

FY15 and FY16 Budget Overview

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

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.

Budget Development Overview

- Proposed 2014-15 budgets for the University General Fund, MSU AgBioResearch, Michigan State University Extension, and Intercollegiate Athletics total \$1.39 billion
- General Fund Revenues
 - University General Fund 2014-15 budget is established at \$1,207.4 million, an increase of \$57.1 million. Components of the increase include base budget changes of 3.9 percent and academic competitiveness initiative changes of 1.0 percent
 - State appropriations, based on the Education Omnibus Senate and House concurred bill, are estimated at \$264.4 million, an increase of \$14.8 million or 5.9 percent
 - Tuition and fees estimated at \$842.7 million based on rate increases of \$11.25 per credit hour, or 2.6 percent for resident lower division undergraduates; \$13.75 per credit hour, or 2.9 percent for resident upper division undergraduates; and approximately 4.0 percent for most other students; additionally, the per semester fee charged to international non-resident students remains at \$500 for undergraduates entering Fall 2012, \$150 for continuing undergraduates first enrolled prior to Fall 2012, and \$75 for graduate students
 - The tuition and fees rate structure effective 2014-15 will differentiate between “core” and “professional and other” units. Proposed 2014-15 increases are the same for both core and professional and other units
 - Other revenues, which include indirect cost recovery and investment income, total \$92.1 million
 - Pass-through revenues of \$8.2 million for revenue-based initiatives
- General Fund Expenditures
 - Total General Fund expenditures established at \$1,207.4 million, an increase of \$57.1 million
 - Financial aid increases of \$4.6 million, or approximately 4.0 percent
 - Utility costs are estimated to increase by \$2.3 million, or 4.0 percent, plus \$0.5 million arising from new space requirements

- Total employee compensation amounts increase approximately \$23.0 million
 - A 2.0 percent general salary increase for faculty and non-unionized staff based on merit; an additional 0.5 percent to help faculty salaries remain competitive administered at the College level; an additional 0.5 percent market adjustment administered centrally and targeted to ranked faculty, but open to all faculty and academic staff
 - Other employee increases as determined by collective bargaining agreements
 - Wage increase for student employees is established at 4.0 percent with an allowance to address the increase in the new State minimum wage
 - Includes 3.0 percent increase for health care costs and other benefit increases
- Supplies and services budget increase of 2.0 percent
- Other operating funds increase \$3.7 million and include funding debt service and other general University purposes
- Framework funds increased by \$12.7 million: \$8.7 million for University-level academic competitiveness initiatives; \$3.0 million for College-level academic competitiveness; and \$1.0 million for ongoing EBS operations
- Revenue-based initiatives increase by \$8.2 million: \$7.2 million for Virtual and Off Campus programs and \$1.0 million for other programs
- Proceeds from endowment trusts may be used to address just-in-time and/or academic infrastructure requirements
- Continuation of the 1.0 percent program efficiency and reinvestment fund

- MSU AgBioResearch (MABR) and Michigan State University Extension (MSUE)
 - MABR 2014-15 budget established at \$42.9 million, an increase of \$4.0 million
 - Based on the Education Omnibus Senate and House concurred bill, recurring State appropriation support is estimated at \$32.0 million, an increase of \$1.8 million
 - MSUE 2014-15 budget established at \$46.7 million, an increase of \$2.3 million
 - Based on the Education Omnibus Senate and House concurred bill, recurring State appropriation support is estimated at \$27.6 million, an increase of \$1.5 million

- Intercollegiate Athletics
 - Intercollegiate Athletics 2014-15 budget established at \$95.4 million, an increase of \$5.6 million, or approximately 6.2 percent

2015-16 Preliminary General Fund Budget Guidelines Summary

General Fund Revenues

- Revenues of \$1,256.8 million
- Appropriations estimated to increase by 4.0 percent from the 2014-15 year to \$275.0 million
- For both “core” and “professional and other” units, tuition and fees increases of 4.0 percent or 17.50 per credit for resident lower division undergraduates, \$19.50 per credit for resident upper division undergraduates, and approximately 4.0 percent for most other students, resulting in total tuition revenues of \$890.4 million
- All other revenues total \$91.4 million

General Fund Expenditures

- Expenditures of \$1,256.8 million
- Financial aid budgets will increase by 4.5 percent, or approximately \$5.4 million
- Funding of \$8.1 million for Framework programs: \$6.3 million for University-level academic competitiveness initiatives; \$1.5 million for College-level academic competitiveness initiatives; and \$0.3 million for computing
- Based upon 2014-15 experience, additional amounts necessary for revenue-based initiatives and research facilitation
- Other expenditure adjustments, including salaries and health care, will be accommodated within the above expenditure total based upon circumstances during Spring, 2015

General

- The Preliminary Guidelines have been formulated on the assumption that there will be no significant reductions in State support through the 2015-16 fiscal year. They will help inform students of projected changes in tuition and will assist the University community to plan and prepare over a period of years
- University budgets, including those for MSU AgBioResearch, Michigan State University Extension, and the Department of Intercollegiate Athletics, will be developed within available resources and in accordance with detailed University-wide guidelines for compensation adjustments developed early in 2015

**MICHIGAN STATE UNIVERSITY
2014-15 & 2015-16 BUDGETS
Overview**

Attachment A

ESTIMATED REVENUES	State Appropriation	Federal Funds	University Funds	Other	Restricted	2014-15 Total	2015-16 Total
University General Fund	\$264,429,100		\$942,970,900			\$1,207,400,000	\$1,256,800,000
MSU AgBioResearch	32,027,900	6,842,670			4,001,410	\$42,871,980	
MSU Extension	27,581,100	11,011,670		5,800,000	2,307,974	\$46,700,744	
Intercollegiate Athletics				95,405,455		\$95,405,455	
Total Estimated Revenues	\$324,038,100	\$17,854,340	\$942,970,900	\$101,205,455	\$6,309,384	\$1,392,378,179	

ESTIMATED EXPENDITURES	State Appropriation	Federal Funds	University Funds	Other	Restricted	2014-15 Total	2015-16 Total
University General Fund						\$1,207,400,000	\$1,256,800,000
Michigan Agricultural Experiment Station						\$42,871,980	
MSU Extension						\$46,700,744	
Intercollegiate Athletics						\$95,405,455	
Total Estimated Expenditures						\$1,392,378,179	

MICHIGAN STATE UNIVERSITY

June 20, 2014

MEMORANDUM

To: Trustee Finance Committee

From: June P. Youatt, Provost
Satish Udpa, Executive Vice President for Administrative Services

Subject: 2014-15 Budget Development Guidelines and
2015-16 Preliminary General Fund Budget Guidelines

RECOMMENDATION:

BE IT RESOLVED that the Trustee Finance Committee recommends that the Board of Trustees adopt the attached 2014-15 Budget Development Guidelines (Budget Guidelines) and 2015-16 Preliminary General Fund Budget Guidelines (Preliminary Guidelines), which include revenue and expenditure totals and tuition and fee rates for 2014-15 and revenue and expenditure totals and tuition and fee rates for 2015-16.

In accordance with the Budget Guidelines, the administration is directed to develop and implement the 2014-15 General Fund, MSU AgBioResearch, Michigan State University Extension, and Intercollegiate Athletics budgets.

To provide students and families an extended opportunity to plan, MSU has developed the Preliminary Guidelines. The Preliminary Guidelines establish 2015-16 tuition and fee rates, revenue totals, and expenditure totals. The Preliminary Guidelines also establish the financial aid budget and the estimated State appropriation for 2015-16. The administration is directed to develop the 2015-16 Budget Development Guidelines in accordance with the Preliminary Guidelines.

BACKGROUND:

Attachment A summarizes revenues and expenditures for the 2014-15 and 2015-16 budgets. Attachment B1 provides student tuition and fee information for 2014-15. Attachment B2 provides student tuition and fee information for 2015-16. Attachment C provides detailed general fund revenue and expenditure changes for the proposed 2014-15 budget.

These budgets are designed to enable continuation of the Bolder by Design planning imperatives, building on MSU's strength and stature as one of the top 100 research universities in the world. Michigan State University continues to



OFFICE OF THE
PROVOST

OFFICE OF THE
**EXECUTIVE VICE
PRESIDENT FOR
ADMINISTRATIVE
SERVICES**

support the State and its people, enhancing economic competitiveness and quality of life. MSU's reach crosses international boundaries to share the best of Michigan with the world and brings the best of the world to Michigan.

MSU starts its budget planning from a lean position, ranking third from the last among its Big Ten peers in total financial resources per student and lagging the Big Ten median by approximately \$2,000 per student. Today's higher education marketplace focuses ever more tightly on value, an effect demonstrated every year by MSU's increasing applications for admissions and by post-graduation outcomes and employer validation. In order to protect MSU's value to the State, a reasonable level of financial stability is required. The major sources of revenue to the University each fiscal year are the base main campus operating appropriation from the State and tuition and fees paid by students.

In the event anticipated recurring State support is reduced, deferred, delayed, or withheld, contingent budget preservation authority is provided to the President under paragraph 14 of the Budget Guidelines, paragraph 9 of the Preliminary Guidelines, and Attachment D to protect the quality of MSU programs and simultaneously maintain student access. The President will report to the Board in writing at least two weeks prior to implementation any tuition and fee rate and financial aid adjustments and any tuition and fee surcharges authorized by this resolution. Should appropriations support exceed the budgeted amount in 2014-15 or in 2015-16, the President will have authority under Attachment D, with two weeks prior written notice to the Board, to use the excess to reserve funds against the possibility of subsequent reductions in State appropriations; to benefit students and their families by increased financial aid or tuition offsets; to advance specific Bolder by Design initiatives; or to fund nonrecurring infrastructure needs, including technology needs.

In accordance with these Budget Guidelines, the proposed 2014-15 budgets for the General Fund, MSU AgBioResearch, MSU Extension, and Intercollegiate Athletics will be developed and implemented.

Detailed revenue and expenditure variables for 2015-16 will be presented to the Board of Trustees for review during early 2015. Detailed 2015-16 Budget Development Guidelines, based on the Preliminary Guidelines, will be presented to the Board of Trustees for action by July, 2015.

Attachments

cc: Board of Trustees Policy Committee
Lou Anna K. Simon, President
William Beekman, Vice President and Secretary of the Board of Trustees
Robert A. Noto, Vice President for Legal Affairs and General Counsel
David Byelich, Assistant Vice President and Director of Planning and Budgets

2014-15 BUDGET DEVELOPMENT GUIDELINES AND 2015-16 PRELIMINARY GENERAL FUND BUDGET GUIDELINES

Proposed 2014-15 budgets for the University General Fund, MSU AgBioResearch, Michigan State University Extension, and Intercollegiate Athletics total \$1.39 billion.

2014-15 Budget Development Guidelines

Board action authorizes the administration to develop and implement 2014-15 budgets in accordance with the following 2014-15 Budget Development Guidelines (Budget Guidelines):

Revenues

1. State appropriations are estimated at \$264.4 million, an increase of \$14.8 million or 5.9 percent, based on the Education Omnibus Senate and House concurred bill. This estimate is derived from performance funding adjustments contained in the State funding formula. The requirements that must be met to receive the performance funding include limiting the 2014-15 resident undergraduate tuition/fee rate increase to a maximum of 3.2 percent.
2. The general fund operating budget for 2014-15 has been developed based on revenue estimates of \$1,207.4 million. This amount includes \$264.4 million in appropriations; \$842.7 million in tuition and fees; and \$92.1 million in other revenues, which is composed primarily of investment income and indirect cost recovery. Additionally, there are pass-through allocations of \$8.2 million in new revenue-based initiative proceeds.
3. Effectively, tuition rates will increase \$11.25 per credit hour, or 2.6 percent for resident lower division undergraduates; \$13.75 per credit hour, or 2.9 percent for resident upper division undergraduates; 3.6 percent for non-resident undergraduates; and 4.0 percent for most other students. In addition, the per semester fee charged to international nonresident students remains at \$500 for undergraduates entering Fall 2012 or after, \$150 for continuing undergraduates first enrolled prior to Fall 2012, and \$75 for graduate students. Non-resident graduate professional medical tuition rate increases are established at 2.0 percent in order to continue a multi-year process to manage medical student debt levels, in accordance with national peers.
4. The tuition and fees rate structure effective 2014-15 will differentiate between “core” and “professional and other” units. Proposed 2014-15 increases are the same for both core and professional and other units (see Attachment B1).

Expenditures

5. Major expenditure items will include increased funding for student financial aid; utilities and new space; employee compensation; supplies, services, and equipment increments; and continuation of the 1.0 percent program efficiency and reinvestment fund reallocation. Specific expenditure recommendations are:

- a. Regular student financial aid increases of \$4.6 million, or approximately 4.0 percent.
- b. New utility and facility-related funding increases total \$2.8 million, including approximately \$2.3 million of adjustments due to a 4.0 percent increase in continuing utility costs and \$0.5 million arising from new space requirements.
- c. Employee compensation adjustments of approximately \$26.0 million, including benefit increases. Health care costs and other benefit costs are budgeted to increase 3.0 percent from the 2013-14 budget.
 - i. Faculty and academic staff salary adjustments will be determined based on merit. The general components of the raise are noted below; more specific information is included in the annual faculty and academic staff raise guidelines developed by the Office of the Provost. Salary adjustments for faculty and nonunionized academic staff at 2.0 percent are to be based on merit. An additional 0.5 percent to help faculty salaries remain competitive is to be administered at the College level. A 0.5 percent segment is recommended for market adjustments administered centrally and targeted for ranked faculty, but open to all faculty and academic staff. Merit and College-level and centrally administered market raises will be effective October 1, 2014.
 - ii. Stipend ranges for graduate assistants holding research or administrative appointments are to be increased 1.5 percent. Stipend increases for individual assistants will be determined by the employing units.

Compensation adjustments, including stipends, health care, and graduate assistant tuition waiver, for assistants holding teaching appointments are determined through collective bargaining.

- iii. Existing minima and maxima for student labor pay ranges will be increased by 4.0 percent with an allowance to address the increase in the new State minimum wage.

- iv. Increases in pay rates for undergraduate and professorial assistants will parallel student labor adjustments.
 - v. Salary and wage adjustments for most other employee groups are subject to collective bargaining agreements.
- d. An increment for supplies, services, and equipment of \$2.1 million, approximately 2.0 percent. Unit allocations can be differential, based upon identified programmatic need.
 - e. An increment for other budgetary adjustments of \$3.7 million, which includes funding for debt service and other general University purposes.
 - f. Continuation of the 1.0 percent program efficiency and reinvestment fund. Reinvestments will address normal year-to-year programmatic adjustments. Over the past 14 years, internal reallocations totaling approximately \$61.2 million have been implemented across campus.
 - g. Continuation of the \$10.9 million Technology/Teaching and Learning Fund. As in previous years, allocations from this Fund will be made on a nonrecurring basis.
6. Expenditures for incremental revenue-based initiatives of approximately \$8.2 million include the following:
- a. Virtual and off-campus programs totaling \$7.2 million; and
 - b. Other programs totaling \$1.0 million.
7. Funding of an initial \$8.7 million for University-level academic competitiveness allocations to include undergraduate education; sustaining plant science successes; expansion of engineering disciplines, including biomedical engineering; computational sciences emphasizing existing strengths in biology; food safety; population and community health; the environment, including food, water, and energy; and the application of molecular and genetic techniques across plants, animals, and people.

Simultaneously, funding of \$3.0 million to build academic competitiveness at the College level. Internal college commitments from this fund include a 1.0 percent merit pool on the tenure system faculty base to be effective January 1, 2015 and awarded to key faculty and staff. Residual funds may be invested in critical programs targeted to substantially advance academic excellence. Colleges are expected to generate specific plans in consultation with appropriate governance groups and secure the approval of the Office of the Provost prior to committing funds.

Funds of \$1.0 million are also included to complete support of on-going EBS operations.

8. General Fund expenditures for 2014-15 will be based on the budget and, upon completion of the current year, resources carried forward for subsequent expenditure. Carry forward amounts will be noted in the 2014-15 financial statements.
9. The 1.0 percent tax on auxiliary income derived from off-campus sources, initiated in 2007-08 and used to support the development of the financial information system, increased to 2.0 percent starting in 2010-11 and continues at 2.0 percent in 2014-15.
10. Proceeds from the shift to a sustained entering class size of over 7,400 with a proportion of out-of-state students of over 20 percent may be spent to accelerate allocations for academic competitiveness initiatives and for other critical needs within the long-term Financial Framework presented to the Board annually.

General

11. The current 2014-15 University General Fund budget establishes revenues and expenses of \$1,207.4 million, a change of \$20.2 million from the \$1,187.2 million in the 2014-15 Preliminary General Fund Budget Guidelines passed by the Board of Trustees in June, 2013.

Budgeted revenues were revised to recognize \$9.9 million from increased State appropriations support. Tuition and fee rate increases have been revised downward from 3.0 to 2.6 percent for resident lower division undergraduates and downward from 3.0 to 2.9 percent for resident lower division undergraduates. These changes, combined with additional enrollments, increased net revenues by \$3.5 million. Other revenues were reduced by \$1.4 million because of a decrease in application fees and departmental receipts revenue. Additionally, consistent with the 2014-15 Preliminary Guidelines, incremental revenue-based initiatives incorporated on an annual basis added \$8.2 million to the budget.

Budgeted expenditures were revised to reflect academic salary increases of \$2.3 million and the addition of \$9.7 million in academic competitiveness initiative funding, resulting in a net expense increase of \$12.0 million. Additionally, consistent with the Preliminary Guidelines, incremental revenue-based initiatives added \$8.2 million, in sum totaling the \$1,207.4 million noted above.

12. Other University budgets, including those for MSU AgBioResearch, the Michigan State University Extension Service, and the Department of Intercollegiate Athletics, have been developed within available resources and in accordance with University-wide guidelines for compensation adjustments as outlined above.

13. Proceeds from endowment trusts may be used to fund just-in-time and/or other academic infrastructure requirements. Expenditures will be reported annually as part of the financial statements. Other sources of funds for these expenses include the 2.0 percent tax noted in paragraph 9 and debt financing. Just-in-time infrastructure requirements necessary to support University utilities are included in the 4.0 percent increase in continuing utility costs.
14. In the event the anticipated State base main campus operating appropriation support is reduced, deferred, delayed, or withheld, contingent budget preservation authority is provided to the President under Attachment D to protect the quality of MSU programs and simultaneously maintain student access through a recurring tuition and fee increase or a nonrecurring tuition and fee surcharge.

Under Attachment D, contingent budget preservation authority is included so that the President may increase tuition and fees to offset appropriation shortfalls in the event that State appropriation support for 2014-15 is less than the budgeted amount, \$264.4 million. If appropriations exceed \$264.4 million for 2014-15, the President can use the excess to reserve funds against the possibility of subsequent reductions in State appropriations; to benefit students and their families by increased financial aid or tuition offsets; to advance specific Bolder by Design initiatives; and/or to fund nonrecurring infrastructure needs, including technology needs.

The President will report to the Board, at least two weeks prior to its implementation, any tuition and fee rate and financial aid adjustment, tuition and fee surcharge, or other action authorized by Attachment D to these Budget Guidelines.

15. Attachment A contains the summary of proposed budgets for the General Fund, MSU AgBioResearch, Michigan State University Extension, and Intercollegiate Athletics.

2015-16 Preliminary General Fund Budget Guidelines

Board action adopts these 2015-16 Preliminary General Fund Budget Guidelines (Preliminary Guidelines) for the 2015-16 period. Board action on the Preliminary Guidelines sets the 2015-16 financial aid budget increase and tuition and fee rates. Detailed expenditure and revenue variables will be presented to the Board of Trustees during early 2015 for review in light of then-current circumstances. The differentiation between “core” and “professional and other” units initiated in the 2014-15 tuition and fee rate structure makes it possible to distinguish between tuition and fee increases for these types of units. No such distinction is proposed at this time. Detailed 2015-16 Budget Development Guidelines, based on these Preliminary Guidelines, will be presented to the Board of Trustees for action by July, 2015. It is possible different increases in tuition and fees between core and professional and other units will be proposed at that time. Also, for rate structure purposes, lower and upper division tuition and fees may be redefined based on curriculum within core and professional and other units in the detailed Budget Development Guidelines presented to the Board.

General Fund Revenues

1. Revenues of \$1,256.8 million.
2. State appropriations estimated to increase by 4.0 percent from the 2014-15 year to \$275.0 million.
3. For both “core” and “professional and other” units, tuition and fee increases set at \$17.50 per credit hour for resident lower division undergraduates, \$19.50 per credit hour for resident upper division undergraduates, and approximately 4.0 percent for most other students, resulting in total tuition revenues of \$890.4 million.
4. All other revenues total \$91.4 million.

General Fund Expenditures

5. Expenditures of \$1,256.8 million.
6. Financial aid budgets will increase by 4.5 percent, or approximately \$5.4 million.

7. Additional expenditures include revenue-based initiatives, research facilitation, and financial framework requirements. Revenue-based initiatives and research facilitation are adjusted annually based on projected and actual proceeds designated to support these activities. The financial framework items are \$6.3 million for University-level academic competitiveness initiatives, \$1.5 million for College-level academic competitiveness initiatives to include funding of a 0.5 percent merit pool on the tenure system faculty base to be effective January 1, 2016 and awarded to key faculty and staff, and \$0.3 million for computing.
8. Other expenditure adjustments, including salaries and health care, will be accommodated within the appropriate expenditure total based upon circumstances during Spring, 2015.

General

9. In the event the anticipated State base main campus operating appropriation support is reduced, deferred, delayed, or withheld, contingent budget preservation authority is provided to the President under Attachment D to protect the quality of MSU programs and simultaneously maintain student access through a recurring tuition and fee increase or a nonrecurring tuition surcharge.

Under Attachment D, contingent budget preservation authority is included so that the President may increase tuition and fees to offset appropriation shortfalls in the event that State appropriation support for 2015-16 is less than the budgeted amount, \$275.0 million. If appropriations exceed \$275.0 million, the President can use the excess to reserve funds against the possibility of subsequent reductions in State appropriations; to benefit students and their families by increased financial aid or tuition offsets; to advance specific Bolder by Design initiatives; or to fund nonrecurring infrastructure needs, including technology needs.

The President will report to the Board, at least two weeks prior to its implementation, any tuition and fee rate and financial aid adjustment, tuition and fee surcharge, or other action authorized by Attachment D to these Preliminary Guidelines.

10. These Preliminary Guidelines are formulated on the assumption that there will be no significant reductions in State support through the 2015-16 fiscal year. They will help inform students of projected changes in tuition and will assist the University community to plan and prepare over a period of years.
11. Other University budgets, including those for MSU AgBioResearch, the Michigan State University Extension Service, and the Department of Intercollegiate Athletics, will be developed within available resources and in accordance with detailed University-wide guidelines for compensation adjustments developed early in 2015.

**MICHIGAN STATE UNIVERSITY
2014-15 & 2015-16 BUDGETS
Overview**

Attachment A

ESTIMATED REVENUES	State Appropriation	Federal Funds	University Funds	Other	Restricted	2014-15 Total	2015-16 Total
University General Fund	\$264,429,100		\$942,970,900			\$1,207,400,000	\$1,256,800,000
MSU AgBioResearch	32,027,900	6,842,670			4,001,410	\$42,871,980	
MSU Extension	27,581,100	11,011,670		5,800,000	2,307,974	\$46,700,744	
Intercollegiate Athletics				95,405,455		\$95,405,455	
Total Estimated Revenues	\$324,038,100	\$17,854,340	\$942,970,900	\$101,205,455	\$6,309,384	\$1,392,378,179	

ESTIMATED EXPENDITURES	State Appropriation	Federal Funds	University Funds	Other	Restricted	2014-15 Total	2015-16 Total
University General Fund						\$1,207,400,000	\$1,256,800,000
Michigan Agricultural Experiment Station						\$42,871,980	
MSU Extension						\$46,700,744	
Intercollegiate Athletics						\$95,405,455	
Total Estimated Expenditures						\$1,392,378,179	

MICHIGAN STATE UNIVERSITY
2014-15 TUITION & FEES RATE STRUCTURE
(UGRL 2.6%, UGRU 2.9%, UGNR 3.6%, MED NR 2.0%, OTH 4.0%)

Attachment B1

PER CREDIT RATES	RESIDENT	NONRESIDENT
Undergraduates - Core ⁽¹⁾		
Lower Division	\$440.00	\$1,165.50
Upper Division	\$490.25	\$1,202.25
Undergraduates - Professional and Other ⁽²⁾		
Lower Division	\$440.00	\$1,165.50
Upper Division	\$490.25	\$1,202.25
Masters - Core ⁽¹⁾	\$646.00	\$1,269.00
Masters - Professional and Other ⁽²⁾	\$646.00	\$1,269.00
Doctoral - Core ⁽¹⁾	\$646.00	\$1,269.00
Doctoral - Professional and Other ⁽²⁾	\$646.00	\$1,269.00
Lifelong Education	\$646.00	\$827.75

PER SEMESTER BLOCK RATES	RESIDENT	NONRESIDENT
Broad MBA	\$14,139	\$22,430
Human and Osteopathic Medicine	\$13,908	\$27,906
Extended Medical Curriculum	\$9,277	\$18,613
Medical Scientist Training Program	\$9,479	\$18,949
College of Veterinary Medicine (CVM-8)	\$14,048	\$27,138
CVM Clinical Year - Fall & Spring	\$12,422	\$24,162
CVM Clinical Year - Summer	\$8,801	\$16,122
Medical Scientist Training Program	\$8,925	\$17,270

Footnotes:

- 1 Core units: Arts and Letters, Natural Science, Social Science, University Undergraduate Division, Lyman Briggs, James Madison, Residential College in Arts & Humanities, and Communication Arts & Sciences.
- 2 Professional and Other units: Nursing, Veterinary Medicine, Agriculture & Natural Resources, Eli Broad, Education, Music, Engineering, Osteopathic Medicine, and Human Medicine.

Fee Notes:

- 1 Student tuition and fees include University support for student health services.
- 2 Part-time students for fee assessment are defined as those enrolling for four credits or less per semester.
- 3 Special programmatic fees will be assessed to undergraduate juniors and seniors as follows: \$100 per semester (\$50 part-time) for students in science and technology intensive majors; \$100 per semester (\$50 part-time) for students in health sciences majors; and \$200 per semester (\$100.00 part-time) for students in Eli Broad majors.
- 4 The Engineering program fee is established at \$590 for full-time status (\$361 part-time, except \$0 for summer) and applies to upper division (admitted major) and graduate level Engineering students.
- 5 All undergraduate international students entering Fall 2012, or thereafter, will be assessed a registration fee of \$500 per semester (\$250 part-time) and continuing undergraduate international students enrolled prior to Fall 2012 will be assessed a registration fee of \$150 (\$75 part-time) per semester.
- 6 All graduate international students and graduate professional students, except those enrolling in Graduate Studies in Education Overseas, will be assessed a registration fee of \$75 (\$37.50 part-time) per semester.
- 7 Block fee for Teacher Certification Internship year is \$6,819 for resident students and \$14,829 for nonresident students.
- 8 College of Education Masters, Doctoral, and Educational Specialist students will be assessed a special fee of \$33 per credit hour in addition to general tuition and fees applicable to all graduate students.
- 9 Tuition and fees for special programs and courses will be determined administratively, based on programmatic considerations; this includes BISK online programs and graduate certificate programs.

MICHIGAN STATE UNIVERSITY
2015-16 TUITION & FEES RATE STRUCTURE
(UGRL 4.0%, UGRU 4.0%, UGNR 3.6%, MED NR 2.0%, OTH 4.0%)

Attachment B2

PER CREDIT RATES	RESIDENT	NONRESIDENT
Undergraduates - Core ⁽¹⁾		
Lower Division	\$457.50	\$1,207.50
Upper Division	\$509.75	\$1,245.50
Undergraduates - Professional and Other ⁽²⁾		
Lower Division	\$457.50	\$1,207.50
Upper Division	\$509.75	\$1,245.50
Masters - Core ⁽¹⁾	\$671.75	\$1,319.75
Masters - Professional and Other ⁽²⁾	\$671.75	\$1,319.75
Doctoral - Core ⁽¹⁾	\$671.75	\$1,319.75
Doctoral - Professional and Other ⁽²⁾	\$671.75	\$1,319.75
Lifelong Education	\$671.75	\$860.75

PER SEMESTER BLOCK RATES	RESIDENT	NONRESIDENT
Broad MBA	\$14,705	\$23,327
Human and Osteopathic Medicine	\$14,465	\$28,464
Extended Medical Curriculum	\$9,648	\$18,985
Medical Scientist Training Program	\$9,858	\$19,393
College of Veterinary Medicine (CVM-8)	\$14,610	\$27,681
CVM Clinical Year - Fall & Spring	\$12,919	\$24,646
CVM Clinical Year - Summer	\$9,153	\$16,444
Medical Scientist Training Program	\$9,281	\$17,681

Footnotes:

- 1 Core units: Arts and Letters, Natural Science, Social Science, University Undergraduate Division, Lyman Briggs, James Madison, Residential College in Arts & Humanities, and Communication Arts & Sciences.
- 2 Professional and Other units: Nursing, Veterinary Medicine, Agriculture & Natural Resources, Eli Broad, Education, Music, Engineering, Osteopathic Medicine, and Human Medicine.

Fee Notes:

- 1 Student tuition and fees include University support for student health services.
- 2 Part-time students for fee assessment are defined as those enrolling for four credits or less per semester.
- 3 Special programmatic fees will be assessed to undergraduate juniors and seniors as follows: \$100 per semester (\$50 part-time) for students in science and technology intensive majors; \$100 per semester (\$50 part-time) for students in health sciences majors; and \$200 per semester (\$100.00 part-time) for students in Eli Broad majors.
- 4 The Engineering program fee is established at \$614 for full-time status (\$375 part-time, except \$0 for summer) and applies to upper division (admitted major) and graduate level Engineering students.
- 5 All undergraduate international students entering Fall 2012, or thereafter, will be assessed a registration fee of \$500 per semester (\$250 part-time) and continuing undergraduate international students enrolled prior to Fall 2012 will be assessed a registration fee of \$150 (\$75 part-time) per semester.
- 6 All graduate international students and graduate professional students, except those enrolling in Graduate Studies in Education Overseas, will be assessed a registration fee of \$75 (\$37.50 part-time) per semester.
- 7 Block fee for Teacher Certification Internship year is \$7,089 for resident students and \$15,393 for nonresident students.
- 8 College of Education Masters, Doctoral, and Educational Specialist students will be assessed a special fee of \$33 per credit hour in addition to general tuition and fees applicable to all graduate students.
- 9 Tuition and fees for special programs and courses will be determined administratively, based on programmatic considerations; this includes BISK online programs and graduate certificate programs.

**Michigan State University
2014-15 Budget Guidelines**

Attachment C

	<u>2013-14 Budget</u>	<u>Proposed 2014-15 Budget</u>
Revenues		
<hr/>		
Beginning Base		\$1,150.3
State Appropriations		14.8
Student Tuition and Fees		33.7
Other Revenues		0.4
Revenue-Based Initiatives		8.2
Total Estimated Revenues	\$1,150.3	<u><u>\$1,207.4</u></u>
Expenditures		
<hr/>		
Beginning Base		\$1,150.3
Financial Aid		4.6
Salaries & Benefits		23.0
Utilities & New Space		2.8
Supplies and Services		2.1
Other Operating		3.7
Framework		12.7
Revenue-Based Initiatives		8.2
Total Estimated Expenditures	\$1,150.3	<u><u>\$1,207.4</u></u>

CONTINGENT BUDGET PRESERVATION AUTHORITY 2014-16
Attachment D

I.

(a) The authority provided to the President under the 2014-15 Budget Development Guidelines (Budget Guidelines) and under the 2015-16 Preliminary General Fund Budget Guidelines (Preliminary Guidelines) is intended to preserve the integrity of the General Fund budgets established by the Board in the face of a variety of contingencies relating to State support for the University's operations.

Certain of these contingencies would result in the University receiving appropriations support from the State which is less than that included in legislative proposals or actions upon which the Budget Guidelines and the Preliminary Guidelines rely. In this regard, the contingent budget preservation authority hereby granted to the President recognizes that the two primary sources of revenue for the University are tuition and fees paid by students and the annual base main campus operating appropriation from the State, and that they are interdependent. (As in past years, cost containment measures and measures designed to optimize revenues from sources other than the State and tuition have already been built into the Budget Guidelines and the Preliminary Guidelines.) The potential for cuts in expected State support integral to the Budget Guidelines and the Preliminary Guidelines necessitates granting the President authority to respond to such cuts by generating sufficient additional tuition and fee revenues to protect the University's long-term financial health and its high standing in the academy for the benefit of its students, alumni, faculty, staff, and other members of the University community.

Other contingencies arise from the structure of the budgeting process for higher education presently employed by the State. This process makes the final appropriation received by the University at least partially dependent on the actions of the other public universities in Michigan, actions which may take place after the Board's vote on the Budget Guidelines and the Preliminary Guidelines. The contingent budget authority hereby granted to the President gives the President the ability to respond to a final State base main campus appropriation which

is either more or less than that anticipated by the University when projected decisions of other public universities were built into calculations of the appropriation figures included in the Budget Guidelines and the Preliminary Guidelines.

Still other contingencies are the product of the continuing volatility of the State's budget, including the possibility of supplemental appropriations during the 2014-15 fiscal year and the difficulty of predicting whether such appropriations, if they were to occur, would be recurring or nonrecurring.

(b) In adopting the Budget Guidelines and the Preliminary Guidelines, it is the expectation of the Board that MSU's 2014-15 base main campus operating appropriations from the State will be \$264.4 million, that its 2015-16 base main campus operating appropriations from the State will be \$275.0 million, and that the State will not defer, delay, or withhold any payments due to the University as part of its 2014-15 or 2015-16 base main campus operating appropriations from the State. The tuition and fee rates in the Budget Guidelines and Preliminary Guidelines are established by the Board in reliance on the timely payment of the anticipated amounts from the State.

In the event that the University's 2014-15 or 2015-16 base main campus operating appropriation from the State is less than the amount specified, the President is authorized to raise tuition and fees by a rate up to that sufficient to offset, on an annualized basis, the loss of expected State support and to provide the additional financial aid which students will need because of this tuition and fee increase.

Alternatively, if the University's 2014-15 base main campus appropriation from the State is more than \$264.4 million, the President is authorized to use the excess to reserve funds against the possibility of future reductions in State support, to increase financial aid, to reduce tuition and fees on a recurring or nonrecurring basis, to advance specific Bolder by Design initiatives, and/or to fund nonrecurring infrastructure needs, including technology needs. Similarly, if the 2015-16 base main campus appropriation from the State is more than \$275.0 million, the President is authorized to use the excess to reserve funds against the possibility of future

reductions in State support, to increase financial aid, to reduce tuition and fees on a recurring or nonrecurring basis, to advance specific Bolder by Design initiatives, and/or to fund nonrecurring infrastructure needs, including technology needs. In addition, if the University receives a nonrecurring appropriation for its General Fund budget from the State for its 2014-15 fiscal year, the President is authorized to use the excess to reserve funds against the possibility of future reductions in State support, to increase financial aid or reduce tuition and fees on a nonrecurring basis, to advance specific Bolder by Design initiatives, and/or to fund nonrecurring infrastructure needs, including technology needs.

Further, in the event that the State defers, delays, or withholds any part of any regularly scheduled 2014-15 or 2015-16 base main campus appropriation payment to the University, or the State takes any other action that reduces or postpones, on a nonrecurring basis, or changes the traditional schedule for, the payment to the University or any part of its 2014-15 or 2015-16 base main campus operating appropriation, the President is authorized to implement a tuition and fee surcharge to generate additional revenues up to the amount needed to make the University whole for the financial impact of the lost or delayed payments. Any such surcharge shall be for a specific period of time and shall be discontinued once the University has been made whole for the impact of the lost or delayed payments. Any such surcharge may be calculated to occur over a period of up to three years to moderate the impact of the surcharge on students during any one semester or academic year.

II.

(a) The President will report to the Board, by written notice at least two weeks prior to its implementation, any tuition and fee rate adjustment, tuition and fee surcharge, or other action hereby authorized.

(b) It is the Board's expectation that any tuition and fee rate and financial aid adjustment and any tuition and fee surcharge will be implemented promptly after the need for such an adjustment or surcharge becomes clear, generally in the next semester for which bills reflecting the adjustment or surcharge can then be issued. If the schedule for sending out the bills reflecting the adjustment or surcharge permits, the President will also report to the Board about

the adjustment or surcharge at a Board meeting prior to its implementation. No such adjustment or surcharge shall be implemented retrospectively for any semester for which bills have already been issued.