

# **Big Ten Quality / World Class Value**

## **2017-18 Budget Development**

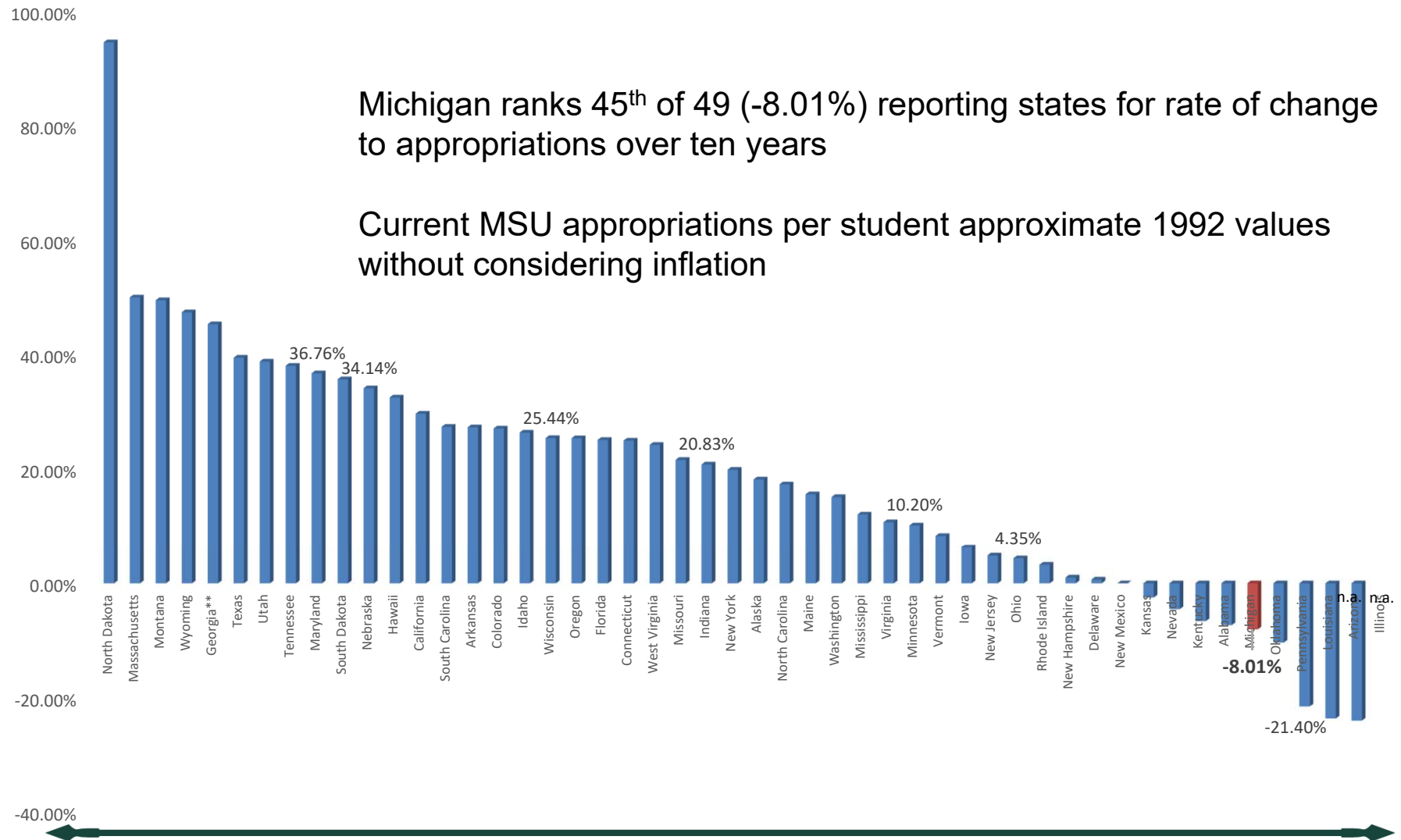
June 21, 2017



# Appropriations Overview

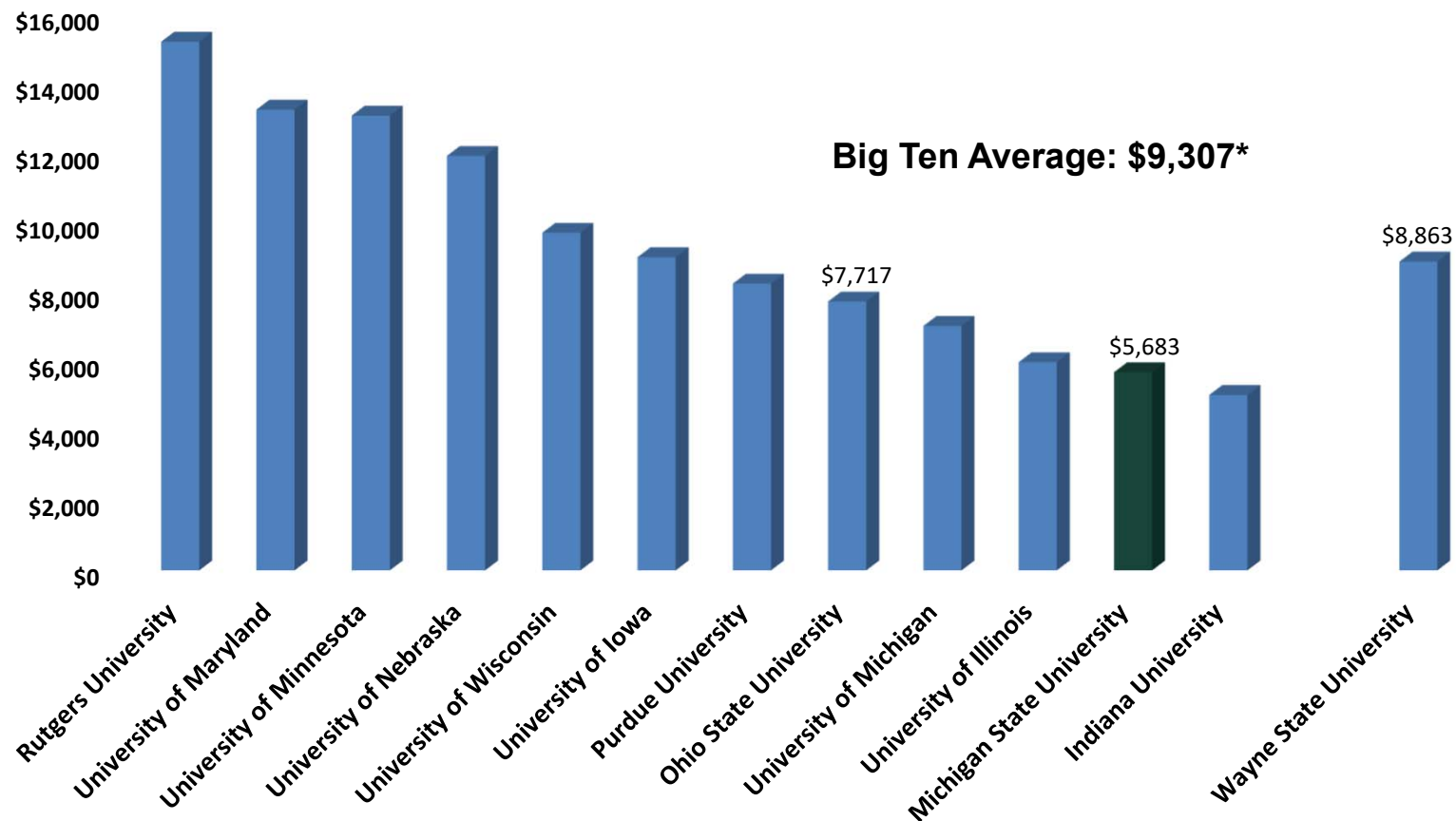
- Main campus operating appropriation increase 1.9%
- Tuition restraint provision caps resident increases to 3.8%
- New STEM teaching lab facility supported
- MSU AgBioResearch and MSU Extension increase 2.0%
- An additional \$7.9M included in the MDARD budget for various agricultural initiatives
  - \$1.0M Tree Fruit Facility
  - \$2.5M Animal Initiative (plus ~\$0.4M recurring)
  - \$2.0M Campus fruit and vegetable lab renovation
  - \$1.2M Mobile Fruit and Vegetable labs
  - \$1.2M Workforce development programming funding – in partnership with 10 state community colleges

# 10 Year Change in Appropriations



# Big Ten Appropriations Per Student

MSU lags the Big Ten average by \$3,624 per student, approximating \$168 million in resources



Source: IPEDS 2015

\* Does not include Wayne State

# Tuition and Fee History

- Resident UG FY07-FY17 average annual change – 4.9% (4.8% lower division, 5.0% upper division)
- Resident UG FY12-FY17 average annual change – 3.1% (2.9% lower division, 3.3% upper division)
- Due to significant reductions in per student appropriations support over the period, the 10 year and 5 year average annual change reflects 2.4 % and 2.6%, respectively, when incorporating per credit appropriations support into per credit tuition rates to better reflect resources per student

	<u>FY07*</u>	<u>FY08*</u>	<u>FY09*</u>	<u>FY10*</u>	<u>FY11*</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18 Prop</u>
<b><u>Annual Tuition Increase:</u></b>												
Lower Division	5.90%	9.60%	6.80%	5.20%	4.90%	6.90%	3.50%	1.90%	2.60%	2.70%	3.70%	2.80%
Upper Division	5.90%	9.60%	6.80%	5.20%	4.90%	6.90%	3.50%	3.60%	2.90%	2.70%	3.90%	3.80%
<b><u>Rates:</u></b>												
Lower Division	\$293.10	\$321.33	\$340.47	\$362.67	\$380.50	\$406.75	\$420.75	\$428.75	\$440.00	\$452.00	\$468.75	\$482.00
Upper Division	\$320.10	\$350.83	\$372.22	\$396.17	\$415.75	\$444.50	\$460.00	\$476.50	\$490.25	\$503.50	\$523.25	\$543.25
Average Per Credit Rate	\$306.60	\$336.08	\$356.34	\$379.42	\$398.13	\$425.63	\$440.38	\$452.63	\$465.13	\$477.75	\$496.00	n.a.
Appropriations Per Credit	\$192.08	\$188.01	\$180.65	\$180.13	\$173.23	\$141.34	\$139.21	\$138.60	\$144.47	\$146.03	\$148.47	n.a.
<b>Resources per Student</b>	<b>\$498.68</b>	<b>\$524.09</b>	<b>\$537.00</b>	<b>\$559.55</b>	<b>\$571.35</b>	<b>\$566.97</b>	<b>\$579.58</b>	<b>\$591.23</b>	<b>\$609.59</b>	<b>\$623.78</b>	<b>\$644.47</b>	

\*adjusted to include energy and matriculation fees incorporated into per-credit amount

# MSU Budget Context

<u>IF</u>	<u>MSU Gain</u>	<u>Resident Tuition Equivalent</u>	<u>Enrollment Impact</u>
MSU per Student Approp to Ave. of U of M and Wayne	\$117 million	26% reduction Student saves \$3,745	n.a
MSU per Student Approp to Ave. of Big Ten	\$168 million	37% reduction Student saves \$5,330	n.a
Increase Undergrad Nonresident Enrollment from 25% to 30%	\$32 million	7% reduction Student saves \$1,012	800 fewer resident students over 4 years
Increase Undergrad Nonresident Enrollment from 25% to 35%	\$64 million	14% reduction Student saves \$2,024	1,600 fewer resident students over 4 years
Increase Undergrad Nonresident Enrollment from 25% to 40%	\$96 million	21% reduction Student saves \$3,036	2,400 fewer resident students over 4 years

# MSU Budget Context

Non-Resident Enrollment		Undergrad Nonresident To 30%	Undergrad Nonresident To 35%	Undergrad Nonresident To 40%
		\$32M	\$64M	\$96M
<b>Appropriations</b>				
<b>Incr. Per Student Approp to U of M</b>	New Rev	\$149M	\$181M	\$213M
<b>Wayne Average</b>	% Reduction	33%	40%	47%
<b>\$117M</b>	\$ per Student	\$4,772	\$5,784	\$6,796
			B10 Ave.	
<b>Incr. Per Student Approp to B10</b>	New Rev	\$200	\$232M	\$264M
<b>Average</b>	% Reduction	44%	51%	58%
<b>\$168M</b>	\$ per Student	\$6,362	\$7,375	\$8,386

Based on Resident Tuition of \$14,460; Nonresident of \$39,405; Gross of \$24,945; Fin Aid of \$8,945; and Net of \$16,000.

Apx. 40,000 Undergraduates

## Cost Containment & Efficient Operations

MSU operates with **\$6,395 less** per student than AAU peer median

Over the last 7 years, MSU has avoided **\$50M in costs** due to improved purchasing agreements

**\$55M**

Ten year total of reallocations through efficiency incentive pool

**\$40M**

Total savings since FY09 due to conservation and plant efficiency efforts

**8**

Number of times over ten years MSU healthcare cost increases below national indices

**4.21**

Number of students per employee, second most efficient in the Big Ten



# Cost Containment & Efficient Operations

**\$68M** over 3 years in additional resources due to improved cash management practices

**\$200M in total cost reductions and avoidance** over the last ten years

**1973**

MSU eliminates defined benefit retirement program, initiates defined contribution, remaining liability funded as opposed to numerous governmental entities grappling with unfunded legacy liabilities

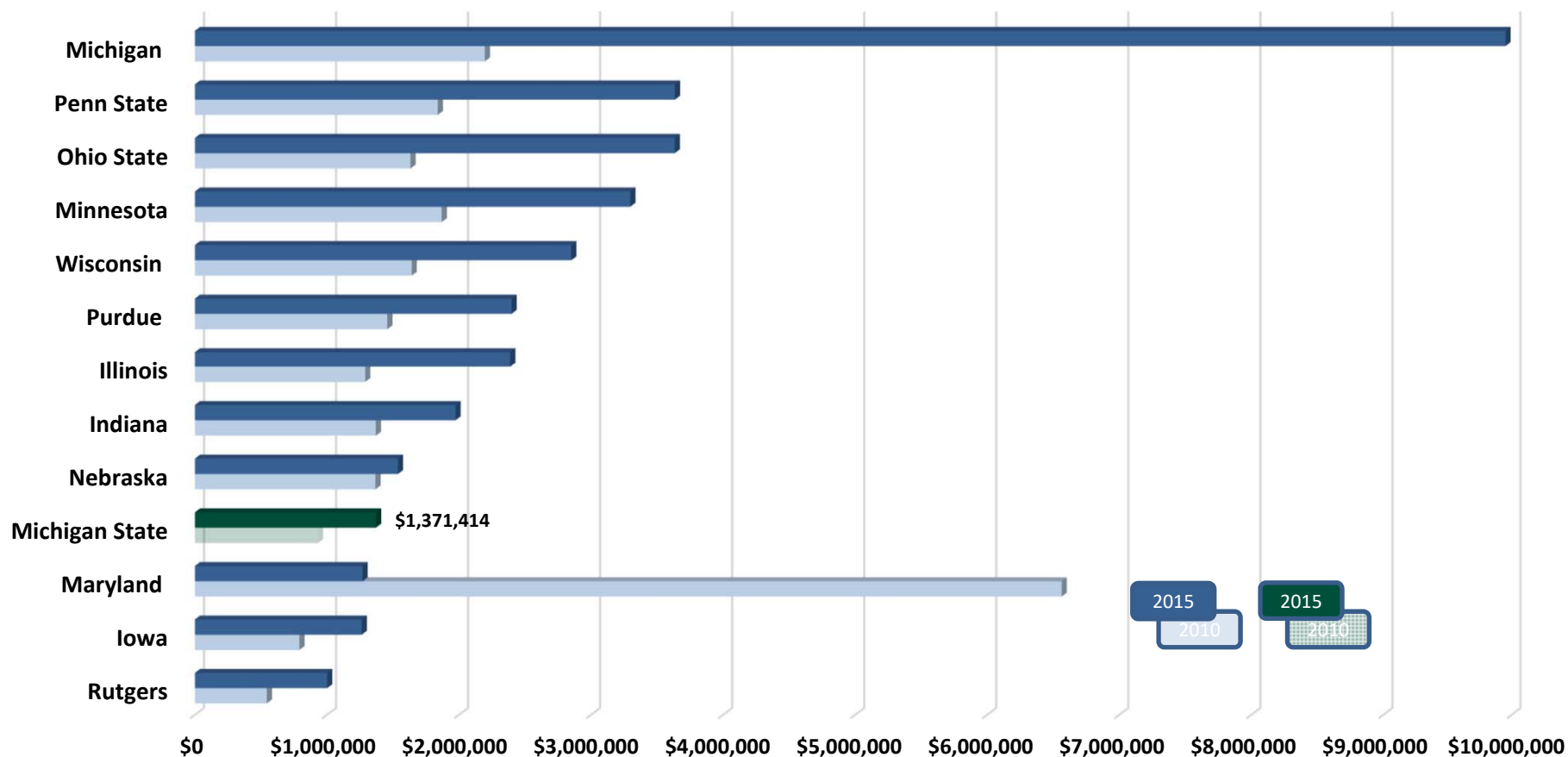
**2005**

MSU eliminates funded post-retirement healthcare for dependents of new employees

**2010**

MSU eliminated funded post-retirement healthcare for new employees

# Big Ten Endowment Market Value



*Includes \$985M traditional endowment and \$384M MSU Foundation endowment. Does not include Endowment Trust investments (\$985M)*

SOURCE: Council for Aid to Education reports - 2014

Institutions with on campus hospitals, such as U of M, include patient donor support in the above calculations

# Big Ten Quality / World Class Value



**Nuclear Physics\***  
(2015 ed.)

**Supply Chain - Graduate and Undergraduate**  
(2018 ed.)

**African History\***  
(2018 ed.)

**Elementary Teacher Education\*** (2018 ed.)

**Secondary Teacher Education\*** (2018 ed.)

**Industrial/Organizational Psychology\***  
(2018 ed.)

**Rehabilitation Counseling\*** (2016 ed.)

Ranked  
2-10

**Educational Admin & Supervision\***  
(2018 ed.)

**Higher Education Administration\***  
(2018 ed.)

**Educational Psychology\*** (2018 ed.)

**Curriculum & Instruction\*** (2018 ed.)

**Education Policy\*** (2018 ed.)

**Production/Operations - Graduate and Undergraduate** (2018 ed.)

**Criminology\*** (2009 ed.)

**Online Criminal Justice\*** (2017 ed.)

**Online Education\*** (2017 ed.)

Ranked  
11-25

**Best Undergraduate Business**  
(2017 ed.)

**Quantitative Analysis** (2017 ed.)

**Accounting** (2017 ed.)

**Marketing** (2017 ed.)

**Management** (2017 ed.)

**Finance** (2017 ed.)

**International Business - Graduate and Undergraduate** (2017 ed.)

**Accounting\*** (2018 ed.)

**Marketing\*** (2018 ed.)

**Management\*** (2018 ed.)

**Best Education Schools** (2018 ed.)\*

**Special Education\*** (2018 ed.)

**Online Business (excludes MBA)\***  
(2017 ed.)

**Biological/Agricultural Engineering\*** (2018 ed.)

**Econometrics\*** (2018 ed.)

**Veterinary Medicine\*** (2016 ed.)

\* Indicates graduate program

## Statewide Impact

MSU economic impact exceeds **\$5B annually**

MSU welcomes students from **82** Michigan counties

**3,000**

medical residents across 20 medical sites and 56 partner hospitals, providing healthcare to **70% of Michigan residents**

**\$750M**

federally funded Facility for Rare Isotope Beams has an estimated impact that includes 1,500 construction jobs, 1,000 permanent jobs, and total state **economic impact of \$4.4B**

**1,270**

jobs created by the MSU Product Center, a business development center that has also assisted in creating or expanding **455 businesses** and increased sales by **\$235M**

## Research Portfolio

MSU sponsored programs approximate **\$600M annually**

Combination of DOE/NSF funding **best in Big Ten**

**50%**

Increase in sponsored programs over ten years

**35<sup>th</sup>**

National rank for Federal research and development expenditures annually, an increase of 5 places over 3 years

**4<sup>th</sup>**

In the Big Ten for rate of change in sponsored expenditures over four years

**\$293,000**

Average per faculty sponsored program activity, an increase of 50% over ten years

## Serving Michigan First

**75%** of all MSU  
undergrads  
are Michigan  
residents

MSU enrolls the highest number of resident students in the state, **13,000 more** than its nearest peer

**28,799**

Total resident undergraduate students, routinely admitting over 5% of the state's graduating high school seniors

# MSU Enrollment

**50,344**

total students

- 39,090 undergraduate students
- 8,711 graduate students, and;
- 2,543 graduate professional students

**8,576**

Number of Pell students enrolled at MSU, most in the state and **3,500 more** than the state average

**11.1%**

Percent of MSU students who are first-generation students according to the FAFSA

**82**

number of counties students are from throughout Michigan

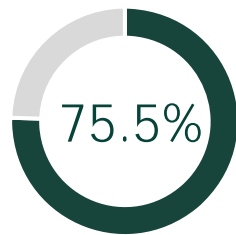
# Fall 2016 Undergraduate Student Snapshot

37,480  
Applications received

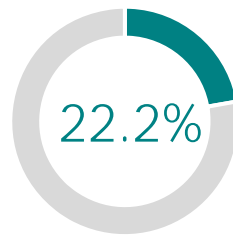
24,641  
66% of applicants were admitted (Admit Ratio)

7,911  
32% of those admitted who enrolled for the first time in Fall 2016 (Yield)

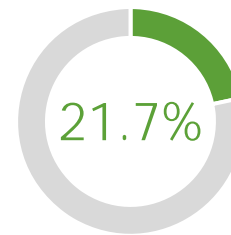
## All Undergraduates



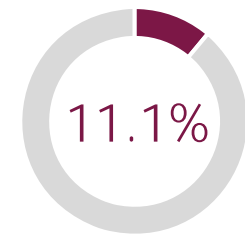
are in-state students



of domestic students are students of color

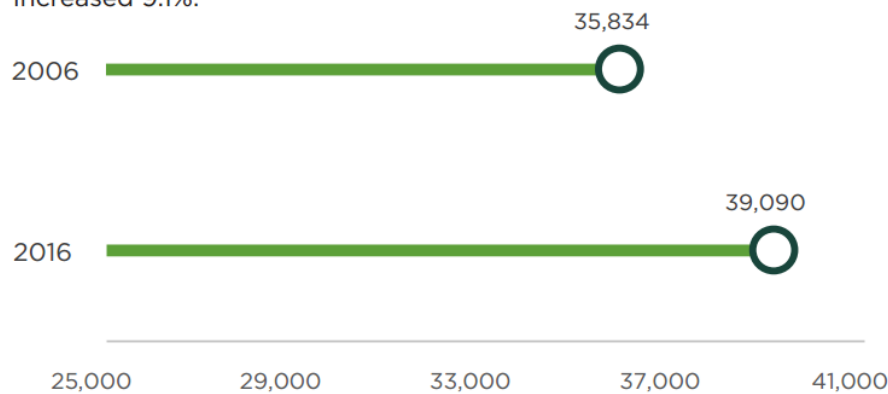


are Pell Grant recipients



are first generation students (according to the FAFSA)

There are a total of 50,344 students, 77.6% are undergraduates. Between 2006 and 2016, undergraduate enrollment increased 9.1%.



Average In-State Net Price (2015-16): \$14,970



Domestic undergraduate students of color: 22.2%



Full-time undergraduates: 90.7%



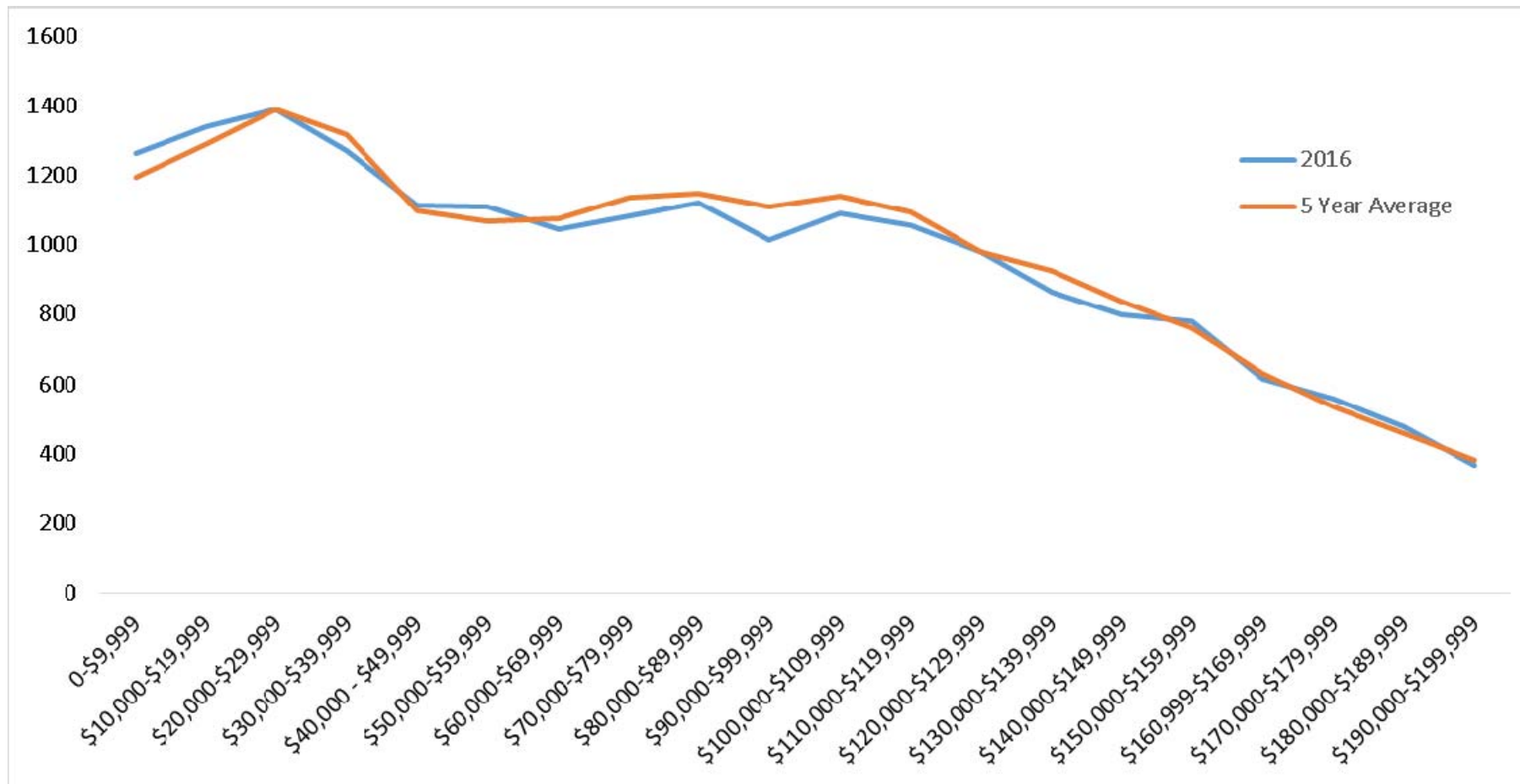
Honor's College: 9.4%



# Financial Aid Background

	<u>MSU</u>	<u>U of M</u>	<u>B10</u>	<u>State of MI</u>	<u>National</u>
Borrowers - % of Total	43%	44%	50%	63%	68%
Average Debt	\$26,091	\$26,034	\$26,911	\$30,100	\$30,400
Aid Applicants – Family income <\$30,000	4,078	Na	2,089	Na	Na

# Socio-Economic Status of Class Stable In Face of National Economic Challenges



Data presented in 2016 dollars

Families earning more than \$200,000 truncated for purposes of this analysis

## Middle Class

MSU enrolls **more students** from families making less than \$20,000 than 5 years ago

**More than half** MSU graduates leave school with no debt

**71%**

Percentage of MSU students from families who are at or below the Pew Center definition of "Middle Class"

**57%**

Percent of MSU graduates completing undergraduate degree debt free, 20 percentage points better than the state average

**3.6%**

student loan default rate which is **substantially lower** than the national rate of 11.8%

## Financial Aid

MSU  
administers  
over **\$680M** in  
annual  
financial aid

**170%**

10 year growth in MSU general fund financial aid,  
**exceeds \$133M** annually

**-92.2%**

Ten year loss in state financial aid support, under  
\$4M annually

**59%**

Percent of MSU undergraduates receive some form  
of financial aid

# Student Success and Outcomes

STEM credit hours **increased 37%** over last ten years

Freshman probation rate at its **lowest level** in over a decade

## Neighborhoods

A campus-based, wrap around student success network that includes support for academic and personal success

## Student Success Teams

Professionals in each Neighborhood that conduct group-level and individual reviews to identify students for personalized outreach and interventions

## \$30M

in additional costs for STEM credit hour increase when compared to non-STEM costs

## Student Success and Outcomes

More than  
**92%** of our  
graduates  
rate their  
education  
as good or  
excellent

Of students in the 2010 entering class:

- **82%** have graduated from MSU or another institution within 6 years
- **10%** are still enrolled in a higher education institution

Within nine months of graduation:

- **92%** of our students are either employed or enrolled in a graduate program



- Enrolling in 15 credits each semester creates higher rates of credit momentum, strongly correlating with academic success
- Students who set this pace early set the precedent for future years
- Majority of students taking 15 credits per semester earn higher GPA's
- Set the pace to graduate in 4 years
- Create flexibility through the course of study to pursue opportunities like study abroad, research, internships
- To support this program and to encourage new students to **Seize the Momentum**, MSU will freeze FY19 Freshman tuition rates at FY18 levels

# FY18 & FY19 Budget Planning

<u>Budget Item</u>	<u>2017-18 Current Proposal</u>	<u>2018-19 Illustrative Pro Forma</u>
State Appropriations	1.9%	2.0%
Tuition and Fees	2.8% Resident Lower Division 3.8% Resident Upper Division 4.0% Non-Resident Undergraduates 2.0% Resident Graduate Professional 0.0% Non-Resident Graduate Professional	Freeze FY19 resident freshmen tuition rate to incentivize Go Green Go 15 credit initiative, within the context of a 3.2% change in tuition & fee revenue
Total Tuition & Fee Revenue	\$976.9	\$1,014.4
Financial Aid	4.5%	4.5%
Graduate Assistants	2.0%	2.0%
Faculty Salaries	2.5%+0.5%*	2.5%+0.5%*
Utilities	-7.0%	0.0%
Health Care	5.0%**	5.0%**
<b><u>Financial Framework</u></b>		
Competitiveness	\$2.5	\$2.5
Technology	\$2.8	\$5.0
Performance Efficiency Reallocation	-1.0%	-1.0%
Base Budget Reduction	<u>-1.0%</u>	<u>-0.5%</u>
<b>Total</b>	<b>\$1,362.1</b>	<b>\$1,401.4</b>

\* Includes 2.5% general merit and 0.5% market pool administered centrally

\*\* Health care budget augmented by amounts previously committed to collective bargaining groups due to claims experience



## FY17-FY18 Cost of Attendance

	<u>Core College Lower Division</u>	<u>Core College Upper Division</u>
FY17 Per Credit	\$468.75	\$523.25
FY17 Academic Year Tuition	\$14,062.50	\$15,697.50
FY17 Fee Per Semester	n.a.	n.a.
FY17 Room & Board	<u>\$9,734</u>	<u>\$9,734</u>
<b>FY17 Academic Year Total</b>	<b>\$23,796.50</b>	<b>\$25,431.50</b>
FY18 Per Credit	\$482.00 (2.8%)	\$543.00 (3.8%)
FY18 Academic Year Tuition	\$14,460 (2.8%)	\$16,290 (3.8%)
FY18 Fee Per Semester	n.a.	n.a.
FY18 Room & Board	<u>\$9,976</u> (2.5%)	<u>\$9,976</u> (2.5%)
<b>FY18 Academic Year Total</b>	<b>\$24,436.00</b>	<b>\$26,266.00</b>
<b>% Rate of Change</b>	<b>2.7%</b>	<b>3.3%</b>
<b>\$ Difference</b>	<b>\$638.50</b>	<b>\$834.50</b>

# FY17-FY18 Cost of Attendance

	<u>Engineering Upper Division</u>	<u>Business Upper Division</u>
FY17 Per Credit	\$534.75	\$534.75
FY17 Academic Year Tuition	\$16,042.50	\$16,042.50
FY17 Fee Per Academic Year	\$1,290	\$436
FY17 Room & Board	<u>\$9,734</u>	<u>\$9,734</u>
<b>FY17 Academic Year Total</b>	<b>\$27,066.50</b>	<b>\$26,212.50</b>
FY18 Per Credit	\$555.00 (3.8%)	\$555.00 (3.8%)
FY18 Academic Year Tuition	\$16,650.00	\$16,650.00
FY18 Fee Per Academic Year	\$1,340	\$452
FY18 Room & Board	<u>\$9,976</u> (2.5%)	<u>\$9,976</u> (2.5%)
<b>FY18 Academic Year Total</b>	<b>\$27,966.00</b>	<b>\$27,078.00</b>
<b>% Rate of Change</b>	<b>3.3%</b>	<b>3.3%</b>
<b>\$ Difference</b>	<b>\$899.50</b>	<b>\$865.50</b>