increase by approximately $364/year. This does not include transfer students

Average Starting Salary

The average starting salaries for graduates from the College of Business and the College of Engineering are 12% and 25% higher than that of the $53,000 average starting salary for all MSU graduates.

College of Business — $59,503

College of Engineering — $66,495

$53,000
Average for all
MSU graduates.
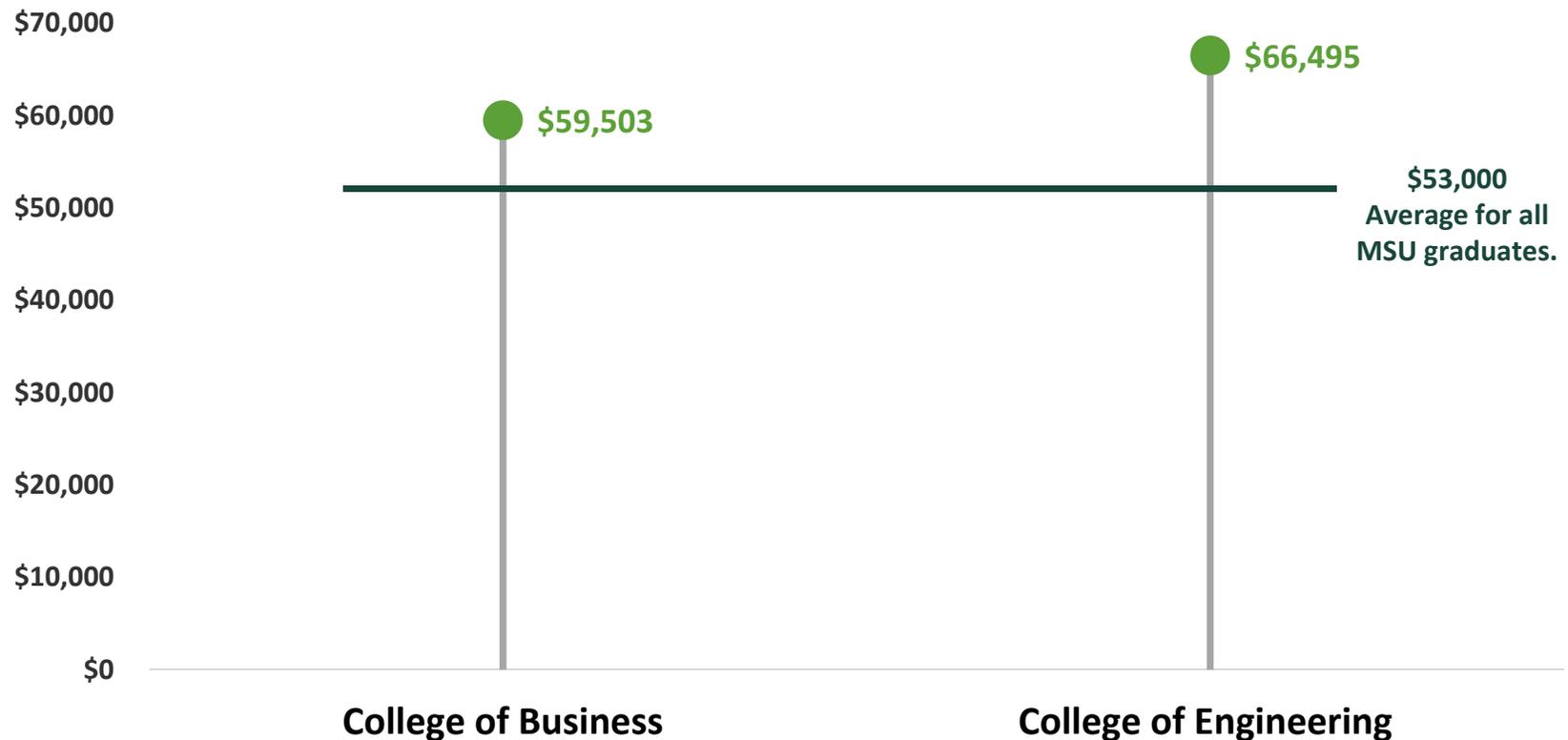
Source: Michigan State University, 2017 Destination Survey

Resident Undergraduate 2018-19 Academic Year Rates

	Tuition FY18	Tuition FY19	Change from 2017-18	
			$ Change	% Change
Core/Professional Colleges				
Freshman	$14,460	$14,460	$0	0.0%
Sophomore	$14,460	$14,820	$360	2.5%
Junior	$16,290	$16,650	$360	2.2%
Senior	$16,290	$16,650	$360	2.2%
Business				
Freshman	$14,460	$14,460	$0	0.0%
Sophomore	$14,460	$14,820	$360	2.5%
Junior	$17,102	$17,642	$540	3.2%
Senior	$17,102	$17,642	$540	3.2%
Engineering				
Freshman	$14,460	$14,460	$0	0.0%
Sophomore	$14,460	$14,820	$360	2.5%
Junior	$17,990	$18,530	$540	3.0%
Senior	$17,990	$18,530	$540	3.0%

Rates for engineering and business juniors and seniors include programmatic fees of $670 and $226 per semester respectively

2019-20 Undergraduate Tuition & Fees

- Tuition rate freeze for the 2019-20 academic year

- Establish a block tuition structure for undergraduate students taking between 12 and 18 credits
  - Tuition rate based on 15 credits per semester
  - Incentivizes students to pursue more credits per semester, lowering time to degree and related indebtedness

2018-19 Budget Outcomes

Appropriations

- 2018-19 appropriation indicated at 1.8%

- Base upon performance funding adjustments in the State funding formula

- Legislative tuition restraint threshold established at 3.8%

- 2019-20 appropriation assumed at 2.0%

- Consistent with RSQE forecast for Detroit CPI

- Anticipates continuation of State funding formula and tuition restraint provisions

- Propose to Governor and state legislature that institutions who do not increase base tuition in a given year should receive additional performance funding in the same way that institutions who increase tuition in excess of the restraint limit are ineligible for performance funding

2018-19 Budget Outcomes

Financial Aid

- Increase of approximately $6.4 million or 4.5 percent

Campus Safety

- 13 new Title IX and related positions – includes preventative and investigative staff
- 10 new positions in Counseling & Psychiatric Services
- 4 new MSU Police officers
- 2 new Employee Assistance positions
- 2 new FOIA Office positions
- 2 new Office of Enterprise Risk Management, Ethics, and Compliance positions

2018-19 Budget Outcomes
Student Health Insurance

- To help support student health care, all students will be required to have health insurance beginning January 1, 2019

- For those with existing coverage, no change anticipated

- Coverage included as part of need-based financial aid for eligible students without existing coverage

- Currently a requirement for all International students

2018-19 Budget Outcomes
Salary proposals

- One year freeze on salaries for all top administrators (Including VPs, deans and similar ranks)

- Faculty and academic staff raise increment at 1.5% plus 0.5% Provost market

- Research assistant salary increase of 2%

- Student employee salary increase of 4%

- All other increases in accordance with union contracts

2018-19 Budget Outcomes
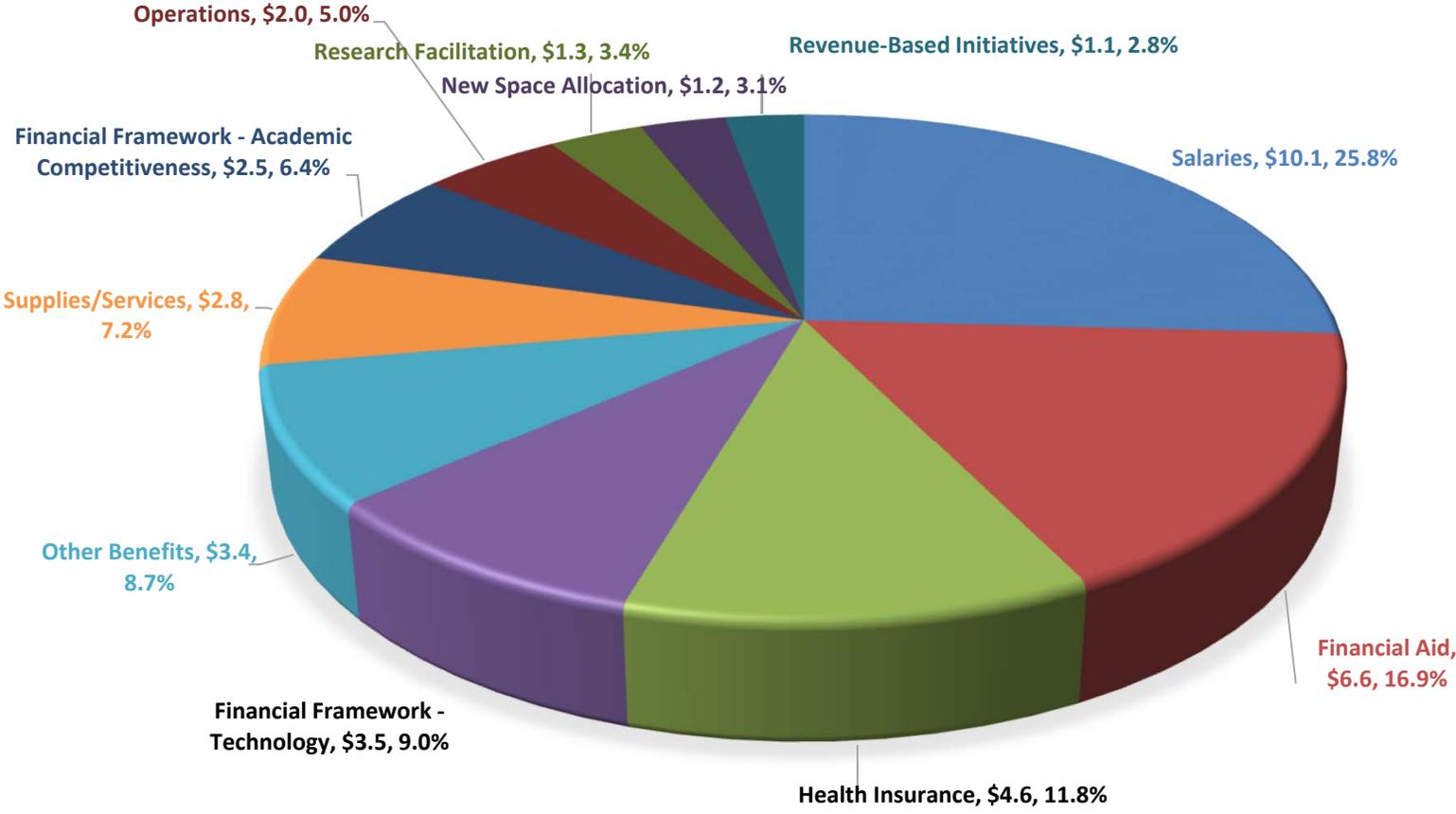
College and Department Budget Proposals

- 1.0 percent across the board cut for 2018-19
- 1.0 percent reallocation used by the Provost to reallocate for university wide priorities remains in place

Funded Campus Facilities

Examples include:

- Music Building (donor support and internal funding)
- STEM Building ($29.9M in state support approved June 6, plus internal support)
- Water Plant (internal funding)

2018-19 Budget Outcomes: Budgetary Increments

Operations, $2.0, 5.0%

Research Facilitation, $1.3, 3.4%

New Space Allocation, $1.2, 3.1%

Revenue-Based Initiatives, $1.1, 2.8%

Financial Framework - Academic Competitiveness, $2.5, 6.4%

Salaries, $10.1, 25.8%

Supplies/Services, $2.8, 7.2%

Other Benefits, $3.4, 8.7%

Financial Aid, $6.6, 16.9%

Financial Framework - Technology, $3.5, 9.0%

Health Insurance, $4.6, 11.8%

Total budgetary growth includes the $39.0M in components noted above, offset by utilities (-$3.4M) and unit (-$6.2M) reductions, resulting in a total budgetary change of $29.4M, of which $20M from tuition

Dollars in millions

2018-19 and 2019-20 Budget Summary

Budget Item	2018-19 Current Proposal	2019-20 Current Proposal
State Appropriations	1.8%	2.0% (assumption)
Tuition and Fees	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
Total Tuition & Fee Revenue	$1,002.8	$1,051.5
Financial Aid	4.5%	7.1%
Graduate Assistants	2.0%	2.0%
Faculty Salaries	1.5%+0.5%*	2.5%+0.5%*
Utilities	-6.1%	0.0%
Health Care	5.0%**	5.0%**
Financial Framework		
Competitiveness	$2.5	$3.2
Technology	$3.5	$6.5
Performance Efficiency Reallocation	-1.0%	-1.0%
Base Budget Reduction	-1.0%	0.0%
Total Budget	$1,391.5	$1,449.2

*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