Budget and Planning Overview

UNIVERSITY COUNCIL – 11/19/13
Context
Appropriations History

If increased at inflation, MSU appropriations would be $120M more than current levels.

Appropriations down $44M over 10 years.
MSU Revenues

Tuition and Fees
- 1% $7.8M

Appropriations
- 1% $2.45M
- 1% $2.45M
- 1% $2.45M
MSU Revenues

Resident Undergraduate Tuition

- Tuition and Fees
  - 1% $3.8M

Appropriations

- Appropriations 0.55% $1.35M
- Appropriations 1% $2.45M
### Big Ten Resources per Student

<table>
<thead>
<tr>
<th>State</th>
<th>Appropriation</th>
<th>Ranking</th>
<th>Tuition &amp; Fees</th>
<th>Ranking</th>
<th>Total Approp &amp; Tuition</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michigan</td>
<td>$7,683</td>
<td>6</td>
<td>$24,956</td>
<td>1</td>
<td>$32,639</td>
<td>1</td>
</tr>
<tr>
<td>Minnesota</td>
<td>$12,578</td>
<td>1</td>
<td>$16,286</td>
<td>4</td>
<td>$28,864</td>
<td>2</td>
</tr>
<tr>
<td>Indiana</td>
<td>$6,213</td>
<td>9</td>
<td>$18,281</td>
<td>2</td>
<td>$24,494</td>
<td>3</td>
</tr>
<tr>
<td>Illinois</td>
<td>$6,806</td>
<td>7</td>
<td>$17,271</td>
<td>3</td>
<td>$24,077</td>
<td>4</td>
</tr>
<tr>
<td>Purdue</td>
<td>$7,960</td>
<td>4</td>
<td>$15,918</td>
<td>5</td>
<td>$23,879</td>
<td>5</td>
</tr>
<tr>
<td>Ohio State</td>
<td>$7,954</td>
<td>5</td>
<td>$15,773</td>
<td>6</td>
<td>$23,727</td>
<td>6</td>
</tr>
<tr>
<td>Iowa</td>
<td>$8,699</td>
<td>3</td>
<td>$14,721</td>
<td>8</td>
<td>$23,420</td>
<td>7</td>
</tr>
<tr>
<td><strong>Michigan State</strong></td>
<td><strong>$6,449</strong></td>
<td><strong>8</strong></td>
<td><strong>$15,132</strong></td>
<td><strong>7</strong></td>
<td><strong>$21,581</strong></td>
<td><strong>8</strong></td>
</tr>
<tr>
<td>Wisconsin</td>
<td>$10,690</td>
<td>2</td>
<td>$10,741</td>
<td>9</td>
<td>$21,431</td>
<td>9</td>
</tr>
<tr>
<td>Nebraska</td>
<td>$5,066</td>
<td>10</td>
<td>$7,162</td>
<td>10</td>
<td>$12,228</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: IPEDS 2010-11. Net of AES/CES component
2012 Federal Budget Sources and Uses

Total Federal Budget Sources: $3.7T

- Income Taxes, $1,196, 32%
- Corporate Taxes, $333, 9%
- Social Insurance and Retirement (Payroll Taxes), $914, 25%
- Other Taxes (excise, gas, estate, etc), $218, 6%
- Borrowing, $1,033, 28%

Total Federal Budget Uses: $3.7T

- Social Security, $761, 20%
- Medicare, $485, 13%
- Medicaid, $269, 7%
- Other Mandatory, $625, 17%
- Net Interest, $242, 7%
- Defense Discretionary, $647, 17%
- Nondefense Discretionary, $542, 15%
- [Defense R&D], $83, 2%
- [Nondefense R&D], $69, 2%

Source: American Association for the Advancement of Science
## Significant Affordable Care Act Provisions

<table>
<thead>
<tr>
<th>Element</th>
<th>Timing</th>
<th>MSU Implications</th>
<th>MSU Costs</th>
<th>Employee Relations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Drivers: Shared responsibility fees, individual insurance mandate, expanded eligibility for MSU plans</td>
<td>FY15</td>
<td>Increased costs due to wider eligibility</td>
<td>Est. $2.3M-$6.1M 2%-5% annual increase</td>
<td>Mitigate employee cost-sharing</td>
</tr>
<tr>
<td>Transitional Reinsurance Fee (Temporary levy on employer group health plans)</td>
<td>FY15</td>
<td>Assessed for FY15-FY16</td>
<td>$2.0M -$2.5M 2%-2.5% increase Fee ranges between $60-$100 per member</td>
<td>Mitigate employee cost-sharing</td>
</tr>
<tr>
<td>Excise tax on “Cadillac” plans 40% tax applied to plans valued above $10,200 (individual) and $27,500 (family)</td>
<td>FY19</td>
<td>MSU exposure a function of cost increases</td>
<td>@6% annual growth, $175K @8% growth, $1.6M</td>
<td>Mitigate employee cost-sharing</td>
</tr>
</tbody>
</table>

**Other Notes:** Other provisions include W-2 reporting, group health plan fees, preventative care additions, revised flex spending limits, auto enrollment, and employer access to state exchange. In total, anticipated cost increases of $0.3M to $0.4M are anticipated.
## Federal Sequester Impact on MSU Research

<table>
<thead>
<tr>
<th>Federal Source</th>
<th>MSU Base Expenditures</th>
<th>Estimated Federal Reduction Percent</th>
<th>Calculated MSU Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>$29,100,000</td>
<td>8.60%</td>
<td>2,502,600</td>
</tr>
<tr>
<td>Nat'l Sci Foundation</td>
<td>$82,400,000</td>
<td>2.40%</td>
<td>1,977,600</td>
</tr>
<tr>
<td>NASA</td>
<td>$1,700,000</td>
<td>4.00%</td>
<td>68,000</td>
</tr>
<tr>
<td>Energy</td>
<td>$42,200,000</td>
<td>4.20%</td>
<td>1,772,400</td>
</tr>
<tr>
<td>NIH</td>
<td>$62,100,000</td>
<td>4.80%</td>
<td>2,980,800</td>
</tr>
<tr>
<td>Defense</td>
<td>$10,000,000</td>
<td>1.10%</td>
<td>110,000</td>
</tr>
<tr>
<td>All Other</td>
<td>$41,300,000</td>
<td>6.90%</td>
<td>2,849,700</td>
</tr>
<tr>
<td><strong>Total Research</strong></td>
<td>$268,800,000</td>
<td></td>
<td><strong>12,261,100</strong></td>
</tr>
<tr>
<td><strong>Non-Research Federal Funds</strong></td>
<td>$64,974,819</td>
<td>6.90%</td>
<td>4,483,263</td>
</tr>
<tr>
<td><strong>Pell Grants</strong></td>
<td>$43,000,000</td>
<td>0.00%</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$376,774,819</strong></td>
<td></td>
<td><strong>$16,744,363</strong></td>
</tr>
</tbody>
</table>
Over the last five years, MSU has increased financial aid by 50% over the last five years, more than 2 times the increase to resident undergraduate tuition rates.
Family Income Distribution

Preliminary 2013 analysis indicates consistent distribution
Adjusted to 2012 dollars
Fall Enrollment

- Formal count taken as of quarter of semester mark
- MSU enrollment of 49,343, approximately 400 students or 0.8 percent above the previous year
Undergraduate Entering Class

- Entering class enrollment of 7,887 reflects a planned decline from the previous year’s total of 8,201
Undergraduate Entering Class Statistics

• High School grades defined by first 25\textsuperscript{th} and 75\textsuperscript{th} percentile range between 3.42 and 3.87 consistent with previous year

• ACT scores defined by the 25\textsuperscript{th} and 75\textsuperscript{th} percentile range between 23 and 28 also consistent with previous year

• Total students of color in the class approximated 19 percent, a four year high (domestic total)
Undergraduate Entering Class Statistics

• Of the Total Entering Class 74 percent are Michigan residents ¹

• For all undergraduates 79 percent are Michigan residents ²

• Across the Big Ten institutions 65 percent of undergraduates are state residents (IPEDS 2010 Enrollment)

1) Of the 26% nonresidents: 11% are domestic, 15% are international
2) Of the 21% nonresidents: 9% are domestic, 12% are international
University Revenues

**1989-1990 All Funds Revenue - $734M**

- Tuition & Fees, $134, 18%
- Appropriations, $206, 28%
- AgBio Research/MSUE, $38, 5%
- Sponsored Programs, $137, 19%
- Gifts, $44, 6%
- Other, $14, 2%
- Departmental, $40, 6%
- Auxiliary, $121, 16%

**Proportion of Revenue**
- Appropriations – 28%
- Sponsored Program – 19%
- Tuition – 18%
- Auxiliary – 16%
- Gifts – 6%

**2012-13 All Funds Revenue - $2.3B**

- Tuition & Fees, $697, 31%
- Appropriations, $245, 11%
- AgBio Research/MSUE, $54, 2%
- Sponsored Programs, $434, 19%
- Gifts, $215, 9%
- Other, $158, 7%
- Departmental, $179, 8%
- Auxiliary, $305, 13%

**Proportion of Revenue**
- Tuition – 31%
- Sponsored Program – 19%
- Auxiliary – 13%
- Appropriations – 11%
- Gifts – 9%
## Budget Planning – Pro forma

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>State Appropriations</td>
<td>0%</td>
<td>1.82%</td>
<td>2%</td>
</tr>
<tr>
<td>Tuition &amp; Fees</td>
<td>4.0%</td>
<td>1.9% Lower Div</td>
<td>3.0% Lower Div</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.6% Upper Div</td>
<td>3.0% Upper Div</td>
</tr>
<tr>
<td>Financial Aid</td>
<td>4.5%</td>
<td>4.5%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Graduate Assistants</td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Faculty Salaries</td>
<td>2.0%*</td>
<td>2.25%**</td>
<td>2.0%*</td>
</tr>
<tr>
<td>Utilities</td>
<td>4.0%</td>
<td>4.0%</td>
<td>4.0%**</td>
</tr>
<tr>
<td>Health Care</td>
<td>5.0%</td>
<td>1.5%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Academic Competitiveness</td>
<td>$2.0</td>
<td>$2.0</td>
<td>$2.0</td>
</tr>
<tr>
<td>Balance</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

*Preliminary 2013-14 budget approved by the BOT in June 2012  
** Includes 1.5% general merit, 0.75% college market, and 0.5% provost market pool  
***Infrastructure financing
MSU Long-Term Planning

BOLDER BY DESIGN
ADVANCE OUR CULTURE OF HIGH PERFORMANCE

Dual Operating Systems	Culture	Habits

Boldness by Design
ENHANCE the student experience
ENRICH community, economic, and family life
EXPAND international reach
INCREASE research opportunities
STRENGTHEN stewardship

Quality	Inclusiveness	Connectivity
MSU Strategic Planning

Planning Letter
- Sent by Provost, EVPAS, Pres
- Focus on Bolder by Design, 2-3 Plans
- Oct-Nov

Planning Profiles
- Responses compiled by OPB
- Nov-Dec

Budget Letter
- Sent by Provost, EVPAS, Pres (TBD)
- Feb-Mar

Budget Profiles
- Responses compiled by OPB
- Mar-April

Budget Report
- Allocation Letters
- Bolder Analysis
- June-Sept

Planning Meetings
- Identify interests & connections
- Dec-Jan

Planning Report
- Summary by Units
- Bolder Analysis
- Jan-Feb

Specific dates reflect planning in administrative units
Future Issues

• State performance funding addresses current increments, not long term inequalities

• New federal emphasis on tuition restraint
  • Differential impact on low appropriation states

• Current and longer-term impact of sequester