

Cash, Finances, and Budget Update

Academic Governance
Preliminary Discussion Document
February 16, 2021



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Topics Covered

- Cash balances update and projections
- FY 21 Year to Date
- Considerations for the FY 22 and future budgets
- Budget updates

FY21 Summary

- General Fund and major auxiliaries (RHS, Athletics, Clinical) typically approximate \$2.0B in annual revenue and expenditures
- FY21 planning indicated \$1.6B in revenues and \$1.8B in expenditures, anticipating approximately \$200M in reserves, one time funding, and Federal stimulus funding
 - Other significant activities (e.g. sponsored programs) not materially disrupted
- YTD activity projects \$163M in reserves draws for FY21, with GF activity favorable and RHS activity unfavorable to initial FY21 budget planning
 - An internal loan may be necessary for RHS at year-end (~\$9M), will not have a material impact on liquidity

Scenario Planning for FY 2021 Budget and Cash Flows

- Historical seasonal trends modeled using past 10 years of daily data
- COVID-19 continues to create great uncertainty
- Several hundred economic and budget scenarios analyzed since March 2020
- Key assumptions continually change as impact of coronavirus evolves with students staying home for remote learning
- Impacts only for FY 20 and FY 21 while impacts will likely carry over to FY 22 and beyond

Budget Assumptions Used for *Case 2 Cash Flow Projections Updated*

| FY 2021 Budget as of June 2020 | Fiscal Year 2020-2021 | | | | | Total |
|--------------------------------|-----------------------|-----------------|-------|--------------|---------|---------|
| | Athletics | Clinical Health | RHS | General Fund | Wharton | |
| Revenue | \$140 | \$104 | \$231 | \$1,356 | \$10 | \$1,841 |
| Expenditures | \$140 | \$107 | \$231 | \$1,446 | \$11 | \$1,935 |
| Surplus (Deficit) | \$0 | (\$3) | \$0 | (\$90) | (\$1) | (\$94) |
| Draw from Reserves | \$0 | \$3 | \$0 | \$90 | \$1 | \$94 |
| Net | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

| Case 2 Budget Assumptions February 1, 2021 Updates | Clinical | | | | | Total |
|---|-----------|--------|--------|---------|---------|---------|
| | Athletics | Health | RHS | GF | Wharton | |
| Revenue | \$84 | \$103 | \$33 | \$1,408 | \$3 | \$1,631 |
| Expenditures | \$109 | \$106 | \$112 | \$1,461 | \$6 | \$1,794 |
| Surplus (Deficit) | (\$25) | (\$3) | (\$79) | (\$53) | (\$3) | (\$163) |
| Draw from Reserves | \$25 | \$3 | \$70 | \$53 | \$3 | \$154 |
| Net | \$0 | \$0 | (\$9) | \$0 | \$0 | (\$9) |

Budget Change Assumptions Case 2 Compared to “Typical Year”

Historical Perspective for Case 2 Scenario

Typical Year Pre-COVID Pandemic Budget

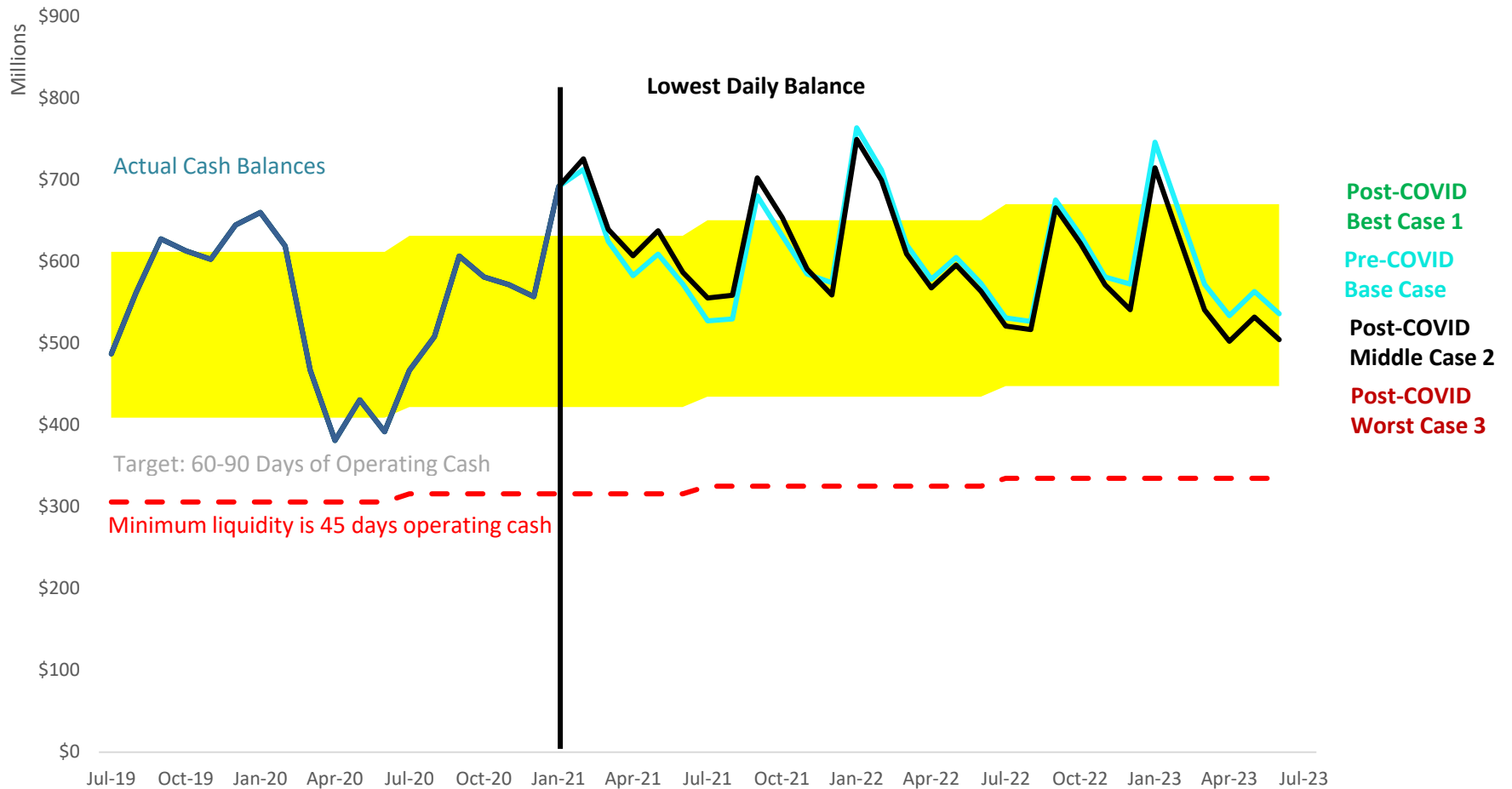
| | Clinical | | | General | | Total |
|--------------------------|-----------|--------|-------|---------|---------|---------|
| | Athletics | Health | RHS | Fund | Wharton | |
| Revenue | \$146 | \$107 | \$267 | \$1,516 | \$13 | \$2,049 |
| Expenditures | \$146 | \$107 | \$267 | \$1,516 | \$13 | \$2,049 |
| Surplus (Deficit) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Draw from Reserves/Units | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Net | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Case 2 FY 2021 Budget Assumptions February 1, 2021 Updates

| | Clinical | | | General | | Total |
|--------------------------|-----------|--------|--------|---------|---------|---------|
| | Athletics | Health | RHS | Fund | Wharton | |
| Revenue | \$84 | \$103 | \$33 | \$1,408 | \$3 | \$1,631 |
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| Draw from Reserves/Units | \$25 | \$3 | \$70 | \$53 | \$3 | \$154 |
| Net | \$0 | \$0 | (\$9) | \$0 | \$0 | (\$9) |

Revenue \$418 million lower than “typical” year and Spending \$254 million lower

Cash Balances Maintained after \$240 million Moved from Long-Term Investments: Three Scenarios (02/01/2021)



Actual Revenues and Spending Lower in 1st Half of FY 21

- Total revenue \$228 million lower the first half of fiscal year 2021 compared to the first half of fiscal year 2020
- Total spending cut by \$139 million during the first half of fiscal year 2021 compared to the first half of fiscal year 2020
- Most of the revenue losses are in Athletics and Housing as are most of the reductions in spending
- Units may exceed or underspend their budgets in any given year by using funds not spent in previous years or holding funds for future expenses not completed in the budget year
- Information excludes capital grants, Nassar lawsuit, half of investment income

Total Revenue and Spending Lower 1st half of FY21

All Funds Actual Revenues, Expenditures and Budget
Year to Date through 12/31/2021

| | <i>A</i> | <i>B</i> | <i>C</i> | <i>D</i> |
|---------------------------------------|------------------------|------------------------|-----------------------|----------------|
| | 2019-2020 | 2020-2021 | Change | |
| | <u>YTD 12/31/19</u> | <u>YTD 12/31/20</u> | <u>Dollar</u> | <u>Percent</u> |
| REVENUES: | | | | |
| Student tuition and fees | \$964,633,435 | \$930,550,429 | -\$34,083,006 | -3.5% |
| Less: Scholarship allowances | -\$158,331,529 | -\$168,230,258 | -\$9,898,729 | 6.3 |
| Net student tuition and fees | \$806,301,906 | \$762,320,171 | -\$43,981,735 | -5.5 |
| Grants and contracts | \$247,965,540 | \$307,438,000 | \$59,472,460 | 24.0 |
| Auxiliary and departmental activities | \$363,145,603 | \$131,781,008 | -\$231,364,595 | -63.7 |
| State operating appropriation | \$96,510,784 | \$96,547,948 | \$37,164 | 0.0 |
| Investment income budgeted | \$66,282,834 | \$64,682,725 | -\$1,600,109 | -2.4 |
| Gifts | \$29,797,274 | \$27,731,977 | -\$2,065,297 | -6.9 |
| Addition to permanent endowment | \$25,295,814 | \$25,670,365 | \$374,551 | 1.5 |
| Other revenue (loss) | \$9,024,907 | \$341,070 | \$6,683,897 | -96.2 |
| TOTAL REVENUES | \$1,644,324,662 | \$1,416,513,264 | -\$227,811,398 | -13.9% |
| EXPENSES: | | | | |
| Compensation: | | | | |
| Employee pay | \$620,868,896 | \$600,642,193 | -\$20,226,703 | -3.3 |
| Employee benefits | \$165,598,433 | \$151,814,575 | -\$13,783,858 | -8.3 |
| Total compensation | \$786,467,329 | \$752,456,768 | -\$34,010,561 | -4.3 |
| Contractual services | \$161,590,723 | \$101,793,984 | -\$59,796,739 | -37.0 |
| Supplies | \$84,943,449 | \$48,829,310 | -\$36,114,139 | -42.5 |
| Financial aid | \$48,392,241 | \$62,835,314 | \$14,443,073 | 29.8 |
| Depreciation and interest expense | \$104,984,822 | \$104,751,312 | -\$233,510 | -0.2 |
| Repairs and maintenance | \$25,561,030 | \$16,801,403 | -\$8,759,627 | -34.3 |
| Travel | \$22,122,167 | \$2,715,036 | -\$19,407,131 | -87.7 |
| Other expenses | \$13,684,546 | \$18,729,678 | \$5,045,132 | 36.9 |
| TOTAL EXPENSES | \$1,247,746,307 | \$1,108,912,805 | -\$138,833,502 | -11.1 |
| NET INCOME (LOSS) | \$396,578,355 | \$307,600,459 | -\$88,977,896 | -22.4% |

First Half FY21 General Fund Budget to Actual

- YTD tuition variance consistent with approximate \$9M previously reviewed; remaining activity related to summer, tuition waiver offsets to revenue, and payments to foreign universities
- Favorable appropriations and tuition outcomes decrease need for budgeted one-time resources
- Other revenue variance related to indirect cost recoveries; surplus transferred to Research Reserve at year-end
- Fringe benefits variance related to FAS retirement concession
- Other expenditure variances consistent with broader expense savings and annual activity
- General fund activity includes directly budgeted sub-funds (GA, GC, GD) as well as project- and unit- based activities (e.g. startup) funded from previous periods or outside the general fund

| | <u>2020-2021</u> <u>YTD Budget</u> | <u>2020-2021</u> <u>YTD Actual</u> | <u>Variance</u> |
|---|---------------------------------------|---------------------------------------|-----------------------------|
| REVENUES: | | | |
| Student tuition and fees | \$ 915,570,000 | \$ 927,899,651 | \$ 12,329,651 |
| Less: Scholarship allowances | | - | |
| Net student tuition and fees | 915,570,000 | 927,899,651 | 12,329,651 |
| Auxiliary and departmental activity | 175,000 | (58,317) | (233,317) |
| State operating appropriation | 66,980,554 | 78,800,652 | 11,820,098 |
| Investment income budgeted | 5,629,500 | 5,629,500 | - |
| Other revenue (loss) | 39,100,000 | 46,737,682 | 7,637,682 |
| TOTAL REVENUES | 1,027,455,054 | 1,059,009,168 | 31,554,114 |
| EXPENSES: | | | |
| Compensation: | | | |
| Employee pay | 371,450,000 | 325,290,471 | (46,159,529) |
| Employee benefits | 121,050,000 | 109,124,716 | (11,925,284) |
| Total compensation | 492,500,000 | 434,415,187 | (58,084,813) |
| Financial aid | 173,340,000 | 174,318,897 | 978,897 |
| Supplies, Services, & Operations | 134,500,000 | 112,917,231 | (21,582,769) |
| Previously Budgeted Activity (e.g. Startup) | 46,978,099 | 46,978,099 | - |
| TOTAL EXPENSES | 847,318,099 | 768,629,414 | (78,688,685) |
| NET INCOME (LOSS) | 180,136,955 | 290,379,754 | 110,242,799 |
| One time resources* | 45,150,000 | 26,500,000 | (18,650,000) |
| | 90,300,000 | 53,000,000 | (37,000,000) |
| | (full year assumption) | (revised full year assumption) | (variance from FY21 budget) |

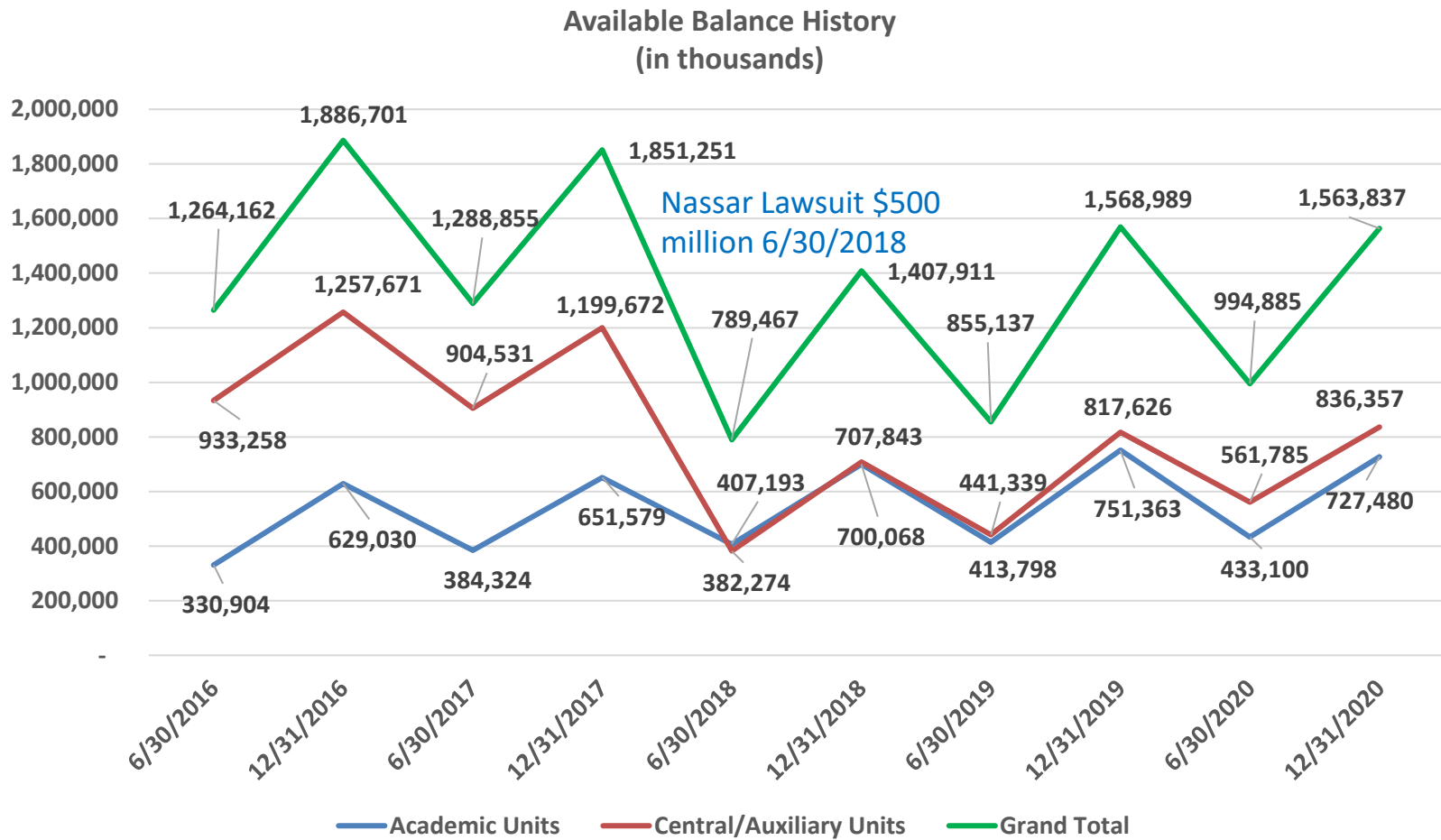
*Planned reliance on one-time resources reduced due to favorable appropriations and tuition outcomes

Unrestricted Fund Balances \$76 Million Lower than Last Year as of December 31, 2020

- Unrestricted fund balances have a seasonal pattern as well as a secular pattern – Highest level in December and lowest in July
- The amounts do not include the allocation of the \$2.0 billion in OPEB liabilities for post-retirement health care benefits
- Comparing December 2019 to December 2020, the unrestricted balances for academic units are \$27 million higher including College of Law, Health Sciences are \$9 million lower, and the Central/Auxiliary units are \$93 million lower
- Insurance proceeds and debt payments of \$95 million used to pay down Nassar lawsuit settlement bonds are excluded

Unrestricted Fund Balances Seasonal Pattern

(Total includes OPEB Adjustments)



Total Fund Balances Down \$76 million from Last Year as of December 31, 2020

University Wide Unrestricted Fund Balances

| Unit | 30-Jun | 30-Jun | 30-Jun | % Change | 31-Dec | 31-Dec | Change | |
|---|--------------------------|--------------------------|--------------------------|--------------|--------------------------|--------------------------|------------------------|---------|
| | 2017-18 | 2018-19 | 2019-20 | 2018 to 2020 | 2019-20 | 2020-21 | Dollar | Percent |
| Subtotal Fund Balances | \$1,298,510,366 | \$1,357,801,053 | \$1,398,057,151 | 7.7% | \$2,046,731,677 | \$1,971,081,890 | (\$75,649,787) | -3.7% |
| <i>Adjustment for OPEB, True Endowments, etc.</i> | <i>(\$1,516,310,484)</i> | <i>(\$1,541,224,806)</i> | <i>(\$1,684,291,193)</i> | 11.1% | <i>(\$1,907,050,093)</i> | <i>(\$2,021,555,509)</i> | <i>(\$114,505,416)</i> | |
| Subtotal | <i>(\$217,800,118)</i> | <i>(\$183,423,753)</i> | <i>(\$286,234,042)</i> | 31.4% | <i>\$139,681,584</i> | <i>(\$50,473,619)</i> | <i>(\$190,155,203)</i> | |
| Adjustment for Nassar Lawsuit Payments | <i>(\$500,000,000)</i> | <i>(\$497,606,639)</i> | <i>(\$402,889,776)</i> | -19.4% | <i>(\$477,485,904)</i> | <i>(\$382,230,975)</i> | <i>\$95,254,929</i> | -19.9% |
| Total | (\$717,800,118) | (\$681,030,392) | (\$689,123,818) | -4.0% | (\$337,804,320) | (\$432,704,594) | (\$94,900,274) | 28.1% |

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Summary

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Impacts of COVID Likely to Persist for FY 22 and Beyond

- Enrollment impacts on fall 2020 cohort carry through next four years
- Athletics events may not return to normal in fall 2021 given the rate of vaccination and recurrence of infection
- On campus housing may not be allowed at normal capacity for another school year
- Continuing costs of personal protection equipment, additional cleaning, social distancing likely for foreseeable future
- Hence, revenues and expenditures are not likely to return to a typical year, and fund balances may continue to be drawn down resulting in additional lower future investment income



FY22 Budget and Planning Update

February 16, 2021

FY22 Budget Planning: Context

Overarching need to build upon student success initiatives, continue to advance reputation in instructional as well as research domains and maintain opportunity for Michigan students.





FY22 Budget Planning: Summary of Actions to Date

2018-19

- Tuition rates frozen, move to block structure
- Financial Aid budgets augmented

2019-20

- Tuition rates frozen, slowing of international enrollment
- COVID-19 evident Spring Semester, Housing rebate, Virtual courses
- Expenditures moderated, slow use of reserves
- Summer courses on – line; over 700 employees furloughed

2020-21

- Tuition rates frozen,
- No general faculty salary increases, Wage and benefit concessions,
- Three percent program reduction
- Virtual courses continue
- Significant reductions in Auxiliary Unit Fund Balances



Budget Objectives for 2022 and Beyond

Stabilize enrollment

Discontinue wage concessions

Discontinue benefit concessions

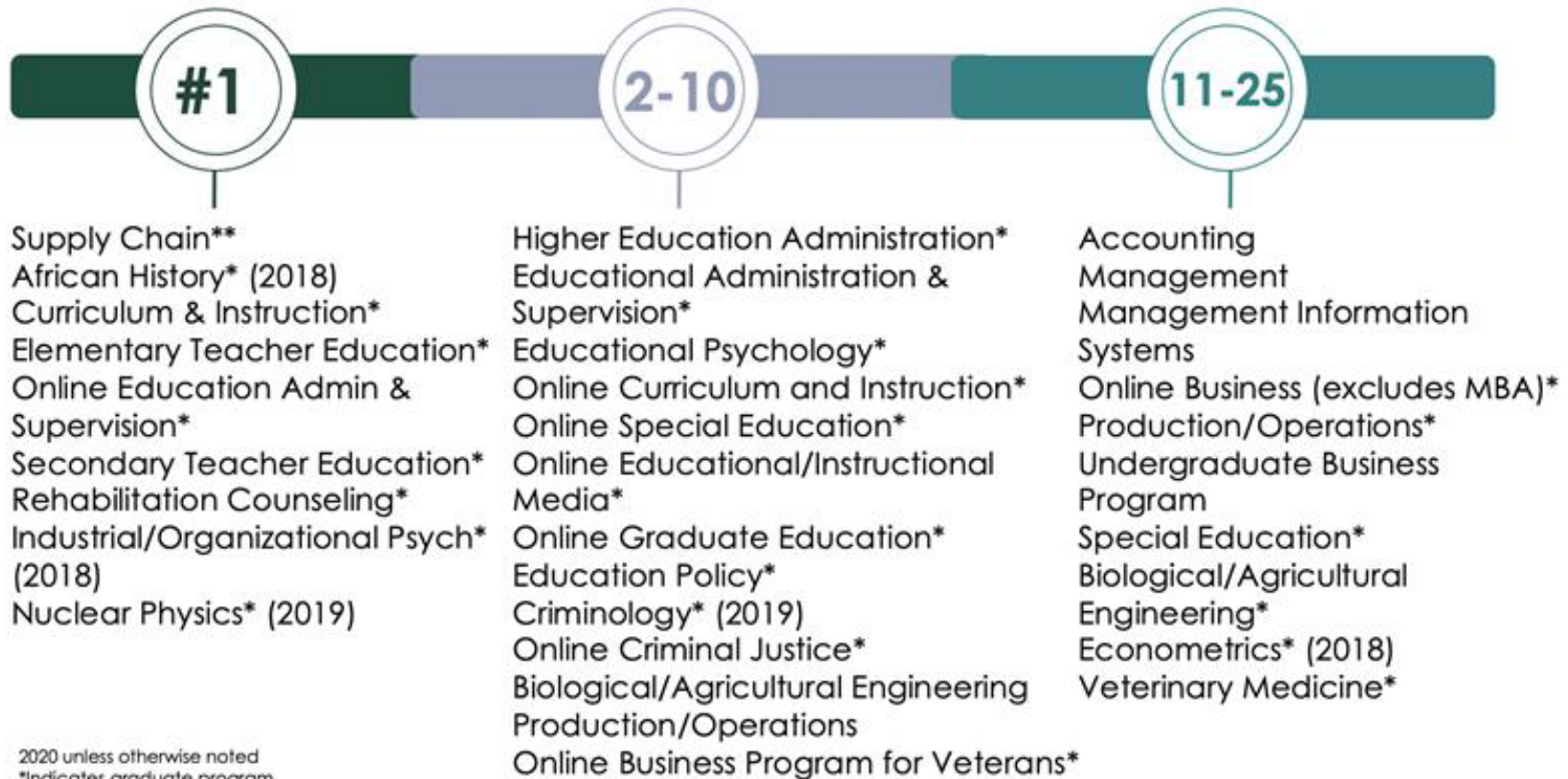
Invest in highest priority programming



Illustrative Reputational Rankings

National Rankings

MSU has **10** programs ranked **#1** nationwide and a total of **33** graduate and undergraduate programs/schools ranked in the top 25 nationwide.



2020 unless otherwise noted
 *Indicates graduate program
 **Indicates both graduate & undergraduate programs

As of 1/31/2020

State Appropriations Update for 2021-222

- Stimulus and mid-year adjustments result in one-time balances for GFGP and SAF
- FY21 GFGP projections \$0.75B favorable to previous estimates
- Monitor Federal aid legislation for potential additional relief to state and local governments
- Recurring higher education appropriation support flat – recommendation for up to five percent in one time support

Enrollment Planning: Case Analysis

| | <u>Fall 2019: Actual</u> | <u>Fall 2020: Actual</u> | <u>Case 1: Disrupted</u> | <u>Case 2: Status Quo</u> | <u>Case 3: Budget Planning</u> | <u>Case 3: Spring Back</u> | <u>Case 4: Spring Back+</u> |
|--------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|------------------------------------|--------------------------------|---------------------------------|
| Entering Resident UG | 6,435 | 6,528 | 7,200 | 6,750 | 6,750 | 6,350 | 6,350 |
| Entering Non-Resident UG | 1,479 | 1,326 | 1,000 | 1,250 | 1,450 | 1,750 | 1,900 |
| Entering International | <u>656</u> | <u>374</u> | <u>150</u> | <u>350</u> | <u>425</u> | <u>700</u> | <u>750</u> |
| Total First Time | 8,570 | 8,228 | 8,350 | 8,350 | 8,625 | 8,800 | 9,000 |
| Revenue Change* | n.a. | n.a. | -\$9M | \$0M | +\$8M | +\$21M | +\$27M |

*Assumes other student categories enter and matriculate consistent with broader planning assumptions

Tuition & Fees Update

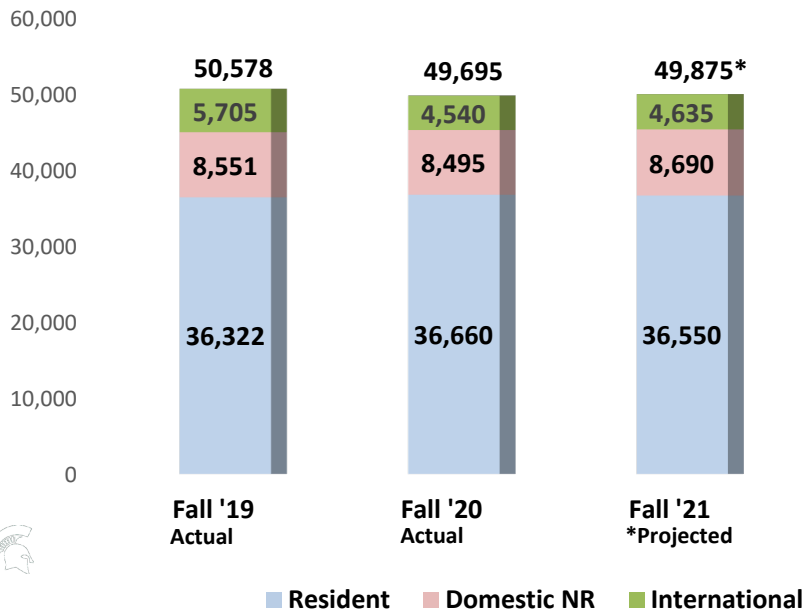
| | <u>Initial 2020 Target</u> | <u>Estimated Loss</u> | <u>Revised Target</u> | <u>Disrupted Tuition</u> | <u>Fall Enrollment</u> | <u>Fall Enrollment %</u> | <u>Est. Disrupted Revenue</u> | <u>Variance to Budget</u> |
|---------------------------------------|--------------------------------|---------------------------|---------------------------|------------------------------|----------------------------------|------------------------------|-----------------------------------|-------------------------------|
| <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 |

- Preliminary spring tuition revenue outcomes consistent with outcomes detailed above

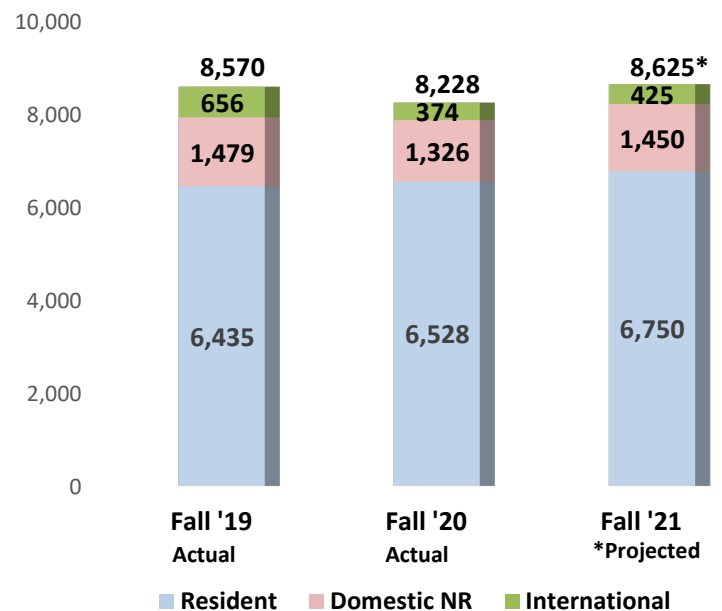
Preliminary Enrollment Trends

- FY21 enrollment favorable to budgeted projection by approximately \$9M in tuition and fee revenue
- Fall-to-spring enrollment change consistent with previous periods and incorporated into broader enrollment, tuition, and financial planning
- FY22 enrollment forecast indicates an additional \$8M in enrollment-driven revenue increase

Total Enrollment by Residency



Total Entering Class by Residency



Enrollment Planning: Big Ten Comparison

| | All First-time Undergraduates | Domestic In-State | Domestic Out-of-State | International | Domestic In-State | Domestic Out-of-State | International |
|--------------|-------------------------------|-------------------|-----------------------|---------------|-------------------|-----------------------|---------------|
| | N | N | N | N | % | % | % |
| Illinois | 7,609 | 5,811 | 862 | 936 | 76 | 11 | 12 |
| Indiana | 8,097 | 4,655 | 2,862 | 580 | 57 | 35 | 7 |
| Iowa | 4,806 | 2,801 | 1,820 | 185 | 58 | 38 | 4 |
| MSU | 8,688 | 6,752 | 1,182 | 754 | 78 | 14 | 9 |
| Maryland | 6,075 | 3,901 | 2,009 | 165 | 64 | 33 | 3 |
| Michigan | 6,695 | 3,546 | 2,849 | 300 | 53 | 43 | 4 |
| Minnesota | 5,979 | 3,898 | 1,795 | 284 | 65 | 30 | 5 |
| Nebraska | 4,816 | 3,343 | 1,239 | 231 | 69 | 26 | 5 |
| Northwestern | 1,931 | 498 | 1,201 | 232 | 26 | 62 | 12 |
| Ohio State | 7,944 | 5,214 | 1,788 | 942 | 66 | 23 | 12 |
| Penn State | 8,075 | 4,486 | 2,784 | 805 | 56 | 34 | 10 |
| Purdue | 8,491 | 4,391 | 3,308 | 792 | 52 | 39 | 9 |
| Rutgers | 7,036 | 5,866 | 476 | 667 | 83 | 7 | 9 |
| Wisconsin | 6,862 | 3,629 | 2,666 | 567 | 53 | 39 | 8 |

Enrollment Planning: Big Ten Peer Comparison

| | Illinois | Indiana | Iowa | MSU | Maryland | Michigan | Minnesota | Nebraska | Northwestern | Ohio State | Penn State | Purdue | Rutgers | Wisconsin |
|----------------------------|----------|---------|-------|--------------|----------|----------|-----------|----------|--------------|------------|------------|--------|---------|-----------|
| All Domestic First-time | 6,673 | 7,517 | 4,621 | 7,934 | 5,910 | 6,395 | 5,693 | 4,582 | 1,699 | 7,002 | 7,270 | 7,699 | 6,342 | 6,295 |
| Resident State | 5,811 | 4,655 | 2,801 | 6,752 | 3,901 | 3,546 | 3,898 | 3,343 | 498 | 5,214 | 4,486 | 4,391 | 5,866 | 3,629 |
| Domestic Non-Resident | 862 | 2,862 | 1,820 | 1,182 | 2,009 | 2,849 | 1,795 | 1,239 | 1,201 | 1,788 | 2,784 | 3,308 | 476 | 2,666 |
| By State | | | | | | | | | | | | | | |
| Illinois | 5,811 | 896 | 1,171 | 313 | 32 | 400 | 304 | 203 | 498 | 310 | 39 | 695 | 11 | 659 |
| Michigan | 28 | 108 | 13 | 6,752 | 7 | 3,546 | 17 | 18 | 38 | 84 | 24 | 202 | 3 | 54 |
| Indiana | 15 | 4,655 | 19 | 23 | 4 | 28 | 14 | 10 | 28 | 36 | 4 | 4,391 | 2 | 14 |
| New Jersey | 67 | 248 | 13 | 79 | 620 | 315 | 25 | 8 | 75 | 167 | 705 | 174 | 5,866 | 116 |
| Ohio | 17 | 151 | 6 | 76 | 17 | 136 | 12 | 6 | 50 | 5,214 | 51 | 201 | 6 | 33 |
| Pennsylvania | 14 | 79 | 6 | 52 | 235 | 105 | 11 | 7 | 35 | 196 | 4,486 | 98 | 67 | 34 |
| Minnesota | 11 | 37 | 151 | 15 | 4 | 38 | 3,898 | 171 | 47 | 21 | 13 | 65 | 5 | 708 |
| Wisconsin | 12 | 37 | 138 | 27 | 2 | 26 | 898 | 35 | 41 | 12 | 5 | 70 | . | 3,629 |
| Maryland | 17 | 72 | 3 | 21 | 3,901 | 92 | 8 | 7 | 44 | 70 | 291 | 61 | 34 | 63 |
| Nebraska | 2 | 4 | 28 | 1 | 2 | 3 | 17 | 3,343 | 8 | 3 | . | 2 | . | 5 |
| Iowa | 6 | 3 | 2,801 | 2 | . | 5 | 31 | 76 | 9 | 5 | 2 | 15 | . | 17 |
| New York | 28 | 188 | 7 | 70 | 334 | 514 | 21 | 8 | 133 | 260 | 604 | 111 | 145 | 220 |
| California | 290 | 272 | 49 | 107 | 67 | 361 | 75 | 54 | 207 | 116 | 119 | 462 | 45 | 260 |
| Massachusetts | 27 | 64 | 3 | 39 | 153 | 106 | 9 | 7 | 60 | 51 | 130 | 96 | 36 | 63 |
| Other States & Territories | 328 | 703 | 213 | 357 | 532 | 720 | 353 | 629 | 426 | 457 | 797 | 1,056 | 122 | 420 |

Resident Tuition and Fee History

| University | 2018 | 2019 | 2020 | 2021 | Current Rank | 1 Year Avg. Change | 3 Year Avg. Change |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|--------------|--------------------|--------------------|
| Northwestern | \$52,678 | \$54,567 | \$56,624 | \$56,740 | 1 | 0.2% | 2.5% |
| Penn State | \$18,436 | \$18,436 | \$18,450 | \$18,450 | 2 | 0.0% | 0.0% |
| Illinois | \$15,868 | \$16,004 | \$16,210 | \$16,862 | 3 | 4.0% | 2.0% |
| Michigan | \$14,826 | \$15,262 | \$15,558 | \$15,948 | 4 | 2.5% | 2.5% |
| Rutgers | \$14,638 | \$14,974 | \$15,249 | \$15,249 | 5 | 0.0% | 1.4% |
| Minnesota | \$14,488 | \$14,760 | \$14,760 | \$15,142 | 6 | 2.6% | 1.5% |
| Michigan State | \$14,460 | \$14,640 | \$14,640 | \$14,640 | 7 | 0.0% | 0.4% |
| Ohio State | \$10,010 | \$10,726 | \$11,084 | \$11,518 | 8 | 3.9% | 4.8% |
| Indiana | \$10,388 | \$10,680 | \$10,894 | \$11,220 | 9 | 3.0% | 2.6% |
| Maryland | \$10,372 | \$10,595 | \$10,796 | \$10,796 | 10 | 0.0% | 1.3% |
| Wisconsin | \$10,488 | \$10,534 | \$10,556 | \$10,746 | 11 | 1.8% | 0.8% |
| Purdue | \$9,992 | \$9,992 | \$9,992 | \$9,992 | 12 | 0.0% | 0.0% |
| Iowa | \$8,974 | \$9,492 | \$9,830 | \$9,830 | 13 | 0.0% | 3.1% |
| Nebraska | \$8,628 | \$9,242 | \$9,522 | \$9,690 | 14 | 1.8% | 3.9% |
| Big Ten Avg. (w/o MSU) | \$15,354 | \$15,764 | \$16,070 | \$16,275 | na | 1.3% | 2.0% |

Non-Resident Tuition and Fee History

| University | 2018 | 2019 | 2020 | 2021 | Current Rank | 1 Year Avg. Change | 3 Year Avg. Change |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|--------------|--------------------|--------------------|
| Northwestern | \$52,678 | \$54,567 | \$56,624 | \$56,740 | 1 | 0.2% | 2.5% |
| Michigan | \$47,148 | \$49,022 | \$50,872 | \$52,266 | 2 | 2.7% | 3.5% |
| Michigan State | \$39,405 | \$39,765 | \$39,765 | \$39,765 | 3 | 0.0% | 0.3% |
| Wisconsin | \$34,738 | \$36,783 | \$37,615 | \$38,634 | 4 | 2.7% | 3.6% |
| Indiana | \$34,246 | \$35,456 | \$36,164 | \$37,600 | 5 | 4.0% | 3.2% |
| Maryland | \$32,976 | \$35,216 | \$35,908 | \$36,890 | 6 | 2.7% | 3.8% |
| Penn State | \$33,644 | \$34,804 | \$35,514 | \$35,514 | 7 | 0.0% | 1.8% |
| Illinois | \$31,988 | \$32,574 | \$33,352 | \$34,312 | 8 | 2.9% | 2.4% |
| Ohio State | \$29,114 | \$30,742 | \$32,060 | \$33,502 | 9 | 4.5% | 4.8% |
| Iowa | \$29,756 | \$31,458 | \$31,793 | \$31,793 | 10 | 0.0% | 2.2% |
| Rutgers | \$30,579 | \$31,282 | \$31,709 | \$31,709 | 11 | 0.0% | 1.2% |
| Minnesota | \$26,674 | \$30,438 | \$30,438 | \$33,440 | 12 | 9.9% | 7.8% |
| Purdue | \$28,804 | \$28,794 | \$28,794 | \$28,794 | 13 | 0.0% | 0.0% |
| Nebraska | \$23,148 | \$25,038 | \$25,828 | \$26,820 | 14 | 3.8% | 5.0% |
| Big Ten Avg. (w/o MSU) | \$33,499 | \$35,090 | \$35,898 | \$36,770 | na | 2.4% | 3.2% |

Peer Standing: Tuition and Fees & Costs of Attendance (Big Ten)

- MSU ranks 7th in the Big Ten for Resident tuition, 6th for Resident cost of attendance, 3rd for non-resident tuition, and 3rd for non-resident cost of attendance

Big Ten Resident Tuition & Fees (2020-21)

| University | Tuition & Fees | Rank | Total | Rank |
|-----------------------|-----------------|----------|-----------------|----------|
| Northwestern | \$56,740 | 1 | \$79,322 | 1 |
| Penn State | \$18,450 | 2 | \$37,396 | 2 |
| Illinois | \$16,862 | 3 | \$32,814 | 4 |
| Michigan | \$15,948 | 4 | \$31,484 | 5 |
| Rutgers | \$15,249 | 5 | \$34,706 | 3 |
| Minnesota | \$15,142 | 6 | \$28,942 | 7 |
| Michigan State | \$14,640 | 7 | \$29,294 | 6 |
| Ohio State | \$11,518 | 8 | \$28,664 | 8 |
| Indiana | \$11,220 | 9 | \$26,186 | 12 |
| Maryland | \$10,778 | 10 | \$27,424 | 9 |
| Wisconsin | \$10,746 | 11 | \$27,228 | 10 |
| Purdue | \$9,992 | 12 | \$22,782 | 14 |
| Iowa | \$9,830 | 13 | \$25,600 | 13 |
| Nebraska | \$9,690 | 14 | \$26,250 | 11 |

Peer Standing: Tuition and Fees & Costs of Attendance (Big Ten)

- MSU ranks 7th in the Big Ten for Resident tuition, 6th for Resident cost of attendance, 3rd for non-resident tuition, and 3rd for non-resident cost of attendance

Big Ten Non-Resident Tuition & Fees (2020-21)

| University | Tuition & Fees | Rank | Total | Rank |
|-----------------------|-----------------|----------|-----------------|----------|
| Northwestern | \$56,740 | 1 | \$79,322 | 1 |
| Michigan | \$52,266 | 2 | \$67,802 | 2 |
| Michigan State | \$39,830 | 3 | \$55,400 | 4 |
| Wisconsin | \$38,634 | 4 | \$55,640 | 3 |
| Indiana | \$37,600 | 5 | \$52,566 | 7 |
| Maryland | \$36,890 | 6 | \$53,536 | 6 |
| Penn State | \$35,514 | 7 | \$54,460 | 5 |
| Illinois | \$34,312 | 8 | \$50,604 | 10 |
| Ohio State | \$33,502 | 9 | \$51,482 | 9 |
| Minnesota | \$33,440 | 10 | \$48,740 | 11 |
| Iowa | \$31,793 | 11 | \$47,563 | 12 |
| Rutgers | \$31,709 | 12 | \$51,718 | 8 |
| Purdue | \$28,794 | 13 | \$41,584 | 14 |
| Nebraska | \$26,820 | 14 | \$43,380 | 13 |

Big Ten Resources Per Student

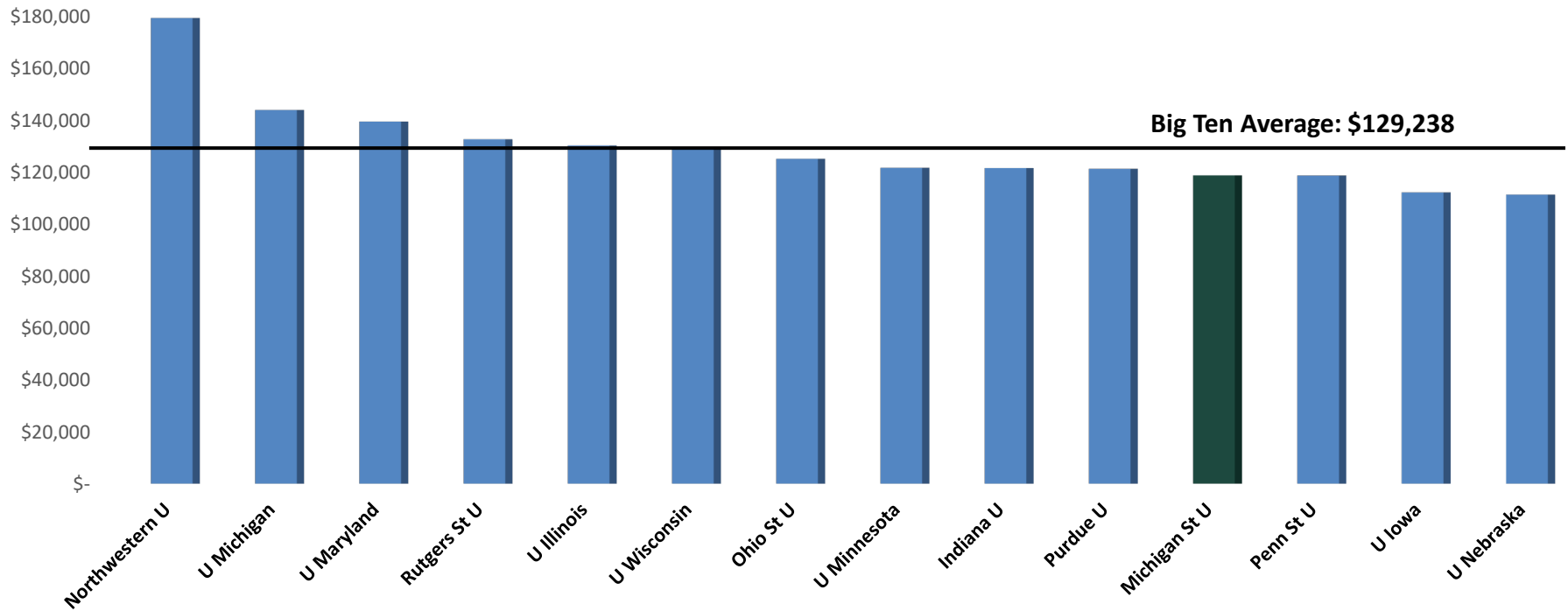
| | <u>2017-18</u> | | | <u>2016-17</u> | | | <u>2015-16</u> | | |
|----------------------------------|-----------------|----------------|-----------------|-----------------|----------------|-----------------|-----------------|----------------|-----------------|
| | Tuition | Appropriation | Total | Tuition | Appropriation | Total | Tuition | Appropriation | Total |
| University of Michigan | \$25,416 | \$6,953 | \$32,370 | \$24,289 | \$6,942 | \$31,230 | \$23,189 | \$6,935 | \$30,124 |
| Rutgers University | \$15,055 | \$15,296 | \$30,351 | \$14,626 | \$15,695 | \$30,322 | \$14,186 | \$15,206 | \$29,392 |
| University of Minnesota | \$15,457 | \$13,522 | \$28,979 | \$14,820 | \$12,781 | \$27,601 | \$14,438 | \$13,278 | \$27,716 |
| University of Maryland | \$13,702 | \$13,113 | \$26,815 | \$13,247 | \$13,220 | \$26,467 | \$12,487 | \$12,971 | \$25,457 |
| University of Illinois | \$17,236 | \$7,953 | \$25,189 | \$17,252 | \$3,276 | \$20,528 | \$16,860 | \$1,528 | \$18,388 |
| Michigan State University | \$18,719 | \$6,066 | \$24,785 | \$18,671 | \$5,995 | \$24,666 | \$17,954 | \$5,811 | \$23,765 |
| Indiana University | \$18,887 | \$5,693 | \$24,580 | \$18,365 | \$5,498 | \$23,863 | \$17,100 | \$5,055 | \$22,155 |
| Purdue University | \$16,887 | \$7,412 | \$24,299 | \$17,175 | \$7,789 | \$24,964 | \$16,994 | \$8,009 | \$25,003 |
| Ohio State University | \$15,988 | \$8,050 | \$24,038 | \$16,127 | \$8,202 | \$24,329 | \$15,459 | \$7,941 | \$23,401 |
| University of Iowa | \$15,394 | \$7,847 | \$23,241 | \$14,298 | \$8,286 | \$22,584 | \$13,715 | \$8,647 | \$22,362 |
| University of Wisconsin | \$13,058 | \$8,975 | \$22,034 | \$12,688 | \$9,025 | \$21,714 | \$11,688 | \$8,826 | \$20,515 |
| University of Nebraska | \$9,834 | \$11,400 | \$21,235 | \$9,406 | \$11,840 | \$21,246 | \$9,079 | \$11,606 | \$20,685 |

Faculty Salary History

| Faculty Salary History | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | Current Rank | 1 Year Change | 3 Year Avg. Change | 5 Year Avg. Change |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|--------------|---------------|--------------------|--------------------|
| Northwestern U | \$158,268 | \$164,178 | \$172,763 | \$176,078 | \$178,883 | 1 | 1.6% | 1.8% | 3.1% |
| U Michigan-Ann Arbor | \$135,143 | \$134,525 | \$136,428 | \$140,437 | \$143,502 | 2 | 2.2% | 2.6% | 1.5% |
| U Maryland-College Park | \$125,557 | \$131,316 | \$131,506 | \$131,945 | \$139,056 | 3 | 5.4% | 2.8% | 2.6% |
| Rutgers St U-New Brunswick | \$122,522 | \$126,682 | \$127,888 | \$128,048 | \$132,264 | 4 | 3.3% | 1.7% | 1.9% |
| U Illinois-Urbana-Champaign | \$118,196 | \$118,964 | \$122,855 | \$126,639 | \$129,879 | 5 | 2.6% | 2.8% | 2.4% |
| U Wisconsin-Madison | \$117,135 | \$115,876 | \$118,497 | \$123,333 | \$128,451 | 6 | 4.1% | 4.1% | 2.3% |
| Ohio St U-Main | \$115,726 | \$118,027 | \$118,201 | \$121,474 | \$124,766 | 7 | 2.7% | 2.7% | 1.9% |
| U Minnesota-Twin Cities | \$112,128 | \$115,202 | \$116,786 | \$118,636 | \$121,294 | 8 | 2.2% | 1.9% | 2.0% |
| Indiana U-Bloomington | \$113,373 | \$115,357 | \$117,955 | \$119,322 | \$121,207 | 9 | 1.6% | 1.4% | 1.7% |
| Purdue U-Main | \$109,867 | \$117,312 | \$115,854 | \$118,665 | \$120,918 | 10 | 1.9% | 2.2% | 2.4% |
| Michigan St U | \$110,383 | \$112,687 | \$115,522 | \$116,702 | \$118,406 | 11 | 1.5% | 1.2% | 1.8% |
| Penn St U-Main | \$121,812 | \$124,705 | \$125,225 | \$116,012 | \$118,347 | 12 | 2.0% | -2.8% | -0.7% |
| U Iowa | \$108,380 | \$110,400 | \$112,654 | \$111,663 | \$111,847 | 13 | 0.2% | -0.4% | 0.8% |
| U Nebraska-Lincoln | \$101,855 | \$103,330 | \$105,079 | n.a. | \$110,974 | 14 | na | 2.8% | 2.2% |
| Big Ten Average (w/o MSU) | \$119,997 | \$122,760 | \$124,745 | \$127,688 | \$129,338 | n.a. | 1.3% | 1.8% | 1.9% |

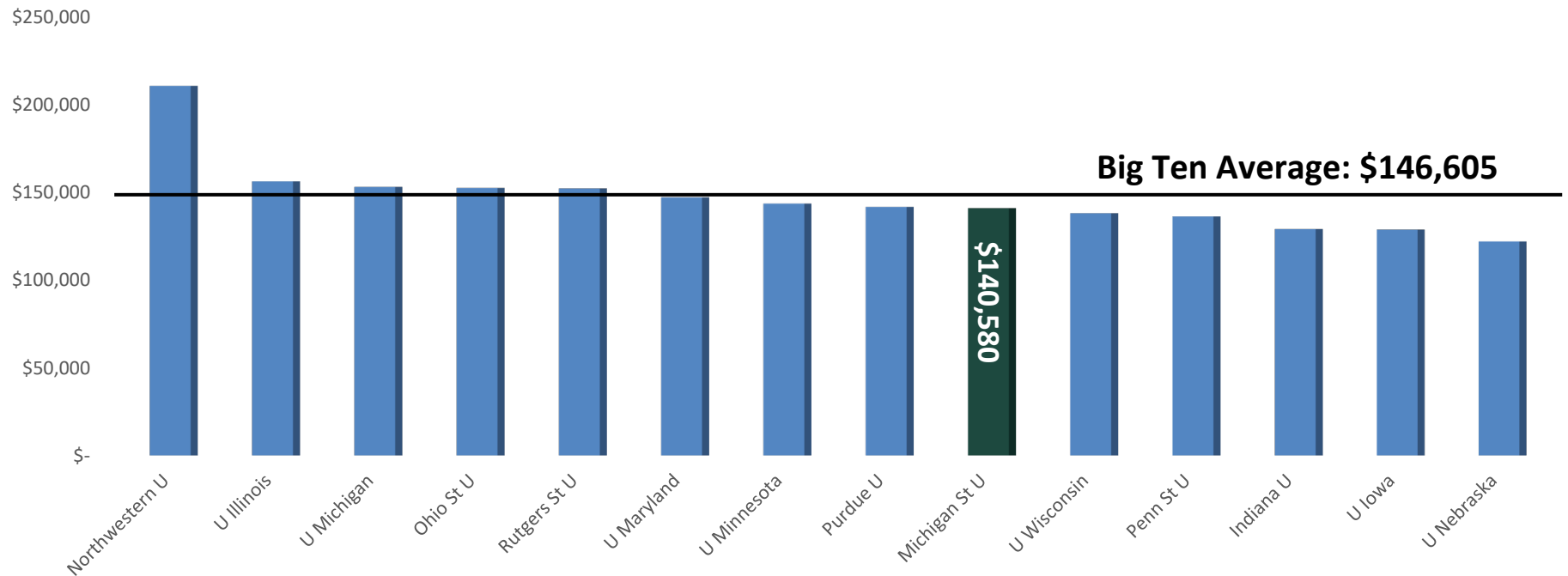
Peer Standing: Faculty Salary (Fall 2019)

- MSU ranks 11th of 14 in the Big Ten for average faculty salary
- When adjusted for Cost of Living factors, MSU approximates Big Ten median



Peer Standing: Faculty Compensation (Fall 2019)

- MSU ranks 9th of 14 in the Big Ten for average faculty compensation



Peer Retirement Plans

| | Defined Benefit Plan | Employee Contribution | University Contribution | Notes |
|---------------------------|----------------------|------------------------------------|-------------------------------------|---|
| Michigan State University | No | 5% | 10% | |
| Northwestern | No | 0-5% | 5% + 0-5% | Additional match based on employee |
| University of Illinois | Yes, unless opt out | 7.6% | 8.0% | State-managed defined benefit also available |
| Indiana University | No | 0% | 10% | Contribution for new employees |
| Purdue University | No | 4% / 0-4% | 10% / 4%+4% | Exempt / non-exempt employees |
| University of Iowa | Yes, unless opt out | 3.33% (<=\$4,800) 5% (>\$4,800) | 6.66% (<=\$4,800) 10% (>\$4,800) | Differential contributions for initial \$4,800 in earnings, earnings greater than \$4,800 |
| University of Maryland | Yes, unless opt out | 0% | 7.25% | |
| University of Michigan | No | 5% | 10% | Can be 0%/5% – 5%/10% for non-voluntary |
| University of Minnesota | Yes (for some) | 5.5% | 10% | |
| University of Nebraska | NA | 3.5%-5.5% | 6.5%-8.0% | Tier 1/Tier 2 employment types |
| Rutgers University | Yes | 5% | 8% | |
| Ohio State University | Yes, unless opt out | 10%/14% | 14% | Staff/faculty contribution |

Peer Retirement Plans

| | Defined Benefit Plan | Employee Contribution | University Contribution | Notes |
|---------------------------------------|----------------------|-----------------------|-------------------------|--|
| Penn State University | Yes, unless opt out | 5% | 9.29% | |
| University of Wisconsin | Yes | Na | Na | State defined benefit plan |
| <u>Selected Michigan Peers</u> | | | | |
| Wayne State University | | 0%-5% | 0-10% | 2-1 match based on employee election |
| Central Michigan | | 0% | 10% | |
| Grand Valley State | | 0% | 10%-12% | Varies by employee type, 12% most common |
| Western Michigan | | 0%-2% | 9%-11% | |
| Oakland University | | 0% | 14%-17% | Some labor groups lower, limited in number |
| Michigan Tech | | 7.5% | 7.5% | |
| Northern Michigan | | 0% | 7.25%/15.64% | Support staff/faculty |
| Saginaw Valley State | | 4% | 12% | |

Peer Health Plans – Big Ten

| | Premium Share? Tiers? | Single | 2 Person | Family |
|---------------------------|-----------------------|--------|----------|--------|
| Michigan State University | FAS only, no tiers | 11%* | 11%* | 11%* |
| Northwestern | Yes, 5 | 8-48% | 8-48% | 8-48% |
| University of Illinois | Yes, 6 | 11-14% | 19-25% | 19-25% |
| Indiana University | Yes, 7 | 17-47% | 17-47% | 18-50% |
| Purdue University | Yes, 2 | 4-12% | 8-14% | 8-14% |
| University of Iowa | Yes, no tiers | 10% | 20% | 20% |
| University of Maryland | Yes, no tiers | 29% | 29% | 29% |
| University of Michigan | Yes, 3 | 21-24% | 32-37% | 33-38% |
| University of Minnesota | Yes, no tiers | 25% | 32% | 32% |
| University of Nebraska | Yes, no tiers | 30% | 30% | 30% |
| Rutgers University | Yes, multiple | 6-30% | 6-30% | 6-30% |
| Ohio State University | Yes, 6 | 8-18% | 14-23% | 14-23% |
| University of Wisconsin | Yes, no tiers | 17% | n.a. | 17% |

*Blend of 14% on medical plan, 0% on Rx

Peer Health Plans – Selected State of Michigan

| | Premium Share? Tiers? | Single | 2 Person | Family |
|------------------------|-----------------------|--------|----------|--------|
| Wayne State University | Yes | 23% | 21% | 22% |
| Central Michigan | Yes | 8% | 8% | 8% |
| Grand Valley State | No | 0% | 0% | 0% |
| Western Michigan | Yes | 19% | 25% | 29% |
| Oakland University | Yes | 25% | 28% | 25% |
| Michigan Tech | Yes | 1% | 1% | 1% |
| Northern Michigan | Yes | 20% | 20% | 20% |
| Saginaw Valley State | No | 0% | 0% | 0% |

*Blend of 14% on medical plan, 0% on Rx

Budgeted One Time Resources

| Item | Amount |
|----------------------------------|-----------------|
| CRF FY21 Institutional Portion | \$31.0M |
| CRF FY21 Financial Aid | \$15.0M |
| Total One Time Sources | \$46.0M |
| FY22 Budgeted One Time Resources | Biden Proposals |

FY22 Planning: 1% Revenue

| Revenue Component | Amount |
|---|----------------|
| 1% Resident UG Tuition | \$5.0M |
| 1% DOS Resident UG Tuition | \$1.4M |
| 1% International UG Tuition | \$1.3M |
| 1% Graduate Tuition | \$1.0M |
| 1% Grad Prof Tuition | \$1.1M |
| 1% Appropriation | \$2.9M |
| 1% IDC/Research Facilitation | \$0.8M |
| 1% one-time resources/investment income | <u>\$1.0M</u> |
| 1% Total Revenue | \$14.5M |

FY22 Planning: 1% Expense

| Expense Component | <u>Amount</u> |
|---------------------------------|----------------|
| Financial Aid | \$1.9M |
| Faculty & Academic Staff Salary | \$4.4M |
| Graduate Assistants | \$0.6M |
| Support Staff Salary | \$2.3M |
| Health Care | \$1.0M |
| Other Fringe | \$1.3M |
| Utilities | \$0.5M |
| SS&E/University Operations | <u>\$2.5M</u> |
| | |
| 1% Total | \$14.5M |

FY22 Planning: Potential Programmatic Investments

| | <u>Amount</u> | <u>Next Steps</u> |
|--------------------------|---------------|--|
| ITS | \$3.0M | Completes \$27M recurring funding commitment |
| EVPHS | \$1.5M | Complete recurring funding need bridged in FY21 |
| Academic Competitiveness | Variable | Backfills FY21 request; additional resources as determined by President, Provost, and VPRGS |
| College of Law | Variable | Approximate FY21 operating deficit to be covered by College reserves, FY22 supplement to be determined through college planning with the Provost |
| Henry Ford Health System | Variable | Determine potential resource needs for emerging partnership with the Henry Ford Health System |
| Financial Aid | \$5.0M | Additional resources necessary to assure student targets and academic profile; CRF stimulus defers need to FY23 |
| Olin Student Health | Up to \$9M | Up to \$9M, restore baseline funding for Olin Student Health Services; service review and bridge funding options evaluation ongoing; currently funded outside of budget through reserves |