

# Budget and Planning Overview

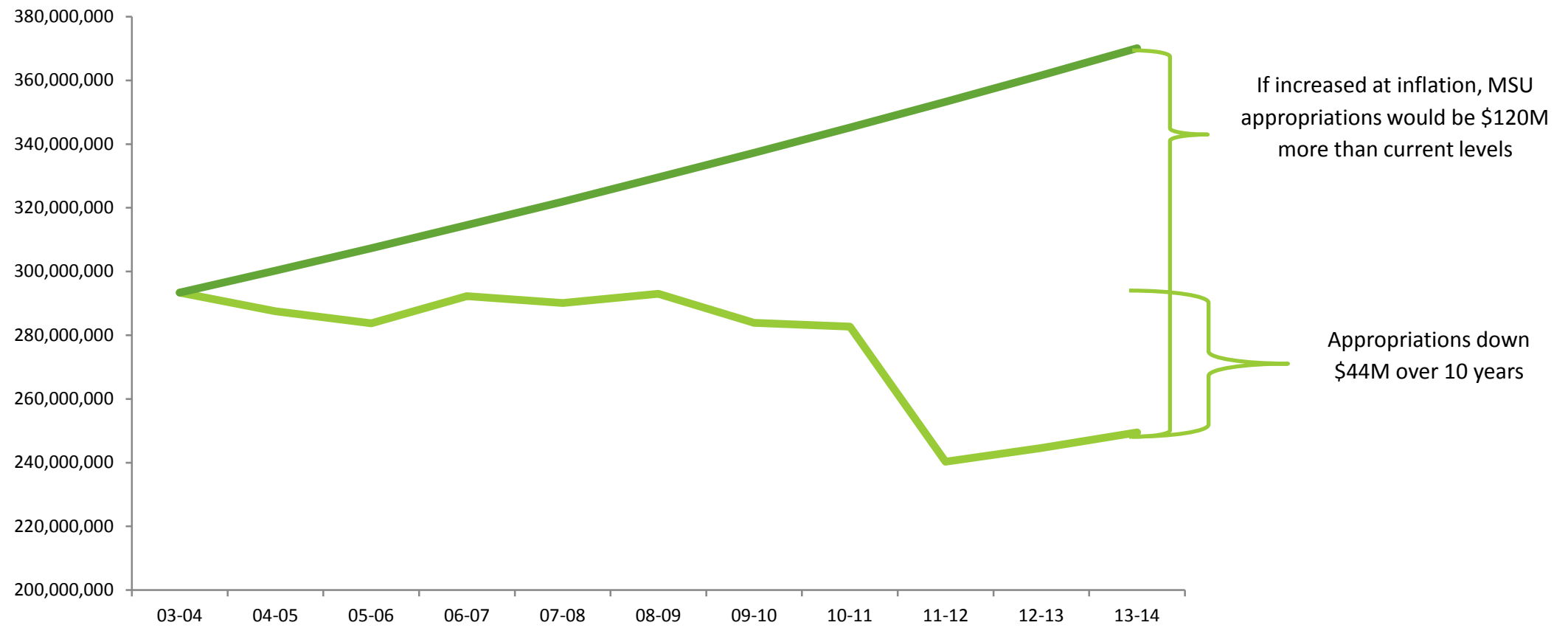
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UNIVERSITY COUNCIL – 11/19/13

# Context

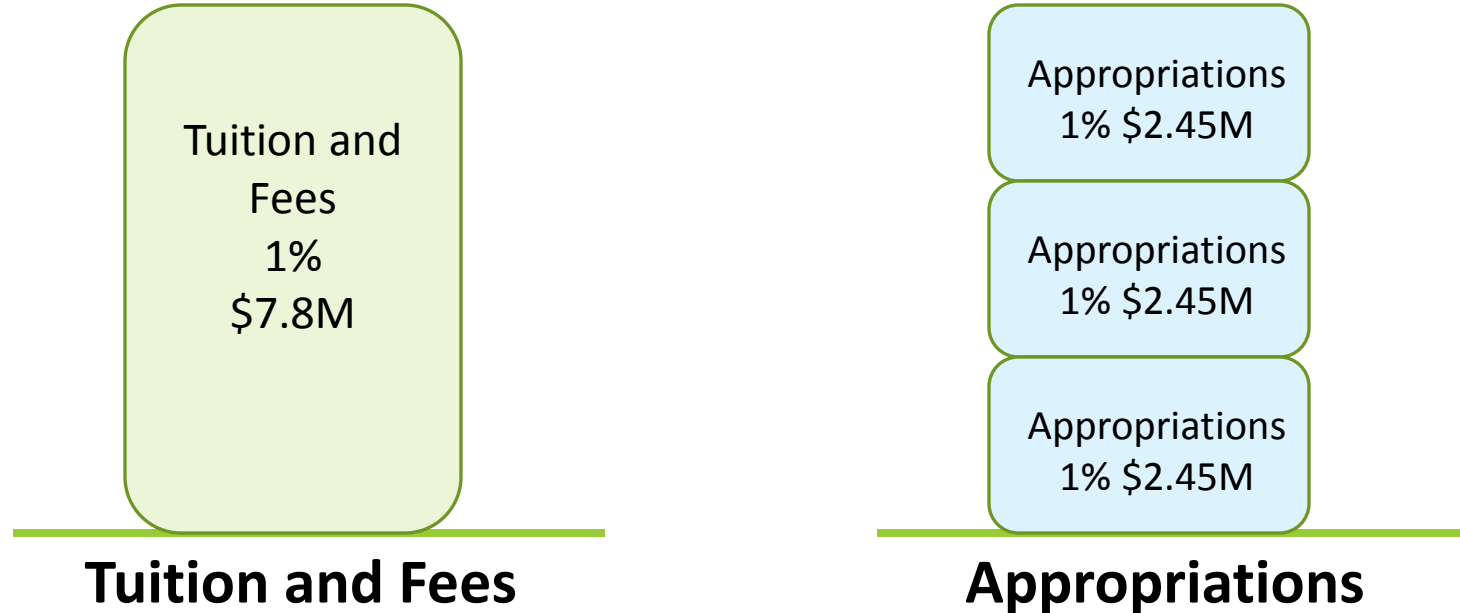
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# Appropriations History



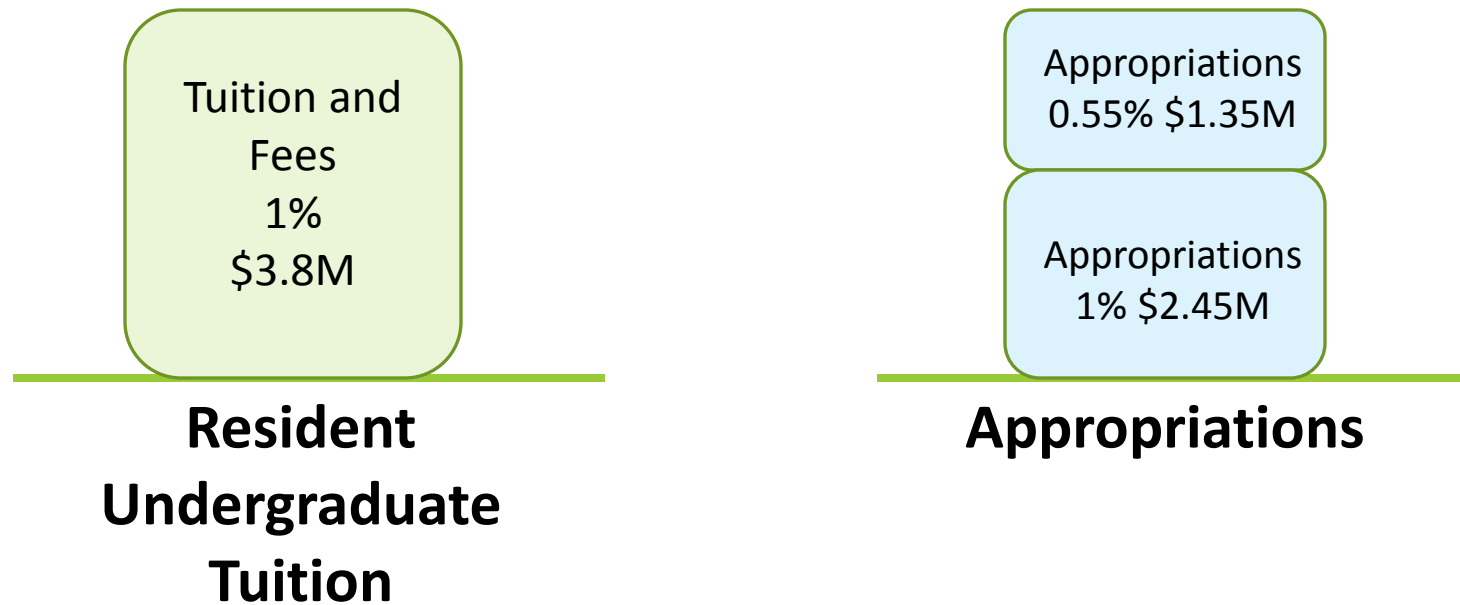
# MSU Revenues

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# MSU Revenues

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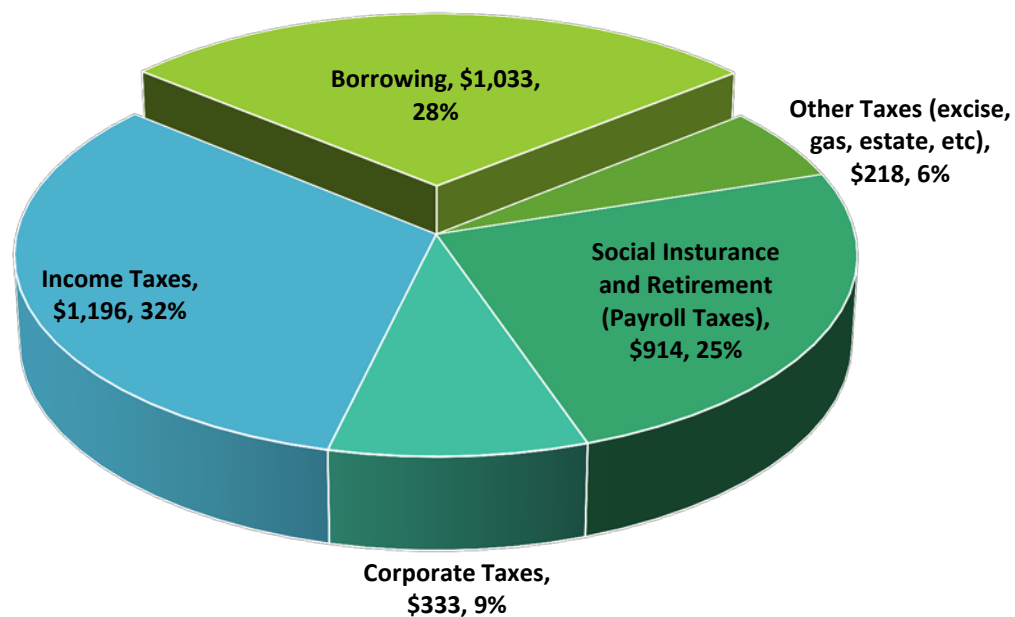
# Big Ten Resources per Student

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

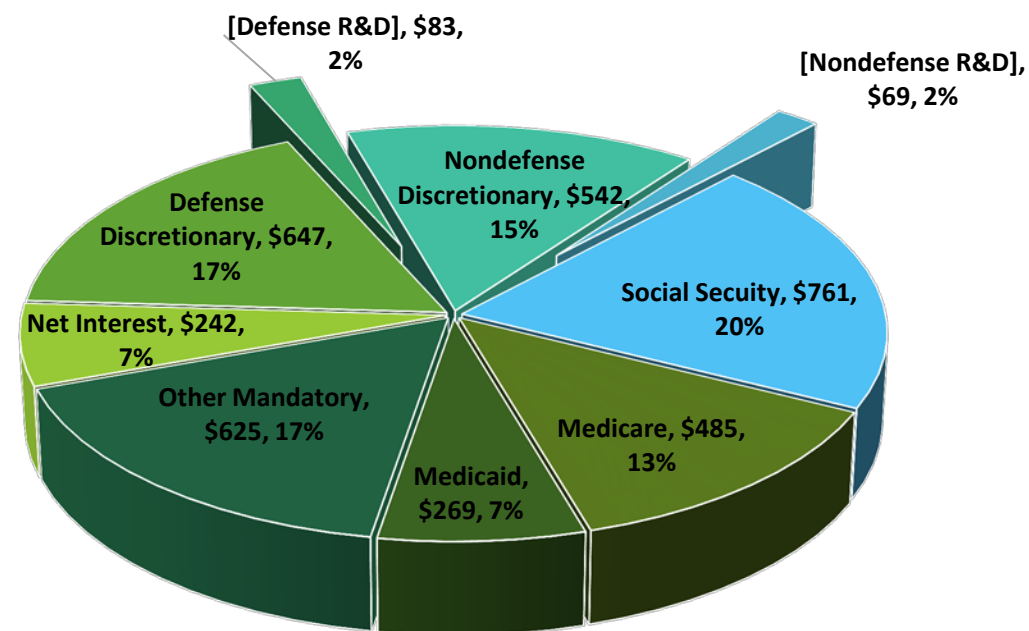
Source: IPEDS 2010-11. Net of AES/CES component

# 2012 Federal Budget Sources and Uses

Total Federal Budget Sources: \$3.7T



Total Federal Budget Uses: \$3.7T



# Significant Affordable Care Act Provisions

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

**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.

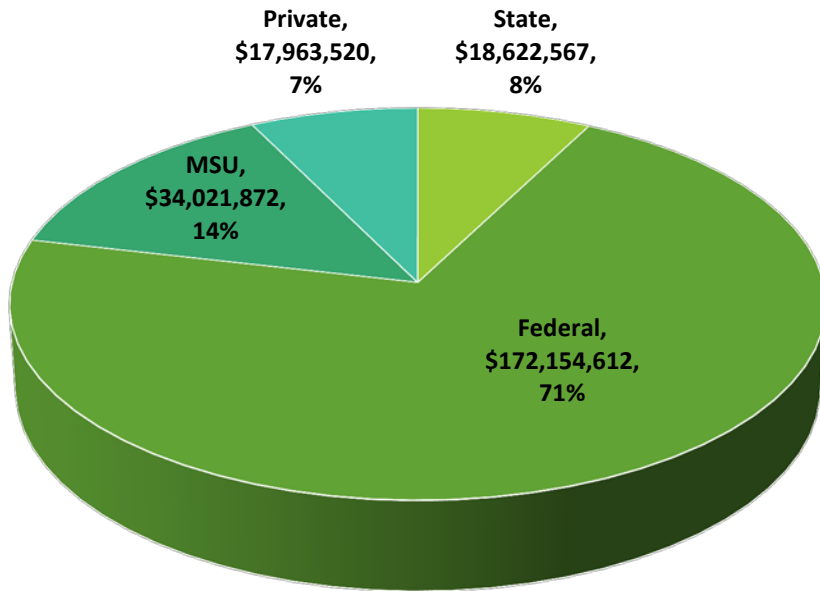


# Federal Sequester Impact on MSU Research

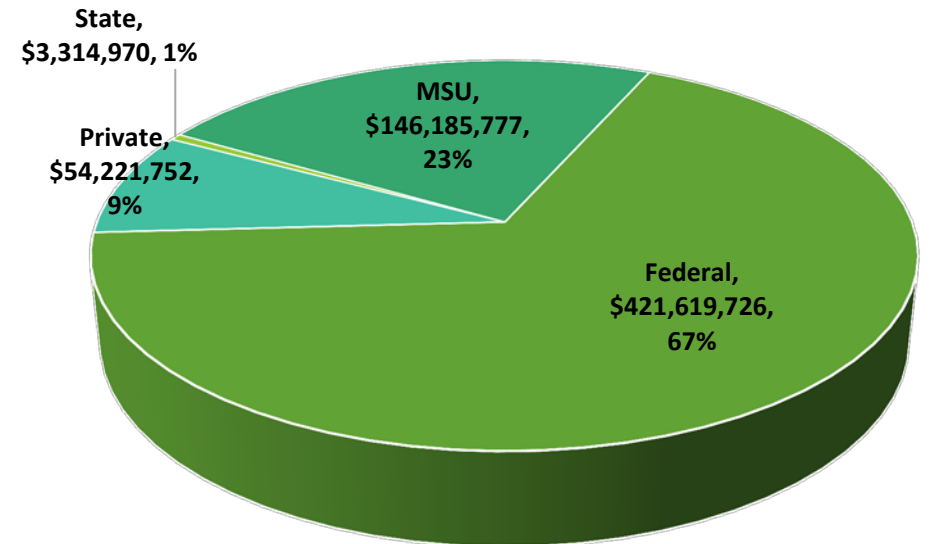
| <b>Federal Source</b>             | <b>MSU Base Expenditures</b> | <b>Estimated Federal Reduction Percent</b> | <b>Calculated MSU Reduction</b> |
|-----------------------------------|------------------------------|--|---------------------------------|
| Agriculture                       | \$29,100,000                 | 8.60%                                      | 2,502,600                       |
| Nat'l Sci Foundation              | \$82,400,000                 | 2.40%                                      | 1,977,600                       |
| NASA                              | \$1,700,000                  | 4.00%                                      | 68,000                          |
| Energy                            | \$42,200,000                 | 4.20%                                      | 1,772,400                       |
| NIH                               | \$62,100,000                 | 4.80%                                      | 2,980,800                       |
| Defense                           | \$10,000,000                 | 1.10%                                      | 110,000                         |
| All Other                         | \$41,300,000                 | 6.90%                                      | 2,849,700                       |
| <b>Total Research</b>             | <b>\$268,800,000</b>         |  | <b>12,261,100</b>               |
| <b>Non-Research Federal Funds</b> | <b>\$64,974,819</b>          | <b>6.90%</b>                               | <b>4,483,263</b>                |
| <b>Pell Grants</b>                | <b>\$43,000,000</b>          | <b>0.00%</b>                               | <b>0</b>                        |
| <b>Total</b>                      | <b>\$376,774,819</b>         |  | <b>\$16,744,363</b>             |

# Total Student Assistance

**2001-02 Student Assistance - \$242M**

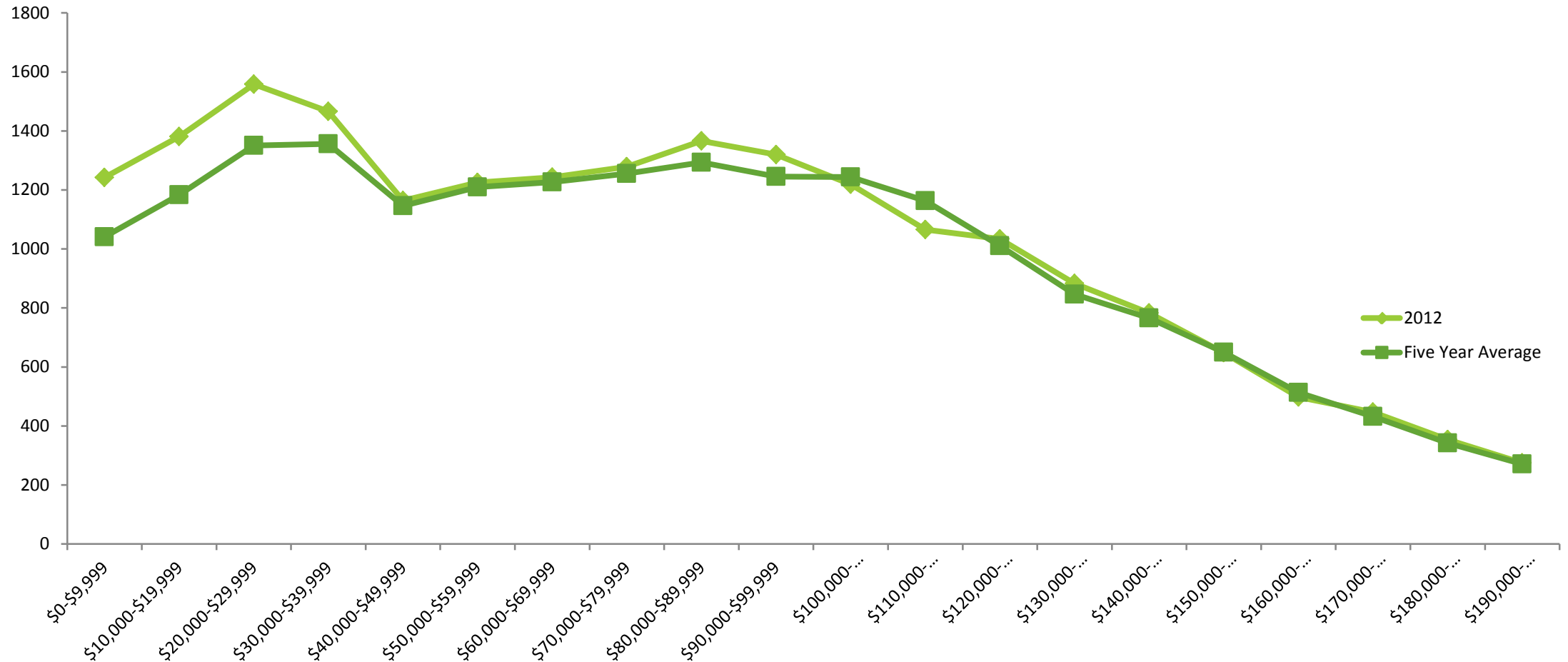


**2012-13 Student Assistance - \$625.3M**



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



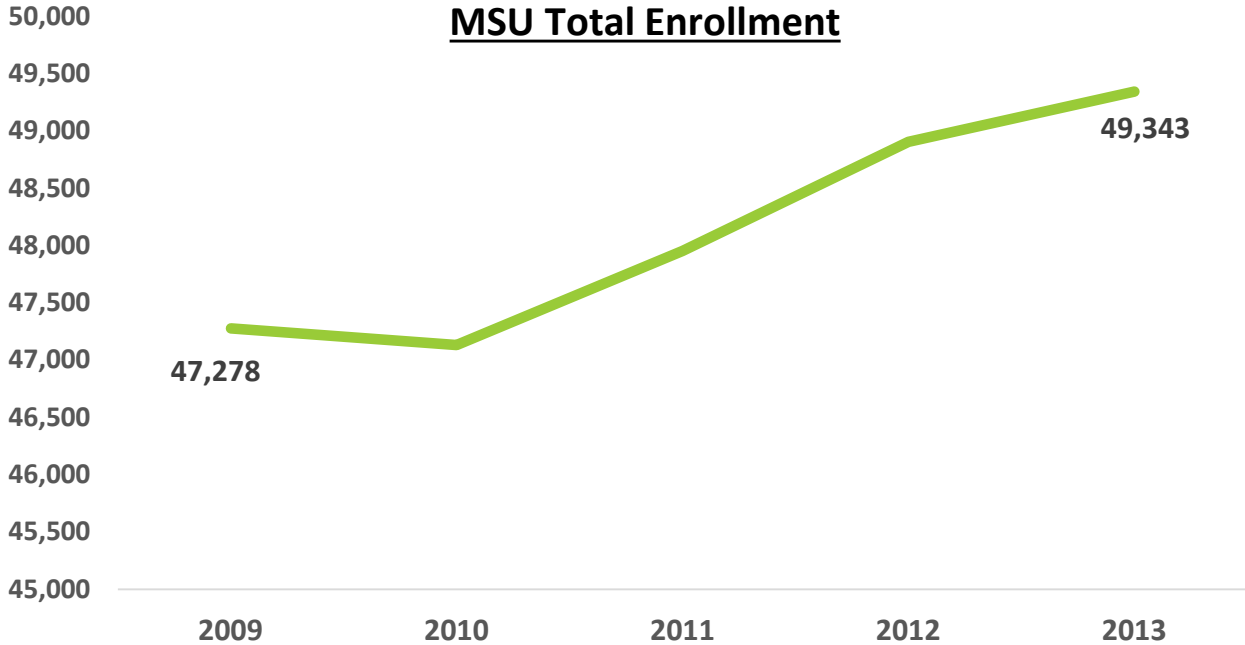
Preliminary 2013 analysis indicates consistent distribution  
Adjusted to 2012 dollars



# Fall Enrollment

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- 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

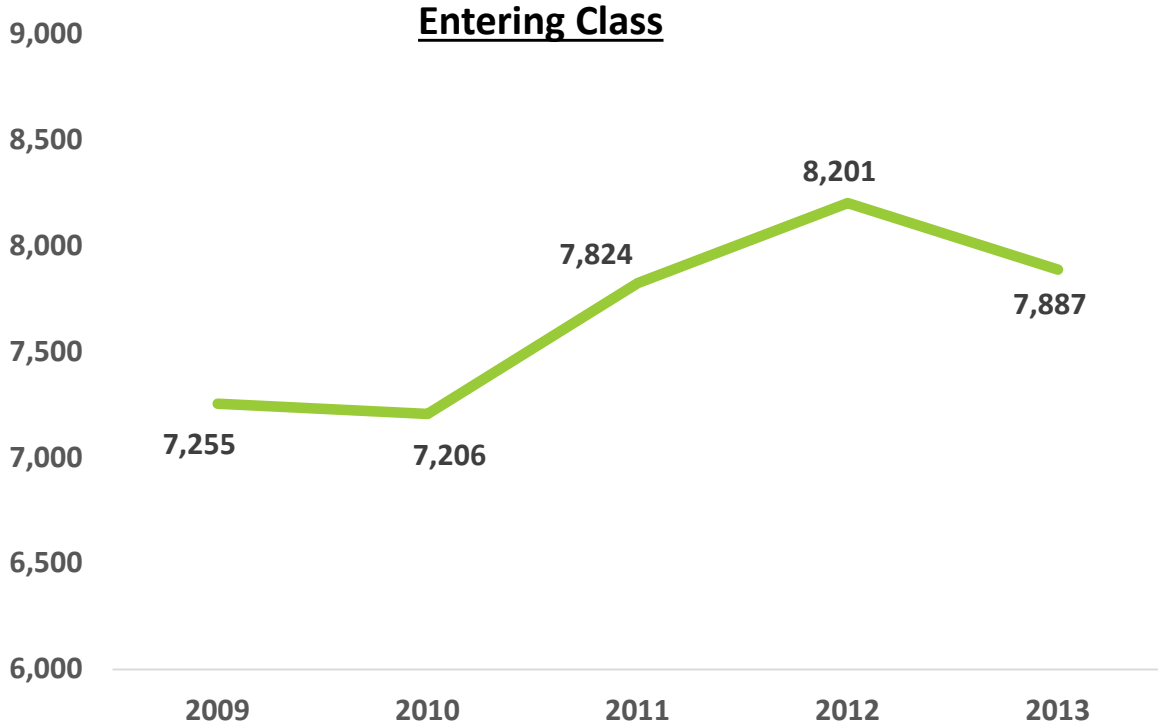




# Undergraduate Entering Class

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





# Undergraduate Entering Class Statistics

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- High School grades defined by first 25<sup>th</sup> and 75<sup>th</sup> percentile range between 3.42 and 3.87 consistent with previous year
- ACT scores defined by the 25<sup>th</sup> and 75<sup>th</sup> 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

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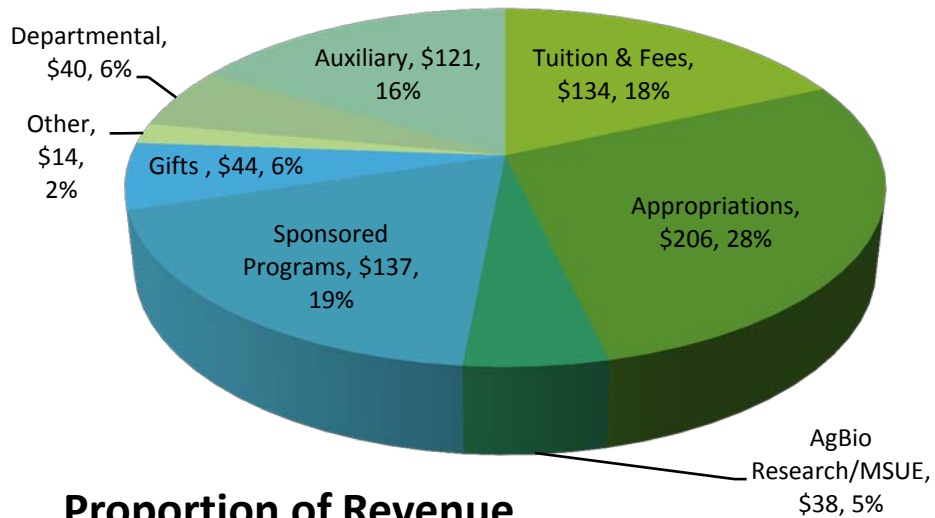
- Of the Total Entering Class 74 percent are Michigan residents <sup>1</sup>
- For all undergraduates 79 percent are Michigan residents <sup>2</sup>
- Across the Big Ten institutions 65 percent of undergraduates are state residents (IPEDS 2010 Enrollment)

1) Of the 26% nonresidents: 11% are domestic, 15% are international

2) Of the 21% nonresidents: 9% are domestic, 12% are international

# University Revenues

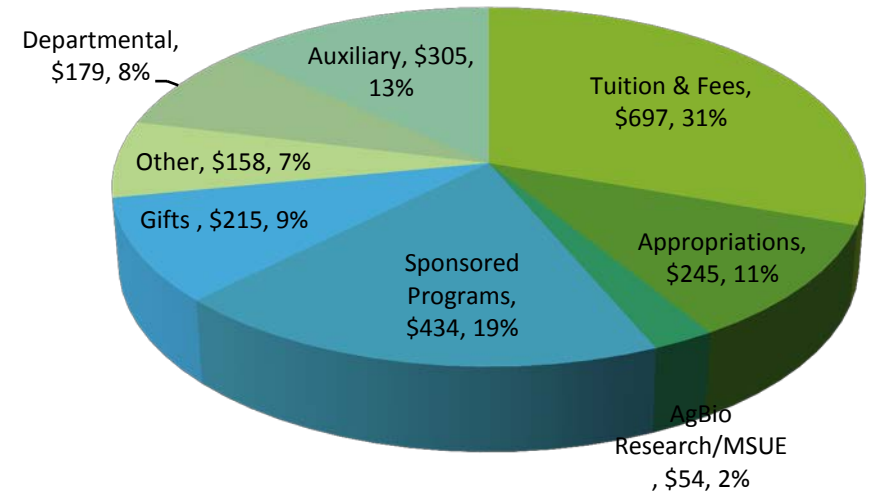
**1989-1990 All Funds Revenue - \$734M**



**Proportion of Revenue**

- Appropriations – 28%
- Sponsored Program – 19%
- Tuition – 18%
- Auxiliary – 16%
- Gifts – 6%

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



**Proportion of Revenue**

- Tuition – 31%
- Sponsored Program – 19%
- Auxiliary – 13%
- Appropriations – 11%
- Gifts – 9%



# Budget Planning – Pro forma

| Budget Item              | 2013-14<br>Prelim BOT Appd | 2013-14 Final BOT<br>Appd        | 2014-15<br>Preliminary BOT Appd  |
|--------------------------|----------------------------|----------------------------------|----------------------------------|
| State Appropriations     | 0%                         | 1.82%                            | 2%                               |
| Tuition & Fees           | 4.0%                       | 1.9% Lower Div<br>3.6% Upper Div | 3.0% Lower Div<br>3.0% Upper Div |
| Financial Aid            | 4.5%                       | 4.5%                             | 4.0%                             |
| Graduate Assistants      | 2.0%                       | 2.0%                             | 2.0%                             |
| Faculty Salaries         | 2.0%*                      | 2.25%**                          | 2.0%*                            |
| Utilities                | 4.0%                       | 4.0%                             | 4.0%***                          |
| Health Care              | 5.0%                       | 1.5%                             | 5.0%                             |
| Academic Competitiveness |                            | \$2.0                            | \$2.0                            |
| Balance                  | \$0                        | \$0                              | \$0                              |

Preliminary 2013-14 budget approved by the BOT in June 2012

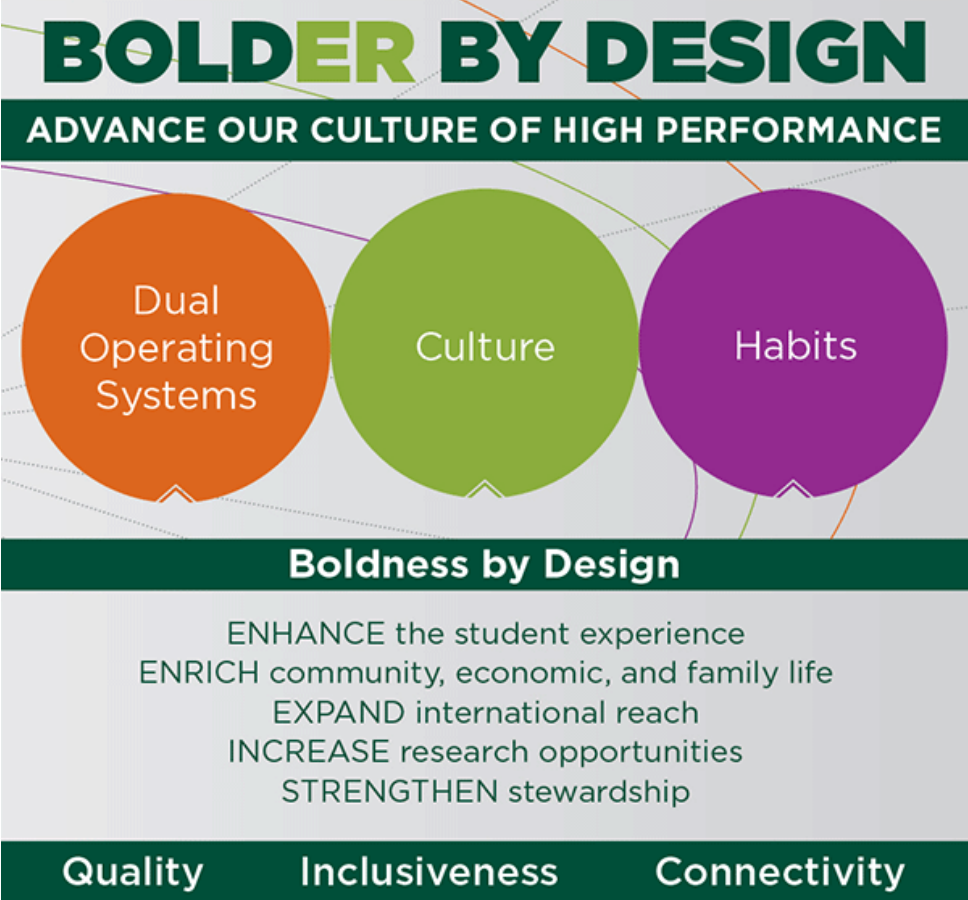
\*\* Includes 1.5% general merit, 0.75% college market, and 0.5% provost market pool

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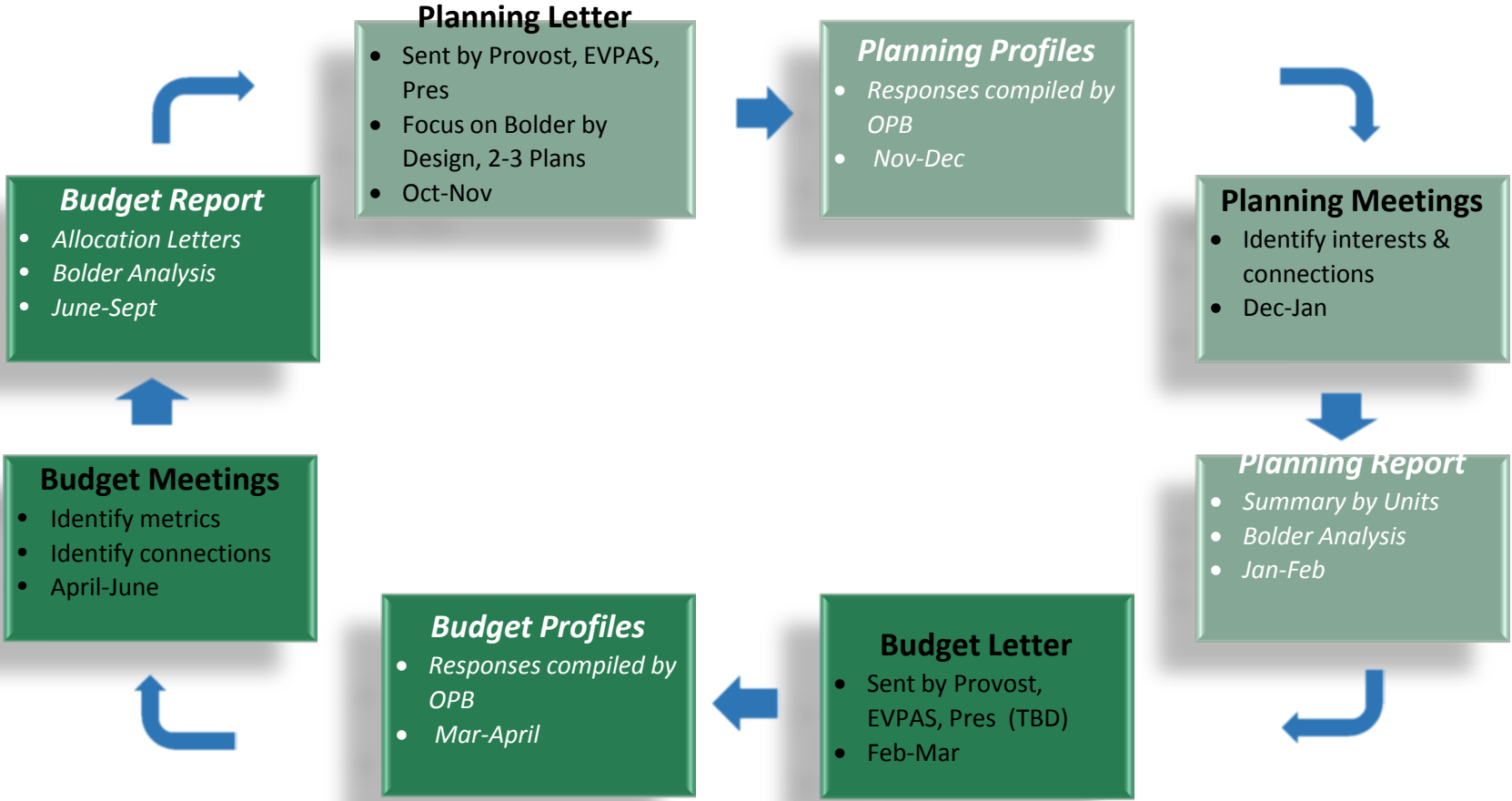
\*\*\*Infrastructure financing

# MSU Long-Term Planning

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# MSU Strategic Planning



Specific dates reflect planning in administrative units



# Future Issues

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- 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